

SPECIAL NOTICE

June 10, 2004

For further information contact:

Unclaimed Property Section

In Washington: 1-800-435-2429

Out of state: (360) 586-2311 (until June 30)

(360) 705-6706 (beginning July 1)

Alternate Formats (360) 705-6715

Teletype 1-800-451-7985

Gift Certificates and Gift Cards – Changes for Businesses / Holders

Engrossed House Bill (EHB) 3036 (Chapter 168, Laws of 2004) provides new guidelines for gift certificates and cards. The law relieves businesses (“holders”) from the obligation of reporting unredeemed gift certificates/cards sold after July 1, 2004, as unclaimed property. The law also protects consumers of gift certificates/cards by prohibiting expiration dates, service fees, and dormancy or inactivity charges on gift certificates/cards.

Changes for businesses/holders of gift certificates and cards

Gift certificates/cards sold after July 1, 2004, may be retained by the business and are no longer reportable as unclaimed property.

In addition, gift certificates/cards issued after July 1, 2004, may no longer:

- Contain an expiration date;
- Assess a dormancy or inactivity charge; or
- Include a service fee.

The new legislation gives holders the option to retain unused proceeds from gift certificates/cards issued between July 1, 2001 and June 30, 2004, **if** the same rules are followed that apply to certificates/cards issued after July 1, 2004. Refer to the following chart to determine your Unclaimed Property (UCP) reporting liability for gift certificates/cards.

Issued prior to July 1, 2001 (Reportable November 1, 2004)	Issued July 1, 2001 to June 30, 2004. May be retained if:	Issued July 1, 2004 and after
All unclaimed gift certificates/ cards must be reported to UCP.	New provisions are honored on reportable gift certificates/cards. Failure to follow provisions creates reporting requirement.	Retained by company but must be reported if the company dissolves or goes into bankruptcy.
No dormancy/inactivity charge or service fee can be enforced against the state and cannot be used to reduce reported amounts.	No dormancy/ inactivity charge or service fee is enforced against customer.	No dormancy/inactivity charge or service fee permitted.
No requirement to refund customer unused portion. Unused portion still remitted to UCP.	Customer given option of cash refund if balance is \$5 or less.	Customer given option of cash refund if balance is \$5 or less.
Expiration date may be applied against customer, but cannot be enforced against the state and does not prevent abandonment. (RCW 63.29.290)	Expiration date is not enforced against customer.	No expiration date permitted.

Exceptions to the above rules:

1. If gift certificates/cards are issued to a charitable organization as a donation and the gift certificates/cards are used for fundraising purposes, the donated gift certificates/cards may have an expiration date. The expiration date must be at least one year from the date of issuance.
2. Gift certificates/cards issued for loyalty or award programs or donated to and used by a charity solely for charitable purposes, where no cash or other thing of value is exchanged, may have an expiration date.
3. "Reloadable" gift cards with balances of \$5 or less may be charged a \$1 per month inactivity fee after 24 months of inactivity, if noted on the gift cards.
4. A three-year expiration date may be enforced on gift certificates/cards issued by artistic or cultural organizations, if noted on the certificates or cards.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.