

Date of Hearing: August 27, 2026

Fiscal: No

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION

Rebecca Bauer-Kahan, Chair

SB 1078 (Laird) – As Amended August 21, 2026

SENATE VOTE: N/A

SUBJECT: Gift certificates: cash redemption

SYNOPSIS

Senate Bill 22 (Laird, Stats. 2025, Ch. 207) raised California’s gift certificate cash-redemption threshold from any amount under \$10 to any amount under \$15, as of April 1, 2026. This change has left some businesses that manufactured or printed gift cards before April 1, 2026, that included the \$10 redemption amount with an inventory of cards that are inaccurate.

The sponsors of this bill, the operators of the Santa Cruz Beach Boardwalk, still possess inventory of approximately one million pre-printed cards that reflect the now-outdated under-\$10 threshold. These cards were manufactured and part of the Boardwalk’s inventory prior to April 1, 2026. The sponsors argue that without a transition period, the Boardwalk cannot continue using the existing inventory of cards, despite fully complying with the law and honoring the under-\$15 redemption right. The alternative is discarding otherwise usable inventory, creating unnecessary waste and expense without any consumer benefit.

This bill attempts to address this concern by allowing businesses with unused gift card inventory to continue to use those gift cards until December 31, 2028, if the business posts a notice at every point of sale that clearly states that the redemption value is \$15.

This bill was recently gutted and amended on the Assembly floor. Therefore, prior votes are not applicable.

EXISTING LAW:

- 1) Prohibits any person or entity from selling 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. (Civ. Code § 1749.5. (a)).
- 2) As of April 1, 2026, states that a gift certificate with a cash value of less than \$15 is redeemable in cash for its cash value. (Civ. Code § 1749.5.(b)(1))
- 3) States that a “gift certificate” includes gift cards and electronic gift cards. (Civ. Code § 1749.45. (a)).

- 4) Provides that any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising constitutes unfair competition. (Bus. & Prof. Code § 17200)

THIS BILL:

- 1) Provides that businesses may continue to sell gift certificates that contain printed language stating that the cash-redemption threshold is \$10 until December 31, 2028, if the following requirements are met:
 - a) The certificates were printed before April 1, 2026.
 - b) At each point-of-sale the business displays a notice in at least 24-point font stating that the redemption value of certificates is \$15.
 - c) The business maintains records demonstrating the print date of the gift certificate

COMMENTS:

- 1) **Author's statement.** According to the author:

Senate Bill 22, which I authored last year, enhanced consumer rights by increasing the limit for cash back on gift cards from under \$10 to under \$15. While businesses are not required to disclose the cash back limit, some businesses order gift cards with a cash redemption disclosure to proactively inform their consumers. Now that the limit has increased, any previously ordered cards in inventory with a \$10 disclosure cannot be issued without a pathway for transitional compliance. Senate Bill 1078, therefore, will allow businesses acting in good faith to issue gift cards with outdated disclosures for a limited time if the consumer is accurately notified of their right to redeem the card for the updated cash limit at the point of sale.

- 2) **Need for the bill.** Senate Bill 22 (Laird; Chapter 207, Statutes of 2025), raised California's gift certificate cash-redemption threshold from any amount under \$10 to any amount under \$15, operative April 1, 2026.¹ The new redemption right is self-executing: it applies to every gift certificate regardless of what is printed on the card.

Issuers that manufactured or printed card inventory before April 1, 2026, hold cards whose printed language accurately stated the law when the cards were printed. But now, the figure understates the holder's statutory right for the updated cash-redemption value. No provision of existing law addresses this transition. An issuer that sells through its existing inventory, even while fully honoring the new under-\$15 right at the register, faces potential risk based on the outdated printed language.

This bill was recently gutted and amended to address these concerns. The bill provides legal certainty to businesses such as the Santa Cruz Beach Boardwalk that have made substantial investments in an inventory of now-outdated gift cards. Under the bill, so long as these businesses post a large-font notice at every point of sale and keep specified records, they can exhaust their existing inventories until December 31, 2028.

¹ Civ. Code sec. 1749.5(b)(2).

ARGUMENTS IN SUPPORT: Santa Cruz Seaside Company, operator of the Santa Cruz Beach Boardwalk and sponsor of the bill, writes in support:

SB 1078 proposes a technical revision of SB 22 (Laird, Chapter 207, Statutes of 2025), which increased California's gift card cash-redemption threshold from under \$10 to under \$15, effective April 1, 2026. While issuers are required to honor the new threshold regardless of what is printed on a gift card, the Boardwalk still possess inventory of approximately one million pre-printed cards containing the former under-\$10 disclosure. These cards were manufactured and part of the Boardwalk's inventory prior to SB 22 taking effect. Without a transition period, the Boardwalk cannot continue using the existing inventory of cards, despite fully complying with the law and honoring the under-\$15 redemption right and could face litigation based solely on outdated printed language. The alternative is discarding otherwise usable inventory, creating unnecessary waste and expense without any consumer benefit.

The Boardwalk uses reloadable MyBoardwalk Cards for food, games, attractions, and other purchases throughout its cashless facility. The company's existing stock of approximately one million now outdated preprinted cards represents roughly \$250,000 in inventory and a two-year supply. Although the Boardwalk has purchased a limited supply of newly printed cards and fully honors the under-\$15 redemption requirement at all refund locations, its remaining pre-2026 inventory still contains the former statutory language.

REGISTERED SUPPORT / OPPOSITION:

Support

Santa Cruz Seaside Company- Santa Cruz Beach Boardwalk (Sponsor)
California Attractions and Parks Association

Opposition

None on file.

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