

BILL ANALYSIS

H.B. 1771
By: Chavez
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to the Texas State Government Effectiveness and Efficiency Report by the Legislative Budget Board, current law in Texas restricts certain gift cards issued by merchants from becoming abandoned property. Current law also allows fees to be charged against the value of a gift card that has not been used for a period of one year. State law does not define a "reasonable fee" that can be charged, therefore, the value of a gift card can quickly decline after one year. The decrease in value of gift cards allows companies to profit at the expense of consumers. The assessment of fees by businesses decreases state revenue associated with unclaimed property. Currently, 12 states prohibit merchants from charging postpurchase fees for closed-loop cards at any time.

H.B. 1771 eliminates the ability of merchants issuing gift cards to charge handling fees, reissue or replacement fees, or periodic fees that cause the unredeemed balance of the card to decrease in value when not in use.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1771 amends the Business & Commerce Code to prohibit an issuer of a stored value card from imposing or collecting a fee associated with a stored value card, including a handling fee in connection with the issuance of or adding of value to the card, an access fee for a card transaction conducted at an unmanned teller machine, a reissue or replacement charge if an expired or lost card is reissued or replaced, or a periodic fee or other charge that causes the unredeemed balance of the card to decrease over time. The bill makes conforming changes in that code.

H.B. 1771 amends provisions of the Property Code relating to the presumption of abandonment of a stored value card, to make a conforming change.

H.B. 1771 repeals Section 604.052, Business & Commerce Code, and Section 72.1016(d), Property Code, to make conforming changes.

EFFECTIVE DATE

September 1, 2009.