

ASSEMBLY, No. 3416

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MARCH 7, 2022

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.



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 percent of those crimes involve the
10 misuse of 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,

23

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

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.