

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2992/1	Introduction Number SB-245
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Description
 Terms and conditions of gift certificates, gift cards, and other gift obligations and providing a penalty

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Appropriations	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Create New Appropriations	
		<input type="checkbox"/> Decrease Costs

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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 DATCP/ Michelle Reinen (608) 224-5160	Authorized Signature Barb Knapp (608) 224-4746	Date 8/23/2007
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Fiscal Estimate Narratives

DATCP 8/23/2007

LRB Number	07-2992/1	Introduction Number	SB-245	Estimate Type	Original
Description Terms and conditions of gift certificates, gift cards, and other gift obligations and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill regulates the sale and redemption of gift certificates, gift cards, and similar items (gift obligations). The bill prohibits the following: 1) failing to honor a valid gift obligation; 2) selling a gift obligation that is subject to an expiration date; 3) reducing the value of a gift obligation except for the sale price of goods or service provided by the bearer; and 4) reducing the value of a gift obligation as a condition of disclosing the value of the gift obligation.

Also under the bill, if a person that owns a business intends to transfer ownership of the business or otherwise cease to operate the business, the person may not issue gift obligations that may be redeemed at the business, unless the intended transferee agrees to honor gift obligations issued by the person.

Currently the Department addresses consumer complaints about gift obligations mostly through mediation and education. However, if this bill were to become law, the department would now have specific statutory authority to enforce violations 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 investigative 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 Consumer Protection 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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LRB Number 07-2992/1		Introduction Number SB-245	
Description			
Terms and conditions of gift certificates, gift cards, and other gift obligations and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Office set up, 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, etc.)			
	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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