

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 512

**DATE:** March 6, 2007

**Version:** First committee engrossment

**Authors:** Atkins and others

**Subject:** Gift card regulation

**Analyst:** Thomas R. Pender, 651-296-1885

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### 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 of less than two years or a service fee of any kind, including a dormancy fee. Permits an expiration date only if it is printed on the face of the card.

**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; (3) debit cards or similar devices used to access a linked deposit account that are subject to federal consumer disclosure requirements; (4) issued to an employee in recognition of the employee's service; (5) issued by a bank, credit union, or other financial institution if the expiration date and fees are disclosed; and (6) prepaid calling cards used to make wireline or wireless calls.

**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.