

February 23, 2017

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2355 by House Committee on Commerce, Labor and
Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2355 is respectfully submitted to your committee.

HB 2355 would prohibit vendors who offer goods and services over the internet from using negative option billing. A vendor could not charge or bill a consumer for any goods or services that are not affirmatively requested by the consumer. The provisions of the bill would be part of the Kansas Consumer Protection Act and administered by the Office of the Attorney General and the Kansas Corporation Commission (KCC). A person who fails to obtain affirmative consent from the consumer would be subject to a \$5,000 civil penalty for each offense. The Attorney General or KCC would be required to also recover any payments made to the vendor by the consumer in violation of the bill's provisions.

The Office of the Attorney General estimates the bill may increase complaints, investigations and litigation for the agency's Consumer Protection Division; however, the Office is unable to predict the number of additional cases that may arise. If the number of cases is high, the Office may require additional investigators or attorneys. Some of the costs incurred from implementing HB 2355 may be offset by additional revenues collected from penalties against individuals or organizations that violate the provisions of the bill.

The KCC states that it would not be able to develop rules or regulations regarding negative option billing because it does not have jurisdiction over internet sales under current law. As a result, the bill would have no fiscal effect on the Commission. Any fiscal effect associated with HB 2355 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Amy Green, KCC
Willie Prescott, Office of the Attorney General