

MAR 4 2005

COMMERCE, REGULATION & LABOR

HOUSE FILE 600

BY PETERSEN, KURTENBACH,
OLDSON, and DOLECHECK

(COMPANION TO LSB 2581SS
BY BOLKCOM)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the sale, issuance, and redemption of gift
2 certificates including providing for abandonment, establishing
3 restrictions on fees and charges, prohibiting expiration dates
4 and other restrictive terms, and making penalties applicable.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 537.3312 GIFT CERTIFICATES --
2 FEES -- EXPIRATION DATES -- VIOLATIONS.

3 1. A gift certificate shall be redeemable for its full
4 value. A seller, issuer, or holder of a gift certificate may
5 not do any of the following:

6 a. Assess, charge, or deduct a fee or other charge from or
7 with respect to a gift certificate.

8 b. Sell or issue a gift certificate that includes, bears,
9 or is otherwise subject to an expiration date.

10 c. Impose any other term or condition on a gift
11 certificate that would limit the ability of the owner to
12 redeem the gift certificate for its full value or receive cash
13 for any remaining unredeemed value at the time of redemption.

14 2. If a gift certificate is not redeemed within three
15 years after the later occurrence of either the date of the
16 certificate's purchase or issuance, or the date of the last
17 transaction by the owner that increased or decreased the value
18 of the certificate, the gift certificate is presumed abandoned
19 under chapter 556.

20 3. A violation of this section is an unlawful practice
21 under section 714.16.

22 4. As used in this section, "gift certificate" means the
23 same as defined in section 556.1.

24 Sec. 2. Section 537.5201, subsection 1, is amended by
25 adding the following new paragraph:

26 NEW PARAGRAPH. rr. Prohibitions regarding gift
27 certificates under section 537.3312.

28 Sec. 3. Section 556.1, Code 2005, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 4A. "Gift certificate" means a writing,
31 instrument, record, or other tangible medium of expression
32 generally purchased by a buyer for use by a person other than
33 the buyer, or for use by the buyer at a later date, for the
34 purchase of goods, property, services, or other consideration
35 sold or provided by the seller or issuer and includes but is

1 not limited to all of the following:

2 a. An electronic card with a stored or banked dollar
3 value.

4 b. A merchandise credit.

5 c. A certificate or card exchangeable for the full face
6 value of a future purchase or delivery of goods, property,
7 services, or any other consideration.

8 d. Any other medium that evidences a grant of
9 consideration in exchange for the right to redeem the
10 certificate for goods, property, services, credit, or money of
11 at least an equal value of the certificate.

12 Sec. 4. Section 556.9, subsection 2, Code 2005, is amended
13 by striking the subsection and inserting in lieu thereof the
14 following:

15 2. A gift certificate is presumed abandoned if not
16 redeemed within three years after the later occurrence of
17 either the date of the certificate's purchase or issuance, or
18 the date of the last transaction by the owner that increased
19 or decreased the value of the certificate.

20 EXPLANATION

21 This bill relates to the redemption, sale, and issuance of
22 gift certificates. The bill provides a definition of "gift
23 certificate" which includes a writing or instrument usable for
24 the purchase of goods, property, or services sold or provided
25 by the seller or issuer of the gift certificate. The bill
26 provides that gift certificates shall be considered abandoned
27 property under Code chapter 556 if the gift certificate is not
28 redeemed within three years after the later of the date the
29 gift certificate was purchased or issued or the date of the
30 last transaction using the gift certificate. Abandoned
31 property is required to be annually reported to the state
32 treasurer who publishes a list of the abandoned property for
33 public view.

34 The bill provides, in new Code section 537.3312, that a
35 gift certificate shall be redeemable for its full value and

1 prohibits a seller, issuer, or holder of a gift certificate
2 from assessing any fee or charge against the value of a gift
3 certificate or selling or issuing a gift certificate with an
4 expiration date. The bill also prohibits a seller, issuer, or
5 holder from imposing any other term or condition that limits
6 the ability of the owner to redeem the gift certificate for
7 its full value, including the ability to receive cash for the
8 unredeemed value of the gift certificate. A person who
9 assesses a fee or charge, issues a gift certificate with an
10 expiration date, or imposes any other term limiting the
11 redemption of the certificate in violation of new Code section
12 537.3312 commits a consumer fraud under Code section 714.16
13 and may be subject to civil penalties and a civil action
14 brought by the attorney general for damages incurred as a
15 result of the violation. A person in violation of new Code
16 section 537.3312 is also subject to a civil action brought by
17 the injured consumer for penalties in an amount not less than
18 \$100 nor more than \$1,000 per violation.

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