

S.133-A (Mayer) / A.5698-A (Rozic)

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<p>BILL</p> <p>S.133-A (Mayer) / A.5698-A (Rozic)</p>
<p>SUBJECT</p> <p>Credit Card Grace Periods</p>
<p>DATE</p> <p>June 03, 2021</p>
<p>OPPOSE</p>

The Business Council opposes S.133A (Mayer) / A.5698A (Rozic), which would mandate that notice be provided to credit card holders within forty five days of the cancellation, closure, termination or modification of a credit card rewards account and mandate a ninety day “grace period” for the use of reward points after the closing of an account. Further, rewards points programs would never lawfully be allowed to expire.

While the intent of the legislation is meritorious, the language of the bill is very problematic, creating unintended consequences and difficulty in compliance.

For example:

- The bill allows for a customer to redeem points for a period of ninety days if an account has been modified. This is a much different standard that that used across the country, where a thirty-day period for redemption of points is the norm. Creating a New York specific standard creates a burden for both issuer and customer alike;
- The duty imposed on a card issuer in this bill does not take into account third-party action. For instance, there are many cases when a third-party operates and administers a rewards program (hotel, airlines, retail) and under the language of this bill, card issuers, who have taken no adverse action would be culpable for third-party-operated programs;
- Similarly to the above, the notice requirements of the bill impose mandates on card issuers for any changes to rewards programs. Again, these are often run by third-parties and would present a major challenge for the issuers. This issue could be resolved easily with website postings rather than notice for it would afford easier updating and more dynamic reporting;
- There are some definitions that need improvement. These include “Modified” and “Materiality”, which are either ill-defined and not defined. For example, the definition of “modified or modification” even as amended is incredibly broad as it includes “credit card account” yet does not include a materiality

standard on modifications. Thus, any change to a credit card account would be captured in this language if a given credit card has rewards;

- Finally, while we appreciate the exclusions to the bill, especially those for fraud, we firmly believe that the bill needs expanded exclusions for circumstances when an account is not in good standing (default, arrears, inactive, etc.).

For these reasons, The Business Council opposes S.133A (Mayer) / A.5698A (Rozić) and looks forward to working with the sponsors in amending the bill to create a more workable piece of legislation.