

Connecticut Gift Card Law Amended to Require Cash Redemptions

Article By:

Gregory T. Parks

Anne Marie Estevez

Christina Edling Melendi

Daniel S. Savrin

Michael C. D'Agostino

Joseph Duffy

With the addition of **Connecticut**, there are now 12 states that have laws requiring that retailers provide a cash redemption on gift cards that fall below a certain balance. These laws have been the source of class action and government enforcement over the past several years. For example, retailers in California faced government inquiries and dozens of class action filings alleging noncompliance after a similar cash redemption requirement was added to the California gift card law in 2008.

The New Connecticut Rules

Effective October 1, 2016, retailers in Connecticut must provide the purchaser of a gift card with a proof of purchase receipt or gift receipt, in paper or electronic form. If a person uses the gift card and the balance is less than \$3.00, retailers must—upon customer request and only with a receipt—provide cash back to the customer. The law does not apply to, among other things, open loop cards, promotional gift cards, or paper gift certificates. The law also exempts retailers that have no retail establishments in the State of Connecticut.

Practical Implications

Retailers should prepare to implement cash redemption procedures for store locations in Connecticut, ensuring that cashiers can provide cash redemptions upon customer request. In most instances, this can be accomplished most easily through internal policies and procedures that provide guidance to store employees in Connecticut. Retailers should ensure that store managers and

cashiers in Connecticut are aware of the new law and ready to honor requests for cash redemption starting in October 2016. Finally, retailers should also review any gift card terms and conditions, FAQs, or other consumer-facing documents or disclosures regarding gift cards to include the availability of a cash redemption in Connecticut.

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