

56: 11-10 to 56: 11-15

LEGISLATIVE HISTORY CHECKLIST

(Consumer credit--credit balance information)

WJSA 56:11-10 to 56:11-15

LAWS OF 1979

CHAPTER 87

Bill No. A867

Sponsor(s) Kern and others

Date Introduced Feb. 23, 1978

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes

~~xx~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Oct. 16, 1978

Senate Feb. 26, 1979

Date of approval May 15, 1979

Following statements are attached if available:

Sponsor statement Yes ~~xx~~ (Below)

Committee Statement: Assembly Yes ~~xx~~

Senate Yes ~~xx~~

Fiscal Note ~~xxx~~ No

Veto message ~~xxx~~ No

Message on signing ~~xxx~~ No

Following were printed:

Reports ~~xxx~~ No

Hearings ~~xxx~~ No

Sponsor's statement:

This bill requires a creditor to inform a consumer of his credit balance and in certain instances to refund the consumer's credit balance. It also provides for the creditor to transfer moneys held in abandoned credit balances to the State Treasurer.

EJ 9/1/78

(over)

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New York statute referred to in Assembly Committee statement is:  
NY [Gen. Bus] Law (McKinney) §710 et. seq.

87  
5-15-79  
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ASSEMBLY, No. 867

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 23, 1978

By Assemblymen KERN, EDWARDS, BARRY, GORMLEY,  
REMINGTON, GIRGENTI, DOWD and KAVANAUGH

Referred to Committee on Banking and Insurance

AN ACT concerning consumer credit balances and supplementing  
Title 56 of the Revised Statutes.

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

1 1. Whenever used in this act:

2 a. "Consumer" means a natural person.

3 b. "Creditor" means a person, partnership, corporation, asso-  
4 ciation or other entity who, in the ordinary course of business,  
5 regularly extends consumer credit. The term creditor includes any  
6 agent of a creditor for collection, processing or other purposes.

7 c. "Consumer credit" means credit extended to a consumer on  
8 an account pursuant to a plan under which (1) the creditor may  
9 permit the customer to make purchases or obtain loans, from time  
10 to time, directly from the creditor or indirectly by use of a credit  
11 card, check, or other device, as the plan may provide; (2) the  
12 customer has the privilege of paying the balance in full or in  
13 installments; and (3) a finance charge may be computed by the  
14 creditor from time to time on an outstanding unpaid balance. The  
15 term does not include negotiated advances under an open end  
16 real estate mortgage or a letter of credit.

17 d. "Credit balance" means any money or credit owed to, or held  
18 for the benefit of, a consumer by a creditor on a consumer credit  
19 account, whether resulting from an overpayment or return of  
20 merchandise by the consumer, or otherwise.

1 2. No creditor shall write off, delete or transfer any credit balance  
2 greater than \$1.00 *\*or such amount as may be established by the*  
3 *Commissioner of Banking by regulation\** from a consumer credit  
4 account except to the extent that the consumer has either received  
5 a cash refund or made offsetting purchases. Provided, however,

6 that nothing herein shall prevent the creditor from deleting a  
7 credit balance created through an error.

1 3. Each creditor shall provide every holder of a consumer credit  
2 account with a statement setting forth any credit balance greater  
3 than \$1.00 *\*\*or such amount as may be established by the Com-*  
4 *missioner of Banking by regulation\*\** at the end of the billing cycle  
5 in which such balance is first posted, unless such balances have  
6 already been refunded, and thereafter at least once in every three  
7 billing cycles.

1 4. a. Every statement reflecting a credit balance in favor of the  
2 consumer shall contain a clear and conspicuous notice stating the  
3 right of the consumer to request and receive a refund of the full  
4 credit balance, together with the address to which such request may  
5 be sent.

6 b. Every creditor shall refund the full credit balance by cash or  
7 check within 30 days of receipt of such request.

1 5. Where a credit balance greater than \$1.00 *\*\*or such amount*  
2 *as may be established by the Commissioner of Banking by regula-*  
3 *tion\*\** exists, and where no purchases, payments or other trans-  
4 actions (other than the imposition of service, membership or other  
5 administrative charges) occur with respect to a consumer credit  
6 account for six consecutive billing cycles, the creditor shall refund  
7 the full amount of such credit balance by cash or check within 30  
8 days after the end of such period of inactivity.

1 6. In the event the creditor, after due diligence, cannot locate a  
2 consumer to make a credit balance refund pursuant to this act,  
3 such money shall be retained in a separate trust account to be  
4 maintained by the creditor for such purpose for a period of 5 years  
5 and thereafter shall be deemed abandoned property and transferred  
6 to the State Treasurer, pursuant to N. J. S. 2A:37-30.

1 7. This act shall take effect 30 days following enactment.

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ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 867

STATE OF NEW JERSEY

DATED: OCTOBER 5, 1978

This legislation provides that no creditor may write off, delete or transfer any credit balance greater than \$1.00 from a consumer credit account. The creditor would be required to provide every holder of a consumer credit account with a statement setting forth any credit balance greater than \$1.00 at the end of the billing cycle in which such balance is first posted, and thereafter at least once in every three billing cycles.

Every statement reflecting a credit balance would be required to have a conspicuous notice stating the right of the consumer to request and receive a refund of the full credit balance, together with the address to which the request may be sent. The full credit balance would be required to be refunded by cash or check within 30 days of the receipt of the request. If there is a credit balance greater than \$1.00 outstanding for six consecutive billing cycles, and if the account shows no activity during that period the creditor would be required to refund the full amount of the credit balance by cash or check within 30 days.

If the creditor is unable to locate a consumer to make a credit balance refund, he would be required to retain the funds in a separate trust account for a period of 5 years. After 5 years, the balance would be deemed abandoned property and would be transferred to the State Treasurer. Assembly Bill No. 868 provides for the escheat of such money to the State.

It is believed that a substantial amount of money of unclaimed consumer credit balances is appropriated every year by creditors, and that some creditors do not have a policy of refunding these balances to the consumer. Regulation Z of the Federal Reserve Board provides that excess payments be refunded upon request and that creditors must indicate the appropriate address for billing inquiries.

New York has a similar law which provides for the escheat of these balances to the State. An investigation carried out in that state showed that creditors regularly appropriated these balances to themselves after as little as six months. A discussion with the New York Con-

troller's office revealed that the smallest amount of escheated balances came from retail stores and the largest amount from bank credit cards; the total amount collected in New York is somewhere between \$1,000,000.00 and \$2,000,000.00.

New Jersey's escheat law presently provides for the escheat of consumer credit balances, but there is evidence that very few credit balances actually are remitted to the Treasury. The Banking and Insurance Committee believes, therefore, that this legislation is warranted.

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SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 867**

**STATE OF NEW JERSEY**

DATED: JANUARY 30, 1979

This bill provides that no creditor may write off, delete or transfer any credit balance greater than \$1.00 from a consumer credit account. The creditor would be required to provide every holder of a consumer credit account with a statement setting forth any credit balance greater than \$1.00 at the end of the billing cycle in which such balance is first posted, and thereafter at least once in every three billing cycles.

Every statement reflecting a credit balance in favor of the consumer would be required to contain a conspicuous notice stating the right of the consumer to request and receive a refund of the full credit balance, together with the address to which the request may be sent. A creditor would be required to refund the full credit balance by cash or check within 30 days of the receipt of the request. If there is a credit balance greater than \$1.00 outstanding for six consecutive billing cycles, and if the account shows no activity during that period the creditor would be required to refund the full amount of the credit balance by cash or check within 30 days.

If the creditor is unable to locate a consumer to make a credit balance refund, he would be required to retain the funds in a separate trust account for a period of 5 years.