



Senate

General Assembly

File No. 188

January Session, 2005

Substitute Senate Bill No. 123

Senate, April 6, 2005

The Committee on General Law reported through SEN. COLAPIETRO of the 31st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE EXPIRATION OF GIFT CARDS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 3-60d of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 The value of a gift certificate that is not redeemed [three] fifty years
4 after the later of (1) the date of purchase or issuance of the gift
5 certificate, or (2) the date of the last transaction by the owner that
6 increased or decreased the value of the gift certificate, is presumed
7 abandoned.

8 Sec. 2. Section 3-65b of the general statutes is repealed and the
9 following is substituted in lieu thereof (*Effective October 1, 2005*):

10 (a) Any person who fails to report or deliver abandoned property
11 within the time prescribed by this part shall pay interest to the
12 Treasurer on such property or the value thereof at the rate of fifteen
13 per cent per annum from the date such property should have been

14 reported or delivered or December 22, 1981, whichever is later. The
15 Treasurer upon a showing of a good faith effort to comply with this
16 part, may waive the interest prescribed in this section.

17 (b) Notwithstanding the provisions of subsection (a) of this section,
18 any person who, prior to August 16, 2003, failed to report or deliver
19 abandoned gift certificates within the time prescribed by section 3-60d
20 of the general statutes, revision of 1958, revised to January 1, 2005,
21 shall not be liable to the Treasurer for interest or any other penalty.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	3-60d
Sec. 2	October 1, 2005	3-65b

GL *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06	FY 07
Treasurer	GF - Revenue Loss	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill changes the dormancy period for gift cards and certificates from 3 years to 50 years, effective 10/1/05. It is unclear from the language whether this change applies to: (1) gift cards/certificates sold on or after the effective date, or (2) whether it applies to cards/certificates that were purchased before this date but which have not yet been escheated to the state. Assuming that the language's intent is (2), the bill will result in an estimated revenue loss to the General Fund of between of \$0.7 and \$1.6 million in FY 06 and subsequent years. The estimate is based on projected gift card/certificate sales at the national level apportioned to Connecticut based on population. It also incorporates assumptions regarding the level of: (1) unredeemed cards and certificates, and (2) a remittance factor of between 2% to 5% (this assumes that the current remittance pattern for multi-state retailers will not change.)

Currently, unredeemed gift cards/certificates that are unclaimed for more than three years are presumed to be abandoned and are escheated to the Office of the State Treasurer (OST) for subsequent transfer to the General Fund as revenue. The transfer of escheats to OST occurs in March for property that is deemed abandoned in the prior calendar year. Assuming that the bill affects all unused gift cards/certificates that have not been escheated to OST on or after the

10/1/05 effective date, the revenue loss related to this bill will begin in March 2006.

OLR Bill Analysis

sSB 123

AN ACT CONCERNING THE EXPIRATION OF GIFT CARDS**SUMMARY:**

The law deems most types of property held or owed in this state to be abandoned if the owner fails to claim it after three years. For gift certificates, this bill postpones the date of abandonment from three to 50 years. The escheats law requires holders of abandoned property to send it to the state treasurer, who assumes custody of it.

The bill relieves holders of abandoned property from liability for interest or penalty if they, before August 16, 2003, failed to report or deliver abandoned gift certificates to the state treasurer. The law imposes 15% annual interest on unreported or undelivered abandoned property and authorizes the treasurer to waive the interest on a showing of a good faith effort to comply with the law. Legislation explicitly subjecting gift certificates to the escheats law became effective on August 16, 2003.

EFFECTIVE DATE: October 1, 2005

BACKGROUND***Related Bill***

An Act Eliminating Expiration Dates on All Gift Cards and Gift Certificates (sHB 6067) has identical provisions except that it also requires retailers to redeem gift certificate balances for cash after three years.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 15 Nay 0