



Hold Giant Corporations Accountable

Protect Consumers From Washington's Gift Card Loophole

Washington consumers buy gift cards for people they care about – teachers, mail carriers, caregivers, and loved ones. But some of the largest retail corporations incorporated in Washington are exploiting a legal loophole, together keeping hundreds of millions in unspent customer dollars every year. In 2023, Starbucks alone claimed \$215 million in unspent gift cards as revenue, using that money to pad profits and inflate executive bonuses. It's time to protect consumers from big retailers' predatory behavior and return unspent gift cards to consumers and the public good.

The **Washington Gift Card Accountability** bill package will:

- ✓ close the gift card loophole for big retail corporations
 - ✓ require big corporations to notify consumers about unspent gift cards
 - ✓ continue to prohibit gift card expiration dates
 - ✓ prohibit high minimums for gift card and mobile app reloads
 - ✓ allow customers to cash out gift cards under \$50
 - ✓ allow customers to pay with a combination of gift cards and other payments
 - ✓ ensure unspent gift card funds benefit the public good, not just corporations; and
 - ✓ exempt small businesses
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Close The Gift Card Loophole in Washington

Corporations like Starbucks successfully lobbied to create a loophole in Washington law in 2004, allowing them to pocket their customers' unspent gift card balances. Back then, Washington corporations reported just \$3 million unspent dollars on gift cards each year. Today approximately \$255 million in unspent gift cards bolster the bottom lines of Washington corporations every year. In the last 5 years alone, **Starbucks has claimed almost \$900 million of customers' unspent gift cards** as corporate revenue, which inflates executive bonuses.

Protect Gift Card Consumers

With Washington state's gift card loophole, corporate executives are incentivized to encourage consumers to leave behind as much money as possible on their gift cards and mobile apps by:

- requiring minimum dollar amounts for reloading gift cards and mobile apps;
- prohibiting customers from paying with a combination of gift cards and other payment methods; and
- not giving consumers notice about their unspent gift cards.

This unspent gift card money – money for which the companies neither provide a product or service – is an income stream for big retailers like Starbucks and Nordstrom, that is about as profitable as you can get.

Even The Playing Field For All Washington Businesses

Amazon, Walmart, Macy's and more than **70% of other Fortune 500 corporations already transfer unspent gift cards to other states** for schools and other public services in states where they are incorporated. Big corporate retailers incorporated in Washington, like Starbucks and Nordstrom should also be required to put unspent gift cards towards the public good, evening the playing field for all retailers.

Put Public Good Over Corporate Greed

Unspent consumer dollars on gift cards and rewards apps last year that were claimed by Washington corporations as revenue - **approximately \$255 million** - could have been used to **hire 1,900 teachers**, helping to address a shortage of educators in Washington's schools. Instead, this unspent consumer money helped pad corporate bottom lines.

Under the **Washington Gift Card Accountability** bill package, funds on gift cards that go unspent for three years will go to **vital public services like schools, public health, and housing** – or the balances can be spent or reclaimed by customers.



The **Washington Consumer Protection Coalition** is a movement of everyday consumers and organizations advocating for corporate accountability including Washington Budget & Policy Center, Statewide Poverty Action Network, Washington Community Alliance, Casa Latina, and Moms Rising. Contact: chris@waconsumerprotection.org WAConsumerProtection.org