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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO COMMERCIAL LAW - GIFT CERTIFICATES

Introduced By: Senator Roger Picard

Date Introduced: January 27, 2011

Referred To: Senate Corporations

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, prepaid long
9 distance telephone service that is activated by a prepaid card that requires dialing an access
10 number or an access code for each call in addition to dialing the phone number to which the user
11 of the prepaid card seeks to connect, or a similar record or card. Any person, firm, or corporation
12 that sells gift certificates for any product or merchandise sold by the person, firm, or corporation,
13 shall be required to record the sales and keep an accurate and complete record of each gift
14 certificate sold. The record shall include the date of sale, the full value of the certificate, the
15 identification number assigned by the retailer to the certificate, and the state in which the sale of
16 the certificate took place. The retailer shall further be required to give to the purchaser of gift
17 certificates exceeding fifty dollars (\$50.00) a written and numbered receipt evidencing the sale of
18 the certificate. It shall be unlawful for any person, firm, or corporation of any kind to charge any
19 surcharge or additional monthly or annual service or maintenance fees on gift certificates or to

1 limit the time for the redemption of a gift certificate or to place an expiration date upon the gift
2 certificate. ~~No gift certificate or any agreement with respect to such gift certificate may contain~~
3 ~~language suggesting that an expiration date may apply to the gift certificate.~~ All gift certificates
4 shall retain their full value for three (3) years from the date of the sale of the gift certificate. After
5 the passage of three (3) years from the date of sale, a person, firm or corporation may decrease
6 the value of the gift certificate by no more than ten percent (10%) of the gift certificate's value for
7 each year in which a gift certificate remains, fully or partially unredeemed.

8 Any person, firm, or corporation that shall violate the provisions of this section shall be
9 punished by a fine of not more than two hundred dollars (\$200). ~~Due to the unlimited redemption~~
10 ~~period, the~~ The division of taxation shall not escheat the funds paid for those unredeemed gift
11 certificates. Any unused portion of a redeemed gift certificate shall be afforded to the consumer
12 by reissuing the gift certificate for the unused amount or providing cash where the balance due
13 the consumer is less than one dollar (\$1.00). This section shall not apply to the following:

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

19 (b) Prepaid wireless telephone service or prepaid wireless telephone card. "Prepaid
20 wireless telephone service" means wireless telephone service that is activated in advance by
21 payment for a finite dollar amount of service or for a finite set of minutes that terminate either
22 upon use by a customer and delivery by the wireless provider of an agreed-upon amount of
23 service corresponding to the total dollar amount paid in advance or within a certain period of time
24 following the initial purchase or activation, unless additional payments are made.

25 (c) Gift cards or prepaid or store value cards that are issued by state-chartered financial
26 institutions and credit unions or that are issued by third-party issuers usable at multiple,
27 unaffiliated merchants or service providers, provided that said financial institutions, credit unions
28 or third-party issuers comply with the guidelines on disclosure and marketing as published by the
29 office of the comptroller of the currency.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would require that gift certificates remain redeemable at their full value for three
2 (3) years, after which the value of the gift certificate may be decreased by no more than ten
3 percent (10%) per year.

4 This act would take effect upon passage.

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