

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**REVISED FISCAL IMPACT**  
(replaces fiscal note dated February 9, 2010)

<b>Drafting Number:</b> LLS 10-0764	<b>Date:</b> March 23, 2010
<b>Prime Sponsor(s):</b> Sen. Tochtrop Rep. Benefield	<b>Bill Status:</b> House Second Reading
	<b>Fiscal Analyst:</b> Sara McPhee (303-866-4782)

**TITLE:** CONCERNING LIMITATIONS ON THE ISSUANCE OF GIFT CARDS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b> General Fund	Less than \$10,000	Less than \$10,000
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 11, 2010, if the General Assembly adjourns on May 12, 2010, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2010-2011:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

**This fiscal note is prepared pursuant to House Rule 32 A (c).** 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