

**FINAL
FISCAL NOTE**

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| Drafting Number: LLS 10-0764 | Date: June 17, 2010 |
| Prime Sponsor(s): Sen. Tochtrop Rep. Benefield | Bill Status: Signed into Law |
| | Fiscal Analyst: Sara McPhee (303-866-4782) |

TITLE: CONCERNING LIMITATIONS ON THE ISSUANCE OF GIFT CARDS.

| Fiscal Impact Summary | FY 2010-2011 | FY 2011-2012 |
|--|---------------------|---------------------|
| State Revenue General Fund | Less than \$10,000 | Less than \$10,000 |
| State Expenditures | | |
| FTE Position Change | | |
| Effective Date: The bill was signed by the Governor and became law on April 29, 2010. | | |
| Appropriation Summary for FY 2010-2011: None required. | | |
| Local Government Impact: None. | | |

Summary of Legislation

The bill establishes the following requirements for gift cards:

- the issuer must redeem the card if the remaining value is less than \$5;
- an issuer is prohibited from selling a gift card that has any type of service or maintenance fee; and
- it is a deceptive trade practice for any violations.

State Revenue

The bill may increase state revenue from civil penalties, although less than \$10,000 in new state revenue is expected per year. The civil penalty for deceptive trade practice violations is \$2,000. The fiscal note assumes that retailers will comply with the new law; therefore, the number of violations is expected to be low. Any revenue from violations is credited to the General Fund.

The bill may also affect state revenue from income and sales taxes, but the actual impact depends upon how businesses and individuals respond and, therefore is unknown. Eliminating fees charged by retailers could reduce corporate income taxes paid on those fees; however, it could also increase sales tax revenue because the card will retain its original value until redeemed by the consumer.

Departments Contacted

Judicial Law Revenue