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SENATE FILE 273 COMMERCE  
BY BOLKCOM, DEARDEN, SENG,  
KREIMAN, DVORSKY, BEALL,  
CONNOLLY, FRAISE, QUIRMBACH,  
KIBBIE, BLACK, COURTNEY,  
SCHOENJAHN, WOOD, and RAGAN

(COMPANION TO LSB 2581HH  
BY PETERSEN)

Passed Senate, Date \_\_\_\_\_ Passed House, 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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SF 273  
COMMERCE

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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