

BILL ANALYSIS

H.B. 1723
By: Bohac
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, consumers are not entitled to receive a cash refund for the unused balance on a low-value gift card or other stored value card. State law does not prohibit a retailer from issuing such a cash refund, but it is currently at the business owner's discretion whether to do so. Interested parties contend that low-value cards create a burden for consumers and retailers to keep track of the cards or to audit them and that gift cards with nominal balances often are lost or go unused for a variety of reasons. H.B. 1723 seeks to balance the rights of the consumer and the retailer in a sensible manner, without creating an undue burden on either party, by setting out conditions under which a consumer will be able to redeem a low-value gift card or other stored value card for a cash refund.

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. 1723 amends the Business & Commerce Code to require a seller of a stored value card, on the consumer's request, to refund the balance of the stored value card in cash to the consumer if the card is redeemed in person to make a purchase and has a remaining balance of less than \$5 following the redemption. The bill exempts from that requirement a stored value card issued by certain financial institutions; a stored value card issued by an air carrier holding a certificate of public convenience and necessity; a stored value card issued as a prepaid calling card by a prepaid calling card company; a stored value card distributed by the issuer to a person under an awards, rewards, loyalty, incentive, rebate, or promotional program and not issued or reloaded in exchange for money tendered by the cardholder; a stored value card issued as a refund for merchandise returned without a receipt; and a stored value card that has an initial value of \$5 or less and to which additional value cannot be added. The bill establishes that statutory provisions exempting certain other stored value cards from provisions governing the sale or issuance of such cards do not apply to the bill's provisions.

EFFECTIVE DATE

September 1, 2013.