

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2004

A N A C T

RELATING TO COMMERCIAL LAW -- GIFT CERTIFICATES

Introduced By: Senator Michael J. McCaffrey

Date Introduced: February 11, 2004

Referred To: Senate Commerce, Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 6-13-12 of the General Laws in Chapter 6-13 entitled "Unfair Sales
2 Practices" is hereby amended to read as follows:
3 **6-13-12. Sales of gift certificates.** -- "Gift certificate" means a record evidencing a
4 promise, made for monetary consideration, by the seller or issuer for the record that goods or
5 services will be provided to the owner of the record to the value shown in the record and includes,
6 but is not limited to, a record that contains a microprocessor chip, magnetic strip or other means
7 of storage of information that is pre-funded and for which the value is decremented upon each
8 use, a gift card, an electronic gift card, stored-value card or certificate, a store card, a prepaid
9 telephone card, or a similar record or card. Any person, firm, or corporation that sells gift
10 certificates for any product or merchandise sold by the person, firm, or corporation, shall be
11 required to record the sales and keep an accurate and complete record of each ~~of these gift~~
12 certificate sold, ~~certificates for a period of two (2) years from the date of the sale.~~ The record shall
13 include the date of sale, the full value of the certificate, the identification number assigned by the
14 retailer to the certificate, and the state in which the sale of the certificate took place. The retailer
15 shall further be required to give to the purchaser of gift certificates exceeding fifty dollars
16 (\$50.00) a written and numbered receipt evidencing the sale of the certificate. It shall be unlawful
17 for any person, firm, or corporation ~~restaurant or eating establishment~~ of any kind to charge
18 additional monthly or annual service or maintenance fees on gift certificates or to limit the time
19 for the redemption of a gift certificate or to place an expiration date upon the gift certificate. No

1 gift certificate or any agreement with respect to such gift certificate may contain language
2 suggesting that an expiration date may apply to the gift certificate. Any person, firm, or
3 corporation that shall violate the provisions of this section shall be punished by a fine of not more
4 than two hundred dollars (\$200). Due to the unlimited redemption period, the division of taxation
5 shall not escheat the funds paid for those unredeemed gift certificates. Any unused portion of a
6 redeemed gift certificate shall be afforded to the consumer by reissuing the gift certificate for the
7 unused amount or providing cash where the balance due the consumer is less than one dollar
8 (\$1.00). This section shall not apply to the following:

9 (a) General-use prepaid cards issued by a third-party prepaid card issuer which shall
10 mean plastic cards or other electronic payment devices which are: (1) usable at multiple,
11 unaffiliated, merchants or service providers and/or at automatic teller machines ("ATMs"); (2)
12 issued in a requested amount which amount may be, at the option of the issuer, increased to value
13 or reloaded if requested by the holder; (3) purchased and/or loaded on a prepaid basis by a
14 consumer and shall not include debit cards linked to a deposit account, or cards purchased by a
15 business entity; and (4) honored upon presentation by merchants for goods or services, or at
16 ATMs.

17 (b) Gift certificates that are distributed to a consumer pursuant to an awards, loyalty or
18 promotional program without any money or other thing of value being given in exchange for the
19 gift certificate by the consumer. Any restrictions or limitations which such gift certificates may
20 be subject to must be disclosed to the consumer, in writing, at the time the gift certificates are
21 distributed to the consumer.

22 SECTION 2. This act shall take effect upon passage.

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LC01561/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO COMMERCIAL LAW -- GIFT CERTIFICATES

- 1 This act would expand the definition of a gift certificate and prohibit the issuer from
- 2 charging additional fees on the gift certificate.
- 3 This act would take effect upon passage.

LC01561/SUB A