

STATE OF NEW YORK

133--B

Cal. No. 769

2021-2022 Regular Sessions

IN SENATE

(Prefiled)

January 6, 2021

Introduced by Sens. MAYER, GAUGHRAN, JACKSON, KRUEGER, LIU, MANNION, MYRIE, SALAZAR -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, passed by Senate and delivered to the Assembly, recalled, vote reconsidered, restored to third reading, amended and ordered reprinted, retaining its place in the order of third reading -- again amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the general business law, in relation to establishing a set grace period for the use of credit card reward points

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The general business law is amended by adding a new section
2 520-e to read as follows:

3 § 520-e. Grace period for use of credit card reward points. 1. As used
4 in this section, the following terms shall have the following meanings:

5 (a) "credit card points" or "points" shall mean denominated units that
6 can be accumulated in an account in connection with a credit card
7 reward, loyalty, or other incentive program, often referred to as points
8 or for certain travel-related rewards as miles, which are redeemable,
9 fungible, or otherwise exchangeable, in whole or in part, for rewards;

10 (b) "rewards" shall mean goods, services, cash, merchant-specific gift
11 cards, travel benefits, or one or more other things of value;

12 (c) "rewards program" shall mean any agreement between a holder and an
13 issuer regarding points related to an account; and

14 (d) "modified" or "modification" shall mean a change that has the
15 effect of eliminating points, reducing the value of points, affecting
16 the ability of a holder to accumulate points, limiting or reducing
17 rewards availability, limiting a holder's use of points or the credit

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 card account, otherwise diminishing the value of the rewards program or
2 the credit card account to the holder or changing the obligations of the
3 holder with respect to the rewards program or credit card account.

4 2. If any credit card account or rewards program is modified,
5 cancelled, closed or terminated, the holder must be provided notice from
6 the issuer of such cancellation, closure, termination or modification as
7 soon as possible, and in any event within forty-five days of such
8 cancellation, closure, termination or modification. Beginning with the
9 date on which notice is sent, the holder shall have ninety days to
10 redeem, exchange, or otherwise use any credit card points that the hold-
11 er accumulated at the time of such modification, cancellation, closure,
12 or termination as permitted under the terms of the agreement or agree-
13 ments between the holder and the issuer which is servicing the applica-
14 ble credit card account or related rewards program, subject to the
15 availability of rewards.

16 3. It shall be unlawful for any agreement between an issuer and a
17 holder, or any rewards program, to provide for the expiration, forfei-
18 ture or cancellation of credit card points prior to the expiration of
19 the ninety day period set forth in subdivision two of this section.

20 4. The provisions of subdivisions two and three of this section shall
21 not apply in the case of fraud by the holder with respect to the credit
22 card account or any related rewards program, or misuse by the holder of
23 the credit card account or any related rewards program.

24 5. Any agreement entered into by a holder that waives, limits or
25 disclaims the rights set forth in this section shall be void as contrary
26 to public policy.

27 § 2. This act shall take effect one year after it shall have become a
28 law, and shall apply to all credit card agreements entered into,
29 renewed, modified or amended on or after such effective date.