

Fiscal Estimate Narratives

DATCP 8/22/2005

LRB Number	05-3309/1	Introduction Number	SB-292	Estimate Type	Original
Subject Refunds for unused gift cards or certificates					

Assumptions Used in Arriving at Fiscal Estimate

This bill regulates the sale and redemption of gift cards and gift certificates (gift obligations). It prohibits failing to honor valid gift obligations, selling gift obligations with expiration dates, and charging fees that would reduce a gift obligations value.

The Department addresses consumer complaints mostly through mediation and education, but would now have specific statutory authority to investigate and seek prosecution of businesses engaged in fraudulent gift obligation sales practices.

Currently national statistics show \$5.5 billion in gift obligations go unused annually. One reason for this is expiration dates that could result in a loss of \$11 million for Wisconsin consumers. This new law would prohibit those expiration dates. Based on experience, the Department can further assume that the \$11 million of unused gift obligations due to expiration dates would result in 200 formal written consumer complaints per year. The Department estimates 20 complaints per year will require assignment to investigate staff for detailed investigation. Typically, these investigations will involve multiple jurisdictions. The Department estimates an additional workload of 2000 hours to administer and enforce the law.

Long-Range Fiscal Implications

Based on these assumptions the Department estimates 1.0 FTE Regulation Compliance Investigator will be necessary for enforcement of this law. Additional funding of \$60,200 annually will be necessary to fund this position.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3309/1		Introduction Number SB-292	
Subject			
Refunds for unused gift cards or certificates			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
one time costs, office setup, computer, telephone service, supplies. \$10,000			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$47,700	
(FTE Position Changes)		(1.0 FTE)	
State Operations - Other Costs		12,500	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$60,200	\$
B. State Costs by Source of Funds			
GPR		60,200	
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$60,200	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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