

Date of Hearing: June 24, 2025  
Fiscal: No

**ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION**  
Rebecca Bauer-Kahan, Chair  
SB 22 (Laird) – As Amended April 10, 2025

**SENATE VOTE:** 27-10

**SUBJECT:** Gift certificates

**SYNOPSIS**

*The global gift card industry was valued at over \$1.24 trillion in 2024 and is projected to grow to \$3.8 trillion by 2034, driven by increasing consumer demand and the rise of digital payment solutions. The United States constitutes 36.1% of the global market, accounting for nearly \$400 billion in gift card spending in 2024.*

*Despite their popularity, a significant portion of gift certificates go wholly or partially unused. Reasons include:*

- *Not shopping at the designated store or dining at the specified restaurant.*
- *Using part of the balance but leaving a small amount that isn't worth the inconvenience to redeem.*
- *Needing to add personal funds to the gift certificate balance to make a purchase.*

*Unused balances on gift certificates represent 100% profit for retailers—money paid for no service or product. Data indicates that there is over \$23 billion in unused gift cards in the United States. Fortunately, California law protects consumers by ensuring that gift certificates cannot contain an expiration date. Additionally, any gift certificate with a value or balance under \$10 is redeemable for cash.*

*This bill proposes increasing the cash-redeemable amount from \$10 to \$25. The suggested Committee amendments update the definition of “gift certificate” to include “electronic gift cards” and clarifies that the notice requirements apply only to businesses with physical store fronts.*

*In support are Consumer Watchdog and California Low-Income Consumer Coalition. California Retailers Association, California Restaurant Association, and the California Chamber of Commerce are among those in opposition.*

**THIS BILL:**

- 1) Raises the amount of a gift certificate that is redeemable for its cash value to \$25 or less.
- 2) Requires an issuer of gift certificates to display at the cash register a notice of the right of the holder to redeem a gift certificate for cash.

**EXISTING LAW:**

- 1) Makes it unlawful for any person or entity to sell a gift certificate to a purchaser that contains any of the following:
  - a) An expiration date.
  - b) A service fee, including, but not limited to, a service fee for dormancy, except as provided. (Civ. Code § 1749.5(a).)
- 2) Provides that 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. Notwithstanding that provision, any gift certificate with a cash value of less than \$10 is redeemable in cash for its cash value. (Civ. Code § 1749.5(b).)
- 3) Provides that the above provisions do 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:
  - a) 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.
  - b) 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.
  - c) Gift certificates that are issued for perishable food products. (Civ. Code § 1749.5(d).)
- 4) Provides that a “gift certificate” includes gift cards, but does not include any gift card usable with multiple sellers of goods or services, as provided. This exemption does not apply to a gift card usable only with affiliated sellers of goods or services. (Civ. Code § 1749.45.)
- 5) Provides that if a legal obligation requires the performance of one of two acts, in the alternative, the party required to perform has the right of selection, unless it is otherwise provided by the terms of the obligation. (Civ. Code § 1448.)

## COMMENTS:

### 1) **Author’s statement.** According to the author:

SB 22, the Consumer Access to Stored Holdings Act or CASH Act, will raise the maximum dollar amount on a gift card a consumer can redeem for cash and ensures consumers are notified of their right to redeem. The current limit of \$9.99 was set over 15 years ago and an increase is long overdue. This increase will put more cash back in the wallets of Californians at a time when every penny truly counts.

2) **Background.** Gift certificates make gift giving easy for purchasers, either in-store or online, and allow flexibility for recipients to choose their own gift. Retailers benefit from the sale of gift certificates, increased foot traffic, and potential additional spending beyond the value of the

original gift certificate purchase. The global gift card industry was valued at \$1.24 trillion dollars in 2024 and is expected to reach approximately \$2.31 trillion by 2030.<sup>1</sup> The U.S. gift card market was approximately \$397.65 billion in 2024 and is predicted to grow to almost \$1.2 trillion by 2034.<sup>2</sup>

Data shows that the amount that people are putting on gift cards remains close to what it was 17 years ago, and eight cents more than what it was a decade ago. In 2008, the average value of a gift card that was given to someone else as a gift was \$40.54. That figure appears to vary considerably each year. For example, according to the available data, that average was \$47.87 in 2014, but dipped to \$44.83 the next year.<sup>3</sup> Currently, the average is \$47.91.<sup>4</sup>

California currently has the highest cashback threshold for gift cards in the United States, set at \$9.99. According to information provided by the author, this makes California the most generous state in terms of allowing consumers to redeem remaining gift card balances for cash. The next highest threshold is \$5.00, shared by Colorado and Massachusetts. Most states, however, do not require businesses to offer cash back on unused gift card balances. Among those that do, Vermont and Rhode Island have the lowest thresholds, allowing cash redemption for balances of 99 cents or less.

**3) The need for the bill.** In 2007, Senate Bill 250 (SB 250), authored by Senator Ellen Corbett and enacted as Chapter 640 of the Statutes of 2007, amended California law to provide consumers with greater rights concerning gift certificates with low remaining balances. Specifically, it stipulated that any gift certificate with a cash value of less than \$10 must be redeemable in cash for its full value. This legislation aimed to ensure that consumers could access the remaining value of their gift certificates, even when the balance was minimal. That threshold has remained unchanged for 17 years. Notably, the original version of SB 250 proposed increasing the threshold to \$20, but this amount was reduced in response to opposition.

Recent estimates indicate that approximately \$23 billion is currently sitting unused on gift cards nationwide.<sup>5</sup> A survey found that 43% of Americans have at least one unredeemed gift card, with an average value of \$244 per person.<sup>6</sup> This unspent money represents a significant amount of consumer funds that have been paid to retailers without the corresponding delivery of goods or services. Many large companies calculate a “spillage” amount each year. Spillage refers to the dollar amount of gift cards sold that a company estimates will ultimately not be redeemed, based on historical averages. This unredeemed value often contributes to windfall profits for businesses. For instance, Starbucks reported \$212 million in spillage revenue in 2022.<sup>7</sup>

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<sup>1</sup> *Gift Card Statistics*, Capital One Shopping Research (May 6, 2025) <https://capitaloneshopping.com/research/gift-card-statistics/>.

<sup>2</sup> Precedence Research, *Gift Cards Market Size, Share, and Trends 2025 to 2034*. (Apr. 4, 2025) <https://www.precedenceresearch.com/gift-cards-market>.

<sup>3</sup> Adam McCann, *Gift Card Market Size*, WalletHub Statistics (Mar. 3, 2025) <https://wallethub.com/edu/gift-card-market-size/25590>.

<sup>4</sup> Capitol One Shopping Research.

<sup>5</sup> *Ibid*.

<sup>6</sup> *Ibid*.

<sup>7</sup> Durbin, Dee-Ann. “The dark side of the \$30 billion holiday gift card industry: So much money unspent,” *Fortune* (Dec. 26, 2023), <https://fortune.com/2023/12/26/how-many-gift-cards-unspent-holiday-christmas-season-30-billion-industry/>.

The author of the proposed legislation argues that, under current law, gift cards can only be redeemed for cash if the remaining balance is less than \$10—a threshold set in 2008 and unchanged since. Most consumers are unaware of this right, which limits its effectiveness. Raising the cash redemption limit and requiring businesses to post clear notices about this option could help return more money to consumers, rather than allowing corporations to retain funds for goods and services never received. Given that businesses have collected \$23 billion for unredeemed products and services, and considering that the threshold has remained stagnant for 17 years, increasing the limit to \$25 and mandating consumer notification are reasonable steps toward stronger consumer protection.

4) **Previous legislation.** This bill is substantially similar to SB 1272 (Laird, 2024), with the exception of the notification requirements and an amendment requested by this Committee that expanded the definition of gift certificate to include electronic gift cards. That bill was later amended into a bill relating to the California Environmental Quality Act.

5) **Amendments.** The author agrees to an amendment updating the current definition of “gift certificate” to include electronic gift cards. The amendment is as follows:

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.

In order to clarify that the notice requirements apply only to physical shopping locations, the author has also agreed to the following:

1749.45. (b) (2) An issuer of gift certificates, *with a physical location*, shall display at the ~~cash register~~ *point of sale device* a notice of the right of the holder to redeem a gift certificate for cash pursuant to this subdivision.

**ARGUMENTS IN SUPPORT:** The California Low-Income Consumer Coalition writes in support:

The gift card industry is a multi-billion dollar industry, valued at \$899.3 billion in 2023, with expectations of reaching a value of \$2.3 trillion by 2030. There is up to \$21 billion of unspent money estimated to be sitting on unused gift cards, according to a 2023 report by Credit Summit. 47% of Americans have unused gift cards, wasted in wallets and junk drawers.

Once purchased, the profit from the sale of a gift card is immediately available to the issuing company. There is a nearly 100[%] profit margin if the consumer does not use the gift card. Every cent of unspent gift cards adds up to hundreds of millions of dollars captured by companies every single year with no exchange for goods or services. Gift certificates are gifted with the intention of being entirely spent by the receiver, and the law should allow them to do so.

Many consumers feel it is not worth the hassle to cash out less than \$10, while even more are completely unaware of their right to redeem gift certificates for cash. This leaves millions of dollars meant to be redeemed for services and goods unspent, a major loss for consumers. In

an attempt to use the entirety of a gift card, a consumer will likely spend beyond the remaining amount, also leading to a loss.

**ARGUMENTS IN OPPOSITION:** Writing in opposition, the California Grocers Association argues:

Gift cards are offered to consumers for three basic reasons:

1. As a gift, purchased by one consumer for another.
2. Offered by a grocer when a customer returns an item to the store; or
3. As part of a donation to community groups or to individuals and families in need, purchased individually or in bulk at a reduced price

In each of these scenarios, the gift cards provided by the grocer (either purchased or donated) were intended to be used by the recipient for the purchase of food items offered at that store. In the first instance where a gift card has been purchased and “gifted” to another, there is clear intent the donor intended the recipient return to that store or grocery operator and use that card to purchase grocery goods from that market rather than redeem that card for cash back. This is even more likely considering the prevalence of prepaid cards or open-loop gift cards (like Visa or Mastercard) that are frequently sold at grocery stores. These are separate and distinct from grocery store specific gift cards.

Requiring a grocer to provide a cash return on a grocery gift card will also undermine stores’ existing policies. CGA’s member stores have generous return policies. Most stores do not require proof of purchase or receipt as a condition of returning items, and in return, customers receive a store gift card with the understanding they will use it to purchase grocery items. And if returns include food, these items cannot be re-stocked and resold, leaving the grocer at a loss. By requiring grocers to then redeem these gift cards for cash, when the returned items totaling \$25 or less, as specified in SB 22, will amplify these losses.

Additionally, grocery stores also provide many gift cards to non-profit associations, such as food banks and food pantries, throughout the year for distribution to those suffering from food insecurity. We are proud to provide a lifeline to provide those in need with necessary staple food items. Charitable gift cards generally range from \$20 to \$25, but in the aggregate, equate to thousands in philanthropic offerings by each store. During the most recent Los Angeles fires, grocery retailers have donated more than \$1 million gift cards to help those in the recovery efforts so far. These cards are meant to provide community members with access to fresh, healthy food. Whereas impacted residents rely on state agencies, FEMA and other non-profits entities to receive durable necessities and cash assistance. Implementing the policy as proposed in SB 22 will have wide sweeping consequences on charitable actions of the grocery industry.

A coalition of business associations notes:

The Financial Crimes Enforcement Network (FinCEN) established rules in 2011 to prevent the misuse of prepaid products like gift cards for money laundering. Retailers selling closed-loop gift cards are currently exempt from these burdensome requirements—as long as they

keep the cash-back threshold low. California's \$10 limit sets the national standard for that exemption.

SB 22 threatens this regulatory safe harbor. If the threshold increases to \$25, FinCEN could determine that cash-outs are no longer de minimis, forcing retailers into federal compliance. This could mean tracking customer information and reporting suspicious activity for routine gift card sales.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Low-income Consumer Coalition  
Consumer Watchdog

**Oppose**

Association of National Advertisers  
CalAsian Chamber of Commerce  
California Chamber of Commerce  
California Fuels and Convenience Alliance  
California Grocers Association  
California Hispanic Chamber of Commerce  
California Restaurant Association  
California Retailers Association  
Family Business Association of California  
National Association of Theater Owners  
Retail Gift Card Association  
Technet-technology Network  
Valley Industry and Commerce Association (VICA)

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