



OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

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ANOTHER REASON TO SHOP IN CONNECTICUT THIS HOLIDAY SEASON: GIFT CARDS WITHOUT UNEXPECTED FEES, EXPIRATION DATES

The value of a gift card purchased in Connecticut is now protected from inactivity fees

(HARTFORD, CT) - With gift card sales more popular than ever this year, a new law initiated by State Treasurer Denise L. Nappier now protects shoppers who purchase gift cards in Connecticut from the expiration dates and inactivity fees that some retailers impose.

"Our message is that gift cards now offer not only a convenience for consumers, but if they are purchased in Connecticut, they provide consumers with greater protection – the knowledge that the value of the gift card won't be eroded over time. With the new law, anyone shopping in Connecticut has an even greater incentive to put gift cards on their shopping list," Nappier said.

Nappier noted that the holiday shopping season is a great time to inform Connecticut consumers of the advantages of the state's new gift card law, which applies to gift cards and certificates sold in Connecticut on or after August 16, 2003 (the date it was passed by the Connecticut General Assembly). Among our bordering states, **only Connecticut's law prohibits both expiration dates and the deduction of monthly fees for non-use of a gift card.**

"For Connecticut residents thinking about purchasing gift cards at locations just beyond our borders, they should know that their gift card purchases will be better protected if they buy the cards here in Connecticut," Nappier said.

Before the new law took effect, many Connecticut stores, restaurants and other businesses, particularly national chains -- like their counterparts across the country -- imposed inactivity fees and expiration dates that depleted over time the value of gifts cards and gift certificates. Laws in most states continue to permit fees or expiration dates or both, and the laws vary from state to state.

For example, one leading retailer doing business in Connecticut had imposed a \$2.00 inactivity fee —retroactively — if its gift card remained inactive for 24 consecutive months. That means an unused \$50 gift card would have been automatically reduced by \$48 after 24 consecutive months of non-use. Other retailers charged inactivity fees ranging from \$1.50 to \$5.00 per month.

"It was an outrageous practice that retailers were allowed to subtract value from consumer gift cards. Now, we have a law that fully protects consumers and their money," Nappier said, adding

that “I’m just as concerned for consumers that still have cards purchased on or before August 15, which are not affected by the new law, and I urge consumers to use them now, while they still can.”

GIFT CARD SALES INCREASE DRAMATICALLY

Gift cards are one of the most rapidly growing segments of the retail industry. More than \$36 billion worth of gift cards were sold nationwide last year and sales are expected to top \$45 billion this year. According to a recent survey by the National Retail Federation (NRF), 69.9 percent of consumers plan to buy gift cards this holiday season, spending an average of \$34.24 per card. And when asked, nearly half of consumers (48.4 percent) said they would like to receive gift cards this year, up from 41.3 percent in 2002, according to an earlier survey.

Another industry survey this year (conducted by The Marketing Workshop, Inc. of Norcross, GA) found that 65 percent of gift card purchases are planned, rather than impulse buys, reflecting the tremendous impact of new technology on the public’s gift-buying habits.

To ensure that Connecticut retailers are familiar with the new law, Nappier’s Office provided direct notification to businesses across the state after learning that retail associations had opted not to provide information about the law to their members and customers.



NO MATTER WHAT THE FINE PRINT SAYS

Nappier said the challenge facing her office is to ensure that the public understands its rights under the new law. That effort is made more difficult by the continued use by some retailers of language on the back of gift cards that refers to expiration dates and inactivity fees that are permitted in many other states, but not Connecticut.

“In addition, there are those who oppose the new law and believe that retailers own these gift cards and should be allowed to keep any unused value, even though they never provided the goods or services. As a result, the assumption being made by some is that without a massive education campaign for both consumers and retailers, the state will not be able to enforce the new law and ensure compliance.”

Nappier’s Office has heard reports of some retailers that have recently informed consumers that their gift cards were subject to activity fees and/or expiration dates, notwithstanding the new law, which essentially bans such charges.

On the contrary, said Nappier, “There are other retailers who see this new law as a wonderful opportunity to promote their business.” As an example, Nappier pointed to retail advertisements already appearing that promote a ‘no fees – no expiration date’ policy to help attract customers.

Additional information about Connecticut’s gift card law is at www.giftcardlaw.com

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