



NEW YORK STATE SENATOR

Shelley B. Mayer

Mayer, Sayegh Bill to Bolster Gift Card Consumer Protections Signed by Governor

SHELLEY B. MAYER December 10, 2021

(Albany, NY) – New York State Senator Shelley B. Mayer and Assemblyman Nader Sayegh today announced legislation they sponsored ([S3467B/A4629](#)) to limit unfair gift card practices and to protect consumers was signed into law by Governor Kathy Hochul.

Gift cards and gift certificates are widely used financial products. They make great gifts for any number of occasions and are a significant component of consumer spending. Notwithstanding their popularity and affordability, consumers have long complained about the nuisance fees, small print limitations, difficulty in spending the last few dollars and cents, and impressions that the cards have expired, which means they stay unused or partially used, sometimes for years. This new law greatly enhances consumer protection to make it easier and less expensive to use these cards and gift certificates.

When it comes to expiration dates, unknown to many consumers, most gift card funds do not expire. Consumers often assume that once their physical gift card has expired that the underlying funds have expired as well, which is not the case.

This legislation protects consumers by lengthening expiration dates on gift cards to at least 9 years – 4 years greater than required by the Federal Credit Card Act of 2009, thereby providing substantial additional time for consumers to continue using the same card. This

reduces the likelihood that consumers will fail to redeem funds because of confusion over expiration of underlying funds, and helps them bypass the extra effort of requesting a new card for another four years.

Some gift cards also come with nuisance fees. For instance, dormancy fees penalize consumers for not using the card frequently. The law bans all fees on gift cards other than a one-time initial activation fee on “open loop” gift cards (gift cards that can be used anywhere rather than at specific merchants or service providers).

Finally, this law will allow consumers to avoid getting stuck with a small amount of remaining value on a store-specific gift card, which often goes unused, by allowing consumers to exchange store-specific gift cards with remaining balances of less than \$5 for cash.

Senator Shelley B. Mayer said: “When consumers buy gift cards, they are trading their hard-earned money for the promise of a good or service in the future. I am pleased we are tightening the law to limit the loss of value that consumers experience with gift cards by improving consumers’ access to their entitled funds. Thank you to Assemblyman Nader Sayegh for sponsoring this bill in the Assembly and to Governor Kathy Hochul for signing it into law.”

Assemblyman Nader Sayegh said: “It’s just wrong to receive a gift card or gift certificate only to learn later that the value of the gift has automatically declined in value over time, or expired before it was used. That is why I introduced this legislation to prohibit all fees on gift cards and certificates purchased in New York and to greatly extend expiration dates. I thank Senator Shelley Mayer for winning passage of this bill in the Senate, and thank Governor Kathy Hochul for signing the bill right in the heart of the holiday shopping season.”

The law will take effect on Dec. 10, 2022. It does not include promotional gift certificates, which are allowed to have expiration dates on the underlying funds.