## NORTH CAROLINA GENERAL ASSEMBLY

## LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 723 SHORT TITLE: Telephone Consumer Protection 2/AB **SPONSOR(S):** Senator Winner Increase ( ) FISCAL IMPACT: Expenditures: Decrease ) Revenues: Increase ( ) Decrease ) No Impact (X) No Estimate Available ( ) General Fund ( ) Highway Fund ( ) FUNDS AFFECTED:

Other Fund ( )

Local Fund ( )

BILL SUMMARY: "TO REQUIRE THE REGISTRATION OF TELEPHONIC SELLERS IN NORTH CAROLINA AND TO MAKE THE OFFERING OF TELEPHONIC SALES RECOVERY SERVICES A CRIMINAL OFFENSE. " Creates Article 32 of G.S. Chapter 66 to regulate telephone sales and bonding requirements. Requires annual registration with Secretary of State ten days prior to initiating telephonic sales in the state, with specified filing information and a \$100 fee. Telephonic sales include requests by telephonic sale of goods or services, entry of contests, and charitable contributions. Does not apply to (1) persons selling registered securities with NC license to do so; (2) sales or solicitations on behalf of a regulated utility, (3) licensed insurance agents or brokers, (4) banks or savings institutions, (5) nonprofits already accorded Section 501 (c)(3) status or licensed under G.S. Chapter 131F, Article 2, (6) soliciting business from previous customers, (7) taking orders for items advertised in catalogs, (8) isolated transactions not done in course of repeated transactions of the same nature, (9) soliciting sales of newspapers of general circulation, (9) sale of cable TV services, (10) passenger airlines, (11) licensed real brokers, (12) soliciting transactions regulated Trading Commission, or (13) Commodities Futures soliciting purchases from a business purchasing agents. notification to Secretary of State of all promotions offering gifts or prizes with value of \$500 or more, requires all gifts or prizes advertised to be awarded, and requires bond for gifts or prizes to be maintained with Secretary of State until awards are made. Prohibits telephonic sales to minors. Prohibits telephonic sales to minors. Prohibits use of gifts of prizes if call to 900 number, payment or donation is required. Provides that violation is an unfair and deceptive trade practice and is subject to civil penalties of up to \$25,000. Effective January 1, 1996, adds G.S. 14-101.15 to make it unlawful for those other than attorneys, persons licensed with Private Protective Services Board, or

permitted collection agents to solicit or require consideration for recovery of money tendered to a telephonic seller or prizes or awards promised by a telephonic seller. Violation is a Class 1 misdemeanor; violations involving actual collection of money from a customer is a Class H felony; violation involving collections from a customer over 65 years old is a Class G felony.

**EFFECTIVE DATE:** October 1, 1995, except as otherwise indicated.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Judicial Branch;
Department of Correction

## FISCAL IMPACT

**FY** 95-96 **FY** 96-97 **FY** 97-98 **FY** 98-99 **FY** 97-98

**EXPENDITURES** 

NO FISCAL IMPACT

## ASSUMPTIONS AND METHODOLOGY:

Approximately 13-14 telephone consumer protection filings are made in North Carolina on an annual basis. The Administrative Office of the Courts would not expect the proposed legislation to result in an increase in annual filings. Rather, it is anticipated that the proposed legislation would allow for such cases to progress through the system without delay. Thus, the Administrative Office of the Courts does not anticipate that the proposed legislation would have a fiscal impact on the Judicial Branch at this time.

SOURCES OF DATA: Administrative Office of the Courts

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION (733-4910)

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