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SB-22 Gift certificates. (2025-2026)

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Senate Bill No. 22

CHAPTER 207

An act to amend Section 1749.45 of, and to amend, repeal, and add Section 1749.5 of, the Civil Code, relating to consumer protection.

[Approved by Governor October 01, 2025. Filed with Secretary of State October 01, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 22, Laird. Gift certificates.

Existing law provides that a gift certificate, sold after January 1, 1997, is redeemable in cash or subject to replacement with a new gift certificate except that a gift certificate with a cash value of less than \$10 is redeemable in cash for its cash value. For purposes of these provisions, existing law defines "gift certificate" to include gift cards.

This bill would, instead, make a gift certificate with a cash value of less than \$15 redeemable in cash for its cash value, exempt from that redemption provision certain gift certificates that are donated to a nonprofit or a charitable organization, as provided, and make these provisions operative on April 1, 2026. The bill would expand the definition of "gift certificate" to include electronic gift cards. The bill would also make conforming changes.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1749.45 of the Civil Code is amended to read:

1749.45. (a) As used in this title, "gift certificate" includes gift cards and electronic gift cards, but does not include any gift card usable with multiple sellers of goods or services, provided the expiration date, if any, is printed on the card. This exemption does not apply to a gift card usable only with affiliated sellers of goods or services.

(b) Nothing in this title prohibits those fees or practices expressly permitted by Section 17538.9 of the Business and Professions Code with respect to a prepaid calling card, as defined in that section, that is issued solely to provide an access number and authorization code for prepaid calling services.

SEC. 2. Section 1749.5 of the Civil Code is amended to read:

1749.5. (a) It is unlawful for any person or entity to sell a gift certificate to a purchaser that contains any of the following:

- (1) An expiration date.

(2) A service fee, including, but not limited to, a service fee for dormancy, except as provided in subdivision (e).

(b) (1) Any gift certificate sold after January 1, 1997, is redeemable in cash for its cash value, or subject to replacement with a new gift certificate at no cost to the purchaser or holder.

(2) Notwithstanding paragraph (1), any gift certificate with a cash value of less than ten dollars (\$10) is redeemable in cash for its cash value.

(c) A gift certificate sold without an expiration date is valid until redeemed or replaced.

(d) This section does not apply to any of the following gift certificates issued on or after January 1, 1998, provided the expiration date appears in capital letters in at least 10-point font on the front of the gift certificate:

(1) Gift certificates that are distributed by the issuer to a consumer pursuant to an awards, loyalty, or promotional program without any money or other thing of value being given in exchange for the gift certificate by the consumer.

(2) Gift certificates that are donated or sold below face value at a volume discount to employers or to nonprofit and charitable organizations for fundraising purposes if the expiration date on those gift certificates is not more than 30 days after the date of sale.

(3) Gift certificates that are issued for perishable food products.

(e) Paragraph (2) of subdivision (a) does not apply to a dormancy fee on a gift card that meets all of the following criteria:

(1) The remaining value of the gift card is five dollars (\$5) or less each time the fee is assessed.

(2) The fee does not exceed one dollar (\$1) per month.

(3) There has been no activity on the gift card for 24 consecutive months, including, but not limited to, purchases, the adding of value, or balance inquiries.

(4) The holder may reload or add value to the gift card.

(5) A statement is printed on the gift card in at least 10-point font stating the amount of the fee, how often the fee will occur, that the fee is triggered by inactivity of the gift card, and at what point the fee will be charged. The statement may appear on the front or back of the gift card, but shall appear in a location where it is visible to any purchaser prior to the purchase thereof.

(f) An issuer of gift certificates may accept funds from one or more contributors toward the purchase of a gift certificate intended to be a gift for a recipient, provided that each contributor is provided with a full refund of the amount that he or she paid toward the purchase of the gift certificate upon the occurrence of all of the following:

(1) The funds are contributed for the purpose of being redeemed by the recipient by purchasing a gift certificate.

(2) The time in which the recipient may redeem the funds by purchasing a gift certificate is clearly disclosed in writing to the contributors and the recipient.

(3) The recipient does not redeem the funds within the time described in paragraph (2).

(g) The changes made to this section by the act adding this subdivision shall apply only to gift certificates issued on or after January 1, 2004.

(h) For purposes of this section, "cash" includes, but is not limited to, currency or check. If accepted by both parties, an electronic funds transfer or an application of the balance to a subscriber's wireless telecommunications account is permissible.

(i) This section shall remain in effect only until April 1, 2026, and as of that date is repealed.

SEC. 3. Section 1749.5 is added to the Civil Code, to read:

1749.5. (a) It is unlawful for any person or entity to sell a gift certificate to a purchaser that contains any of the following:

(1) An expiration date.

(2) A service fee, including, but not limited to, a service fee for dormancy, except as provided in subdivision (f).

(b) (1) A gift certificate sold after January 1, 1997, is redeemable in cash for its cash value or subject to replacement with a new gift certificate at no cost to the purchaser or holder.

(2) Notwithstanding paragraph (1), a gift certificate with a cash value of less than fifteen dollars (\$15) is redeemable in cash for its cash value.

(c) Paragraph (2) of subdivision (b) shall not apply to a gift certificate that is donated to a nonprofit or a charitable organization without any money or other thing of value being given in exchange if the gift certificate has a disclaimer in at least 10-point font that the card is not redeemable for cash under California state law.

(d) A gift certificate sold without an expiration date is valid until redeemed or replaced.

(e) This section does not apply to any of the following gift certificates issued on or after January 1, 1998, if the expiration date appears in capital letters in at least 10-point font on the front of the gift certificate:

(1) A gift certificate that is distributed by the issuer to a consumer pursuant to an awards, loyalty, or promotional program without any money or other thing of value being given in exchange for the gift certificate by the consumer.

(2) A gift certificate that is donated or sold below face value at a volume discount to an employer or to a nonprofit or a charitable organization for fundraising purposes if the expiration date on that gift certificate is not more than 30 days after the date of sale.

(3) A gift certificate that is issued for perishable food products.

(f) Paragraph (2) of subdivision (a) does not apply to a dormancy fee on a gift card that meets all of the following criteria:

(1) The remaining value of the gift card is five dollars (\$5) or less each time the fee is assessed.

(2) The fee does not exceed one dollar (\$1) per month.

(3) There has been no activity on the gift card for 24 consecutive months, including, but not limited to, purchases, the adding of value, or balance inquiries.

(4) The holder may reload or add value to the gift card.

(5) A statement is printed on the gift card in at least 10-point font stating the amount of the fee, how often the fee will occur, that the fee is triggered by inactivity of the gift card, and at what point the fee will be charged. The statement may appear on the front or back of the gift card, but shall appear in a location where it is visible to any purchaser prior to the purchase thereof.

(g) An issuer of gift certificates may accept funds from one or more contributors toward the purchase of a gift certificate intended to be a gift for a recipient if each contributor is provided with a full refund of the amount that the contributor paid toward the purchase of the gift certificate upon the occurrence of all of the following:

(1) The funds are contributed for the purpose of being redeemed by the recipient by purchasing a gift certificate.

(2) The time in which the recipient may redeem the funds by purchasing a gift certificate is clearly disclosed in writing to the contributors and the recipient.

(3) The recipient does not redeem the funds within the time described in paragraph (2).

(h) The prohibition described in paragraph (2) of subdivision (a), and the exemption from that prohibition described in subdivision (f), shall apply only to gift certificates issued on or after January 1, 2004.

(i) For purposes of this section, "cash" includes, but is not limited to, currency or check. If accepted by both parties, an electronic funds transfer or an application of the balance to a subscriber's wireless telecommunications account is permissible.

(j) This section shall become operative on April 1, 2026.