

SESSION OF 2006

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2658**

As Amended by Senate Committee on  
Commerce

**Brief\***

HB 2658, as amended, would make it a violation of the Kansas Consumer Protection Act from and after January 1, 2007, to sell a gift card or gift certificate containing an expiration date which is less than five years from the date of purchase. A gift certificate is defined in the bill to mean a written promise given in exchange for full or discounted payment or without any money or other thing of value being given in exchange to provide merchandise in a specified amount or of equal value to the bearer of the certificate. A prepaid bank card is defined in the bill to mean a general use, prepaid card or other electronic payment device that is issued by a bank or other financial institution in a predenominated amount useable at multiple, unaffiliated merchants or at automated teller machines, or both.

The above provision would not apply to any of the following gift certificates for gift cards provided the expiration date appears on the front of the gift certificate or gift card:

- Gift certificates or gift cards that are distributed by the issuer to a consumer without any money or other thing of value being given in exchange for the gift certificate or gift card by the consumer; or
- Gift certificates or gift cards that are sold below face value at a volume discount to employers or to nonprofit and charitable organizations for fund-raising purposes.

The bill would provide that a merchant shall not be required to redeem a gift card or gift certificate for cash. No fees may be charged against the balance of a gift card or gift certificate within 12 months from the date of issuance of the card.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

## **Background**

The bill was supported by Representatives Huff, Merrick and Edwards and representatives of the Kansas Restaurant and Hospitality Association and the Kansas Attorney General's Office. The Kansas Chamber of Commerce and Industry provided written testimony as a neutral party.

The House Committee amendments were clarifying in nature.

The Senate Committee made three amendments to the bill as follows:

- Amended the definition of a "gift certificate";
- Amended the definition of a "prepaid bank card"; and
- Deleted all references to "dormancy fee."

The bill has no fiscal impact on the state.