

By: Campbell

H.B. No. 650

Substitute the following for H.B. No. 650:

By: Oliveira

C.S.H.B. No. 650

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the expiration or reduction in value of a gift
3 certificate.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter D, Chapter 35, Business & Commerce
6 Code, is amended by adding Section 35.58 to read as follows:

7 Sec. 35.58. EXPIRATION OF GIFT CERTIFICATE PROHIBITED. (a)
8 In this section, "gift certificate" means a certificate that is
9 issued or sold by a person engaged in the business of offering goods
10 or services for sale at retail and that entitles a recipient of the
11 certificate to the delivery of goods or services from the person who
12 issued or sold the certificate. The term includes a gift card used
13 for the same purpose as a gift certificate.

14 (b) A person may not issue or sell a gift certificate that
15 provides that the certificate expires before the second anniversary
16 of the date on which the certificate is issued or sold. A gift
17 certificate that contains an expiration date prohibited by this
18 subsection expires on the second anniversary of the date on which
19 the certificate is issued or sold.

20 (c) Subsection (b) does not apply to a gift certificate:

21 (1) that states the expiration date on the front of the
22 certificate in capitalized letters in at least 10-point type; and

23 (2) that is:

24 (A) distributed by the issuer to a consumer under

1 an awards, loyalty, or promotional program without the consumer
2 giving money in exchange for the certificate;

3 (B) sold below face value at a volume discount to
4 an employer or a nonprofit or charitable organization for
5 fund-raising purposes, if the expiration date is not more than 30
6 days after the date of the sale; or

7 (C) issued for a food product.

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

18 SECTION 2. The change in law made by Section 35.58, Business
19 & Commerce Code, as added by this Act, applies only to a gift
20 certificate issued or sold on or after the effective date of this
21 Act. A gift certificate issued or sold before the effective date of
22 this Act is governed by the law in effect when the certificate was
23 issued or sold, and the former law is continued in effect for that
24 purpose.

25 SECTION 3. This Act takes effect September 1, 2003.