

AMENDED IN ASSEMBLY MAY 20, 1997

AMENDED IN ASSEMBLY MAY 1, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1054**

**Introduced by Assembly Member Goldsmith**

February 27, 1997

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An act to amend Section 1749.5 of the Civil Code, *and to amend Section 1520.5 of the Code of Civil Procedure*, relating to gift certificates, *and making an appropriation therefor*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1054, as amended, Goldsmith. Gift certificates.

(1) Under existing law, it is unlawful for any person or entity to sell a gift certificate to a purchaser containing an expiration date, except for gift certificates distributed to a consumer for promotional purposes without any money or other thing of value being given in exchange.

This bill would also exempt from the prohibition *specified* gift certificates that are sold below face value, *as specified*, or that are item specific. It also would revise the existing exemption to make it applicable to *specified* gift certificates distributed to a consumer pursuant to an awards, loyalty, or promotional program, as specified.

(2) Existing law provides that a gift certificate sold without an expiration date is valid continuously except when refunded or replaced with a new gift certificate.

This bill would recast this provision to provide that a gift certificate sold without an expiration date is valid until redeemed or replaced.

*(3) Existing law provides that certain tangible personal property which remains unclaimed for more than 3 years after it is payable escheats to the state, whereupon the proceeds thereof are deposited in the Abandoned Property Account in the Unclaimed Property Fund, a continuously appropriated account. Existing law provides that gift certificates subject to the prohibition described in (1) are not subject to escheat.*

*This bill would provide that the provisions relating to escheat apply to certain gift certificates having an expiration date, thereby making an appropriation by expanding the proceeds of property deposited in the Abandoned Property Account in the Unclaimed Property Fund.*

Vote: ~~majority~~ <sup>2</sup>/<sub>3</sub>. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. 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  
2 amended to read:

3 1749.5. (a) On or after January 1, 1997, it is unlawful  
4 for any person or entity to sell a gift certificate to a  
5 purchaser containing an expiration date. Any gift  
6 certificate sold after that date shall be redeemable in cash  
7 for its cash value, or subject to replacement with a new  
8 gift certificate at no cost to the purchaser or holder.

9 (b) A gift certificate sold without an expiration date is  
10 valid until redeemed or replaced.

11 (c) This section shall not apply to ~~either~~ any of the  
12 following, *provided the expiration date appears in capital*  
13 *letters in at least 10-point font on the front of the gift*  
14 *certificate:*

15 (1) Gift certificates that are distributed to a consumer  
16 pursuant to an awards, loyalty, or promotional program  
17 without any money or other thing of value being given in  
18 exchange for the gift certificate by the consumer.



1 (2) Gift certificates *that are* sold below face value at a  
2 *volume discount to employers or to nonprofit and*  
3 *charitable organizations for fundraising purposes.*

4 (3) Gift certificates that are item specific.

5 *SEC. 2. Section 1520.5 of the Code of Civil Procedure*  
6 *is amended to read:*

7 1520.5. Section 1520 shall not apply to gift certificates  
8 subject to Title 1.4A (commencing with Section 1749.5)  
9 of Part 4 of Division 3 of the Civil Code. *However, Section*  
10 *1520 shall apply to any gift certificate having an expiration*  
11 *date and that is given in exchange for money or other*  
12 *thing of value.*

