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Gift Cards & Prepaid Cards

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Stay Tuned: Pennsylvania Bill Would Require Cash Refunds on Certain Gift Cards/Certificates

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Pennsylvania may be joining the several states that require that certain gift cards and gift certificates be redeemable for cash. Senate Bill 150 would require that a gift card or gift certificate be redeemable for cash when its balance is \$5 or less.

In mid-January, Pennsylvania Senate Bill 150 was introduced, proposing to amend the definitions of “unfair methods of competition” and “unfair or deceptive acts or practices” to include refusing to redeem a gift card or gift certificate for cash when the balance on the card or certificate is \$5 or less. The terms “Gift Card” and “Gift Certificate” are defined as “plastic cards or other electronic payment devices” and “written promise,” respectively, “(i) usable and honored upon presentation at a single merchant or an affiliated group of merchants that share the same name, mark or logo, or usable at multiple, unaffiliated merchants or service providers for the future purchase or delivery of any goods or services; and (ii) issued in a specified prepaid amount and may or may not be increased in value or reloaded.” Neither of these terms includes “General Use Prepaid Cards”¹ or debit cards linked to a deposit account.

[Click here](#) to read a copy of S.B. 150.

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¹ “General Use Prepaid Cards” means plastic cards or other electronic payment devices “issued only by a bank or other similarly regulated financial institution or by a licensed money transmitter...which are: (i) usable and honored upon presentation at multiple, unaffiliated merchants or service providers for goods or services or at [ATMs]; and (ii) issued in a requested prepaid amount which amount may be, at the option of the issuer, increased in value or reloaded if requested by the holder.”

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