



# House of Representatives

## File No. 763

General Assembly

February Session, 2016

**(Reprint of File No. 297)**

Substitute House Bill No. 5564  
As Amended by House Amendment  
Schedule "B"

Approved by the Legislative Commissioner  
April 29, 2016

### **AN ACT CONCERNING CASH REFUNDS FOR GIFT CARD BALANCES.**

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

1 Section 1. (NEW) (*Effective October 1, 2016*) (a) For the purposes of  
2 this section, "gift card" means a record evidencing a promise, made for  
3 consideration, by the seller or issuer of the record that goods or  
4 services will be provided to the owner of the record to the value shown  
5 in the record and includes, but is not limited to, a record that contains  
6 a microprocessor chip, magnetic stripe or other means for the storage  
7 of information, that is prefunded and for which the value is  
8 decremented upon each use, an electronic gift card, stored-value card  
9 or certificate, a store card or a similar record or card. "Gift card" does  
10 not include: (1) A general-use prepaid card, as defined in 12 CFR  
11 1005.20(a)(3), as from time to time amended, (2) a gift certificate  
12 donated or sold below face value by a retailer to a charitable  
13 organization or nonprofit community organization, (3) a linked  
14 prepaid card, as defined in section 42-460a of the general statutes, (4) a  
15 card or certificate issued by a retailer pursuant to an awards, loyalty or

16 promotional program for which no money or other item of monetary  
 17 value was exchanged, (5) a gift certificate or card sold below face value  
 18 by a retailer, (6) a gift certificate or card sold by a retailer that does not  
 19 have a retail establishment in this state, or (7) a gift certificate that is  
 20 issued only on paper.

21 (b) Each seller or issuer of a gift card shall provide the purchaser of  
 22 such gift card with either an electronic or paper copy of a (1) proof of  
 23 purchase receipt, or (2) gift receipt for such gift card.

24 (c) If a person uses a gift card to purchase goods or services and the  
 25 balance on the gift card is less than three dollars after such purchase,  
 26 the person accepting the gift card as payment, if requested by the  
 27 purchaser, shall provide the purchaser with a cash refund equal to the  
 28 value of the remaining balance on the gift card after the purchase.

29 (d) The provisions of subsection (c) of this section shall only apply if  
 30 the purchaser provides the person accepting the gift card as payment  
 31 proof of purchase or a gift receipt for such gift card.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2016	New section

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill results in no fiscal impact to the state as it is anticipated that the Department of Consumer Protection (DCP) will have less than five additional investigations regarding gift cards. In 2015 the DCP investigated 41 cases involving gift cards. Each investigation requires approximately 10 to 15 employee hours.

House "A" (LCO 5447) struck the underlying bill and its associated fiscal impact and resulted in the impact described above.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

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**OLR Bill Analysis****sHB 5564 (as amended by House "B")\******AN ACT CONCERNING CARD BALANCES.*****SUMMARY:**

This bill requires someone:

1. selling or issuing a gift card to provide the purchaser with an electronic or paper copy of a proof of purchase or gift receipt and
2. accepting a gift card as payment for goods or services to provide the purchaser, on request, with cash for the remaining balance on the card after the purchase if the (a) balance is under \$3 and (b) purchaser provides the proof of purchase or gift receipt.

\*House Amendment "B" changes the definition of gift card, limits the requirement to provide cash for a gift card's remaining value to \$3 instead of \$10, requires gift card sellers or issuers to provide proof of purchase, and requires someone seeking cash for a card's remaining value to provide the proof of purchase.

EFFECTIVE DATE: October 1, 2016

**GIFT CARDS**

For purposes of the bill, a "gift card" is a record showing a seller's or issuer's promise, made for consideration, to provide goods or services to the record's owner for the value shown in the record. It includes (1) a record with a microprocessor chip, magnetic stripe, or other way to store information that is prefunded with a value that decreases with each use; (2) an electronic gift card; (3) a stored-value

card or certificate; (4) a store card; and (5) similar records or cards. But it does not include a:

1. general-use prepaid card, which is a card, code, or device (a) issued on a prepaid basis primarily for consumer use in a specified amount and in exchange for payment and (b) redeemable at multiple, unaffiliated merchants for goods and services or usable at ATMs;
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 type of general-use prepaid card that allows the card purchaser or person who increases or replenishes funds on the card, code, or device (the customer) to (a) get back the unused balance and the interest earned on it through a financial account linked to the card; (b) set an expiration date at least 90 days from the date of purchase or from the date of increasing or replenishing funds for the purpose of receiving a refund of any unused balance and any accrued interest on that balance; and (c) transfer the unused balance to a bank offering a higher yield and full insurance from the Federal Deposit Insurance Corporation until the funds are exhausted or the card expires, if the customer has a financial account linked to the card;
4. card or certificate issued by a retailer as part of an awards, loyalty, or promotional program for which no money or monetary value was exchanged;
5. gift certificate or card sold below face value by a retailer;
6. gift certificate or card sold by a retailer that does not have a retail establishment in Connecticut; or
7. gift certificate issued only on paper.

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**COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/15/2016)