

By: Keel

H.B. No. 1691

A BILL TO BE ENTITLED

AN ACT

relating to the reduction in value of a gift card.

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

SECTION 1. Subchapter D, Chapter 35, Business & Commerce Code, is amended by adding Section 35.42 to read as follows:

Sec. 35.42. REDUCTION IN VALUE OF GIFT CARD PROHIBITED. (a) In this section, "gift card" means a card used for the same purpose as a gift certificate and includes a gift card, the value of which is intended to be electronically readable, and a gift card issued in association with a financial institution.

(b) A condition relating to the use of a gift card is void if it provides that:

(1) the value of the card decreases over a period of time; or

(2) a fee is charged against the balance of the card after a certain period of time.

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

SECTION 2. The change in law made by Section 35.42, Business & Commerce Code, as added by this Act, applies only to a gift card issued or activated on or after the effective date of this Act. A gift card issued or activated before the effective date of this Act is governed by the law in effect when the card was issued or activated, and the former law is continued in effect for that

1 purpose.

2 SECTION 3. This Act takes effect September 1, 2005.