

AMENDED IN ASSEMBLY JUNE 18, 2007

AMENDED IN ASSEMBLY MAY 25, 2007

AMENDED IN SENATE APRIL 9, 2007

AMENDED IN SENATE MARCH 22, 2007

SENATE BILL

No. 250

Introduced by Senator Corbett

(Coauthor: Senator Kuehl)

(Coauthors: Assembly Members Beall, Eng, Huffman, Krekorian, and Wolk)

February 14, 2007

An act to amend Section 1749.5 of the Civil Code, relating to gift certificates.

LEGISLATIVE COUNSEL'S DIGEST

SB 250, as amended, Corbett. Gift certificates.

Existing law prohibits the sale of any gift certificate, as defined, that contains an expiration date or service fee, with specified exceptions, including, but not limited to, for a gift certificate issued for a food product. Existing law also provides that any gift certificate sold after January 1, 1997, is redeemable in cash or subject to replacement with a new gift certificate.

This bill would allow any gift certificate with a cash value of less than \$20 to be redeemed in cash, *as defined*, for its cash value. The bill would also delete the exception described above for food product gift certificates, thereby prohibiting those gift certificates from containing an expiration date or service fee, unless issued for perishable food products.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1749.5 of the Civil Code is amended to
2 read:
- 3 1749.5. (a) It is unlawful for any person or entity to sell a gift
4 certificate to a purchaser that contains any of the following:
- 5 (1) An expiration date.
6 (2) A service fee, including, but not limited to, a service fee for
7 dormancy, except as provided in subdivision (e).
- 8 (b) (1) Any gift certificate sold after January 1, 1997, is
9 redeemable in cash for its cash value, or subject to replacement
10 with a new gift certificate at no cost to the purchaser or holder.
- 11 (2) Notwithstanding paragraph (1), any gift certificate with a
12 cash value of less than twenty dollars (\$20) is redeemable in cash
13 for its cash value.
- 14 (c) A gift certificate sold without an expiration date is valid
15 until redeemed or replaced.
- 16 (d) This section does not apply to any of the following gift
17 certificates issued on or after January 1, 1998, provided the
18 expiration date appears in capital letters in at least 10-point font
19 on the front of the gift certificate:
- 20 (1) Gift certificates that are distributed by the issuer to a
21 consumer pursuant to an awards, loyalty, or promotional program
22 without any money or other thing of value being given in exchange
23 for the gift certificate by the consumer.
- 24 (2) Gift certificates that are sold below face value at a volume
25 discount to employers or to nonprofit and charitable organizations
26 for fundraising purposes if the expiration date on those gift
27 certificates is not more than 30 days after the date of sale.
- 28 (3) Gift certificates that are issued for perishable food products.
- 29 (e) Paragraph (2) of subdivision (a) does not apply to a
30 dormancy fee on a gift card that meets all of the following criteria:
- 31 (1) The remaining value of the gift card is five dollars (\$5) or
32 less each time the fee is assessed.
33 (2) The fee does not exceed one dollar (\$1) per month.

1 (3) There has been no activity on the gift card for 24 consecutive
2 months, including, but not limited to, purchases, the adding of
3 value, or balance inquiries.

4 (4) The holder may reload or add value to the gift card.

5 (5) A statement is printed on the gift card in at least 10-point
6 font stating the amount of the fee, how often the fee will occur,
7 that the fee is triggered by inactivity of the gift card, and at what
8 point the fee will be charged. The statement may appear on the
9 front or back of the gift card, but shall appear in a location where
10 it is visible to any purchaser prior to the purchase thereof.

11 (f) An issuer of gift certificates may accept funds from one or
12 more contributors toward the purchase of a gift certificate intended
13 to be a gift for a recipient, provided that each contributor is
14 provided with a full refund of the amount that he or she paid toward
15 the purchase of the gift certificate upon the occurrence of all of
16 the following:

17 (1) The funds are contributed for the purpose of being redeemed
18 by the recipient by purchasing a gift certificate.

19 (2) The time in which the recipient may redeem the funds by
20 purchasing a gift certificate is clearly disclosed in writing to the
21 contributors and the recipient.

22 (3) The recipient does not redeem the funds within the time
23 described in paragraph (2).

24 (g) The changes made to this section by the act adding this
25 subdivision shall apply only to gift certificates issued on or after
26 January 1, 2004.

27 (h) *For purposes of this section, “cash” includes, but is not*
28 *limited to, currency, a check, or, if chosen by the holder of the gift*
29 *certificate, an electronic funds transfer.*