

SENATE THIRD READING
SB 22 (Laird)
As Amended September 2, 2025
Majority vote

SUMMARY

This bill makes a gift certificate with a cash value of *less than \$15*, and rounded to the nearest whole dollar amount, redeemable in cash for its cash value and would require an issuer of gift certificates to display at the cash register a notice of the right of the holder to redeem a gift certificate for cash pursuant to that provision, *as of April 1, 2026*.

Major Provisions

- 1) *Raises the amount of a gift certificate that is redeemable for its cash value to \$15 or less.*
- 2) *Updates the definition of “gift certificate” to include an e-gift card.*
- 3) *Exempts from cash value redemption a gift certificate that is donated to a charitable organization without any money or other thing of value being given in return.*
- 4) *Delays implementation until April 1, 2026.*

COMMENTS

Gift certificates make gift giving easy for purchasers, either in-store or online, and allow flexibility for recipients to choose their own gift. Retailers benefit from the sale of gift certificates, increased foot traffic, and potential additional spending beyond the value of the original gift certificate purchase. The global gift card industry was valued at \$1.24 trillion dollars in 2024 and is expected to reach approximately \$2.31 trillion by 2030.¹ The U.S. gift card market was approximately \$397.65 billion in 2024 and is predicted to grow to almost \$1.2 trillion by 2034.²

In 2007, SB 250, (Ellen Corbett) Chapter 640, Statutes of 2007, amended California law to provide consumers with greater rights concerning gift certificates with low remaining balances. Specifically, it stipulated that any gift certificate with a cash value of less than \$10 must be redeemable in cash for its full value. This legislation aimed to ensure that consumers could access the remaining value of their gift certificates, even when the balance was minimal. That threshold has remained unchanged for 17 years. Notably, the original version of SB 250 proposed increasing the threshold to \$20, but this amount was reduced in response to opposition.

Recent estimates indicate that approximately \$23 billion is currently sitting unused on gift cards nationwide.³ A survey found that 43% of Americans have at least one unredeemed gift card, with

¹ *Gift Card Statistics*, Capital One Shopping Research (May 6, 2025) <https://capitaloneshopping.com/research/gift-card-statistics/>.

² Precedence Research, *Gift Cards Market Size, Share, and Trends 2025 to 2034*. (Apr. 4, 2025) <https://www.precedenceresearch.com/gift-cards-market>.

³ *Ibid*,

an average value of \$244 per person.⁴ This unspent money represents a significant amount of consumer funds that have been paid to retailers without the corresponding delivery of goods or services. Many large companies calculate a “spillage” amount each year. Spillage refers to the dollar amount of gift cards sold that a company estimates will ultimately not be redeemed, based on historical averages. This unredeemed value often contributes to windfall profits for businesses. For instance, Starbucks reported \$212 million in spillage revenue in 2022.⁵

The author of the proposed legislation argues that, under current law, gift cards can only be redeemed for cash if the remaining balance is less than \$10—a threshold set in 2008 and unchanged since. Raising the cash redemption limit could help return more money to consumers, rather than allowing corporations to retain funds for goods and services never received. Given that businesses have collected \$23 billion for unredeemed products and services, and considering that the threshold has remained stagnant for 17 years, increasing the limit to \$15 is a reasonable step toward stronger consumer protection.

As a result of the recent amendments, the California Retailers Association has removed their opposition.

According to the Author

SB 22, the Consumer Access to Stored Holdings Act or CASH Act, will raise the maximum dollar amount on a gift card a consumer can redeem for cash and ensures consumers are notified of their right to redeem. The current limit of \$9.99 was set over 15 years ago and an increase is long overdue. This increase will put more cash back in the wallets of Californians at a time when every penny truly counts.

Arguments in Support

Consumer Watchdog writes in support:

Our organization has long advocated for measures that enhance consumer protections and ensure fairness in commercial transactions. Senate Bill 22 addresses a significant issue in the gift card industry, where billions of dollars remain unused on gift cards each year, primarily benefiting the issuing companies. By increasing the cash redeemable amount on a gift certificate, this legislation will enable consumers to access the full value of their gift cards, aligning with Consumer Watchdog's goal of empowering consumers and promoting economic fairness.

Once purchased, the profit from the sale of a gift card is immediately available to the issuing company. There is a nearly 100% profit margin if the consumer does not use the gift card. Every cent of unspent gift cards adds up to hundreds of millions of dollars captured by companies every single year with no exchange for goods or services. Gift certificates are gifted with the intention of being entirely spent by the receiver, and the law should allow them to do so.

⁴ *Ibid.*

⁵ Durbin, Dee-Ann. “The dark side of the \$30 billion holiday gift card industry: So much money unspent,” *Fortune* (Dec. 26, 2023), <https://fortune.com/2023/12/26/how-many-gift-cards-unspent-holiday-christmas-season-30-billion-industry/>.

Arguments in Opposition

Writing in opposition to the previous version of the bill, the California Grocers Association argues:

Gift cards are offered to consumers for three basic reasons:

- 1) As a gift, purchased by one consumer for another.
- 2) Offered by a grocer when a customer returns an item to the store; or
- 3) As part of a donation to community groups or to individuals and families in need, purchased individually or in bulk at a reduced price

In each of these scenarios, the gift cards provided by the grocer (either purchased or donated) were intended to be used by the recipient for the purchase of food items offered at that store. In the first instance where a gift card has been purchased and “gifted” to another, there is clear intent the donor intended the recipient return to that store or grocery operator and use that card to purchase grocery goods from that market rather than redeem that card for cash back. This is even more likely considering the prevalence of prepaid cards or open-loop gift cards (like Visa or Mastercard) that are frequently sold at grocery stores. These are separate and distinct from grocery store specific gift cards.

Requiring a grocer to provide a cash return on a grocery gift card will also undermine stores’ existing policies. CGA’s member stores have generous return policies. Most stores do not require proof of purchase or receipt as a condition of returning items, and in return, customers receive a store gift card with the understanding they will use it to purchase grocery items. And if returns include food, these items cannot be re-stocked and resold, leaving the grocer at a loss. By requiring grocers to then redeem these gift cards for cash, when the returned items totaling \$25 or less, as specified in SB 22, will amplify these losses.

FISCAL COMMENTS

This bill is keyed non-fiscal.

VOTES

SENATE FLOOR: 27-10-3

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

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Archuleta, Hurtado, Reyes

ASM PRIVACY AND CONSUMER PROTECTION: 9-4-2

YES: Bennett, Bryan, Irwin, Lowenthal, Ortega, Pellerin, Ward, Wicks, Wilson

NO: Dixon, DeMaio, Hoover, Patterson

ABS, ABST OR NV: McKinnor, Petrie-Norris

UPDATED

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