

AMENDED IN SENATE APRIL 5, 2010

SENATE BILL

No. 885

Introduced by Senator Corbett
(Coauthors: Senators Hancock and Liu)

January 19, 2010

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

LEGISLATIVE COUNSEL'S DIGEST

SB 885, as amended, Corbett. Gift certificates: redemption.

Existing law provides that a gift certificate sold after January 1, 1997, is redeemable in cash or subject to replacement with a new gift certificate. Existing law also provides that a gift certificate with a cash value of less than \$10 may be redeemed in cash, as defined, for its cash value. Existing law prohibits the ~~selling~~ sale of a gift certificate that contains a dormancy fee, subject to specified exceptions.

This bill would require that a gift certificate with a cash value of less than \$20 be redeemable in cash for its cash value, and would require that a gift certificate contain a statement to that effect. This bill would also delete the exceptions to the prohibition on the sale of a gift certificate that contains a dormancy fee.

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:

1 1749.5. (a) It is unlawful for any person or entity to sell a gift
2 certificate to a purchaser that contains any of the following:

3 (1) An expiration date.

4 (2) A service fee, including, but not limited to, a service fee for
5 dormancy.

6 (b) (1) Any gift certificate sold after January 1, 1997, is
7 redeemable in cash for its cash value, or subject to replacement
8 with a new gift certificate at no cost to the purchaser or holder.

9 (2) Notwithstanding paragraph (1), any gift certificate with a
10 cash value of less than twenty dollars (\$20) is redeemable in cash
11 for its cash value.

12 (3) A statement shall be printed on the gift certificate in at least
13 10-point font stating that any gift certificate with a cash value of
14 less than twenty dollars (\$20) is redeemable in cash for its cash
15 value. The statement may appear on the front or back of the gift
16 certificate, but shall appear in a location where it is visible to any
17 purchaser prior to the purchase ~~thereof~~ *of the gift certificate*.

18 (c) A gift certificate sold without an expiration date is valid
19 until redeemed or replaced.

20 (d) This section does not apply to any of the following gift
21 certificates issued on or after January 1, 1998, provided the
22 expiration date appears in capital letters in at least 10-point font
23 on the front of the gift certificate:

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

28 (2) Gift certificates that are donated or sold below face value
29 at a volume discount to employers or to nonprofit and charitable
30 organizations for fundraising purposes if the expiration date on
31 those gift certificates is not more than 30 days after the date of
32 sale.

33 (3) Gift certificates that are issued for perishable food products.

34 (e) An issuer of gift certificates may accept funds from one or
35 more contributors toward the purchase of a gift certificate intended
36 to be a gift for a recipient, provided that each contributor is
37 provided with a full refund of the amount that he or she paid toward
38 the purchase of the gift certificate upon the occurrence of all of
39 the following:

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

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

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

8 (f) The changes made to this section by the act adding this
9 subdivision shall apply only to gift certificates issued on or after
10 January 1, 2004.

11 (g) For purposes of this section, “cash” includes, but is not
12 limited to, currency or check. If accepted by both parties, an
13 electronic funds transfer or an application of the balance to a
14 subscriber’s wireless telecommunications account is permissible.