

- SUBJECT:** Allowing consumers to request a refund for certain low-value gift cards
- COMMITTEE:** Business and Industry — favorable, without amendment
- VOTE:** 5 ayes — Oliveira, Simmons, Collier, Fletcher, Romero
- 1 nay — Rinaldi
- 1 absent — Villalba
- WITNESSES:** For — (*Registered, but did not testify:* Michael Weaver, Church Group; Angela Smith, Fredericksburg Tea Party; Matt Long; Sandy Ward)
- Against — None
- BACKGROUND:** Under Business and Commerce Code, sec. 604.001, “stored value card” means a record, including one that contains a microprocessor chip, magnetic strip, or other means of storing information, that evidences a promise for monetary consideration of the card, is prefunded, and has a value that is reduced on redemption. This includes a gift card or gift certificate.
- Currently, consumers are not entitled to receive a cash refund on a low-value, stored-value card that they own. Rather, it is at the business owner’s discretion.
- DIGEST:** Under HB 2391, a seller would have to refund the balance of a stored-value card at the request of a consumer under certain circumstances. A consumer could request the refund if the consumer redeemed the card in person to make a purchase and if, following the redemption, a balance of less than \$2.50 remained on the card. The seller would have to issue the refund in cash.
- The bill would not apply to certain stored-value cards, including cards:
- issued by a financial institution, a federally insured financial

- institution, or an air carrier;
- issued as a prepaid calling card;
 - distributed by the issuer to a person under a program, such as a rewards, loyalty, or promotional program, and was not issued or reloaded in exchange for money tendered by the cardholder;
 - issued as a refund for merchandise returned without a receipt; or
 - that had an initial value of \$5 or less and to which additional value could not be added.

The bill would take effect September 1, 2015.