

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 173

(Senator Klausmeier, *et al.*)

Finance

Economic Matters

Commercial Law – Gift Certificates and Gift Cards – Expiration and Service Fees –
Prohibition

This bill prohibits a person from selling a gift card or gift certificate that contains an expiration date or service fees unless specified criteria are met. The bill specifies that a gift card or gift certificate issued as a store credit may not contain an expiration date or a service fee. The bill does not apply to: (1) a prepaid telephone calling card; (2) a prepaid technical support card; (3) a prepaid online consent or service card; (4) a coupon for discounted goods or services; or (5) specified gift cards or gift certificates if the expiration dates appear in capital letters on the card or certificate.

The bill may not impair any presently existing obligation or contract and does not apply to gift certificates issued before October 1, 2004.

Fiscal Summary

State Effect: Assuming that the Consumer Protection Division receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: No provision specifically regulates the expiration of gift certificates or gift cards.

Background: Increasingly, retailers have begun to restrict the time within which a person may redeem a gift certificate or gift card. Some retailers have begun to charge a fee for nonuse if a gift card has not been used within a stated period of time. Such time periods typically range between 12 and 24 months.

Additional Information

Prior Introductions: Similar bills were introduced during the 2003 session. SB 375 received an unfavorable report from the Senate Finance Committee, and HB 711 received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - February 9, 2004
mam/mdr Revised - Senate Third Reader - March 22, 2004

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