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SENATE BILL NO. 1371

Offered January 13, 2025

Prefiled January 13, 2025

A BILL to amend and reenact §§ 59.1-530 and 59.1-531 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 59.1-531.1 and 59.1-531.2, relating to gift certificates; fees; expiration.

Patrons—Srinivasan, DeSteph, Cifers and Suetterlein

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 59.1-530 and 59.1-531 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 59.1-531.1 and 59.1-531.2 as follows:

CHAPTER 47.

GIFT CERTIFICATE DISCLOSURES CERTIFICATES.

§ 59.1-530. Definitions.

As used in this chapter, unless the context clearly requires otherwise:

"Dormancy fee" or "inactivity charge or fee" means any fee, charge, or penalty for non-use or inactivity of a gift certificate.

"General use prepaid card" means a card or other payment code or device issued by any person that is (i) redeemable at multiple, unaffiliated merchants or service providers, or automated teller machines; (ii) issued in a requested amount, whether or not that amount may, at the option of the issuer, be increased in value or reloaded if requested by the holder; (iii) purchased or loaded on a prepaid basis; and (iv) honored, upon presentation, by merchants for goods or services or at automated teller machines.

"Gift certificate" or "certificate" means a certificate, electronic card, or other medium issued by a merchant that evidences the giving of consideration in exchange for the right to redeem the certificate, electronic card, or other medium for goods, food, services, credit, or money of at least an equal value, including any electronic card issued by a merchant with a banked dollar value where the issuer has received payment for the full banked dollar value for the future purchase, or delivery, of goods or services and any certificate issued by a merchant where the issuer has received payment for the full face value of the certificate for future purchases, or delivery, of goods or services. "Gift certificate" includes general use prepaid cards.

"Merchant" means an owner or operator of any mercantile establishment or any agent, employee, lessee, consignee, officer, director, franchisee, or independent contractor of such owner or operator.

"Service fee" means a periodic fee, charge, or penalty for holding or using of a gift certificate. With respect to a general use prepaid card, "service fee" does not include a one-time initial issuance fee.

§ 59.1-531. Required disclosures.

A. Each gift certificate issued by a merchant in the Commonwealth that has an expiration date shall include either (i) a statement of the expiration date of the certificate or (ii) a telephone number or Internet address where the holder of the certificate may obtain information regarding the expiration date of the certificate.

B. Each gift certificate issued by a merchant in the Commonwealth that diminishes in value over time shall include a telephone number or Internet address where the holder of the certificate may obtain information regarding the diminution in the value of the certificate over time.

C. Each gift certificate issued by a merchant in the Commonwealth that imposes a dormancy fee, an inactivity charge or fee, or a service fee shall comply with the disclosure requirements of subsection C of § 59.1-531.1.

D. The information required by this section shall be clearly and permanently imprinted on the certificate.

§ 59.1-531.1. Prohibition on imposition of fees or charges; exceptions.

A. Except as provided in this section, no person shall impose a dormancy fee, an inactivity charge or fee, or a service fee with respect to a gift certificate.

B. A dormancy fee, inactivity charge or fee, or service fee may be charged with respect to a gift certificate if (i) there has been no activity with respect to the gift certificate in the 12-month period ending on the date on which the charge or fee is imposed; (ii) the disclosure requirements of subsection C have been met; and (iii) not more than one fee is charged in any given month.

C. The disclosure requirements of this section shall be met if:

1. The gift certificate clearly and conspicuously states (i) that a dormancy fee, inactivity charge or fee, or service fee may be charged; (ii) the amount of such fee or charge; (iii) how often such fee or charge may be assessed; and (iv) that such fee or charge may be assessed for inactivity; and

59       2. *The issuer or vendor of such gift certificate informs the purchaser of such fee or charge before such gift*  
60 *certificate is purchased, regardless of whether the gift certificate is purchased in person, online, or by*  
61 *telephone.*

62       *D. The prohibition under subsection A shall not apply to any gift certificate that is distributed pursuant to*  
63 *an award, loyalty, or promotional program, and with respect to which there is no other money or value*  
64 *exchanged.*

65       **§ 59.1-531.2. Expiration dates.**

66       A. *Except as provided in subsection B, no person shall sell or issue a gift certificate that is subject to an*  
67 *expiration date.*

68       B. *A gift certificate may contain an expiration date if (i) the expiration date is not earlier than five years*  
69 *after the date on which the gift certificate was issued or the date on which funds were last loaded to the gift*  
70 *certificate, whichever is later, and (ii) the terms of expiration are clearly and conspicuously stated pursuant*  
71 *to § 59.1-531.*