

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 197                      Pest Control Call Centers  
**SPONSOR(S):** Kendrick  
**TIED BILLS:**                              **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Agribusiness</u>	_____	<u>Kaiser</u>	<u>Reese</u>
2) <u>Environment &amp; Natural Resources Council</u>	_____	_____	_____
3) <u>Policy &amp; Budget Council</u>	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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### SUMMARY ANALYSIS

HB 197 allows the establishment of out-of-state call centers for the sale and solicitation of pest control services from Florida customers. The Department of Agriculture and Consumer Services (department) is authorized to issue a permit for establishment of such call centers, which may be operated within or outside the state. The bill instructs the department to establish a fee, not to exceed \$250, for the issuance or renewal of the permit.

The department is given authority to assess a late renewal charge of \$50, in addition to the renewal fee, for permits that are renewed more the 30 days after the anniversary renewal date. If a permit is not timely renewed, it will expire 60 calendar days after the anniversary renewal date and may be reinstated only upon application and payment of the issuance fee and the late renewal fee. An application for a permit, or the renewal of a permit, may be turned down based on certain criteria.

The bill appears to have a minimal fiscal impact to state government. The effective date of this legislation is upon becoming law.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. HOUSE PRINCIPLES ANALYSIS:

**Provide limited government:** The bill authorizes the establishment of out-of-state call centers but does not give the Department of Agriculture and Consumer Services the authority to enforce any violations of Chapter 482, F.S., made by employees of the call centers.

### B. EFFECT OF PROPOSED CHANGES:

Many nationally-franchised pest control companies, such as Orkin and Terminex, incorporate telephone call centers in their business plans. These call centers generally handle incoming calls for a particular region. The services provided by the call center include termite claims, handling of complaints, and public relations, in addition to regular pest control and termite customer service. According to a press release by Rollins, Inc., the parent company of Orkin Pest Control, the Rollins Customer Care Center (RCCC) in Atlanta handled just under 1.2 million calls in 2004, and averaged about 23 percent more in 2005.<sup>1</sup>

Telephone call centers are an integral part of many businesses, playing an important economic role. For example, it is estimated that telephone call centers handle more than 70% of all business interactions and that they employ more than 3.5 million people, or 2.5% of the workforce, in the U.S.<sup>2</sup> In a study conducted by Columbia University,<sup>3</sup> it was found “...*In a large, best-practice call center, many hundreds of agents can cater to many thousands of phone callers per hour; agent utilization levels can average between 90% to 95%; no customer encounters a busy signal and, in fact, about half of the customers are answered immediately; the waiting time of those delayed is measured in seconds, and the fraction that abandon while waiting varies from the negligible to a mere 1-2%.*”

Florida law currently prohibits the operation of a call center that serves more than one business location for the purpose of solicitation of pest control business. While the prohibition is not explicit, a combination of current requirements in the law<sup>4</sup> has the effect of making the operation of such a call center illegal. Additionally, a current rule<sup>5</sup> issued to implement Chapter 482, F.S., requires that each phone used in the sales and solicitation of pest control terminate in a licensed business location.

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Persons seeking a call center permit, or the renewal of a permit, who were directors, officers, owners or general partners of a pest control business that went out of business or was sold in the past five years

<sup>1</sup> <http://www.bizjournals.com/atlanta/stories/2005/11/21/daily10.html>

<sup>2</sup> Uchitelle, 2002; Call Center Statistics

<sup>3</sup> [www.columbia.edu/~ww2040](http://www.columbia.edu/~ww2040)

<sup>4</sup> Section 482.091, F.S.

<sup>5</sup> Chapter 5E-14.142(3)(B), FAC

that failed to reimburse the prorated value of the customer's remaining contract or arrange for another company to assume the existing contract may be denied a permit by the department.

Persons providing call center service are exempt from requirements relating to employee identification cards.

C. SECTION DIRECTORY:

**Section 1:** Creating s. 482.072, F.S.; authorizing the Department of Agriculture and Consumer Services (DACS) to issue a permit to operate a telephone call center within or outside the state; requiring application for permit; requiring annual renewal; requiring fee for issuance and renewal of permit; providing for a late fee; providing for automatic expiration; providing grounds for non-renewal; and, providing exemption for pest control identification cards for call center personnel meeting certain requirements.

**Section 2:** Providing an effective date of upon becoming law.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

	(FY 08-09) Amount	(FY 09-10) Amount	(FY 10-11) Amount
Recurring	\$2,500*	\$2,500	\$2,500
Non-recurring	-	-	-

2. Expenditures:

Recurring	70.90**	70.90	70.90
Non-recurring	-	-	-

\*Based on a new fee of \$250 for each call center permit and assuming 10 companies apply for and renew these permits.

\*\*Based on unit cost for license issuance for FY 06-07 of \$7.09.

NOTE: The cost for investigations is not included. Due to the inability of the Department of Agriculture and Consumer Services to enforce the provisions of Chapter 482, F.S., for call center employees, no inspection or complaint investigative costs are anticipated. Unit cost for inspections/investigations for FY 06-07 was \$610.69.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

An exemption from requirements to comply with certain provisions of Chapter 482, F.S., would provide pest control companies, using centralized call centers, with a competitive advantage in their sales and solicitation activities. If the bill is enacted, centralized call center staff, employed by qualified pest control businesses, would be exempt from attending the initial 40 hour training classes, as well as continuing education training, that are currently required for employees who conduct sales and solicitation for pest control.

Additionally, if centralized call center employees are not required to have state issued identification cards, administrative action for misrepresentation, false or fraudulent claims, or advertising in a category for which they are not qualified (e.g., fumigation) would be more difficult or impractical, since there would be no state-issued credential to take action against.

D. FISCAL COMMENTS:

None

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None

2. Other:

None

B. RULE-MAKING AUTHORITY:

Not applicable.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Department of Agriculture and Consumer Services (department) has concerns regarding this legislation. In particular, there is no recourse for administrative action against individuals employed by a permitted call center that commits a violation of Chapter 482, F.S., or Chapter 5E-14, FAC. The department also states a concern regarding persons providing call center service being exempt from the requirements of obtaining employee identification cards. Additionally, the department states that if call centers were located out-of-state, it would be impractical, or impossible, to conduct an investigation or issue an action against an individual.

The department and the industry have been working together regarding an agreeable resolution to the concerns stated by the department. They have recently agreed to conduct a pilot project over the next year whereby the department would travel to an out-of-state call center 3-4 times during the year and examine the records and other available data to ascertain that the call center is operating within the purview of Chapter 482, F.S. and Chapter 5E-14, FAC. Once data has been collected and analyzed, necessary statutory changes can be made during the next legislative session.

D. STATEMENT OF THE SPONSOR

No statement submitted.

#### IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES