

Vt. lawmakers look to extend life span of gift cards

By Terri Hallenbeck
Free Press Staff Writer

MONTPELIER — Rep. Mark Young fished through his wallet for the Sears gift card he's had since Christmas. He pored over the fine print on the back, looking to see if any of the nightmare stories he was hearing might lie in wait for him.

Young, D-Orwell, and fellow members of the House Commerce Committee started considering a bill Tuesday morning that would set rules for gift certificates, including how long they are valid and what kind of fees may be charged.

"This has been a hot topic across the country," said Steve Knudson, an attorney with the state Banking, Insurance, Securities and Health Care Administration Department, which proposed the legislation.

The popularity of gift certificates has exploded in recent years, and along with it a

Buyer, beware

Tips for buying gift certificates:

- Ask if there is an expiration date. Check to see if the date is printed on the gift certificate or if you'll need to tell the recipient yourself.
- Ask if fees are deducted from the gift certificate at any time, and what those fees

are.

- Ask if the certificate can be redeemed for cash at any point.
- If you think you've been fraudulently treated, call the state attorney general's Consumer Assistance Program at 656-3183 or (800) 649-2424.

Source: Assistant Attorney General Julie Brill

proliferation of companies charging hidden, excessive fees, said Julie Brill, assistant state attorney general. Several states have sued the nation's largest shopping mall owner, Simon Property Group, over fees the company charged on gift cards. Numerous states have enacted or are considering laws to regulate gift certificates.

The Vermont bill's primary goal is to prohibit dormancy fees charged by card issuers, said Tom Candon, deputy commissioner for banking.

The fees mean that a gift card loses value with time. An unsuspecting customer could find his \$50 gift card is really worth only \$30 when he goes to use it.

The bill would also require that gift certificates have a life of at least five years, with the expiration date clearly marked, and that cards with less than \$5 of value left may be redeemed for cash. Violations could carry a fine of up to \$1,000, according to the BISHCA proposal.

The bill was modeled after

similar legislation in other states. Massachusetts has a seven-year expiration date, while Connecticut mandates no expiration date and South Carolina has one year, Knudson said.

Gift certificates for food products would be exempt because the food's value might change by the season, Knudson said. Season passes such as those that ski areas sell and gift certificates donated to charity would also be exempt.

Richard Brock, a lobbyist representing the American Express Co., said dormancy fees should not be prohibited. American Express, which handles gift cards for some retailers, uses no expiration date but charges a dormancy fee after 12 months. The fee is an enticement for consumers to use the card in a timely manner, he said. "We don't want them to run on forever."

Brock also said American Express objects to putting any disclaimers directly on the cards, which are sold in many states where the laws vary.

Chris D'Elia, president of the Vermont Bankers Association, said his organization believes some fees are reasonable to cover the cost of issuing and maintaining the cards. Banks throughout Vermont offer gift cards with widely varying rules and fees, he said.

Several committee members could relate to the issues surrounding gift certificates. Committee Chairwoman Kathleen Keenan, D-St. Albans, said her son-in-law had 88 cents left on a gift card that the store wouldn't give him. Rep. Jim Condon, D-Colchester, said he had a card like that in his wallet, too.

The discussion prompted Keenan to worry, too, about the bank cards she bought her grandchildren for Christmas. The cards can be used like a credit card except that they have a given amount of money attached to them.

"I'm sitting here thinking I was screwed," Keenan said.

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PAUL SAKUMA, The Associated Press

Jake Olsan, 11, listens to an Apple iPod Mini at an Apple Computers Inc. store in Palo Alto, Calif., on Wednesday. The company has cut the cost of the popular music players by \$50.

Apple slices prices, juices up iPods

By May Wong
The Associated Press

SAN JOSE, Calif. — Apple Computer Inc. released new versions of its popular iPod digital music player Wednesday, cutting prices and expanding memory capacities.

The price of the 4-gigabyte iPod mini was cut \$50 to \$199. A new 6-gigabyte version will sell for \$249.

The battery life of the second-generation mini models has also been improved. The playback time on a single charge is now 18 hours, up from eight hours of previous models.

The 60-gigabyte "iPod photo," first introduced in October, which can display photos on its small color screen or

when connected to a TV set, was cut from \$599 to \$449. A new 30-gigabyte model for \$349 replaces a 40-gigabyte version for \$499.

Apple also said it expects to start selling a cable that allows the transfer of photos straight from a digital camera to an iPod photo, eliminating the need for a computer. The iPod Camera Connector is expected to be available in late March for \$29.

Apple officials said a free software update will be available so owners of older iPod photo models can also use the Camera Connector.

The iPod has helped boost Apple's fortunes and remains the top-selling portable music player despite increased competition. The slim and colorful

line of minis, introduced in January 2004, played a key role last year in doubling Apple's share in the portable music player market from 30 percent to 60 percent, said Greg Joswiak, Apple's vice president of hardware product marketing.

In all, more than 10 million iPods have been sold since its debut in October 2001. The portable devices work with both Macintosh and Windows-based PCs.

"We've done very well, but we're not resting on our laurels," Joswiak said. "And we're going to continue to be very aggressive in this market."

Apple shares rose \$2.94, or 3.5 percent, to close at \$88.23 in Wednesday trading on the Nasdaq Stock Market.

Consumer inflation edges up

Oil costs, falling dollar could increase prices soon

By Martin Crutsinger
The Associated Press

WASHINGTON — Consumer prices, helped by a second monthly drop in energy costs, were well-behaved in January, but a weaker dollar and increases in crude oil prices this month could mean trouble ahead.

The Labor Department reported Wednesday that its Consumer Price Index edged up a tiny 0.1 percent in January after having been frozen with no change in December.

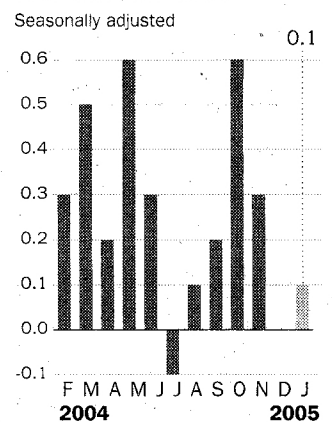
Both months were helped by big declines in energy, but that situation is expected to reverse in February and March as a rebound in world crude oil prices hits American consumers.

Some analysts projected that energy costs could push the February CPI up by as much as 0.6 percent with March consumer prices projected to surge as well, reflecting the fact that crude oil prices have climbed above \$50 per barrel again.

Analysts are also worried about the impact the U.S. dollar's three-year decline against other currencies will have on inflation, given the record levels of imported consumer goods that Americans are buying.

Consumer prices

Here is a look at percent changes from the preceding month in the Consumer Price Index.



SOURCE: Bureau of Labor Statistics
Associated Press

Financial markets were roiled on Tuesday by a falling dollar and soaring energy prices, sending the Dow Jones industrial average to its worst one-day point loss since May 2003.

Markets stabilized Wednesday after the dollar rebounded, but analysts said the big decline was a reminder of how concerns about future inflation can influence Wall Street.

Outside of food and energy, the so-called core rate of inflation showed a modest 0.2 percent increase, the same as in December.