

HOUSE BILL REPORT

HB 1727

As Passed Legislature

Title: An act relating to gift cards.

Brief Description: Concerning gift cards.

Sponsors: Representatives Walen and Ormsby.

Brief History:

Committee Activity:

Consumer Protection & Business: 2/6/19, 2/12/19 [DP].

Floor Activity:

Passed House: 3/11/19, 98-0.

Senate Amended.

Passed Senate: 4/11/19, 44-2.

House Concurred.

Passed House: 4/18/19, 94-0.

Passed Legislature.

Brief Summary of Bill

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

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 13 members: Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Blake, Dufault, Ryu, Santos, Stanford, Volz, Walen and Ybarra.

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

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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.

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, except for:

- those issued pursuant to an awards or loyalty program; and
- gift certificates donated to a charitable organization without any money or other thing of value given in exchange.

Gift certificates with an allowable expiration date must clearly and legibly disclose the expiration date on the gift certificate.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This is a consumer protection bill that seeks to ensure gift cards are not subjected to fees for inactivity.

(Opposed) None.

(Other) Members of the retail association do not impose dormancy fees. Most gift cards are closed loop where they can only be used in our stores that issue them. However, some stores do occasionally sell Visa gift cards which are an open loop device and can be used anywhere Visa is accepted. Please keep RCW 19.240.030 which provides an exception for a gift card

issued pursuant to an awards or loyalty program or in other instances where no money or other thing of value is given in exchange. This is important to be able to put expiration dates on loyalty programs. Prohibiting expiration dates on gift certificates is fine. Removing "or in other instances where no money or other thing of value is given in exchange" from RCW 19.240.030. This would better align with store practices.

Persons Testifying: (In support) Representative Walen, prime sponsor.

(Other) Mark Johnson, Washington Retail Association.

Persons Signed In To Testify But Not Testifying: None.