

HOUSE BILL REPORT

HB 1313

As Reported by House Committee On:
Consumer Protection & Business
Appropriations

Title: An act relating to rewards cards.

Brief Description: Concerning rewards cards.

Sponsors: Representatives Kirby, Vick, Jenkin, Stokesbary, Reeves, Young and Hoff.

Brief History:

Committee Activity:

Consumer Protection & Business: 1/23/19, 2/12/19 [DPS];
Appropriations: 2/26/19, 2/28/19 [DPS(CPB)].

Brief Summary of Substitute Bill

- Adds "rewards cards" issued by financial institutions as property that is exempt from the Uniform Unclaimed Property Act.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Blake, Dufault, Ryu, Santos, Stanford, Volz, Walen and Ybarra.

Staff: Robbi Kesler (786-7153).

Background:

Gift Certificates and Gift Cards.

A "gift certificate" is defined as an instrument evidencing a promise by the seller that consumer goods or services will be provided to the bearer of the record to the value or credit shown in the record. A "gift card" is a gift certificate in the form of a card, or a stored value card or other physical medium, containing stored value primarily intended to be exchanged for consumer goods and services.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Unclaimed Property.

The Uniform Unclaimed Property Act 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 (DOR) after a holding period set by statute. The holding period varies by type of property, but for most unclaimed property the holding period is three years. After the holding period has passed, the business in possession of the property transfers the property to the DOR. Abandoned property on gift certificates is exempt from the Uniform Unclaimed Property Act under certain conditions. A "gift certificate" is defined to mean a record evidencing a promise by a seller to provide goods or services for the value of the record, and includes gift cards.

Summary of Substitute Bill:

"Rewards card" is defined as any loyalty, incentive, or promotional program managed by a financial organization, whether represented by a card or electronic record, and established for the purpose of providing cardholder awards, rewards, rebates, or other amounts to compensate the cardholder for the cardholder's relationship with the entity sponsoring the rewards card. No direct money can be paid by the cardholder for the rewards card. A rewards card is not a gift card or a gift certificate.

The issuer of a rewards card has no obligation to pay interest on the value of the rewards card held in trust and there is no fiduciary or quasi-fiduciary relationship between the beneficiary of the rewards card and the issuer of the rewards card however, a minimum annual fee is not considered direct money paid.

Rewards cards are added to the list of property exempt from the Uniform Unclaimed Property Act.

Substitute Bill Compared to Original Bill:

The substitute bill removes all revisions to the chapter related to gift cards and adds definitions of "cardholder" and "rewards card" to the Uniform Unclaimed Property Act. The rewards card definition is updated to only include rewards cards issued by financial institutions.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Rewards typically offer points or rewards that can be flexibly redeemed. Cash back and airline miles are popular with consumers. The law related to abandoned property has not kept up with this type of business practice. Loyalty programs should not be required to follow the process for abandoned property. This bill would help clarify the treatment of these programs and allow financial institutions to manage these programs efficiently.

(Opposed) None.

Persons Testifying: Representative Kirby, prime sponsor; and Glen Simecek, Washington Bankers Association.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Consumer Protection & Business be substituted therefor and the substitute bill do pass. Signed by 27 members: Representatives Bergquist, 2nd Vice Chair; Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Dolan, Dye, Fitzgibbon, Hansen, Hoff, Jinkins, Kraft, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Senn, Springer, Stanford, Steele, Sullivan, Sutherland, Tarleton, Tharinger and Ybarra.

Minority Report: Do not pass. Signed by 4 members: Representatives Ormsby, Chair; Robinson, 1st Vice Chair; Cody and Hudgins.

Staff: Meghan Morris (786-7119).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Consumer Protection & Business:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill protects consumers by preventing rewards cards from being taken away due to inactivity. The amendments made since the original fiscal note, including removing the word "rebates" and narrowing the focus to only financial service organizations, should reduce the fiscal note to nearly zero.

(Opposed) None.

Persons Testifying: Brent Ludeman, United Financial Lobby.

Persons Signed In To Testify But Not Testifying: None.