
**Consumer Protection & Business
Committee**

HB 2094

Brief Description: Improving consumer protection on gift certificates.

Sponsors: Representatives Alvarado, Berry, Ryu, Senn, Reed, Gregerson, Ormsby, Ramel, Macri, Street, Chopp, Mena, Goodman, Doglio, Cortes, Pollet and Kloba.

Brief Summary of Bill

- Increases the threshold for when a remaining gift certificate balance can be cashed out from \$5 to \$50.
- Modifies the definition of gift card and makes other changes to how gift certificates may be used.

Hearing Date: 1/16/24

Staff: Megan Mulvihill (786-7304).

Background:

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

It is unlawful for a gift certificate to have an expiration date, fee or service fee, or a dormancy or inactivity charge attached. Gift certificates are only permitted to have expiration dates when: (1) they are given as part of an awards or loyalty program; or (2) they are donated to a charitable

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organization without any money or item of value given in exchange, and the gift card is used solely to provide charitable services. In which case, the expiration date must be clearly and legibly disclosed on the gift certificate.

For a purchase made with a gift certificate for an amount less than the value of the gift certificate, the issuer must make the remaining value available to the bearer in cash or as a gift certificate at the option of the issuer. However, if the remaining value of the gift certificate is less than \$5, the gift certificate must be redeemable in cash for the remaining value.

Summary of Bill:

The definition of gift card is modified to include electronic mediums, including an internet-based application. In addition, a gift card that stores or allows customers to earn loyalty points is still considered a gift card.

The threshold for when the remaining value on a gift certificate must be redeemable in cash is increased to \$50.

Reloadable gift certificates must be permitted to be reloaded in any dollar amount the bearer chooses, subject to a maximum amount set by the issuer. If the gift certificate balance is lower than the cost of a purchase, the issuer must allow the bearer to combine the gift certificate with other forms of payment to make the purchase.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect on July 1, 2024.