

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 634 - HB 1163**

February 27, 2019

**SUMMARY OF BILL:** Effective January 1, 2020, requires travel promoters to post a \$10,000 surety bond per business location, with certain exemptions based on net worth or length of ownership, available to the Attorney General and Reporter or an unfulfilled consumer for customer restitution. Establishes that a violation of this Act is an unfair and deceptive act or practice in violation of the *Consumer Protection Act of 1977 (the Act)*.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- The proposed legislation may result in an increase in formal complaints to the Division of Consumer Affairs; however, any such increase can be accommodated within existing resources.
- The proposed legislation may result in an increase in bond payout; however, any such cases are assumed to be rare resulting in no significant impact to state or local government.
- Committing an unfair or deceptive practice under *the Act* is a Class B misdemeanor offense.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

**IMPACT TO COMMERCE:**

**Other Commerce Impact – Business expenditures will increase for travel promoters by unknown amounts to issue and retain a surety bond through a commercial provider.**

Assumptions:

- Business expenditures will increase for travel promoters by paying a one-time percentage of the bond amount to issue a surety bond with a surety company. The

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percentage owed of the \$10,000 bond is based upon the individual business' financial strength; however, a one percent premium for a strong candidate would cost \$100 (\$10,000 x 1%) every renewal cycle per location.

- Business expenditures will only significantly increase in the case of an unfulfilled agreement, resulting in the issuance of a full bond payout for customer restitution; it is presumed that most businesses comply with the provisions of this legislation and would not be liable for the \$10,000 payout.
- Any impact on jobs in Tennessee is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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