

# Alaska State Legislature

**Interim:**  
600 E. Railroad Ave  
Wasilla, AK 99654

Phone: (907) 376-3725  
Fax: (907) 376-4768



**Session:**  
Alaska State Capitol, Rm 108  
Juneau, AK 99801-1182

Phone: (907) 465-3743  
Fax: (907) 465-2381  
Toll Free: (800) 565-3743  
Rep\_Carl\_Gatto@legis.state.ak.us

**Representative Carl Gatto**  
Chair, House Military and Veteran Affairs Committee  
District 13 - Palmer

## SPONSOR STATEMENT

### HB 64

*"An Act relating to credit memos, gift certificates, and gift cards, and to unclaimed property; and making a violation of certain gift card prohibitions an unlawful trade practice."*

Retailers and banks offer electronic "gift cards" in response to growing consumer demand for easier and more convenient gift options. Similar to a credit or debit card, these electronic gift cards allow recipients the flexibility to use the card at multiple locations. Most banks and retailers that issue these types of credit devices allow gift givers to choose from amounts as low as \$5 and as high as \$1,000.

Unfortunately, some banks and retailers have used this new opportunity to enhance their bottom line. They are able to erode the purchasing power of gift cards by attaching a variety of fees and service charges, often failing to clearly explain these provisions to purchasers and recipients. Commonly, issuers will attach a "dormancy fee" of \$2.50 or greater that is deducted monthly from the remaining balance as well as an "activation fee" of \$5 or more in order to begin using the card. A \$100 gift card would lose 35% of its value in one calendar year without a single use. Finally, some of the issuers include expiration dates less than Alaska's unclaimed property laws.

In the last 5 years a number of states have adopted measures to limit or restrict fees attached to these gift cards as well as establish standard expiration periods allowing consumers a reasonable period to use their gift cards. HB 64 is modeled closely after other state laws

HB 64 will protect Alaska's consumers from unnecessary fees and prevent erosion of purchasing power. I urge your support of HB 64.