

House passes bill to protect consumers from gift-card losses

by Bend_Weekly_News_Sources

Bill banning gift card fees or expiration dates clears House with bipartisan support

State Representative Carolyn Tomei (D-Portland) led the Oregon House Wednesday to better protect consumers who purchase or receive gift cards. Approved with broad, bipartisan support, House Bill 2513 will prohibit businesses from issuing gift cards that expire or lose value over time. The bill does allow exceptions for donated cards.

“We’ve all heard anecdotal frustrations from consumers” and even felt them ourselves, but the facts tell a staggering story,” said Tomei. “Americans spent over \$70 billion on gift cards during 2005. But because of service fees and expiration dates, consumers lose at least 10 percent of the value of these cards-- a loss that totals more than \$7 billion a year.”

The bill is needed, said Tomei, because consumers who receive gift cards but don’t use them immediately, unexpectedly find when they go to use the card that it has expired or that fees imposed on the card have caused its value to dwindle significantly.

Gift card service fees, she said, are unreasonably high. The fees generally range from \$1.50 - \$2.50 per month. An estimated 23 percent of retailers issuing gift cards impose such fees and two-thirds fail to disclose services fees when the cards are purchased. And the fees, said Tomei, are unnecessary because retailers are already reaping the financial reward of the purchased gift card.

“When a person buys a gift card, they need to be assured that the recipient will receive full value,” said Tomei, making the case for the bill on the House Floor. “This bill will assure that, if a person buys a \$50 gift card from a retailer, that gift card will purchase \$50 worth of product.”

House Bill 2513 now moves to the Senate for consideration.

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