

STORAGE NAME: h0285a.brc

DATE: March 5, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS REGULATION AND CONSUMER AFFAIRS
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: HB 285

RELATING TO: Regulation of Trade & Commerce (Trading Stamp Companies)

SPONSOR(S): Representative Lawson

STATUTE(S) AFFECTED: Sections 559.04 and 559.05, F.S.

COMPANION BILL(S): SB 222 (I)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

(1) BUSINESS REGULATION AND CONSUMER AFFAIRS YEAS 6 NAYS 0

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I. SUMMARY:

This bill repeals the registration, fees, and certain disclosure requirements for the three trading stamp companies currently registered in Florida. Trading stamp is defined as "any stamp or similar device issued in connection with the retail sale of merchandise or service, as a cash discount or for any other marketing purpose, which entitles the rightful holder, on its due presentation for redemption, to receive merchandise, service, or cash." The Department of Banking and Finance regulates those companies and reports that none are operating in the state and that no complaints have been filed against trading stamp companies in the last 11 years.

The repeals alleviate government regulation while continuing to protect the consumer by retaining the statutory prohibition against fraudulent activity, continuing to require full redemption of any trading stamp issued and continuing to make any violation a first degree misdemeanor.

The Regulatory Trust Fund in the Department of Banking and Finance would lose \$2,200 annually as a result of repeal of these two sections of law; however, the three trading stamp companies would save the \$2,200 of registration fees, plus the cost of their surety bonds.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Trading stamp companies were first regulated in Florida in 1959 and changes continued to be made to the registration and bonding requirements until 1973. In order for a trading stamp company to be registered in Florida, a statement of registration must be filed with the Department of Banking and Finance, along with a surety bond based on the previous annual gross income of the company (\$10,000 not to exceed \$100,000) and a registration fee equal to one percent of the face amount of the bond.

Trading stamps are defined in statute as stamps given in connection with retail sales which can be redeemed for merchandise, service or cash. An example are the S&H Green Stamps that grocery stores gave to their customers with their purchases.

The Department of Banking and Finance reports that there are three trading stamp companies currently registered in Florida, though none are operating in the state: (1) Fleming Companies, Inc., operating as Quality Stamp Company; (2) Sperry & Hutchinson, operating as S&H Green Stamps; and (3) Carlson Marketing Group Inc. No complaints relating to trading stamp companies have been filed in the last 11 years.

B. EFFECT OF PROPOSED CHANGES:

This bill repeals the statutory requirements relating to registration, bonding and notice of intention to cease redemption of trading stamps. The repeal alleviates government regulation while continuing to protect the consumer by retaining the statutory prohibition against fraudulent activity, continuing to require full redemption of any trading stamp issued and continuing to make any violation a first degree misdemeanor.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

It reduces authority to adjudicate disputes.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

It reduces government and private responsibilities, obligations and work.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

None.

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

Yes.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

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- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

- (3) government employees/agencies?

N/A

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Repeals s. 559.04, F.S., that requires trading stamp companies to register with the Department of Banking and Finance, post a bond in an amount based on the company's previous annual gross income, and pay a registration fee equal to one percent of the amount of the bond. This section also repeals s. 559.05, F.S., that requires a trading stamp company to notify the department and the retailers issuing the stamps 90 days before ceasing to redeem the trading stamps.

Section 2. Provides an effective date of upon becoming law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

- 1. Non-recurring Effects:

None.

2. Recurring Effects: 1997-98 1998-99

Revenues:

Department of Banking and Finance		
Regulatory Trust Fund	(\$2,200)	(\$2,200)

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures: 1997-98 1998-99

Revenues:

Department of Banking and Finance		
Regulatory Trust Fund	(\$2,200)	(\$2,200)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

The three trading stamp companies now registered with the state would save the \$2,200 of registration fees they collectively pay annually to the state, plus the cost of their surety bonds.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

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D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

This bill was filed at the request of the Department of Banking and Finance.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON BUSINESS REGULATION AND CONSUMER AFFAIRS:

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