

# Special Notice

*Intended audience: Issuers of gift certificates and gift cards*

**May 20, 2020**

## Changes to gift certificates and gift cards

Effective July 1, 2020, [House Bill 1727](#) adds additional limitations on when gift certificates and gift cards may have an expiration date.

### Gift certificate and gift card requirements

Gift certificates and gift cards may not contain:

- Dormancy, inactivity or service fees.
- Expiration dates, except as provided below.

For purposes of this Special Notice, gift certificates include gift cards (see definitions). In cases where a gift certificate may have an expiration date, the expiration date must be displayed clearly and legibly on the certificate.

### Exceptions for gift certificates issued after July 1, 2020

Gift certificates may have an expiration date if the recipient of the certificate does not pay money or exchange anything of value for the certificate, and one of the following is true:

- The certificate is for a loyalty or awards program.
- A business donated the certificate to a charitable organization that uses the certificate solely to provide charitable services. Using the certificate to provide charitable services includes, but is not limited to, auctioning the gift certificate to raise funds for the charitable organization's charitable purposes.

## Exceptions for gift certificates issued between July 1, 2004 and June 30, 2020

- Gift certificates may have an expiration date if the recipient of the certificate does not pay money or exchange anything of value for the certificate, and one of the following is true:
  - The certificate is for a loyalty or awards program.
  - A business donated the certificate to a charitable organization that uses the certificate solely to provide charitable services.
- Gift certificates issued to a charitable organization as a donation and used for fundraising purposes, may have an expiration date no less than one year from the date issued.
- Businesses may charge a \$1 per month inactivity fee after 24 consecutive months of inactivity on reloadable gift cards if the balance is \$5 or less and they disclose the fee on the gift card.
- Gift certificates issued by artistic or cultural organizations may have an expiration date no less than three years from the date the gift certificate is issued.

## Customer refunds

Customers may request a cash refund if their gift certificate balance is less than \$5.

## Unclaimed property

Gift certificates issued after July 1, 2004, are not required to be reported as unclaimed property unless the company dissolves or goes into bankruptcy.

## Definitions

**Charitable organization** means any entity registered with the Washington Secretary of State's office as a charitable organization, or an organization exempt from federal tax under section 501(c)(3) of the Internal Revenue Code.

**Gift card** means a gift certificate in the form of a card, or a stored value card or other physical medium, containing stored value primarily intended to be exchanged for consumer goods and services. Gift card does not include prepaid telephone calling cards or prepaid commercial mobile radio services as defined in 47 C.F.R. 20.3.

**Gift certificate** means an instrument evidencing a promise by the seller or issuer of the record that consumer goods or services will be provided to the bearer of the record for the value or credit shown in the record and includes gift cards. Gift certificate does not include prepaid telephone calling cards or prepaid commercial mobile radio services as defined in 47 C.F.R. 20.3.

Also, for purposes of this notice, **gift certificate** does not include gift certificates issued by financial institutions as defined in RCW 30A.22.041 (or their operating subsidiaries) that are usable with multiple unaffiliated sellers of goods or services. Please refer to the Credit Card Accountability Responsibility and Disclosure (CARD) Act for specific restrictions on expiration dates and associated service fees.

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## Questions?

Read [House Bill 1727](#) and [Engrossed House Bill 3036](#)

If you have questions please call 360-705-6705.

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