

UNFINISHED BUSINESS

Bill No: SB 1078
Author: Laird (D), et al.
Amended: 8/21/26
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 5-2, 3/18/26

AYES: Durazo, Arreguín, Ashby, Cervantes, Laird

NOES: Choi, Seyarto

SENATE REVENUE AND TAXATION COMMITTEE: 4-1, 4/8/26

AYES: McNerney, Ashby, Becker, Grayson

NOES: Alvarado-Gil

SENATE FLOOR: 29-9, 4/16/26

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Strickland, Valladares

NO VOTE RECORDED: Menjivar, Seyarto

SUBJECT: Gift certificates: cash redemption

SOURCE: Santa Cruz Seaside Company

DIGEST: This bill permits a business to use gift cards that state an incorrect gift card cash redemption amount until December 31, 2028, provided that the gift cards were printed or manufactured before the April 1, 2026, increase in the redemption amount and certain other conditions are met.

Assembly Amendments gutted and amended this bill into its current form.

ANALYSIS:

Existing law:

- 1) Defines “gift certificate” to include gift cards and electronic gift cards, but excludes:
 - a) Any gift card useable 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 useable only with affiliated sellers of goods or services.
 - b) Prepaid calling cards, as defined, to the extent specified fees and practices are expressly permitted by law. (Civil (Civ.) Code, § 1749.45.)
- 2) Provides that a 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. (Civ. Code, § 1749.5(b)(1).)
- 3) Provides, notwithstanding 2), 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)(2).)
- 4) Provides that 3) does not apply to a gift certificate that is donated to a nonprofit or a charitable organization without any money or other thing of value being given in exchange if the gift certificate has a disclaimer in at least 10-point font that the card is not redeemable for cash under California state law. (Civ. Code, § 1749.5(c).)

This bill:

- 1) Permits, notwithstanding the requirement that gift certificates with less than \$15 in value be redeemable for cash, the issuer of a gift certificate that contains printed language on the certificate stating a cash redemption threshold below the legal limit to sell the gift certificate until December 31, 2028, if all of the following requirements are met:
 - a) The gift certificate was manufactured or printed before April 1, 2026.
 - b) At each point-of-sale device at which a gift certificate may be purchased, loaded with value, or redeemed in cash, the issuer of the gift certificate displays a notice in at least 24-point font stating that a gift certificate with a cash value of less than \$15 is redeemable in cash for its cash value.
 - c) The issuer of the gift certificate maintains, in the ordinary course of business, records reasonably demonstrating the manufacture or print date of the gift certificate.

- 2) Provides that an issuer of a gift certificate that complies with 1) shall not be subject to any civil or criminal penalties solely because the gift certificate contains printed language on the gift certificate stating a cash redemption threshold that is lower than the legal limit.

Comments

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, beginning April 1, 2026. Some businesses, however, still have gift cards manufactured or printed gift cards before the April 1, 2026, effective date that reflect the now-inaccurate \$10 redemption amount. For example, the sponsors of this bill, the operators of the Santa Cruz Beach Boardwalk, still possess inventory of approximately one million pre-printed cards that incorrectly state a \$10 redemption ceiling. They argue that, without legislation granting them a grace 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 gift cards printed or manufactured before SB 22's April 1, 2026, effective date 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 8/28/26)¹

Santa Cruz Seaside Company (source)
California Travel Association

OPPOSITION: (Verified 8/26/26)

None received

ARGUMENTS IN SUPPORT: According to the Santa Cruz Seaside Company:

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

¹ Support and opposition submitted before the bill was gutted and amended on August 21, 2026, are not listed.

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.

SB 1078 creates a narrow, temporary safe harbor allowing businesses to use gift certificates printed before April 1, 2026, through December 31, 2028, provided they: (1) maintain records demonstrating the cards were printed before April 1, 2026; (2) post clear notice at all points of sale and redemption informing consumers of their right to redeem gift certificates with a cash value under \$15; and (3) otherwise comply with existing law. The bill does not change, delay, or limit any consumer rights. Consumers will continue to have a fully enforceable right to redeem gift certificates with a cash value under \$15. Instead, SB 1078 simply provides a practical transition period that prevents unnecessary waste and protects businesses from liability arising solely from obsolete printed disclosures. We respectfully urge your support for SB 1078.

Prepared by: Allison Whitt Meredith / JUD. / (916) 651-4113
8/30/26 13:48:21

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