



General Assembly

January Session, 2009

**Raised Bill No. 892**

LCO No. 3350

\*03350 \_\_\_\_\_ GL\_\*

Referred to Committee on General Law

Introduced by:  
(GL)

**AN ACT CONCERNING GIFT CERTIFICATES.**

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

1 Section 1. Subdivision (5) of section 3-56a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2009*):

4 (5) "Gift certificate" means a record evidencing a promise, made for  
5 consideration or donated to a charitable or political organization, by  
6 the seller or issuer of the record that goods or services will be provided  
7 to the owner of the record to the value shown in the record and  
8 includes, but is not limited to, a record that contains a microprocessor  
9 chip, magnetic stripe or other means for the storage of information that  
10 is prefunded and for which the value is decremented upon each use, a  
11 gift card, an electronic gift card, stored-value card or certificate, a store  
12 card, or a similar record or card, but "gift certificate" does not include  
13 prepaid calling cards regulated under section 42-370 or prepaid  
14 commercial mobile radio services, as defined in 47 C.F.R. Sec. 20.3.

15 Sec. 2. Section 42-460 of the general statutes is repealed and the  
16 following is substituted in lieu thereof (*Effective July 1, 2009*):

17 (a) No person may sell or issue a gift certificate [, as defined in  
18 section 3-56a,] that is subject to an expiration date, a dormancy charge  
19 or fee, escheat charge or fee, inactivity charge or fee or any similar  
20 charge, fee or penalty for inactivity. No gift certificate or any  
21 agreement with respect to such gift certificate may contain language  
22 suggesting that an expiration date or such dormancy, escheat,  
23 inactivity or similar charge, fee or penalty for inactivity may apply to  
24 the gift certificate. As used in this section, "gift certificate" shall have  
25 the same meaning as defined in subdivision (5) of section 3-56a, as  
26 amended by this act; and "inactivity fee" means a deduction against the  
27 balance on such gift certificate when the balance or any portion of such  
28 balance has not been spent within a specified time.

29 (b) Nothing in this section shall be construed to prevent a holder  
30 from honoring a gift certificate, the unredeemed value of which has  
31 been reported to the Treasurer pursuant to part III of chapter 32, and  
32 thereafter seeking reimbursement from the Treasurer.

33 (c) Any person selling or issuing a gift certificate shall maintain a  
34 secured line of credit or hold in trust in a separate escrow account in  
35 an amount equal to the unredeemed value of all outstanding gift  
36 certificates issued or sold by such person. Such amount shall be  
37 adjusted at least thirty days from its establishment or most recent  
38 adjustment to reflect the value of any additional sales or issues and  
39 any redemptions since the establishment or most recent adjustment. As  
40 used in this subsection, "escrow account" means an account in a bank  
41 chartered by the state of Connecticut, any other state or the federal  
42 government, where such funds are separate from the funds of the  
43 company issuing such certificate and are held in trust for the holders of  
44 such gift certificate and "secured line of credit" means an irrevocable  
45 letter of credit issued by a bank or other state or federally chartered  
46 financial institution that provides the Department of Consumer  
47 Protection as beneficiary in the event of a default by the person selling  
48 or issuing a gift certificate in the promise to redeem any gift card or  
49 gift certificate. Such letter of credit shall be reissued annually with a

50 copy delivered to the Commissioner of Consumer Protection.

51 (d) Any person selling or issuing a gift certificate that is not subject  
52 to the provisions of this section because such provisions are preempted  
53 by the federal National Bank Act shall provide a written notice on such  
54 gift certificate substantially similar to the following: "This gift card or  
55 certificate has an expiration date or inactivity fee. Connecticut law  
56 banning such fees and expiration dates does not apply to cards or  
57 certificates issued by national banks." In addition to such notice, the  
58 person selling or issuing such gift certificate shall provide a clear and  
59 conspicuous description of any expiration date, dormancy, escheat or  
60 inactivity charge or fee or any similar charge, fee or penalty for  
61 inactivity.

62 (e) A violation of the provisions of this section shall be an unfair or  
63 deceptive trade practice under subsection (a) of section 42-110b.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2009	3-56a(5)
Sec. 2	July 1, 2009	42-460

**Statement of Purpose:**

To protect consumers who purchase or receive gift certificates.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*