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HOUSE FILE No. 512

FIRST COMMITTEE ENGROSSMENT

February 1, 2007

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The bill was read for the first time and referred to the Committee on Commerce and Labor

Referred by Chair to Labor and Consumer Protection Division.

March 2, 2007

Returned to the Committee on Commerce and Labor as Amended.

1.1 A bill for an act
1.2 relating to commerce; limiting expiration dates and service fees on gift
1.3 certificates and gift cards; proposing coding for new law in Minnesota Statutes,
1.4 chapter 325G.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[325G.53] GIFT CERTIFICATES.**

1.7 Subdivision 1. **Definition.** For purposes of this section, "gift certificate" means a
1.8 tangible record evidencing a promise, made for consideration, by the seller or issuer of the
1.9 record that goods or services will be provided to the owner of the record to the value shown
1.10 in the record and includes, but is not limited to, a gift card, stored-value card, store card,
1.11 or a similar record or card that contains a microprocessor chip, magnetic stripe, or other
1.12 means for the storage of information, and for which the value is decreased upon each use.

1.13 Subd. 2. **Prohibitions.** It is unlawful for any person or entity to sell a gift certificate
1.14 that is subject to an expiration date of less than two years or a service fee of any kind,
1.15 including, but not limited to, a service fee for dormancy. A gift certificate may have an
1.16 expiration date only if the expiration date is printed clearly on the face of the gift certificate.

1.17 Subd. 3. **Nonapplication.** The provisions of this section shall not apply to gift
1.18 certificates:

1.19 (1) distributed to a consumer for loyalty, promotional, award, incentive, rebate, or
1.20 other similar purposes without any money or other tangible thing of value being given by
1.21 the consumer in exchange for the gift certificate or gift card;

1.22 (2) that are sold below face value or at a volume discount to employers or to
1.23 nonprofit and charitable organizations for fund-raising purposes;

2.1 (3) that are debit cards or other legal access devices used to access a deposit account
2.2 and that are subject to the federal disclosure rules in the Electronic Fund Transfer Act,
2.3 United States Code, title 15, section 1693, et seq., and its implementing Regulation E,
2.4 as amended from time to time;

2.5 (4) issued by an employer to an employee in recognition of services performed by
2.6 the employee;

2.7 (5) issued by a federally chartered or state-chartered bank, bank and trust, savings
2.8 bank, savings association, or credit union, or by an operating subsidiary of any of them,
2.9 and that can be used at multiple sellers of goods and services, provided that the issuer
2.10 discloses any expiration date and fee associated with the gift certificate; or

2.11 (6) that are prepaid calling cards used to make wireline or wireless calls.

2.12 Subd. 4. **Balance in cash.** The holder of a gift certificate is entitled to receive the
2.13 balance in cash from the issuer if the remaining value of the gift certificate is \$5 or less.

2.14 Subd. 5. **Payment of debt.** The value of a gift certificate can be used at any time to
2.15 pay debt the holder of the gift certificate owes to the issuer of the gift certificate.

2.16 Subd. 6. **Remedies.** The remedies of section 8.31 apply to violations of this section.