

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2652/1	Introduction Number AB-0360
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Description
 Disclosure of terms and conditions applicable to the use of gift certificates, gift cards, and other gift obligations and providing penalties

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory
- 3. Increase Revenue
 - Permissive Mandatory
- 4. Decrease Revenue
 - Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.115(1)(a)	

Agency/Prepared By	Authorized Signature	Date
DATCP/ Michelle Reinen (608) 224-5160	Barb Knapp (608) 224-4746	6/15/2007

Fiscal Estimate Narratives
DATCP 6/18/2007

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Assumptions Used in Arriving at Fiscal Estimate

This bill regulates the sale of gift certificates, gift cards, or similar items (gift obligations). Under the bill, a seller of a gift obligation must provide to a purchaser at the point of sale a conspicuous disclosure of any expiration date that applies to the gift obligation and the terms and amount of any service charge that apply to the gift obligation.

The Department addresses consumer complaints mostly through mediation and education, but would now have specific statutory authority to enforce and fine businesses in violation of the provisions in this bill.

Currently national statistics show over \$80 billion in gift obligations were sold in 2006. Of those approximately 10-15% go unused as a result of: a consumer's choice not to use the card; lost cards; expiration dates; and dormancy service fees. Based on experience, the Department can assume that a portion of the unused gift obligations due to expiration dates and dormancy service fees would result in at least 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.

Based on these assumptions the Department estimates 1.0 FTE Regulation Compliance Investigator will be necessary for enforcement of this law. Additional funding of \$66,200 annually will be necessary to fund this position.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Disclosure of terms and conditions applicable to the use of gift certificates, gift cards, and other gift obligations and providing penalties			
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	\$53,700		\$
(FTE Position Changes)	(1.0 FTE)		
State Operations - Other Costs	12,500		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$66,200		\$
B. State Costs by Source of Funds			
GPR	66,200		
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, ets.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$66,200		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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