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Texas Renews Efforts to Require Cash Redemption of Certain Stored Value Cards

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Texas renews effort to require that certain stored value cards be redeemable for cash if the balance on the card is less than \$2.50.

In early March, Texas House Bill 2391 was introduced. It would require a cash refund to be provided, upon a cardholder's request, for a stored value card that has a balance of less than \$2.50 after the card has been used to make an in-person purchase. The cash back requirement would not apply to a stored value card that is (1) issued by (a) a financial institution acting as a financial agent of the United States or Texas, (b) a federally insured financial institution, as defined by Section 201.101 of the Texas Finance Code, if the financial institution is primarily liable for the card as the issuing principal, or (c) an air carrier holding a certificate of public convenience and necessity under Title 49 of the United States Code; (2) issued as a prepaid calling card by a prepaid calling card company regulated under Section 55.253 of the Texas Utilities Code; (3) distributed by the issuer to a person under an awards, rewards, loyalty, incentive, rebate, or promotional program and is not issued or reloaded in exchange for money tendered by the cardholder; (4) issued as a refund for merchandise returned without a receipt; or (5) issued with an initial value of \$5 or less and to which additional value cannot be added. This bill appears to replace Texas House Bill 1723, introduced in February 2013, which would have required a cash refund for a stored value card with an unredeemed balance of \$5 or less.

[Click here](#) to read a copy of H.B. 2391.

If you have any questions about the content of this alert, please contact the Pillsbury attorney with whom you regularly work, or the authors below.

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