

BILL ANALYSIS

Senate Research Center
78R11598 ATP-D

H.B. 650
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Business & Commerce
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Engrossed

DIGEST AND PURPOSE

Current law allows for the expiration of gift certificates and gift cards. There is no law requiring businesses that issue gift certificates to disclose certain information about its value. Consumers can purchase these gift certificates or “gift cards” not knowing that the certificate loses value over time, has an expiration date, or that there are transaction fees charged after a certain amount of time. H.B. 650 prohibits the expiration of most gift certificates and gift cards before the second anniversary of the date on which the card was issued. H.B. 650 also requires businesses and card issuers to disclose certain types of information on or with a gift certificate or gift card.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 35, Business & Commerce Code, by adding Section 35.58, as follows:

Sec. 35.58. EXPIRATION OF GIFT CERTIFICATE PROHIBITED. (a) Defines “gift certificate.”

(b) Prohibits a person from issuing or selling a gift certificate that provides that the certificate expires before the second anniversary of the date on which the certificate is issued or sold. Provides that a gift certificate that contains an expiration date prohibited by this subsection expires on the second anniversary of the date on which the certificate is issued or sold.

(c) Sets forth gift certificates to which Subsection (b) does not apply.

(d) Requires a condition relating to the use of a gift certificate to be clearly stated on the certificate, the envelope or covering of the certificate, or the receipt given to the purchaser of the certificate, if the condition provides that the certificate decreases in value over a period of time or that a fee is charged against the balance of the certificate after a certain period of time. Provides that a gift certificate that does not clearly state a condition described by this subsection may be redeemed at any time for the original value of the certificate, less any amount charged against the balance of the certificate by the consumer.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2003.