

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1332**

Introduced by Dungan, 26.

Read first time January 17, 2024

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to consumer protection; to adopt the Prepaid

2 Card Consumer Protection Act.

3 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 4 of this act shall be known and may be  
2 cited as the Prepaid Card Consumer Protection Act.

3           Sec. 2. (1) The Legislature finds that:

4           (a) While the use of prepaid cards is growing rapidly, consumers are  
5 often unaware of these cards' fees and expiration dates;

6           (b) By having use of funds without the payment of interest, prepaid  
7 card issuers already benefit from outstanding balances. Prepaid card  
8 issuers also benefit by knowing that outstanding balances will eventually  
9 be spent in their stores rather than elsewhere in the marketplace; and

10           (c) Fundamental fairness requires that customers be allowed to spend  
11 their prepaid card balances without unwarranted fees or expiration dates.

12           (2) The purpose of the Prepaid Card Consumer Protection Act is to  
13 ensure a fair marketplace by protecting the interests of the state's  
14 consumers.

15           Sec. 3. (1) For purposes of the Prepaid Card Consumer Protection  
16 Act, prepaid card means a record evidencing a promise, made for monetary  
17 consideration, by a seller or issuer that goods or services will be  
18 provided to the owner of the record to the value shown in the record. A  
19 prepaid card includes, but is not limited to, a:

20           (a) Record that contains a microprocessor chip, magnetic strip, or  
21 other storage medium that is prefunded and for which the value is  
22 adjusted upon each use;

23           (b) Gift certificate;

24           (c) Stored-value card or certificate;

25           (d) Store card; or

26           (e) Prepaid long distance telephone service that is activated by a  
27 prepaid card that requires dialing an access number or an access code in  
28 addition to dialing the telephone number to which the user of the prepaid  
29 card seeks to connect.

30           (2) Except as provided in subsection (4) of this section, it shall  
31 be unlawful for any person or entity to:

1       (a) Charge any fee, including a maintenance, service, or inactivity  
2 fee, on a prepaid card; or

3       (b) Place an expiration date on a prepaid card or otherwise limit  
4 the time for the redemption of a prepaid card.

5       (3) Except as provided in subsection (4) of this section, when a  
6 prepaid card has a cash value of ten dollars or less, the card issuer  
7 shall redeem the card for cash at the customer's request.

8       (4) A prepaid card may contain an expiration date and is not  
9 required to be redeemable for cash as provided in subsection (3) of this  
10 section if the prepaid card was:

11       (a) Issued pursuant to an awards or loyalty program where no money  
12 or thing of value was given in exchange for the prepaid card; or

13       (b) Donated to a charitable organization without any money or other  
14 thing of value being given in exchange for the prepaid card.

15       (5) If a prepaid card has an expiration date as permitted under  
16 subsection (4) of this section, it shall be disclosed clearly and legibly  
17 on the prepaid card.

18       Sec. 4. A person who violates section 3 of this act shall be  
19 subject to a civil penalty not to exceed one thousand dollars per  
20 violation. Such civil penalties shall be assessed in a civil action  
21 brought for such purpose by the Attorney General or county attorney in  
22 the district court of the county in which the violation occurred.