HB13-1102

Colorado Legislative Council Staff Fiscal Note

FINAL FISCAL NOTE

Drafting Number:	LLS 13-0175	**Date:**	May 23, 2013
Prime Sponsor(s):	Rep. Gerou	**Bill Status:**	Signed into Law
	Sen. Brophy	**Fiscal Analyst:**	Bill Zepernick (303-866-4777)

TITLE: CONCERNING AN EXEMPTION TO THE "UNCLAIMED PROPERTY ACT" FOR GIFT CARDS ISSUED BY SMALL BUSINESSES.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue Cash Funds Unclaimed Property Trust Fund	($175,000)	($175,000)
State Expenditures		
FTE Position Change		
Effective Date: The bill was signed into law by the Governor and took effect on March 15, 2013.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

The bill exempts unclaimed gift cards from businesses with $200,000 or less in gift card revenue from the Unclaimed Property Act. The bill defines "gift cards" as a prefunded tangible or electronic record evidencing a business' agreement to provide good, services, and other things of value. Gift cards include various types of cards with electronic or magnetic storage used to deduct credit from the card. Several other types of cards are *excluded* from the definition of "gift card" in the bill, including cards issued by governmental agencies, paper-only gift certificates, prepaid telecommunications cards, loyalty and award cards, cards used to pay wages, cards used to issue refunds, and cards issued or sold at below face value to an employer or charitable organization. The bill applies to business within the revenue limit on or after the effective date of the bill and to any unresolved claims for such businesses as of the effective date.

Under current law, there are two main exemptions to the Unclaimed Property Act that may affect businesses. First, holders of unclaimed property may retain $25 dollars or 2 percent of the unclaimed property, whichever is greater, before remitting the property to the state treasurer. Second, businesses with less than $500,000 in revenue per year are not required to remit property to the unclaimed property fund unless the business (1) has more than $3,500 in unclaimed property over the previous 5-year period, or (2) has unclaimed property of any individual person that is worth $250 or more. The gift card exemption created in this bill is *in addition* to these existing exemptions.

State Revenue

The bill reduces revenue to the Unclaimed Property Trust Fund by about ***$175,000 per year***. Each year between $1.5 million to $2.0 million in gift card funds are abandoned and sent to the Unclaimed Property Trust Fund. It is estimated that about 10 percent of this amount is from small business with less than $200,000 in gift card sales. Therefore, the unclaimed gift card revenue to the trust fund is reduced by between $150,000 and $200,000.

Moneys held in the Unclaimed Property Trust Fund accrue interest, and these earnings in the fund are appropriated by the legislature for various purposes. Assuming a 1.5-percent rate of return, the amount of accrued interest in the fund will also be reduced by a small amount (less than $3,000).

Departments Contacted

Treasury Judicial Law CoverColorado