

# 56:8-110

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2005      **CHAPTER:** 254

**NJSA:** 56:8-110      (Regulates expiration dates and dormancy fees for gift certificates and cards)

**BILL NO:** A1079 (Substituted for S2187/2296)

**SPONSOR(S)** Cryan and others

**DATE INTRODUCED:** Pre-filed

**COMMITTEE:**      **ASSEMBLY:** Consumer Affairs  
                         **SENATE:** Commerce

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**      **ASSEMBLY:** December 12, 2005  
   **SENATE:** June 27, 2005

**DATE OF APPROVAL:** January 4, 2006

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

[FINAL TEXT OF BILL](#) (3<sup>rd</sup> reprint enacted)

### A1079

[SPONSOR'S STATEMENT](#): (Begins on page 2 of original bill) [Yes](#)

**COMMITTEE STATEMENT:**      [ASSEMBLY:](#) [Yes](#)

[SENATE:](#) [Yes](#)

[FLOOR AMENDMENT STATEMENT](#): [Yes](#)

**LEGISLATIVE FISCAL ESTIMATE:** No

### S2187/2296

[SPONSOR'S STATEMENT \(S2187\)](#): (Begins on page 3 of original bill) [Yes](#)

[SPONSOR'S STATEMENT \(S2296\)](#): (Begins on page 3 of original bill) [Yes](#)

**COMMITTEE STATEMENT:**      **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

[FLOOR AMENDMENT STATEMENT](#): [Yes](#)

**LEGISLATIVE FISCAL ESTIMATE:** No

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

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**REPORTS:**

No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

Yes

"New law clarifies gift card limitations," 1-8-2006 The Press, p.E2

IS 12/5/07

P.L. 2005, CHAPTER 254, *approved January 4, 2006*  
Assembly, No. 1079 (*Third Reprint*)

1 AN ACT concerning gift certificates <sup>1</sup>and cards<sup>1</sup> and amending  
2 P.L.2002, c.14.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6

7 1. Section 1 of P.L.2002, c.14 (C.56:8-110) is amended to read as  
8 follows:

9 1. a. A gift certificate <sup>2</sup>[issued by a retail merchandise  
10 establishment shall be valid until presented in exchange for that  
11 merchandise, or shall have any and all conditions and limitations: (1)  
12 disclosed to the purchaser of the gift certificate at the time of purchase  
13 and (2) conspicuously printed on the gift certificate] or gift card sold  
14 after the effective date of this amendatory act shall retain full unused  
15 value until presented in exchange for merchandise, or shall have any  
16 and all conditions and limitations, as permitted in paragraphs (1)  
17 through (3) of this subsection, disclosed to the purchaser of the gift  
18 certificate or gift card at the time of purchase as provided in  
19 subsection b. of this section.

20 (1) In no case shall a gift certificate or gift card expire within the  
21 24 months immediately following the date of sale.

22 (2) No dormancy fee shall be charged against a gift certificate or  
23 a gift card within the 24 months immediately following the date of  
24 sale, nor shall one be charged within the 24 months immediately  
25 following the most recent activity or transaction in which the  
26 certificate or card was used.

27 (3) A dormancy fee charged against a gift certificate or gift card as  
28 permitted by this subsection shall not exceed \$2.00 per month<sup>2</sup>.

29 b. <sup>2</sup>[A gift]<sup>2</sup> <sup>1</sup>[certificate issued by a retail merchandise  
30 establishment shall be redeemable at full face value in perpetuity.

31 c] <sup>2</sup>[card issued by a retail merchandise establishment after the  
32 effective date of this act shall be redeemable at full unused value until  
33 presented in exchange for merchandise, or shall have any and all  
34 conditions and limitations: (1) disclosed to the purchaser of the gift  
35 card at the time of purchase and (2) conspicuously printed on the gift  
36 card. If the expiration date of the gift card is within 18 months of the  
37 card's issuance, it must be printed on the card in a consistent manner,  
38 in the same font and size used for the majority of the text on the gift  
39 card. Any other expiration date or dormancy fee shall be disclosed to

**EXPLANATION** - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Assembly ACO committee amendments adopted May 3, 2004.

<sup>2</sup> Senate SCM committee amendments adopted June 16, 2005.

<sup>3</sup> Senate floor amendments adopted June 23, 2005.

1 the purchaser at the time of purchase, or through a telephone number  
2 printed on the card.

3 c. No dormancy fee shall be charged against a gift certificate or a  
4 gift card within the first 18 months after it has been issued, nor shall  
5 one be charged within the 18 months immediately following the most  
6 recent activity or transaction in which the certificate or card was used.

7 d<sup>1</sup>] The terms of any expiration date or dormancy fee applicable  
8 to a gift certificate or gift card, as permitted by subsection a. of this  
9 section, shall be disclosed to a consumer by:

10 (1) written notice of the expiration date or dormancy fee or both  
11 printed in at least 10 point font, on the gift certificate or gift card, or  
12 the sales receipt for the certificate or card, or the package for the  
13 certificate or card; and

14 (2) written notice, in at least 10 point font, on the gift certificate  
15 or gift card, or the sales receipt for the certificate or card, or the  
16 package for the certificate or card, of a telephone number which the  
17 consumer may call, for information concerning any expiration date or  
18 dormancy fee.

19 c<sup>2</sup> . As used in this <sup>2</sup>[act]<sup>2</sup> <sup>1</sup>["gift certificate"] <sup>2</sup>section<sup>2</sup> :

20 "Dormancy fee" means a charge imposed against the unused value  
21 of a gift card or gift certificate due to inactivity;

22 "Gift card" means a tangible device, whereon is embedded or  
23 encoded in an electronic or other format a value issued in exchange for  
24 payment, which promises to provide to the bearer merchandise of  
25 equal value to the remaining balance of the device <sup>2</sup>. "Gift card" does  
26 not include a prepaid telecommunications or technology card, prepaid  
27 bank card or rewards card<sup>2</sup> ;

28 "Gift certificate"<sup>1</sup> means a written promise given in exchange for  
29 payment to provide merchandise in a specified amount or of equal  
30 value to the bearer of the certificate <sup>1</sup>[.

31 As used in this act, "merchandise" <sup>2</sup>. "Gift certificate" does not  
32 include a prepaid telecommunications or technology card, prepaid  
33 bank card or rewards card<sup>2</sup> ;

34 "Merchandise"<sup>1</sup> means and includes any objects, wares, goods,  
35 commodities, services or anything offered, directly or indirectly, to the  
36 public for sale<sup>1</sup>[.

37 As used in this act, "retail" ; <sup>2</sup>[and

38 "Retail<sup>1</sup> merchandise establishment" means any place of business  
39 where merchandise is exposed or offered for sale at retail to members  
40 of the consuming public]

41 "Prepaid bank card" means a general use, prepaid card or other  
42 electronic payment device that is issued by a bank or other financial  
43 institution <sup>3</sup>, or a licensed money transmitter, <sup>3</sup> in a pre-denominated  
44 amount useable at multiple, unaffiliated merchants or at automated  
45 teller machines, or both, but shall not include a card issued by a retail  
46 merchant;

1 "Prepaid telecommunications or technology card" includes, but is  
2 not limited to: a prepaid telephone calling card; prepaid technical  
3 support card; or prepaid Internet disk distributed to or purchased by  
4 a consumer; and

5 "Rewards card" means a card or certificate distributed by the issuer  
6 to a consumer pursuant to an awards, loyalty, rewards or promotional  
7 program, without any money or other consideration or thing of value  
8 by the consumer in exchange for the <sup>3</sup>[the]<sup>3</sup> card or certificate<sup>2</sup>.

9 (cf: P.L.2002, c.14, s.1)

10  
11 2. This act shall take effect <sup>1</sup>[immediately] <sup>2</sup>[on either January 1,

12 2005, or the first day of the seventh month after enactment, whichever  
13 is later<sup>1</sup>] on the 90th day after the date of enactment, except that no  
14 action for a violation of P.L.1960, c.39 (C.56:8-1 et seq.) based upon  
15 the requirement as to font size of the notice required by section 1 of  
16 P.L.2002, c.14 (C.56:8-110) shall ensue for a gift certificate or gift  
17 card issued on or before the 365th day after the date of enactment<sup>2</sup>.

18  
19  
20 \_\_\_\_\_  
21  
22 Regulates expiration dates and dormancy fees for gift certificates and  
23 cards.

# ASSEMBLY, No. 1079

## STATE OF NEW JERSEY 211th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2004 SESSION

**Sponsored by:**

**Assemblyman JOSEPH CRYAN**

**District 20 (Union)**

**Assemblyman JEFF VAN DREW**

**District 1 (Cape May, Atlantic and Cumberland)**

**Co-Sponsored by:**

**Assemblymen Diegnan, Eagler, Conaway and Mayer**

**SYNOPSIS**

Mandates that gift certificates be redeemable at full face value in perpetuity.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 5/11/2004)**

1 AN ACT concerning gift certificates and amending P.L.2002, c.14.

2

3 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
4 *of New Jersey:*

5

6 1. Section 1 of P.L.2002, c.14 (C.56:8-110) is amended to read as  
7 follows:

8 1. a. A gift certificate issued by a retail merchandise establishment  
9 shall be valid until presented in exchange for that merchandise, or shall  
10 have any and all conditions and limitations: (1) disclosed to the  
11 purchaser of the gift certificate at the time of purchase and (2)  
12 conspicuously printed on the gift certificate.

13 b. A gift certificate issued by a retail merchandise establishment  
14 shall be redeemable at full face value in perpetuity.

15 c. As used in this act, "gift certificate" means a written promise  
16 given in exchange for payment to provide merchandise in a specified  
17 amount or of equal value to the bearer of the certificate.

18 As used in this act, "merchandise" means and includes any objects,  
19 wares, goods, commodities, services or anything offered, directly or  
20 indirectly, to the public for sale.

21 As used in this act, "retail merchandise establishment" means any  
22 place of business where merchandise is exposed or offered for sale at  
23 retail to members of the consuming public.

24 (cf: P.L.2002, c.14, s.1)

25

26 2. This act shall take effect immediately.

27

28

29

STATEMENT

30

31 This bill provides that a gift certificate issued by a retail  
32 merchandise establishment shall be redeemable at full face value in  
33 perpetuity.

**EXPLANATION** - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

# ASSEMBLY CONSUMER AFFAIRS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 1079

with committee amendments

# STATE OF NEW JERSEY

DATED: MAY 3, 2004

The Assembly Consumer Affairs Committee reports favorably and with committee amendments Assembly Bill No. 1079.

As amended, Assembly Bill No. 1079 would require that gift cards be redeemable at full unused value until presented in exchange for merchandise, unless any and all conditions and limitations are:

- \* disclosed to the purchaser of the gift card at the time of purchase; and

- \* conspicuously printed on the gift card.

In addition, if the expiration date of the gift card is within 18 months of the card's issuance, it would have to be printed on the card in a consistent manner, in the same font and size used for the majority of the text on the gift card. Any other expiration date or dormancy fee would have to be disclosed to the purchaser at the time of purchase, or through a telephone number printed on the card.

Under the amended bill, dormancy fees would be prohibited on gift certificates or gift cards within the first 18 months after their issuance and within the 18 months immediately following the most recent activity or transaction in which they were used. The bill defines "dormancy fee" as "a charge imposed against the unused value of a gift card or gift certificate due to inactivity."

This bill was pre-filed for introduction in the 2004 legislative session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

#### COMMITTEE AMENDMENTS

The committee amendments:

- (1) remove the language making gift certificates redeemable at full face value in perpetuity;

- (2) require gift cards to be redeemable at full unused value until presented in exchange for merchandise, unless any and all conditions and limitations are:

- \* disclosed to the purchaser of the gift card at the time of purchase; and

- \* conspicuously printed on the gift card;



(3) require, for cases in which the expiration date of the gift card is within 18 months of the card's issuance, the expiration date to be printed on the card in a consistent manner, in the same font and size used for the majority of the text on the gift card;

(4) require all other expiration dates or dormancy fees to be disclosed at the time of purchase, or through a telephone number printed on the card;

(5) prohibit dormancy fees on gift certificates or cards within the first 18 months after their issuance and within the 18 months immediately following the most recent activity or transaction in which they were used; and

(6) define "dormancy fee" and "gift card."

# SENATE COMMERCE COMMITTEE

## STATEMENT TO

[First Reprint]

## ASSEMBLY, No. 1079

with committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 16, 2005

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 1079.

As amended, this bill requires that a gift certificate or gift card sold after the effective date of the bill shall retain full unused value until presented for merchandise or shall disclose any and all conditions and limitations as provided under the bill.

The bill prohibits the expiration of any gift certificate or gift card within the 24 months immediately following the date of sale. No dormancy fee shall be charged against a gift certificate or a gift card within the 24 months immediately following the date of sale, nor shall one be charged within the 24 months immediately following the most recent activity or transaction in which the certificate or card was used. A dormancy fee charged against a gift certificate or gift card shall not exceed \$2.00 per month.

The terms of any expiration date or dormancy fee applicable to a gift certificate or gift card, as permitted, shall be disclosed to a consumer by:

(1) written notice of the expiration date or dormancy fee, or both, printed in at least 10 point font, on the gift certificate or gift card, or the sales receipt for the certificate or card, or the package for the certificate or card; and

(2) written notice, in at least 10 point font, on the gift certificate or gift card, or the sales receipt for the certificate or card, or the package for the certificate or card, of a telephone number which the consumer may call for information concerning any expiration date or dormancy fee.

The bill does not apply to prepaid telecommunications or technology cards, prepaid bank cards or rewards cards, as defined by the bill.

The committee amended the bill to change the expiration date and dormancy fee requirements. Whereas previously the bill allowed an expiration date at any time and the imposition of dormancy fees after 18 months, the amendments only allow either an expiration date or a

dormancy fee after 24 months. Also with respect to dormancy fees, none may be charged within the 24 months immediately following the most recent activity on the certificate or card and the fee may not exceed \$2.00 per month.

The amendments also provided the more specific disclosure requirements, as outlined above, and added definitions for dormancy fee, prepaid bank card, prepaid telecommunications or technology card and rewards card, eliminated the definition of retail merchandise establishment, and excepted from the definitions of both gift card and gift certificate the prepaid bank card, prepaid telecommunications or technology card and rewards card.

As reported, this bill is identical to the Senate Committee Substitute for Senate Bill Nos. 2296 and 2187, also reported by the committee today.

STATEMENT TO  
[Second Reprint]  
**ASSEMBLY, No. 1079**

with Senate Floor Amendments  
(Proposed by Senator VITALE)

ADOPTED: JUNE 23, 2005

This amendment includes licensed money transmitters among the issuers of a "prepaid bank card" in the definition of that term and, as such, excludes any card or electronic device issued by a licensed money transmitter from the bill's provisions.

# **SENATE, No. 2187**

## **STATE OF NEW JERSEY**

### **211th LEGISLATURE**

INTRODUCED JANUARY 11, 2005

**Sponsored by:**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Senator NIA H. GILL**

**District 34 (Essex and Passaic)**

**Co-Sponsored by:**

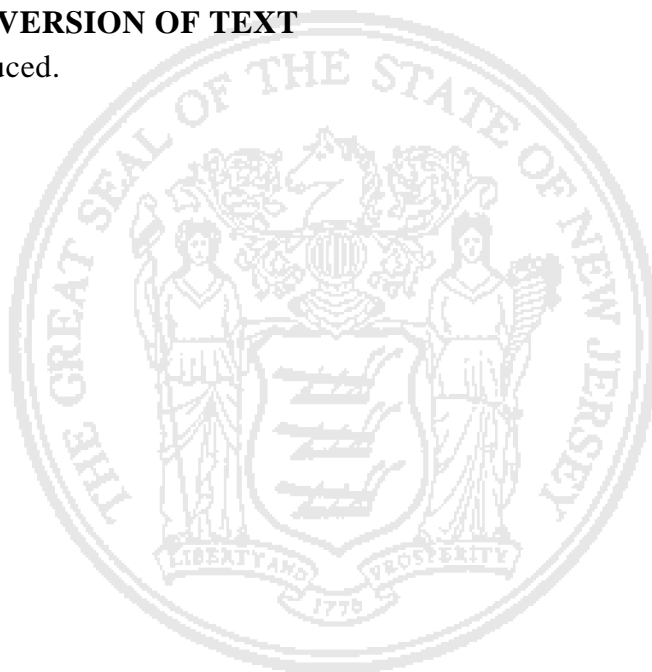
**Senators Inverso and Turner**

**SYNOPSIS**

Provides that gift certificates and cards are redeemable at full face value in perpetuity.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/8/2005)**

1 AN ACT concerning gift certificates and gift cards and amending  
2 P.L.2002, c.14.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 1 of P.L.2002, c.14 (C.56:8-110) is amended to read as  
8 follows:

9 1. a. A gift certificate issued by a retail merchandise establishment  
10 after the effective date of this amendatory act shall be valid and  
11 redeemable at full unused value until presented in exchange for that  
12 merchandise[, or shall have any and all conditions and limitations: (1)  
13 disclosed to the purchaser of the gift certificate at the time of purchase  
14 and (2) conspicuously printed on the gift certificate].

15 b. A gift card issued by a retail merchandise establishment after the  
16 effective date of this amendatory act shall be valid and redeemable at  
17 full unused value until presented in exchange for merchandise.

18 c. No dormancy fee shall be charged against a gift certificate or a  
19 gift card.

20 d. As used in this act[, "gift certificate"] :

21 "Dormancy fee" means a charge imposed against the unused value  
22 of a gift card or gift certificate due to inactivity;

23 "Gift card" means a tangible device, whereon is embedded or  
24 encoded in an electronic or other format a value issued in exchange for  
25 payment, which promises to provide to the bearer merchandise of  
26 equal value to the remaining balance of the device;

27 "Gift certificate" means a written promise given in exchange for  
28 payment to provide merchandise in a specified amount or of equal  
29 value to the bearer of the certificate[.

30 As used in this act, "merchandise"];

31 "Merchandise" means and includes any objects, wares, goods,  
32 commodities, services or anything offered, directly or indirectly, to the  
33 public for sale[.

34 As used in this act, "retail merchandise establishment"]; and

35 "Retail merchandise establishment" means any place of business  
36 where merchandise is exposed or offered for sale at retail to members  
37 of the consuming public.

38 (cf: P.L.2002, c.14, s.1)

39

40 2. This act shall take effect on the first day of the seventh month  
41 after enactment.

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

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9

STATEMENT

This bill would require that gift certificates and gift cards issued by retail merchandise establishments be redeemable at full unused value until presented in exchange for merchandise in perpetuity.

The bill also provides that no dormancy fee shall be charged against a gift card or a gift certificate and defines dormancy fee as a charge imposed against the unused value of a gift card or gift certificate due to inactivity.

**SENATE, No. 2296**

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**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

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INTRODUCED JANUARY 24, 2005

**Sponsored by:**  
**Senator JOSEPH CONIGLIO**  
**District 38 (Bergen)**

**SYNOPSIS**

Regulates expiration dates and dormancy fees for gift certificates and cards.

**CURRENT VERSION OF TEXT**

As introduced.





S2296 CONIGLIO

2

1 AN ACT concerning gift certificates and cards and amending P.L.2002,  
2 c.14.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 1 of P.L.2002, c.14 (C.56:8-110) is amended to read as  
8 follows:

9 1. a. A gift certificate issued by a retail merchandise establishment  
10 shall be valid until presented in exchange for that merchandise, or shall  
11 have any and all conditions and limitations: (1) disclosed to the  
12 purchaser of the gift certificate at the time of purchase; and (2)  
13 conspicuously printed on the gift certificate.

14 b. A gift card issued by a retail merchandise establishment after  
15 the effective date of this act shall be redeemable at full unused value  
16 until presented in exchange for merchandise, or shall have any and all  
17 conditions and limitations: (1) disclosed to the purchaser of the gift  
18 card at the time of purchase and (2) conspicuously printed on the gift  
19 card. If the expiration date of the gift card is within 18 months of the  
20 card's issuance, it must be printed on the card in a consistent manner,  
21 in the same font and size used for the majority of the text on the gift  
22 card. Any other expiration date or dormancy fee shall be disclosed to  
23 the purchaser at the time of purchase, or through a telephone number  
24 printed on the card.

25 c. No dormancy fee shall be charged against a gift certificate or a  
26 gift card within the first 18 months after it has been issued, nor shall  
27 one be charged within the 18 months immediately following the most  
28 recent activity or transaction in which the certificate or card was used.

29 d. As used in this act [ , "gift certificate"]:

30 "Dormancy fee" means a charge imposed against the unused value  
31 of a gift card or gift certificate due to inactivity;

32 "Gift card" means a tangible device, whereon is embedded or  
33 encoded in an electronic or other format a value issued in exchange for  
34 payment, which promises to provide to the bearer merchandise of  
35 equal value to the remaining balance of the device;

36 "Gift certificate" means a written promise given in exchange for  
37 payment to provide merchandise in a specified amount or of equal  
38 value to the bearer of the certificate [.

39 As used in this act, "merchandise"]:

40 "Merchandise" means and includes any objects, wares, goods,  
41 commodities, services or anything offered, directly or indirectly, to the  
42 public for sale [.

43 As used in this act, "retail"]; and

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**



SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE, Nos. 2187 and 2296**

**STATE OF NEW JERSEY**

DATED: JUNE 16, 2005

The Senate Commerce Committee reports favorably a Senate Committee Substitute for Senate Bill Nos. 2187 and 2296.

The substitute bill requires that a gift certificate or gift card sold after the effective date of the bill shall retain full unused value until presented for merchandise or shall disclose any and all conditions and limitations as provided under the bill.

The bill prohibits the expiration of any gift certificate or gift card within the 24 months immediately following the date of sale. No dormancy fee shall be charged against a gift certificate or a gift card within the 24 months immediately following the date of sale, nor shall one be charged within the 24 months immediately following the most recent activity or transaction in which the certificate or card was used. A dormancy fee charged against a gift certificate or gift card shall not exceed \$2.00 per month.

The terms of any expiration date or dormancy fee applicable to a gift certificate or gift card, as permitted, shall be disclosed to a consumer by:

(1) written notice of the expiration date or dormancy fee, or both, printed in at least 10 point font, on the gift certificate or gift card, or the sales receipt for the certificate or card, or the package for the certificate or card; and

(2) written notice, in at least 10 point font, on the gift certificate or gift card, or the sales receipt for the certificate or card, or the package for the certificate or card, of a telephone number which the consumer may call for information concerning any expiration date or dormancy fee.

The substitute bill would not apply to prepaid telecommunications or technology cards, prepaid bank cards or rewards cards, as defined in the substitute.

As reported, this substitute bill is identical to Assembly Bill No. 1079 (1R), also reported by the committee today.

STATEMENT TO  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE, Nos. 2187 and 2296**

with Senate Floor Amendments  
(Proposed By Senator VITALE)

ADOPTED: JUNE 27, 2005

This amendment includes licensed money transmitters among the issuers of a "prepaid bank card" in the definition of that term and, as such, excludes any card or electronic device issued by a licensed money transmitter from the bill's provisions.