

BILL ANALYSIS

Senate Research Center
79R1555 ATP-D

S.B. 446
By: Carona
Business & Commerce
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, gift cards exist that expire after 12 or 24 months or have monthly inactivity charges if unused. It has become apparent that too many gift cards include unexpected fees and restrictive expiration dates that can limit their usefulness and exhaust their value. A number of states, including California, Massachusetts, New York, Rhode Island, and Washington, have either passed laws or taken legal action in response to unreasonable gift card fees.

S.B. 446 ensures that consumers will receive the full value of gift card purchases and that their rights will be fully protected

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 35.42, as follows:

Sec. 35.42. REDUCTION IN VALUE OF GIFT CARD PROHIBITED. (a) Defines "gift card."

(b) Provides that certain conditions relating to the use of a gift card are void.

(c) Provides that Subsection (b) does not affect the validity of a gift card containing a condition that is void under Subsection (b).

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2005.