

2005 DRAFTING REQUEST

Bill

Received: 11/04/2004

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Peggy Krusick (608) 266-1733**

By/Representing: **Christian Moran**

This file may be shown to any legislator: **NO**

Drafter: **csundber**

May Contact:

Addl. Drafters:

Subject: **Trade Regulation - other**

Extra Copies: **RNK**

Submit via email: **YES**

Requester's email: **Rep.Krusick@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Refunds for unused gift cards or certificates

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/1	csundber 11/16/2004	lkunkel 11/18/2004 lkunkel 11/18/2004	rschluet 11/19/2004	_____	lemery 11/19/2004		State
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/3	csundber 01/12/2005	lkunkel 01/14/2005	pgreensl 01/14/2005	_____	mbarman 01/14/2005		State
/4	csundber 02/16/2005	lkunkel 02/16/2005 csicilia 02/16/2005	pgreensl 02/16/2005	_____ _____ _____	lemery 02/16/2005		State
/5	csundber 02/17/2005 csundber 03/10/2005	lkunkel 02/17/2005 lkunkel 03/10/2005	pgreensl 02/17/2005	_____ _____ _____	sbasford 02/17/2005		State
/6	csundber 04/08/2005	csicilia 04/11/2005	jfrantze 03/11/2005	_____ _____	sbasford 03/11/2005		State
/7			pgreensl 04/12/2005	_____ _____	lemery 04/12/2005	sbasford 07/13/2005	

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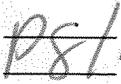
Topic:

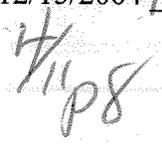
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Instructions:

See Attached

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1/3 lmk 1/13 *1/14 ps* *ps 1/15*

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1/2 kyl 12/16
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<END> 16

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/?	csundber	1/mk 11/18					
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11/18/11/18

FE Sent For:

<END>

Sundberg, Christopher

From: Gibson-Glass, Mary
Sent: Thursday, November 04, 2004 2:25 PM
To: Sundberg, Christopher
Subject: FW: Bill draft request

Chris:

This was a trade regulation draft from last session.

Mary

-----Original Message-----

From: Moran, Christian
Sent: Wednesday, November 03, 2004 3:12 PM
To: Gibson-Glass, Mary
Subject: Bill draft request

Mary,

Please redraft 2003 LRB-4277/1 (Refunds for unused gift cards or certificates) as a 2005 bill.

Thanks,

Christian
Office of Representative Peggy Krusick
6-1733

2003 DRAFTING REQUEST

Bill

Received: **02/16/2004**

Received By: **mglass**

Wanted: **As time permits**

Identical to LRB:

For: **Peggy Krusick (608) 266-1733**

By/Representing: **Russ Whitesel**

This file may be shown to any legislator: **NO**

Drafter: **mglass**

May Contact:

Addl. Drafters:

Subject: **Trade Regulation - other**

Extra Copies:

Submit via email: **NO**

Pre Topic:

No specific pre topic given

Topic:

Refunds for unused gift cards or certificates ✓

Instructions:

If balance on gift card or gift certificate is less than \$5, holder of card or certificate must be given a refund for the balance ✓

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/1	mglass 03/08/2004	kgilfoy 03/25/2004	jfrantze 03/25/2004		lemery 03/25/2004		

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<END>

2005
~~2003~~ BILL

①-note
in 11-9

ReGen

1 AN ACT *to create* 134.75 of the statutes; **relating to:** refunds of remaining
2 balances on gift certificates, gift cards, and other gift obligations and providing
3 a penalty. ✓

INS. CTS-1

Analysis by the Legislative Reference Bureau

This bill requires that if the holder of a gift certificate, gift card, or similar item (gift obligation) is redeeming a gift obligation that will have a remaining balance of less than \$5, the person redeeming the gift obligation must refund the remaining balance to the holder of the gift obligation upon his or her request. The bill excludes on-line gift accounts from this requirement.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 SECTION 1. 134.75 of the statutes is created to read:
5 **134.75 Refunds of balances on gift obligations.** (1) In this section, "gift
6 obligation" means a gift certificate, gift card, or other written document that is
7 evidence of an obligation arising from a transaction between a seller and a purchaser

BILL

1 under which the seller will provide goods or services at a later date up to the value
 2 shown on the document. "Gift obligation" does not include an on-line gift account
 3 ~~or any type of obligation or transaction where the intent of the obligation or~~
 4 ~~transaction is to not provide a gift to a person other than the seller and purchaser.~~

5 (2) ~~In redeeming a gift obligation, if the remaining balance that will result is~~
 6 ~~less than \$5, the person redeeming the gift obligation shall refund the remaining~~
 7 ~~balance at the time of the redemption if requested to do so by the holder of the gift~~
 8 ~~obligation.~~

9 (b) ~~Each gift obligation shall have the date of sale written on its face.~~

10 (3) A person who violates this section shall forfeit not less than \$25 nor more
 11 than \$100 for each violation.

SECTION 2. Initial applicability.

13 (1) This act first applies to gift obligations, as defined in section 134.75 (1) of
 14 the statutes, as created by this act, that are sold on the effective date of this
 15 subsection.

SECTION 3. Effective date.

17 (1) This act takes effect on first day of the 10th month beginning after
 18 publication.

(END)

INS
CIS2

No person may sell a gift obligation unless the date of the sale is written on the face of the gift obligation.

*(d-note
after inserts)*

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0647/lins
CTS:.....

1 Insert CTS-1:

2 This bill regulates the sale and redemption of gift certificates, gift cards, or
3 similar items (gift obligations). When a person redeems a gift obligation and the
4 resulting balance of the the gift obligation is less than \$5, ^{this} the bill requires the person
5 redeeming the gift obligation to refund the balance in cash, upon the request of the
6 person redeeming the gift obligation. The bill also forbids the sale of a gift obligation
7 unless the date of the sale is written on the face of the gift obligation.

8
9 Insert CTS-2:

10 (a) ^{IF} When the holder of a gift obligation partially redeems the gift obligation,
11 and the resulting balance of the gift obligation is less than \$5, the seller shall refund
12 to the holder the balance of the gift obligation in cash, ~~if the holder requests.~~

at the holder's request

The provisions of the bill do not
apply to off-line gift accounts.
apply to on-line gift accounts.

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0647/1dn

CTS.....
mk & kjf

(date)

Rep. Krusick:

Please note that this redraft of 200³ LRB-4277/1 does not contain the language ~~excluding an~~ "obligation or transaction where the intent of the obligation or transaction is not to provide a gift to a person other than the seller and purchaser" from ^{an exclusion} in the definition of "gift obligation." This language seemed ambiguous, and I am concerned that an ambiguous exception could undermine your intent. I will be happy to rewrite that portion of the original draft to reflect your intent.

I have also modified proposed s. 134.75[✓] to clarify that a gift obligation must indicate the date on which it was sold, and I have made minor technical corrections to the earlier draft. Please contact me to discuss further changes. ✓

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0647/1dn
CTS:lmk&kjf:rs

November 19, 2004

Rep. Krusick:

Please note that this redraft of 2003 LRB-4277/1 does not contain the language "obligation or transaction where the intent of the obligation or transaction is not to provide a gift to a person other than the seller and purchaser" from an exclusion in the definition of "gift obligation." This language seemed ambiguous, and I am concerned that an ambiguous exception could undermine your intent. I will be happy to rewrite that portion of the original draft to reflect your intent.

I have also modified proposed s. 134.75 to clarify that a gift obligation must indicate the date on which it was sold, and I have made minor technical corrections to the earlier draft. Please contact me to discuss further changes.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

CRB 647 redraft

① Add prohib. on domain fees

② Prohib expiry dates

et, Washington leg.

S-4000.1

SENATE BILL 6482

State of Washington 58th Legislature 2004 Regular Session

By Senators Jacobsen and Winsley

Read first time 01/21/2004. Referred to Committee on Financial Services, Insurance & Housing.

AN ACT Relating to gift certificates; and adding a new chapter to Title 19 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

{+ NEW SECTION. +} Sec. 1. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Charitable organization" means an organization exempt from tax under section 501(c)(3) of the internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3)).

(2) "Fund-raising activity" has the same meaning as in RCW 82.04.3651.

(3) "Gift card" means a record as described in subsection (4) of this section in the form of a card, or a stored value card or other physical medium, containing stored value primarily intended to be exchanged for consumer goods and services.

(4) "Gift certificate" means a record evidencing a promise by the seller or issuer of the record that consumer goods or services will be provided to the holder of the record for the value or credit shown in the record and includes gift cards.

(5) "Holder" means a person with a right to receive consumer goods and services under the terms of a gift certificate, without regard to any fee, expiration date, or dormancy or inactivity charge.

(6) "Issue" includes reloading or adding value to an existing gift certificate.

(7) "Stored value" has the same meaning as in RCW 19.230.010.

{+ NEW SECTION. +} Sec. 2. (1) Except as provided in section 3 of this act, it is unlawful for any person or entity to sell, issue, or enforce against a holder, a gift certificate that contains:

- (a) An expiration date;
- (b) Any fee, including a service fee; or
- (c) A dormancy or inactivity charge.

(2) If a purchase is made with a gift certificate for an amount that is less than the value of the gift certificate, the issuer must make the remaining value available to the holder in cash or as a gift certificate. If after the purchase the remaining value of the gift certificate is less than five dollars, the gift certificate must be redeemable in cash for its remaining value. A gift certificate is valid until redeemed or replaced.

{+ NEW SECTION. +} Sec. 3. It is lawful to issue, and enforce against the holder, a gift certificate containing an expiration date if the expiration date appears in capital letters in at least ten-point font on the front of the gift certificate and the gift certificate is:

- (1) Issued pursuant to a promotional program, without any money or other thing of value being given in exchange for the gift certificate;
- (2) Donated or sold below face value at a volume discount to employers or to a charitable organization for fund-raising activities; or

(3) Issued for a food product.

{+ NEW SECTION. +} Sec. 4. Sections 1 through 3 of this act constitute a new chapter in Title 19 RCW.

--- END ---

Dormancy Fees a Growing Issue for Gift-Card Issuers

David Breitkopf. American Banker. New York, N.Y.: Sep 3, 2004. Vol.169, Iss. 171; pg. 5

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The issue of "dormancy fees" attached to prepaid gift cards -- penalties for not using a card for a set period -- is gaining legislative attention and will probably remain a hot topic for some time.

A handful of states, including California, Massachusetts, Connecticut, Georgia, and New Hampshire, have enacted laws to rein in fees on gift or prepaid cards, and Sen. Charles Schumer, D-N.Y., is considering introducing federal legislation on the topic.

Most people who buy gift cards from banks know that the products come with up-front load fees of \$3 to \$5, but fewer people know that after a certain period in which the card is not used, most banks deduct a dormancy fee from the value each month it remains unused.

These general-purpose cards differ in many respects from retailers' gift cards, which typically do not bear either load or dormancy fees.

The American Express Gift Card states on the back that it will assess a \$2 monthly fee if a balance remains on the card after 12 months, said Stephanie Stegich, a spokeswoman for American Express Co. The card, introduced in 2002, has a load fee of \$3.95 to \$5.95, depending whether the consumer buys it from Amex or an intermediary.

The majority of consumers who use the card spend use up the value within a year, so they are not charged a dormancy fee, Ms. Stegich said.

"There are a number of benefits and services that are associated with the card, and obviously there are costs on our side to provide those to the consumer," she said. "It's not as simple as giving out a Banana Republic card that can only be used in a Banana Republic store."

Those benefits include the ability to call Amex to learn the balance, getting a refund or a new card if it is lost or stolen, and being able to use the card anywhere Amex cards are accepted.

First Horizon National Corp. introduced two gift cards in December; it charges \$4.95 for cards worth up to \$200 and \$6.95 for cards worth between \$201 and \$500, the maximum value. Dondi Black, a vice president of consumer deposits at First Horizon, said the fees cover the cost of maintaining the cards.

The Memphis banking company, which has issued between 8,000 to 10,000 cards to date, will charge a \$2 monthly dormancy fee if the balance is not used after 13 months. The fee simply covers the maintenance of the card, Ms. Black said -- it's not meant to be a revenue source.

"We make money strictly on the interchange" associated with purchases on the card, she said. Some gift cards offered by banks are reloadable, and can produce ongoing fee income for the banks, but Ms. Black said the First Horizon cards are not. They also cannot be used at ATMs, because they are strictly signature debit cards.

Last year consumers spent between \$40 billion to \$45 billion on gift cards, but only about 10% of the total was spent on the type of general-purpose cards that bear these fees, according to TowerGroup, the Needham, Mass., research and consulting firm owned by MasterCard International. The bank products are newer than the private-label gift cards retailers offer.

Bank issuers say that dormancy fees are necessary to help pay for the cost to maintain the accounts, even if the cards are all but forgotten by the consumers. But John Gould, the director of bank cards at TowerGroup, said legislation has come up in almost every state, much of it still pending, on various issues related to gift

cards, including dormancy fees, expiration dates, and how escheatment laws are applied to the cards. Escheatment laws deal with abandoned property, which is held by the state but can later be claimed by the owner or heirs.

Daniel Horne, a marketing professor at Providence College in Rhode Island, said that Connecticut's law, which took effect last month, bans dormancy fees and expiration dates on gift cards but makes the cards subject to escheatment after three years.

Georgia's recently enacted law contains similar language, he said. California's, which has been on the books for a number of years, does not permit dormancy fees, nor does it require escheatment. Also, California gift cards not affiliated with a particular retailer may have an expiration date only if it appears on the card.

Many consumers are not aware of the dormancy fees and would avoid general-purpose gift cards if they knew about the fees, according to a May survey by Synergistics Research Corp. of Atlanta. The firm called 1,000 consumers, 476 of whom said they had purchased a gift card or were likely to do so. Among that subset, 63% said they were not aware that some gift cards carry dormancy fees, and 77% said that in the future they would either avoid gift cards with such fees or stop buying gift cards altogether.

William H. McCracken, the chief executive officer of Synergistics, wrote in a report about the survey that there is a "strong feeling that these fees are not fair," and that without clearer disclosures about the fees, there is a potential for consumer backlash.

Most retailers do not charge an up-front fee for their cards, because they will eventually get the entire card balance once the sale is made. Some retailers have dormancy fees, and some do not. "The sting to this product" is that in 12 months the card will no longer have the same value as it had when it was issued, Mr. McCracken said. "It's a gift that keeps on giving, but a gift that keeps on taking." Copyright 2004 Thomson Media Inc. All Rights Reserved. <http://www.thomsonmedia.com> <http://www.americanbanker.com> @

Albany offers relief for the 'shrinking' gift card; [ALL EDITIONS]

Henry Gilqoff. Newsday. (Combined editions). Long Island, N.Y.: Jun 27, 2004. pg. E.02

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Quotes: 'When you purchase a gift card, you're lending your money to the bank or retailer until you redeem the card. For them to get dormancy fees seems excessive and unfair.' - Russ Haven, legislative counsel for New York Public Interest Research Group

Borders took a read of consumer concerns about gift cards when it prepared a Father's Day promotion - or so a newspaper advertisement by the chain that sells books, movies, music and gift cards suggested.

The June 11 ad reflected the popularity of gift cards and the increasing attention being given to fees that can shrink and eventually even eliminate the value of a card. Turning a consumer misgiving into a marketing point, the ad said in easy-to-read print right next to a picture of a Borders gift card that the card had neither an expiration date nor monthly fee for "non-use," a so-called dormancy or service fee.

Those fees are addressed in a package of legislation unanimously passed this month by the state Assembly and Senate, with Sen. Dean Skelos (R-Rockville Centre), Sen. Charles Fuschillo (R-Merrick) and Assemblywoman Audrey Pheffer (D-Rockaway) playing key roles in the passage.

The bills, if signed into law by Gov. George Pataki, would require wider disclosure of gift-card terms - both in advertising and where they are sold - and would prohibit monthly service fees for the first 12 months after purchase. Any use of the card, including a balance inquiry, would trigger another 12-month prohibition on fees. The bills would take effect 90 days after being signed and thus could be in effect for the Christmas season. Pataki spokeswoman Lynn Rasic said the bills will be reviewed, but she declined further comment.

California is among states that have gift-card laws. The California law took effect earlier this year, according to Gail Hillebrand, a senior attorney in the San Francisco office of Consumers Union, publisher of Consumer Reports. It prohibits dormancy fees for 24 months on cards issued by a retailer or chain for purchases in its own stores, with possible extensions of the fee ban similar to what the New York legislation would require. Moreover, the fees in California can be imposed at the rate of just \$1 a month, and only when there is a balance of \$5 or less. So, in California, Hillebrand said, "the most you can lose [because of the monthly fees] is \$5."

In New York, the bipartisan support given the bills that passed might make it seem as if the legislation is free of controversy. Not so.

The legislation on monthly service fees passed despite the objections of State Attorney General Eliot Spitzer, who felt the bills didn't go far enough. "It's the position of the attorney general's office that the law should prohibit expiration dates and monthly service and dormancy fees, and anything less than that is not real consumer protection," Spitzer spokeswoman Christine Pritchard, said.

Russ Haven, legislative counsel for the New York Public Interest Research Group, says his group also would have preferred a ban on the monthly fees. "When you purchase a gift card, you're lending your money to the bank or retailer until you redeem the card. For them to get dormancy fees seems excessive and unfair," he said.

The Retail Council of New York supports the legislation, noting that a "growing number of retailers" have been removing the fees and expiration dates. Home Depot, for instance, does not apply expiration dates or dormancy fees to the gift cards it sells now, according to spokesman Don Harrison; at least as of mid-2002, it had charged a dormancy fee of \$5 a month after 24 months of non-use.

Unlike California's law, the New York legislation would include cards issued by banks or with bank logos. One of them is the Simon Visa gift card, "a prepaid card that lets you shop everywhere Visa debit cards are accepted," according to a detailed listing of terms that comes with the card, sold through the Simon Property Group. That group owns or operates malls that include Roosevelt Field in Garden City, the Mall at The Source in Westbury, Walt Whitman Mall in Huntington Station and Smith Haven Mall in Lake Grove. A Simon card sold on Tuesday specified that it would expire in August 2005. An administrative fee of \$2.50 a month is automatically deducted from the card balance starting in the seventh month after the issue date until the value reaches zero.

Officials of the New York Bankers Association argue that banks are more dependent on fees than retail stores because retailers also profit from purchases made in their stores with the gift cards. But they say the group will not oppose enactment of the legislation. "I think most banks think they can live with the bills," said Bill Bosies, a senior vice president of the association.

While a spokeswoman for Simon Property Group, Billie Scott, declined to comment, Visa USA spokeswoman Rhonda Bentz expressed concerns about the costs of complying and the limits on fees. "There are costs borne by banks to issue these cards," she said, "and to maintain these cards." It is that extended reach of the New York bills, to include the bank cards, however, that tempered criticism by the New York Public Interest Research Group and convinced Haven not to oppose the legislation.

"Although we wish the time periods were longer before fees kicked in," he said, "in the end, I think more consumers would be protected overall."

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New law will ban gift-card expiration ; Consumers benefit | Businesses can keep unredeemed funds; [Fourth Edition]

Peter Lewis. Seattle Times. Seattle, Wash.: Jun 27, 2004. pg. B.1

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Washington consumers can soon rest easy knowing that, for the most part, their gift certificates won't expire or be nibbled away by fees.

But besides making good on purchases, a new state law to take effect Thursday also allows in-state businesses to keep money from unused certificates. Under the expiring law, they had to forward the money to the state as unclaimed property after three years.

The new legislation makes Washington one of 15 to 20 states that have passed or are in the process of adopting laws that ban expiration dates on gift certificates, according to Dan Horne, marketing professor at Providence (Rhode Island) College, who for a decade has been studying the use of gift certificates.

Washington's new statute also mostly does away with service charges such as "dormancy" fees sometimes \$1 or \$2 a month that kick in if certificates go unused after a certain period. The law specifically defines gift certificates to include gift cards but carves out exceptions for those issued for promotions and charities, as well as those issued by financial institutions.

Still, Horne says Washington's new law may be the most consumer friendly in the nation. Besides banning expiration dates and fees, it lets consumers cash out cards when there's less than \$5 remaining.

Nearly nine out of 10 consumers who receive gift cards use them within the first three months, according to industry experts and published reports. But nationwide, the value of unredeemed cards last year alone added up to roughly \$2 billion, according to Horne.

The U.S. Supreme Court has said the owner's residence determines which state gets to hang onto unclaimed property. If that can't be ascertained a likely scenario with gift certificates partly because the owner and the purchaser often are two different people the funds shift to the state in which the business that issued the certificates is incorporated.

Playing cat-and-mouse

Unclaimed-property laws governing gift certificates vary among states. The lack of standardization the absence of expiration dates, differing expiration dates, laws that don't specifically address gift cards in some cases has led to cat-and-mouse games.

Take Amazon.com, headquartered in Seattle and incorporated in Delaware.

Two years ago, Amazon.com established a company called A2Z to handle its gift-card operations. A2Z is incorporated in Idaho, a state where unclaimed-property laws do not specifically address gift cards, allowing Amazon.com to hang onto unused value. It couldn't do that under Delaware law, which requires companies to turn over unused gift certificates after five years.

Amazon.com spokeswoman Patty Smith said the company would adhere to the new Washington law for Washington residents once it becomes effective. The company does not break out gift-certificate revenues, she said.

Smith declined to say why A2Z was incorporated in Idaho. Horne believes it's reasonable to speculate that Amazon.com went shopping for a state with unclaimed-property laws more congenial to retailers.

Over each of the past five years, the Washington state Department of Revenue has collected roughly \$2.7 million in abandoned gift certificates, records show.

The department's unclaimed-property division holds onto the money in perpetuity for consumers to claim. But because many gift-card holders don't know to contact the state, and because business records often lack information identifying who owns the certificates, only about \$362,000 (or 2.7 percent of the total available) has been recovered since 1999. The rest has been absorbed into the state general fund.

State Rep. Ross Hunter (D-Medina), chief sponsor of the new law, considers it consumer-protection legislation because it lets "people keep their money and not have all kinds of goofy rules."

A popular gift

Gift certificates, particularly gift cards, have become phenomenally popular. Nationwide last year, sales grew to \$40-\$45 billion, which represents a tenfold increase over a decade.

Some examples include:

Starbucks reports that during the first three months of this year, about 3 million Starbucks cards were activated, with a total value of \$44 million. Since it launched its gift-card program in November 2001, Starbucks has activated more than 29 million cards.

Key Bank, which also started its gift-card program in fall 2001, said sales last December were up 72 percent over December 2002. Key Bank, as a federally regulated bank, is not subject to Washington's new law and its cards carry an expiration date.

GiftCertificates.com, a Seattle-based company that acts as a middleman for almost 200 gift-certificate brands, reported its Web business was up 30 percent last year over 2002, a trend that seems to be continuing this year. CEO Mike Ahern said the site primarily relies on customers to speak up about where they live in order to take advantage of state consumer-protection laws.

Gail Hillebrand is a West Coast-based senior attorney with Consumers Union, publisher of Consumer Reports, and helped promote California's pioneering 1996 gift-certificate law to ban expiration dates. She said marketing makes consumers think of gift cards as cash, when in fact they can expire.

"Consumers need to do a good job of keeping track," she said, referring to the specific laws and rules governing their use.

No one testified against the Washington state bill, which received unanimous support from both chambers in Olympia. But not everyone supports the legislation.

The National Retail Federation, an umbrella group, opposes banning expiration dates. It also resists legislation prohibiting dormancy fees, arguing they are justified to cover costs of establishing and maintaining gift-card programs.

"Major retailers don't do business in one or two states," says NRF spokesman Craig Shearman. "They do business nationwide, and having to comply with a different law in each state drives up costs that must be passed on to customers."

By contrast, the trade group representing Washington state retailers supported the new law, calling it a plus for both consumers and businesses.

Dedi Hitchens, director of government affairs for the Washington Retail Association, said the average citizen didn't know to go to the Department of Revenue to claim unused property.

"Imperfect public policy"

As progressive as Washington's new law may be from a consumer's perspective, Professor Horne believes it's imperfect public policy because businesses will get to keep money that doesn't really belong to them.

He says retailers deserve a percentage of unused gift- certificate money to compensate them for costs to maintain the programs. "But if the money is truly abandoned," Horne said, "then it belongs to all people."

The trick is defining when to call it abandoned.

"That's all over the board," he added.

Peter Lewis: 206-464-2217 or plewis@seattletimes.com



Key points on gift cards Under the old law:

Gift certificates sold before July 1, 2004, are governed by the expiring law.

If you have a gift certificate or card purchased before July 1, 2004, check with the retailer to determine if it will honor your card. If the retailer will not, the funds may have been reported as unclaimed property to the state Department of Revenue.

To determine if the state is holding the funds, go to:

http://ucp.dor.wa.gov/contact/ucp_con_email.asp or call 800-435- 2429 or write to:

Department of Revenue

Unclaimed Property Section

PO Box 47477

Olympia, WA 98504-7477

You will need to submit a claim form listing the name of the retailer, the date of purchase, amount remaining on the certificate/ card, and the card number. The state will research the information and notify you if the funds were reported to the department.

Under the new law:

Gift Certificates sold after June 30, 2004, are subject to the new law.

Retailers should honor your gift certificate or gift card forever, with certain exceptions, such as cards issued for promotions and charities, and those issued by financial institutions.

If your gift certificate or gift card does not fall under one of the exceptions and the retailer will not honor it, contact the Attorney General's Consumer Protection Division online at www.atg.wa.gov/ or by phone at 800-551-4636.

Source: State Department of Revenue

Credit: Seattle Times consumer-affairs reporter

Sundberg, Christopher

From: Moran, Christian
Sent: Monday, December 06, 2004 2:15 PM
To: Sundberg, Christopher
Subject: Gift Cards and Gift Certificates Legislation



Gift Cards and Gift
Certificat...



Gift Card



Gift Card



Dormancy

(Seattle Times)6-11(Newsday)6-27-04es(American Banker

Chris,

Here are 3 articles and a link to NCSL's overview of gift card legislation.

The Washington law (discussed in the first article) seems close to what we'd like to propose. However, at this point, we're not interested in exceptions for gift cards issued for promotions, charities or those issued by financial institutions.

Thanks,

Christian
Office of Representative Peggy Krusick
6-1733

<http://www.ncsl.org/programs/banking/GiftCardsandCerts.htm>