S.B. NO. 687

JAN 192007

A BILL FOR AN ACT

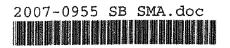
RELATING TO GIFT CERTIFICATES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 481B-13, Hawaii Revised Statutes, is
 amended to read as follows:

"§481B-13 Gift certificates. (a) Any restaurant or 3 person engaged in the business of offering services or goods for 4 5 sale at retail may allow customers to purchase gift certificates; provided that the certificate issuer shall honor 6 the certificate for a period of at least two years from the date 7 8 of issuance. A certificate issuer shall not charge [a service fee, including but not limited to] a back-end service fee for 9 dormancy or inactivity [-] during the first six months after the 10 date of issuance of the gift certificate. 11

(b) The date of issuance and the expiration date shall be clearly identified on the face of the gift certificate, or, if an electronic card with a banked dollar value, clearly printed upon a sales receipt transferred to the purchaser of the electronic card upon the completed transaction. The expiration date shall be not less than two years after the date of



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issuance. If the gift certificate does not have an expiration
 date, it shall be valid in perpetuity.

3 (c) Gift certificates that are issued as part of an
4 awards, loyalty, or promotional program, or to a not-for-profit
5 charity organization, where no money or anything of value is
6 given to the issuer by the consumer in exchange for the gift
7 certificate, are exempt from this section; provided that the
8 expiration date, if any, appears on the gift certificate or
9 accompanying printed receipt.

10 (d) The issuer of a gift certificate shall disclose: 11 (1) The existence of any initial issuance fees, back-end services fees, including but not limited to dormancy 12 13 or inactivity fees, and replacement fees; and 14 The timing and amount of any initial issuance fees, (2) back-end services fees, including but not limited to 15 16 dormancy or inactivity fees, and replacement fees. 17 $\left[\frac{d}{d}\right]$ (e) Any violation of this section shall constitute 18 an unfair and deceptive act or practice in the conduct of trade 19 or commerce within the meaning of section 480-2. 20 [(e)] (f) As used in this section, unless the context 21 requires otherwise:



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"Certificate issuer" or "issuer" means a restaurant or a
 person engaged in the business of offering services or goods for
 sale at retail who sells gift certificates to customers.

4 "Gift certificate" or "certificate" includes any electronic 5 card with a banked dollar value where the issuer has received 6 payment for the full banked dollar value for the future purchase or delivery of goods or services, any certificate where the 7 8 issuer has received payment for the full face value of the 9 certificate for future purchases or delivery of goods or 10 services, and any other medium that evidences the giving of 11 consideration in exchange for the right to redeem the 12 certificate, electronic card, or other medium for goods, food, 13 or services of at least an equal value."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

16 SECTION 3. This Act shall take effect upon its approval.

17

INTRODUCED BY: Noman Sakandy





Report Title:

Trade Regulation and Practice; Gift Certificates

Description:

Prohibits a certificate issuer from charging service fees for dormancy or inactivity within six months after the date of issuance of the certificate. Requires disclosure of fees on an electronic card or certificate.

