HOUSE FILE 85
BY BRANDENBURG

A BILL FOR

1 An Act placing limitations on fees imposed for failure to
2 redeem a gift certificate, and including an applicability
3 date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 556.9, subsection 2, Code 2013, is amended to read as follows:

2. An issuer of a gift certificate shall not deduct from the face value of the gift certificate any charge imposed due to the failure of the owner of the gift certificate to present the gift certificate in a timely manner~~.~~ for a period of three years from the date of issuance. Thereafter, an issuer shall not deduct any charge imposed due to the failure to present the gift certificate in a timely manner unless a valid and enforceable written contract exists between the issuer and the owner of the gift certificate pursuant to which the issuer regularly imposes such charges and does not regularly reverse or otherwise cancel them. For purposes of this subsection, *"gift certificate"* means a merchandise certificate or electronic gift card conspicuously designated as a gift certificate or electronic gift card, and generally purchased by a buyer for use by a person other than the buyer.

Sec. 2. APPLICABILITY. This Act applies to gift certificates issued on or after July 1, 2013.

EXPLANATION

This bill relates to amounts which the issuer of a gift certificate may deduct from the face value of the certificate based on the failure of the owner to present the certificate for payment in a timely manner.

Currently, an amount may not be deducted unless a valid and enforceable written contract exists between the issuer and the owner of the gift certificate pursuant to which the issuer regularly imposes charges for failure to present and does not regularly reverse or otherwise cancel them. The bill makes this provision applicable only after a three-year time frame has elapsed from the date of issuance of the gift certificate, for gift certificates issued on or after July 1, 2013. The result is that no deduction is authorized from the face amount of a gift certificate for the three-year period following issuance for certificates issued on or after July 1, 2013.