

AMENDED IN SENATE JULY 1, 1999  
AMENDED IN ASSEMBLY MAY 6, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1231**

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**Introduced by Assembly Member Machado**

February 26, 1999

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An act to add Section ~~17537.10~~ *17537.11* to the Business and Professions Code, relating to advertising.

LEGISLATIVE COUNSEL'S DIGEST

AB 1231, as amended, Machado. Advertising: coupons.

Existing law governing advertising makes it unlawful to use the term “prize” or “gift” in any manner that would be untrue or misleading.

Existing law, in particular, makes it unlawful to notify any person by any means that he or she will receive a gift and that as a condition of receiving that gift he or she must pay any money, or purchase or lease, including rent, any goods or services, if one or more of certain specified conditions exist.

This bill would make it unlawful to offer a coupon, as defined, that is untrue or misleading, and would make it unlawful to represent in any manner that a coupon is a gift or prize or to use any similar term to describe a coupon if (1) as a condition of receiving or utilizing the coupon the recipient must pay any money, or purchase or lease, including rent, any goods or services, and (2) the majority of the sales or leases made by the offeror or by any person who honors the coupon

during the preceding year were made in connection with the use of ~~a coupon~~ *one or more coupons represented to be a gift or prize or described using any other similar term.*

Existing law makes it a crime to violate any of the provisions ~~making it unlawful to use the term “prize” or “gift” in an untrue or misleading manner governing advertising.~~ By adding this new prohibition to those provisions, this bill would expand the scope of an existing crime, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

- 1 SECTION 1. Section ~~47537.10~~ *17537.11* is added to the
- 2 Business and Professions Code, to read:
- 3 ~~47537.10:~~
- 4 *17537.11.* (a) It is unlawful for any person to offer a
- 5 coupon that is in any manner untrue or misleading.
- 6 (b) It is unlawful for any person to represent in any
- 7 manner that a coupon is a gift or prize or to use any similar
- 8 term to describe a coupon if (1) the recipient of the
- 9 coupon must pay money or purchase or lease any goods
- 10 or services in order to receive or use the coupon, and (2)
- 11 the majority of the sales or leases of goods or services
- 12 made within the preceding year by the coupon offeror or
- 13 by any person who honors the coupon were made in
- 14 connection with the use of ~~a coupon~~ *one or more coupons*
- 15 *represented to be a gift or prize or described using any*
- 16 *other similar term.*
- 17 (c) For purposes of this section:
- 18 (1) “Coupon” includes any coupon, certificate,
- 19 document, discount, or similar matter that purports to



1 entitle the user of the coupon to obtain goods or services  
2 for free or for a special or reduced price.

3 (2) "Lease" includes rent.

4 SEC. 2. No reimbursement is required by this act  
5 pursuant to Section 6 of Article XIII B of the California  
6 Constitution because the only costs that may be incurred  
7 by a local agency or school district will be incurred  
8 because this act creates a new crime or infraction,  
9 eliminates a crime or infraction, or changes the penalty  
10 for a crime or infraction, within the meaning of Section  
11 17556 of the Government Code, or changes the definition  
12 of a crime within the meaning of Section 6 of Article  
13 XIII B of the California Constitution.

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