

SENATE BILL REPORT

HB 1727

As Reported by Senate Committee On:
Financial Institutions, Economic Development & Trade, March 28, 2019

Title: An act relating to gift cards.

Brief Description: Concerning gift cards.

Sponsors: Representatives Walen and Ormsby.

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

Committee Activity: Financial Institutions, Economic Development & Trade: 3/19/19, 3/28/19 [DPA].

Brief Summary of Amended Bill

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

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Braun, Das, Ericksen and Hobbs.

Staff: Clint McCarthy (786-7319)

Background: Gift certificates are defined in statute 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 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

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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 six-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 Amended 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. Expiration dates are allowed for rewards cards.

EFFECT OF FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE COMMITTEE AMENDMENT(S): Retains section of law concerning circumstances under which expiration dates are allowed. The section is amended to remove language that allows expiration dates in instances where no money or other thing of value is given in exchange.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill will help with consumer protection. There will be an amendment coming forward. These are for cards that are purchased in Washington. This would apply to all cards being used in the state of Washington.

OTHER: There should not be a dormancy fee. Loyalty cards should be excluded from this bill.

Persons Testifying: PRO: Representative Amy Walen, Prime Sponsor.

OTHER: Mark Johnson, Washington Retail.

Persons Signed In To Testify But Not Testifying: No one.