

SENATE, No. 3498

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MARCH 9, 2021

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

SYNOPSIS

Requires gift card issuer provide certain protections to consumers.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning gift cards and supplementing P.L.1960, c.39
2 (C.56:8-1 et seq.).
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
6

7 1. a. Every gift card issuer in this State shall:

8 (1) prohibit the use or validation of a gift card worth more than
9 \$100 for 48 hours following the purchase or issuance of the gift
10 card;

11 (2) immediately freeze the funds on a gift card upon receiving a
12 report of fraud;

13 (3) provide a full refund to the purchaser after 48 hours of the
14 purchase or issuance of the gift card if fraud is reported by the
15 purchaser within 48 hours of purchase or issuance of the gift card;

16 (4) operate a hotline or an Internet website where a purchaser
17 may report instances of fraud;

18 (5) at the time of purchase or issuance of a gift card, inform the
19 purchaser of its policies regarding gift card fraud and the existence
20 of a hotline or Internet website where the purchaser may report
21 fraud;

22 (6) immediately freeze the funds on a gift card upon receiving a
23 report of fraud; and

24 (7) maintain and provide to the purchaser upon request a list of
25 time stamped disbursements of gift card funds if any funds were
26 used prior to the purchaser reporting an instance of fraud.

27 b. The provisions of this section shall not be construed to apply
28 to any small business.

29 c. A gift card issuer that violates the provisions of this section
30 shall be subject to a civil penalty of \$1,000, which may be collected
31 and enforced by the Director of the Division of Consumer Affairs in
32 the Department of Law and Public Safety in a summary proceeding
33 pursuant to the "Penalty Enforcement Law of 1999," P.L.1999,
34 c.274 (C.2A:58-10 et seq.).

35 d. As used in this section:

36 "Gift card" means a tangible device, whereon is embedded or
37 encoded in an electronic or other format a value issued in exchange for
38 payment, which promises to provide to the bearer merchandise of
39 equal value to the remaining balance of the device.

40 "Issuer" means an issuer of a gift card, redeemable for, solely or a
41 combination of, merchandise, services, and cash, that is any person,
42 merchant, vendor, provider, or business association, excluding any
43 small business.

44 "Merchandise" means any objects, wares, goods, commodities,
45 services, or anything offered, directly or indirectly, to the public for
46 sale.

47 "Purchase or issuance" means a transaction executed by the
48 purchaser of a gift card that increases the value of a gift card.

1 “Small business” means a business entity that is independently
2 owned and operated and not dominant in its field, operates primarily
3 within this State, and employs fewer than 100 full-time employees.

4
5 2. This act shall take effect on the first day of the fourth month
6 after enactment.

7
8
9 STATEMENT

10
11 This bill requires gift card issuers to provide certain protections
12 to consumers.

13 Under the provisions of the bill, every gift card issuer in this
14 State is required to:

15 (1) prohibit the use or validation of a gift card worth more than
16 \$100 for 48 hours following the purchase or issuance of the gift
17 card;

18 (2) immediately freeze the funds on a gift card upon receiving a
19 report of fraud;

20 (3) provide a full refund to the purchaser after 48 hours of the
21 purchase or issuance of the gift card if fraud is reported by the
22 purchaser within 48 hours of purchase or issuance of the gift card;

23 (4) operate a hotline or an Internet website where a purchaser
24 may report instances of fraud;

25 (5) at the time of purchase or issuance of a gift card, inform the
26 purchaser of its policies regarding gift card fraud and the existence
27 of a hotline or Internet website where the purchaser may report
28 fraud;

29 (6) immediately freeze the funds on a gift card upon receiving a
30 report of fraud; and

31 (7) maintain and provide to the purchaser upon request a list of
32 time stamped disbursements of gift card funds if any funds were
33 used prior to the purchaser reporting an instance of fraud.

34 The provisions of this bill do not apply to any small business.
35 The bill defines “small business” to mean a business entity that is
36 independently owned and operated and not dominant in its field,
37 operates primarily within this State, and employs fewer than 100
38 full-time employees.

39 The bill provides that a gift card issuer that violates the
40 provisions of this bill is subject to a civil penalty in the amount of
41 \$1,000.