

SENATE BILL REPORT

SB 5696

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 16, 2011

Title: An act relating to clarifying that prepaid wireless services are not intended to be considered as gift cards or gift certificates.

Brief Description: Clarifying that prepaid wireless services are not intended to be considered as gift cards or gift certificates.

Sponsors: Senators Prentice, Benton, Hobbs and Keiser.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 2/15/11, 2/16/11 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Hobbs, Chair; Prentice, Vice Chair; Benton, Ranking Minority Member; Fain, Haugen, Keiser and Litzow.

Staff: Edward Redmond (786-7471)

Background: The Uniform Unclaimed Property Act (UUPA) governs the disposition of intangible property that is unclaimed by its owner. A business that holds unclaimed intangible property must transfer it to the Department of Revenue after a set statutory holding period, which may vary by the type of property, but is generally set at three years.

In 2004 the Legislature exempted gift certificates, including gift cards, from the Uniform Unclaimed Property Act subject to the holders or issuers of the certificates meeting certain requirements. A gift certificate is defined as an instrument evidencing a promise by the seller or issuer to provide goods or services to the bearer of the instrument for the value or credit shown in the record. Gift cards are defined to include cards with stored value that may be exchanged for consumer goods and services. Under certain limited conditions, a gift certificate may include an expiration date or fee charge.

Summary of Bill: The definitions of gift cards and gift certificates are revised. Prepaid telephone calling cards and prepaid commercial mobile radio services are not to be classified as gift cards or gift certificates. Additionally, the definition of stored value is clarified to

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mean a value or credit primarily intended to be redeemed for a limited universe of goods, intangibles, services, or other items provided by the issuer or its affiliates.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: When the gift card law passed, the focus was on retail and restaurant gift cards and certificates. Prepaid wireless service were not common and the Legislature did not talk about it. Prepaid wireless service is a popular option for consumers; they know what they are getting; it is very clear, and it is very convenient to use. Currently, 19 states have adopted similar legislation. This bill clarifies that it was not the Legislature's intent to include prepaid wireless cards in the gift card/gift certificate definition. The Washington State Supreme Court has recognized that prepaid numbers are paid for a certain amount of time. Without a time duration, unused numbers would be tied up indefinitely.

Persons Testifying: PRO: Senator Prentice, prime sponsor; Bill Stauffacher, TracFone.