

## **BILL ANALYSIS**

Senate Research Center  
79R9409 ATP-D

C.S.S.B. 446  
By: Carona  
Business & Commerce  
3/9/2005  
Committee Report (Substituted)

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Currently, gift cards exist that expire after 12 or 24 months or have monthly inactivity charges if unused. It has become apparent that too many gift cards include unexpected fees and restrictive expiration dates that can limit their usefulness and exhaust their value. A number of states, including California, Massachusetts, New York, Rhode Island, and Washington, have either passed laws or taken legal action in response to unreasonable gift card fees.

C.S.S.B. 446 ensures that consumers will receive the full value of gift card purchases and that their rights will be fully protected

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter D, Chapter 35, Business & Commerce Code, by adding Section 35.42, as follows:

Sec. 35.42. REDUCTION IN VALUE OF GIFT CARD PROHIBITED. (a) Defines "gift card."

(b) Provides that certain conditions relating to the use of a gift card are void under certain conditions.

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

(d) Provides that this section does not apply to certain types of cards.

(e) Provides that this section does not create a cause of action against a person who issues or sells a gift card.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2005.