

Honolulu, Hawaii

April 22, 2010

RE: H.B. No. 2289
H.D. 2
S.D. 1
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2289, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GIFT CERTIFICATES,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to protect holders of gift certificates by amending Hawaii's gift certificate law to:

- (1) Extend the minimum expiration period for gift certificates from two years to five years;
- (2) Allow limited issuance or activation fees; and
- (3) Amend the definition of "gift certificate."



Your Committee on Conference finds that under the current law, Hawaii's definition of "gift certificate" includes prepaid debit cards, and state chartered banks and savings and loan associations are prohibited from issuing them. Because Hawaii's gift certificate law does not apply to federally chartered banks and savings and loan associations, those institutions are free to issue prepaid debit cards, placing state chartered institutions at a competitive disadvantage. This measure aims to harmonize Hawaii's definition of "gift certificate" with the federal Credit Card Act of 2009, thus helping state chartered institutions compete in the Hawaii market.

Your Committee on Conference further finds that extending the minimum expiration date of gift certificates to five years is also consistent with the Credit Card Act of 2009 and is more consumer friendly than the previous expiration date of two years. However, your Committee on Conference recognizes that the cost of keeping accounts open for up to five years, as well as the cost of issuing and maintaining open-loop prepaid cards is greater than the costs of one-use paper cards, and a one-time activation or issuance fee will help to allay these costs.

Your Committee on Conference has amended this measure by:

- (1) Reinstating the exemption from the gift certificate law for gift certificates issued to a nonprofit organization; and
- (2) Providing that the expiration date for paper gift certificates shall not be less than two years from the date of issuance of the certificate.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2289, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2289, H.D. 2, S.D. 1, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

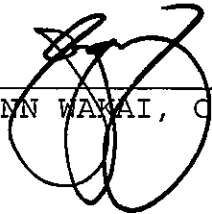
ON THE PART OF THE HOUSE



ROSALYN H. BAKER, Chair



ANGUS L.K. MCKELVEY, Co-Chair



GLENN WAKAI, Co-Chair



