

February 14, 2006

Marin County Board of Supervisors  
3501 Civic Center Drive  
San Rafael, California 94901

**SUBJECT: ADOPTION OF POINT-OF-SALE SYSTEM REGISTRATION FEES TO RECOVER COSTS INCURRED BY COUNTY'S SCANNER/POINT OF SALE SYSTEM INSPECTION PROGRAM**

Dear Supervisors:

**RECOMMENDATION:**

1. First reading of proposed point-of-sale/scanner ordinance
2. Notice proposed ordinance and non-codified fee schedule
3. Schedule date for Merit Hearing on proposed ordinance and schedule of fees

**SUMMARY:** Scanner/point-of-sale (POS) systems at retail check-out stands provide retailers substantial benefits in tracking sales and inventory; consumer protection, however, can be comprised if the remote location of the price database and its maintenance cause price discrepancies between an item's advertised price on the store shelf and what the consumer is charged at the register.

California's Business and Professions Code mandates that County Weights and Measures departments perform price verification inspections to regulate pricing and price representation. The Agriculture/Weights and Measures Department performs scanner/POS inspections in Marin County, but the substantial increase in the use of scanner/POS systems by retailers, and consumer complaints, has significantly increased the demand to inspect such systems.

Because of staffing and funding limitations, the County's inspection program is primarily complaint driven. Inspection of scanner/POS systems in 2005 -- both complaint driven and random -- had a 50% failure rate. This high rate of failure has significantly increased the department's obligation to perform follow-up inspections to verify corrective action by the retail establishment. In FY04/05 the department expended \$40K in scanner/POS inspection against \$3K in revenues, derived primarily through civil penalties.

To address the increasing use of scanner/POS systems by retailers, the greater need for regulatory oversight of such systems, the high rate of noncompliance, and to ensure fair business practices and to minimize deceptive, fraudulent, or negligent pricing practices, the

department is recommending adoption of scanner/POS registration fees to support a local scanner/POS program. Other Bay Area counties, including Sonoma, Alameda, Santa Clara, Contra Costa, and Santa Cruz, have adopted such programs.

Recommended scanner/POS registration fees were calculated by the department by using the amount of time necessary to perform a scanner/POS inspection multiplied by the department's hourly costs.

**FISCAL IMPACT:** Adoption of the ordinance and associated fee schedule is estimated to increase revenues in FY 2006-07 by \$55,000, offsetting expenditures incurred in administering the scanner/POS program. These additional revenues will be addressed in the department's FY 2006-2007 baseline budget.

<b>REVIEWED BY:</b>	<input type="checkbox"/> Auditor-Controller	<input checked="" type="checkbox"/> N/A
	<input checked="" type="checkbox"/> County Counsel	<input type="checkbox"/> N/A
	<input type="checkbox"/> Human Resources	<input checked="" type="checkbox"/> N/A

Respectfully submitted,

Stacy K. Carlsen  
Agricultural Commissioner  
Director of Weights and Measures