

1-1 By: Carona S.B. No. 446
1-2 (In the Senate - Filed February 10, 2005; February 15, 2005,
1-3 read first time and referred to Committee on Business and Commerce;
1-4 March 10, 2005, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; March 10, 2005,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 446 By: Lucio

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the reduction in value of a gift card.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subchapter D, Chapter 35, Business & Commerce
1-13 Code, is amended by adding Section 35.42 to read as follows:

1-14 Sec. 35.42. REDUCTION IN VALUE OF GIFT CARD PROHIBITED.

1-15 (a) In this section, "gift card" includes a gift card, the value of
1-16 which is intended to be electronically readable, or a gift
1-17 certificate.

1-18 (b) A condition relating to the use of a gift card is void if
1-19 it provides that:

1-20 (1) the value of the card decreases over a period of
1-21 time; or

1-22 (2) a fee is charged against the balance of the card
1-23 after a certain period of time.

1-24 (c) Subsection (b) does not affect the validity of a gift
1-25 card containing a condition that is void under Subsection (b).

1-26 (d) This section does not apply to:

1-27 (1) a calling card issued by a prepaid calling card
1-28 company regulated under Section 55.253, Utilities Code; or

1-29 (2) a gift card distributed by the issuer to a consumer
1-30 under an awards, loyalty, or promotional program without the
1-31 consumer giving money in exchange for the card.

1-32 (e) This section does not create a cause of action against a
1-33 person who issues or sells a gift card.

1-34 SECTION 2. The change in law made by Section 35.42, Business
1-35 & Commerce Code, as added by this Act, applies only to a gift card
1-36 issued or activated on or after the effective date of this Act. A
1-37 gift card issued or activated before the effective date of this Act
1-38 is governed by the law in effect when the card was issued or
1-39 activated, and the former law is continued in effect for that
1-40 purpose.

1-41 SECTION 3. This Act takes effect September 1, 2005.

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