
**Consumer Protection & Business
Committee**

HB 1727

Brief Description: Concerning gift cards.

Sponsors: Representatives Walen and Ormsby.

Brief Summary of Bill

- Disallows dormancy or inactivity fees for all gift cards.
- Prohibits expiration dates for gift cards and gift certificates.

Hearing Date: 2/6/19

Staff: Robbi Kesler (786-7153).

Background:

Gift Certificates and Gift Cards.

A "gift certificate" is defined as an instrument evidencing a promise by the seller that consumer goods or services will be provided to the bearer of the record to the value or credit shown in the record. A "gift card" is a gift certificate in the form of a card, or a stored value card or other physical medium, containing stored value primarily intended to be exchanged for consumer goods and services.

In general, it is unlawful for any person to issue a gift certificate that contains an expiration date or fee, including gift certificates that are issued along with a retail sale. Expiration dates are allowed if the gift certificate is issued pursuant to an awards or loyalty program, the gift certificate is donated to a charitable organization, or when the expiration date is clearly disclosed. If there is a balance on a gift certificate, then that balance must be made available as cash or gift certificate at the option of the retailer.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Gift cards may contain inactivity fees under certain circumstances. A fee is allowed if several conditions are met: a statement is printed in at least 6-point font with the amount of fee, frequency, and an explanation that the fee is triggered by inactivity; the statement is visible prior to purchase; the remaining value on the card is \$5 or less; the fee does not exceed \$1 per month; there has been no activity for 24 consecutive months; and the holder is allowed to reload the card. After a dormancy or inactivity charge is assessed, the remaining balance is redeemable in cash on demand.

Summary of Bill:

Gift certificates and gift cards may not charge dormancy or inactivity fees. Expiration dates are not allowed for any gift cards or gift certificates.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect on July 1, 2020.