

# Notes on gift card and gift certificates in the state of Washington

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Today is the unofficial start of the holiday shopping season. One of my colleagues read the fine print of a gift card he received:

A monthly maintenance fee of \$3 applies but is waived for the first twelve months after the card is issued. Thereafter, monthly maintenance fees are waived for an additional three months if the card is used in any given month.

This seems kind of backwards. They charge a maintenance fee if *you don't create any work for them*. Shouldn't the maintenance fee be charged when you use the card, rather than when you don't? This "maintenance fee" is really just an "account inactivity fee". The issuer doesn't want to have to deal with the liability and associated risk of having lots of unused gift cards floating around, so they create a mechanism by which unused gift cards slowly lose value until they are worthless. In the state of Washington, [RCW 19.240](#) has rules governing how certain types of gift cards behave. Gift cards issued by a bank (typically those branded with a credit card) are the biggest exception not covered by RCW 19.240, however. (Another exception is prepaid phone cards.) You can read the entire chapter [RCW 19.240](#) for the details on expiration dates (split over [19.240.030](#), [19.240.050](#), and [19.240.060](#)), and inactivity fees.

Interesting notes:

- In order for an inactivity fee to be allowed, a gift card must remain inactive for two years. Furthermore, the remaining balance after the fee must be \$5 or less, and the inactivity fee cannot exceed \$1 per month.
- Once an inactivity fee is assessed, you can redeem the gift card for cash.
- If you make a purchase that consumes only part of the value of a gift card or gift certificate, and the remaining balance is less than \$5, you can redeem the balance for cash.
- Gift cards that were not explicitly purchased (such as those received as part of a loyalty program or other) can have an expiration date.

I learned one way a local company addressed this problem: When my gift card went dormant, they sent me a check for the balance, hoping that I would cash it (hey, who wouldn't?) and thereby retire the liability from their books.

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