
OLR Bill Analysis

sHB 5473 (as amended by House "A")*

AN ACT CONCERNING CASH REFUNDS FOR GIFT CARD BALANCES.

SUMMARY:

This bill requires a retailer accepting a gift card as payment for goods or services to provide a cash refund when the purchaser requests it and there is less than \$1 remaining on the gift card after the purchase. Violators are subject to a fine of \$100 for a first offense, \$200 for a second offense, and \$250 for each subsequent offense.

Under the bill, a "gift card" is a record evidencing a promise, made for consideration, by the seller or issuer that goods or services will be provided to the record's owner to the value shown in the record. The records include ones that (1) contain a microprocessor chip, magnetic stripe, or other means for storing information and (2) are prefunded and the value is debited each time they are used. Gift cards include an electronic gift cards, stored-value cards or certificates, store cards, or similar records or cards.

A gift card does not include a:

1. general-use prepaid card, which is a card, code, or other device (a) issued on a prepaid basis primarily for personal, family, or household purposes to a consumer in a specified amount, whether that amount may be increased or replenished, in exchange for payment and (b) redeemable upon presentation at multiple, unaffiliated merchants for goods or services, or usable at automated teller machines (12 CFR § 1005.20(a)(3));
2. gift certificate donated or sold below face value by a retailer to a charitable or nonprofit community organization;
3. linked prepaid card, which is a general-use prepaid card that

enables the purchaser to increase or reload funds onto the card and provides certain consumer protections, including, among other things, getting back any unused balance and the interest earned on the unused balance through a linked financial account;

4. card or certificate a retailer issues for an awards, loyalty, or promotional program where no money or other item of monetary value was exchanged;
5. gift certificate or card the retailer sold below face value;
6. gift certificate or card a retailer sold without a physical state presence; and
7. gift certificate that is issued only on paper.

*House Amendment "A" (1) lowers the required cash refund from \$5 to \$1, (2) adds exempted items, (3) replaces the bill's unfair trade practices penalty with a fine, (4) delays the effective date from July 1, 2014 to October 1, 2014, and (5) makes a minor and technical change.

EFFECTIVE DATE: October 1, 2014

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 11 Nay 6 (03/18/2014)