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Testimony Before the General Law Committee

March 5, 2015

HB 6691 AN ACT CONCERNING CASH REFUNDS FOR GIFT CARD BALANCES

The Connecticut Restaurant Association represents over 600 restaurants and affiliated businesses across the state. Our members range from quick serve to casual to fine dining establishments. The Connecticut hospitality industry employs an estimated 145,000 people, making up 9% of our states' workforce. Restaurants are a driving force in the state's economy and generate tremendous tax revenue.

The CRA opposes HB 6691, AAC Cash Refunds for Gift Card Balances.

Consumers in Connecticut have an abundance of choices when purchasing and giving gifts. Those who decide to purchase restaurant gift cards do so with the intention of the recipient using that gift card for food and drink at the restaurant from where the gift card was purchased. Often recipients of gift cards spend well above the amount of the gift card. In some cases the recipient does not spend the entire amount of the gift card. In these situations, restaurants have the discretion as to how to manage the remaining balance. In many instances, depending on the amount remaining, the restaurant will give the customer cash back. In other cases, restaurants will give the customers a gift card with the remaining balance or even additional money. The decision as to how to manage any balance remaining on gift cards should be left to the discretion of the business owner.

If HB 6691 were to pass, customers with low dollar gift cards, \$20 for example, would be permitted to go into a restaurant, order \$10 worth of food or beverage, and receive \$10 in cash back. A 50% cash refund is allowing the customer to profit on a gift card meant for the purchase of food and beverage, not cash.

We urge your rejection.
