

**California Retailers Association
California Chamber of Commerce
California Business Properties Association
California Grocers Association
California Independent Grocers Association
American Electronics Association
CTIA-The Wireless Association
California Manufacturers & Technology Association
Consumer Electronics Association
Consumer Healthcare Products Association
Verizon Communications**

Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol
Sacramento, CA 95814

September 14, 2007

RE: AB 1673, Feuer: Rebates: VETO REQUEST

Dear Governor Schwarzenegger:

The associations and companies listed above STRONGLY urge you to veto AB 1673, (Feuer). The bill would require rebates to be provided immediately to consumers at the point of purchase, thus putting the burden on sellers to reclaim the rebate from the manufacturer. The provisions of this bill go much further than SB 1737 (Figueroa) another rebate-related bill that you *vetoed last year*. Additionally, we offered numerous conceptual suggestions to the author to *improve* the existing rebate process, such as establishing a timeframe in which consumer must receive their rebates, but none were accepted.

AB 1673 could essentially eliminate the offering of rebates to consumers in California. The tiny states of Rhode Island and Connecticut have passed similar laws, which we are told are the models for AB 1673. However, the sheer volume of purchases in a state the size of California does not translate equivalently. What might work in small states doesn't work when expanded to a retail economy the size of California.

Requiring retailers to discount the price by the amount of the rebate, and then recover the rebate from numerous manufacturers and vendors, would require retailers to staff completely new internal rebate-handling departments to conduct the ongoing business of recovering consumer rebates. Since manufacturers, not retailers, offer the majority of rebates, few retailers will choose to incur the expense of such a scheme, and cease offering manufacturer rebates.

The price savings to consumers through rebate offers *are* popular to consumers---the millions of rebates handled every year attests to their popularity. The ultimate goal should be to improve the rebate process, and we have supported these reforms. However, standing the manufacturer-to-consumer rebate model on its head by now requiring retailers to essentially loan out money to consumers and *hope* to recover it from manufacturers is *not* an improvement.

The primary complaint from consumers is the amount of time it takes to receive a rebate. Let's solve that issue by requiring a company to mail a rebate check or transmit the rebate funds within a reasonable, but specified, period of time. We also support changes to the rebate process that would allow a minimum of 30 days from the date of purchase for the consumer to submit the request, which protects the consumer from too-tight rebate submission deadlines; would specify the personal information a company offering a rebate may require; would require a company offering a rebate to provide the rebate redemption form directly with the product, or at the same location of purchase; and would require a rebate offerer to conspicuously disclose a telephone number on the rebate form that the consumer may call to check on the status of the rebate, or, for Internet rebates, a website address.

In summary, AB 1673 goes too far and may ultimately deny consumers the often-substantial savings provided by rebate offers, rather than improve the rebate redemption process.

All the associations listed above respectfully urge you to veto AB 1673, and appreciate your consideration of our position.

Sincerely,

A handwritten signature in cursive script, reading "Bill Dombrowski". The signature is written in black ink and is positioned to the left of a vertical line that extends downwards from the top of the signature area.

Bill Dombrowski
President and CEO
California Retailers Association