



# Senate

General Assembly

**File No. 157**

February Session, 2006

Substitute Senate Bill No. 503

*Senate, March 28, 2006*

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 GIFT CERTIFICATES, GIFT CARDS AND BUSINESS CLOSING-OUT SALES.***

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

1 Section 1. Section 21-35b of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2006*):

3 (a) No person shall advertise, offer for sale or sell a stock of goods,  
4 wares or merchandise under the description of closing-out sale unless  
5 he shall have obtained a license from the Commissioner of Consumer  
6 Protection authorizing the conducting of such sale for each location at  
7 which such sale is to be conducted.

8 (b) Each person desiring to conduct a closing-out sale shall deposit  
9 with the Commissioner of Consumer Protection the sum of five  
10 hundred dollars or a dollar amount equal to one per cent of the  
11 wholesale cost of the inventory filed pursuant to subsection (c) of this  
12 section whichever is greater; provided that no such deposit shall  
13 exceed five thousand dollars. Upon application in the sum to be

14 prescribed by said commissioner and upon deposit to said  
15 commissioner of a further sum of one hundred dollars as a state license  
16 fee, said commissioner shall issue to the applicant a "closing-out sale  
17 license", authorizing him to advertise and conduct a sale consistent  
18 with that requested in the application.

19 (c) Each person applying for a "closing-out sale license" shall make  
20 such application therefor in writing and under oath stating all the facts  
21 relating to the reasons and character of such sale, including the  
22 opening and terminating dates of the proposed sale, a complete  
23 inventory of the goods, wares and merchandise actually on hand in the  
24 place where such sale is to be conducted in the manner prescribed by  
25 the commissioner, and all details necessary to locate exactly and  
26 identify fully the goods, wares or merchandise to be sold, and shall  
27 disclose the names and residences of owner or owners or partners in  
28 whose interest the sale is to be conducted. No license shall be issued  
29 unless the application is submitted to the commissioner at least five  
30 days prior to the requested commencement date of the closing-out  
31 sale. Any applicant who uses the services of a promoter as defined in  
32 section 21-35a for a closing-out sale shall include a signed and dated  
33 copy of the agreement between such applicant and such promoter as  
34 part of the application. The commissioner may, by regulation, request  
35 such other information to be submitted by the applicant as he deems  
36 necessary.

37 (d) Each person holding a closing-out sale license issued under this  
38 section shall file with the Commissioner of Consumer Protection a  
39 monthly report, commencing one month from the opening date of the  
40 sale, enumerating all goods, wares or merchandise sold, transferred or  
41 otherwise disposed of by the licensee or his agents, servants or  
42 employees during that month pursuant to the closing-out sale. Said  
43 commissioner shall prescribe the form for such reporting.

44 (e) All documentation concerning the goods, wares and  
45 merchandise to be included in such closing-out sale, including but not  
46 limited to purchase orders and delivery statements, shall be made

47 available by the licensee for inspection by an authorized representative  
48 of the commissioner during regular business hours.

49 (f) Each person holding a closing-out sale license shall (1) include  
50 the license number and a notice that any gift card or gift certificate, as  
51 defined in section 3-56a, issued by such person or by the business for  
52 which such person has applied for such license, may be redeemed  
53 prior to the termination date of such license in any advertisement,  
54 together with clear and conspicuous disclosure of the termination date  
55 of such closing-out sale license, and (2) post such license in a  
56 conspicuous location at the point of sale.

57 (g) Each person holding a closing-out sale license shall honor a gift  
58 card or gift certificate, as defined in section 3-56a, issued by such  
59 person or by the business for which such person has applied for such  
60 license. The person or business shall allow the holder of the gift card or  
61 gift certificate to redeem it for either consumer goods or for the cash  
62 value of the gift card or gift certificate.

63 (h) No person shall advertise, offer for sale or sell a gift card or gift  
64 certificate after such person has applied for a closing-out sale license  
65 pursuant to this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2006	21-35b

**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:

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill makes various changes to laws concerning gift certificates, gift cards and business closing-out sales, none of which have a fiscal impact.

***The Out Years***

There is no fiscal impact in the out years.

**OLR Bill Analysis  
sSB 503*****AN ACT CONCERNING GIFT CERTIFICATES, GIFT CARDS AND  
BUSINESS CLOSING-OUT SALES.*****SUMMARY:**

This bill requires retailers holding closing-out sale licenses to (1) honor their gift cards and certificates, (2) allow gift card and certificate holders to redeem them for either consumer goods or their cash value, and (3) include in all advertisements a notice that gift cards and certificates may be redeemed before the store closes. It prohibits them from selling, offering to sell, or advertising the sale of gift cards or certificates after applying for a closing-out sale license.

EFFECTIVE DATE: October 1, 2006

**BACKGROUND*****Closing-Out Sale Licenses***

The law requires anyone holding a sale advertised as a “closing-out sale” to obtain a license from the Department of Consumer Protection and to deposit money with it to pay claims from consumers or creditors whose claims arise in connection with the sale. Licenses last as long as 90 days (CGS § 21-35a et seq.).

***Gift Certificates***

The law defines “gift certificate” as a record evidencing a promise, made for consideration, by the seller or issuer of the record that goods or services will be provided to the owner of the record to the value shown in the record. It includes (1) a record that contains a microprocessor chip, magnetic strip, or other means to store information that is pre-funded and for which an amount is deducted from the stored value upon each use; (2) a gift card; (3) a stored-value card or certificate; (4) a store card; or (5) a similar record or card. It

does not include prepaid calling cards or prepaid commercial mobile radio services (CGS § 3-56a(5)).

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 15 Nay 0 (03/14/2006)