

# ASSEMBLY, No. 2800

## STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED FEBRUARY 16, 2016

**Sponsored by:**

**Assemblyman ERIK PETERSON**

**District 23 (Hunterdon, Somerset and Warren)**

**Assemblyman PAUL D. MORIARTY**

**District 4 (Camden and Gloucester)**

**Assemblyman GORDON M. JOHNSON**

**District 37 (Bergen)**

**SYNOPSIS**

Directs the State Treasurer to establish State Government Electronic Payment Security Standards.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 1/11/2017)

1    **AN ACT** directing the State Treasurer to establish State Government  
2       Electronic Payment Security Standards, supplementing Title 52  
3       of the Revised Statutes.

4  
5    **WHEREAS**, The State has an obligation to ensure that the financial  
6       transactions it enters into with its residents are secure; and

7    **WHEREAS**, Nearly 20 million people are victims of identity theft each  
8       year; and

9    **WHEREAS**, Approximately 90% of those crimes involve the misuse of  
10       an existing credit card or bank account; and

11   **WHEREAS**, New Jersey has been ranked in the top ten for fraud related  
12       complaints amongst the states by the Federal Trade Commission;  
13       and

14   **WHEREAS**, New Jersey has been ranked in the top fourth for identity  
15       theft related complaints amongst the states by the Federal Trade  
16       Commission; and

17   **WHEREAS**, The State should strengthen transactional financial data  
18       safeguards in a manner that protects consumer privacy and  
19       confidentiality; and

20   **WHEREAS**, This legislation enhances the financial security of  
21       consumer transactions between the State and its residents; now,  
22       therefore,

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24       **BE IT ENACTED** *by the Senate and General Assembly of the State*  
25       *of New Jersey:*

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27       1.   a.   (1) The State Treasurer shall develop and implement  
28       electronic payment security standards to enhance consumer safety  
29       for electronic payment transactions that the State executes through  
30       point-of-sale terminals with a credit, debit, or charge card.

31       The State Treasurer shall issue electronic payment security  
32       standards no later than the first State business day of the sixth  
33       month beginning after the date of enactment of P.L.     , c.   (C.     )  
34       (pending before the Legislature as this bill). All necessary State  
35       government technological upgrades associated with the electronic  
36       payment security standards shall be operational no later than the  
37       first State business day of the eighteenth month beginning after the  
38       date of enactment of P.L.     , c.   (C.     ) (pending before the  
39       Legislature as this bill). Department heads shall take all necessary  
40       action to ensure compliance with the electronic payment security  
41       standards. This section shall not be construed to preclude State  
42       government entities from adapting additional or more effective  
43       technological standards for electronic payments.

44       (2) Until the State Treasurer issues electronic payment security  
45       standards pursuant to this section, the minimum acceptable security  
46       standard for electronic payments shall be EMV.

47       (3) No less frequent than biennially, the State Treasurer shall  
48       review and re-issue electronic payment security standards to

1 address technological advances and emerging consumer fraud  
2 threats.

3 (4) The State Treasurer is authorized to adopt rules and  
4 regulations pursuant to the “Administrative Procedure Act,”  
5 P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate this section.

6 b. Electronic payment security standards shall apply to all forms  
7 of electronic payment transactions that the State executes through  
8 point-of-sale terminals with a credit, debit, or charge card,  
9 including, but not limited to, contracts the State enters into with  
10 providers of electronic access to public benefits and payment  
11 terminals to accept electronic payments on behalf of the State.

12 c. As used in this section:

13 “Electronic payment” means any transfer of funds that the State  
14 executes through a point-of-sale terminal with a credit, debit, or  
15 charge card.

16 “Electronic Payment Security Standard” means the minimum  
17 technological specifications for electronic payments to protect  
18 consumers and effectuate efficient processing.

19 “EMV” means Europay, Mastercard, and Visa smart card  
20 embedded microprocessor chip-based payment system.

21

22 2. This act shall take effect immediately.

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## 25 STATEMENT

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27 This bill directs the State Treasurer to establish State  
28 Government Electronic Payment Security Standards. The purpose  
29 of this bill is to enhance the financial security of consumer  
30 transactions between the State and its residents.

31 Identity theft and other forms of financial fraud are significant  
32 threats to consumers. New Jersey in particular, has a high  
33 incidence of those crimes relative to other states, ranked in the top  
34 ten for fraud and top fourth for identity theft. This bill recognizes  
35 that heightened threat and directs the State Treasurer to establish  
36 State Government Electronic Payment Security Standards for State-  
37 involved point-of-sale terminal transactions involving a credit,  
38 debit, or charge card, including, but not limited to, contracts the  
39 State enters into with providers of electronic access to public  
40 benefits and payment terminals accepting electronic payments on  
41 behalf of the State.

42 The new standards are due for issuance sixth months after  
43 enactment with technological implementation scheduled for 18  
44 months after enactment. Until the new standards are issued, the bill  
45 requires EMV smart chip technology as the minimum acceptable  
46 security standard for electronic payments. The bill directs  
47 Department heads to ensure compliance with the new standards, but  
48 does not preclude the adaptation of additional or more effective

**A2800 PETERSON, MORIARTY**

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1 technological standards. The bill further directs the State Treasurer  
2 to review and re-issue electronic payment security standards to  
3 address technological advances and emerging consumer fraud  
4 threats on at least a biennial basis. The bill also grants the State  
5 Treasurer rulemaking authority for implementation.