

# SENATE, No. 52

## STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

**Sponsored by:**

**Senator NILSA I. CRUZ-PEREZ**

**District 5 (Camden and Gloucester)**

**SYNOPSIS**

Authorizes local governments to impose convenience fees for accepting electronic payments.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT authorizing convenience fees for electronic payments to  
2 local governments and amending P.L.1995, c.325.

3

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

6

7 1. Section 2 of P.L.1995, c.325 (C.40A:5-44) is amended to  
8 read as follows:

9 2. As used in this act:

10 "Association" means an organization whose members are issuers.

11 "Cardholder" means the person or organization named on the  
12 face of a credit card or debit card to whom or for whose benefit the  
13 credit card or debit card is issued by an issuer.

14 "Card based payment" means a monetary obligation tendered by  
15 the user of a credit card or debit card.

16 "Card payment system" means a technical procedure by which  
17 obligations owed a local unit or court may be paid by credit card or  
18 debit card.

19 "Convenience fee" means a fee charged by a local unit in excess  
20 of the total obligation and any service charge owed by a person or  
21 organization to offset the costs of administering a card payment  
22 system or an electronic funds transfer system.

23 "Credit card" means any instrument or device linked to an  
24 established line of credit, whether known as a credit card, charge  
25 card, credit plate, or by any other name, issued with or without fee  
26 by an issuer for the use of the cardholder in satisfying outstanding  
27 financial obligations, obtaining money, goods, services or anything  
28 else of value on credit.

29 "Debit card" means any instrument or device, whether known as  
30 a debit card, automated teller machine card, or by any other name,  
31 issued with or without fee by an issuer for the use of the cardholder  
32 in obtaining money, goods, services or anything else of value  
33 through the electronic authorization of a financial institution to  
34 debit the cardholder's account.

35 "Director" means the Director of the Division of Local  
36 Government Services in the Department of Community Affairs.

37 "Electronic funds transfer" means any transfer of funds, other  
38 than a transaction originated by check, draft, or similar paper  
39 instrument, that is initiated through an electronic terminal,  
40 telephone, or computer or magnetic tape for the purpose of  
41 ordering, instructing or authorizing a financial institution to debit or  
42 credit an account, and includes an in-person funds transfer and an  
43 online funds transfer.

44 "Electronic funds transfer system" means a technical procedure  
45 by which obligations owed to or collected by the Supreme Court,

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 the Superior Court, Tax Court or a local unit may be paid by an  
2 electronic transaction between the financial institution of the person  
3 or organization owing the obligation and the financial institution of  
4 the governmental entity.

5 "In-person funds transfer" means any transfer of funds through a  
6 service that accepts a payment made in-person, by any method, and  
7 then transmits those funds to a payee by electronic funds transfer,  
8 but shall not include a service that requires a local unit to maintain,  
9 and funds to be transmitted to, an account that is not a designated  
10 depository of the local unit pursuant to N.J.S.A.40A:5-14.

11 "Issuer" means the business organization or financial institution  
12 which issues a credit card or debit card, or its duly authorized agent.

13 "Local unit" means any unit of government subject to the  
14 provisions of chapter 5 or 5A of Title 40A of the New Jersey  
15 Statutes, and the constituent parts of those units, including but not  
16 limited to independent local authorities, public libraries, municipal  
17 courts and joint municipal courts.

18 "Online funds transfer" means any Internet-based transfer of  
19 funds through an Internet-based payment system, but shall not  
20 include a service that requires a local unit to maintain, and funds to  
21 be transmitted to, an account that is not a designated depository of  
22 the local unit pursuant to N.J.S.A.40A:5-14.

23 "Service charge" means a fee charged by the Supreme Court, the  
24 Superior Court, Tax Court or local unit in excess of the total  
25 obligation owed by a person or organization to offset processing  
26 charges or discount fees for the use of a card payment system or an  
27 electronic funds transfer system.

28 (cf: P.L.2020, c.34, s.9)

29

30 2. Section 4 of P.L.1995, c.325 (C.40A:5-46) is amended to  
31 read as follows:

32 4. a. Notwithstanding the provisions of any other law to the  
33 contrary and if not legally prohibited by an association or by an  
34 issuer, local units are authorized to assess and collect service  
35 charges related to obligations owed to or collected by the local unit  
36 when credit cards, debit cards or electronic funds transfer systems,  
37 are utilized.

38 b. Notwithstanding the provisions of any other law to the  
39 contrary and in addition to a service charge assessed and collected  
40 pursuant to subsection a. of this section, a local unit is authorized to  
41 assess and collect a convenience fee in an amount not to exceed \$3  
42 for each obligation owed to or collected by the local unit when  
43 credit cards, debit cards, or electronic funds transfer systems are  
44 utilized.

45 c. A local unit that collects payment electronically pursuant to  
46 the "Government Electronic Payment Acceptance Act," P.L.1995,  
47 c.325 (C.40A:5-43 et al.) shall also provide the option to make such

1 payments by traditional or non-electronic means, such as cash,  
2 check or money order.  
3 (cf: P.L.1995, c.325, s.4)

4  
5 3. This act shall take effect immediately.

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8 STATEMENT

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10 This bill would authorize local government units to assess and  
11 collect a convenience fee of up to \$3 for accepting an electronic  
12 payment, and clarifies that local units are also required to provide  
13 traditional payment options for those who prefer making payments via  
14 non-electronic means. The Supreme Court of New Jersey recently  
15 affirmed an Appellate Division decision ruling that the "Government  
16 Electronic Payment Acceptance Act" does not authorize the imposition  
17 of a convenience fee for accepting electronic payments, which several  
18 counties had been imposing. This bill would amend that law to  
19 authorize such fees in order to offset the administrative expenses borne  
20 by local government units in accepting electronic payments.