ASSEMBLY, No. 3244

STATE OF NEW JERSEY

219th LEGISLATURE

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Sponsored by:
Assemblyman ERIK PETERSON
District 23 (Hunterdon, Somerset and Warren)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.

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

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

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

WHEREAS, Approximately 90 percent of those crimes involve the misuse of an existing credit card or bank account; and

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

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

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

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

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

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

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

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

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

address technological advances and emerging consumer fraud threats.

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

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

c. As used in this section:

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

"Electronic Payment Security Standard" means the minimum technological specifications for electronic payments to protect consumers and effectuate efficient processing.

"EMV" means Europay, Mastercard, and Visa smart card embedded microprocessor chip-based payment system.

2. This act shall take effect immediately.

STATEMENT

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

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

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

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