

HOUSE RESEARCH

Bill Summary

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Subject: Gift card regulation

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Overview

This bill regulates gift certificates, now more often called gift cards.

Section

1 Gift certificates.

Subd. 1. Definition. Defines "gift certificate" as a tangible record of a promise by the seller of the certificate that the buyer of the certificate will be able to use the certificate to pay for goods and services up to the dollar value of the certificate, the value of which is reduced by each use. This summary will refer to a gift certificate as a "gift card" or "card."

Subd. 2. Prohibitions. Prohibits sale of a gift card that has an expiration date or a service fee of any kind, including a dormancy fee.

Subd. 3. Nonapplication. Says that this bill does not apply to: (1) cards given to a consumer free of charge; (2) cards sold below face value or at a volume discount to employers or sold to nonprofits for fundraising purposes; and (3) debit cards or similar devices used to access a linked deposit account that are subject to federal consumer disclosure requirements.

Subd. 4. Balance in cash. Requires that gift cards permit the holder to get cash from the issuer of the card if its remaining value is \$5 or less.

Subd. 5. Payment of debt. Requires that the card be permitted to be used to pay debt owed to the issuer of the card.

Subd. 6. Remedies. Makes the bill enforceable under section 8.31, which gives the attorney general the right to investigate and seek injunctions and civil penalties, and also provides a private cause of action.