

AMENDED IN SENATE AUGUST 12, 2013

AMENDED IN SENATE JUNE 13, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1280**

---

---

**Introduced by Assembly Member John A. Pérez**

February 22, 2013

---

---

An act to add Section 1339.1 to the Unemployment Insurance Code, and to amend Section 11006.2 of the Welfare and Institutions Code, relating to health and human services.

LEGISLATIVE COUNSEL'S DIGEST

AB 1280, as amended, John A. Pérez. Public assistance payments and unemployment compensation benefits: electronic fund transfer: qualifying accounts.

Existing law provides for protection, care, and assistance for people of the state, and the promotion of the welfare and happiness of all people in the state by providing appropriate aid and services to the needy and distressed. Programs established for this purpose include the California Work Opportunity and Responsibility to Kids (CalWORKs) Program, which provides cash assistance and other social services to needy families, using federal Temporary Assistance for Needy Families (TANF) block grant program, state, and county funds, and CalFresh, whereby nutrition assistance benefits allocated to the state by the federal government are distributed to eligible individuals by each county. Counties administer the CalWORKs and CalFresh programs.

Existing law ~~requires~~ *authorizes* the State Department of Social Services to provide for the delivery of public assistance payments at any time during the month and authorizes any person entitled to the

receipt of public assistance payments to authorize payment to be directly deposited by electronic fund transfer into the person's account at a financial institution of his or her choice under a program of direct deposit by electronic transfer established by the county treasurer. Existing law requires each county treasurer to make an agreement with one or more financial institutions participating in the Automated Clearing House and to, by December 1, 2001, establish a program for the direct deposit by electronic fund transfer of payments to any person entitled to the receipt of public assistance benefits who authorizes the direct deposit of the benefits into the person's account at the financial institution of his or her choice.

This bill would instead authorize a person entitled to receipt of public assistance payments to authorize payment to be directly deposited by electronic fund transfer to a qualifying account, as defined, at a financial institution of his or her choice under a program for direct deposit by electronic transfer, as established by the bill. The bill would require qualifying accounts to meet specified requirements. The bill would provide that each county treasurer has no obligation to determine whether the account at the financial institution of the person's choice is a qualifying account, as specified.

Existing law also provides for unemployment compensation benefits to eligible persons who are unemployed through no fault of their own. These provisions are generally administered by the Employment Development Department.

This bill would, if unemployment compensation benefit payments are directly deposited to an account of the recipient's choice, require that the payments only be deposited to a qualifying account, as defined. The bill would provide that the Employment Development Department has no obligation to determine whether an account at the financial institution of the recipient's choice is a qualifying account, as specified.

This bill would prohibit a person or entity that issues a prepaid card or maintains or manages a prepaid card account, as defined, from accepting or facilitating the direct deposit of public assistance payments or unemployment compensation benefits to a prepaid card account that does not meet the requirements of a qualified account.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1339.1 is added to the Unemployment  
2 Insurance Code, to read:

3 1339.1. (a) (1) Notwithstanding any other provisions of this  
4 part, if unemployment compensation benefit payments are directly  
5 deposited to an account of the recipient's choice, as authorized  
6 under the federal Electronic Fund Transfer Act (*EFTA*) (15 U.S.C.  
7 Sec. 1693 et seq.), the payments may only be deposited to an  
8 account that meets the requirements of a qualifying account, *as*  
9 *defined in paragraph (2)*, for deposit of public assistance payments  
10 ~~as set forth in Section 11006.2 of the Welfare and Institutions Code~~  
11 *payments, including unemployment compensation benefits.*

12 ~~(b) A person or entity that issues a prepaid card or maintains or~~  
13 ~~manages a prepaid card account shall not accept or facilitate direct~~  
14 ~~deposit of unemployment compensation benefits to a prepaid card~~  
15 ~~account that is ineligible under this section.~~

16 (2) *For purposes of this section, a "qualifying account" is one*  
17 *of the following:*

18 (A) *A demand deposit or savings account at an insured financial*  
19 *institution in the name of the person entitled to receipt of public*  
20 *assistance payments.*

21 (B) *A prepaid card account that meets all of the following:*

22 (i) *The account is held at an insured financial institution.*

23 (ii) *The account is set up to meet the requirements for*  
24 *passthrough deposit or share insurance so that the funds accessible*  
25 *through the account are insured for the benefit of the person*  
26 *entitled to the receipt of public assistance payments by the Federal*  
27 *Deposit Insurance Corporation in accordance with Part 330 of*  
28 *Title 12 of the Code of Federal Regulations, or the National Credit*  
29 *Union Share Insurance Fund in accordance with Part 745 of Title*  
30 *12 of the Code of Federal Regulations.*

31 (iii) *The account is not attached to any credit or overdraft*  
32 *feature that is automatically repaid from the account after delivery*  
33 *of the payment.*

34 (iv) *The issuer of the card complies with all of the requirements,*  
35 *and provides the holder of the card with all of the consumer*  
36 *protections, that apply to a payroll card account under the rules*  
37 *implementing the EFTA or other rules subsequently adopted under*  
38 *the EFTA that apply to prepaid card accounts.*

1 (3) A person or entity that issues a prepaid card or maintains  
2 or manages a prepaid card account that does not comply with  
3 paragraph (2) shall not accept or facilitate the direct deposit of  
4 public assistance payments, including unemployment compensation  
5 benefits, to the prepaid card account.

6 (e)

7 (b) The department has no obligation to determine whether an  
8 account at the financial institution of the recipient's choice is a  
9 qualifying account, as described in subdivision (a). For purposes  
10 of this section, the department shall not be held liable for  
11 authorizing a direct deposit of unemployment compensation benefit  
12 payments into a prepaid card account designated by the recipient  
13 that does not comply with paragraph ~~(3)~~ of subdivision ~~(b)~~ of  
14 Section 11006.2 of the Welfare and Institutions Code (2) of  
15 subdivision (a).

16 (c) For the purposes of this section, the following definitions  
17 shall apply:

18 (1) "Financial institution" means a state or national bank, a  
19 state or federal savings and loan association, a mutual savings  
20 bank, or a state or federal credit union.

21 (2) "Issuer" means a person or entity that issues a prepaid  
22 card.

23 (3) "Payroll card account" shall have the same meaning as  
24 that term is defined in the regulations implementing the EFTA.

25 (4) "Prepaid card" or "prepaid card account" means either  
26 of the following:

27 (A) A card, code, or other means of access to funds of a recipient  
28 that is usable at multiple, unaffiliated merchants for goods or  
29 services, or usable at automated teller machines.

30 (B) The same as those terms or related terms are defined in the  
31 regulations adopted under the EFTA regarding general use  
32 reloadable cards.

33 SEC. 2. Section 11006.2 of the Welfare and Institutions Code  
34 is amended to read:

35 11006.2. (a) The department may provide for the delivery of  
36 public assistance payments at any time during the month.

37 (b) (1) Notwithstanding any other law, any person entitled to  
38 the receipt of public assistance payments may authorize payment  
39 to be directly deposited by electronic fund transfer into the person's  
40 qualifying account at the financial institution of his or her choice

1 under a program for direct deposit by electronic transfer as  
2 established in this section. The direct deposit to a qualifying  
3 account shall discharge the department's obligation with respect  
4 to the payment.

5 (2) Each county treasurer shall make an agreement with one or  
6 more financial institutions participating in the Automated Clearing  
7 House pursuant to the local rules, and shall, by December 1, 2001,  
8 establish a program for the direct deposit by electronic fund transfer  
9 of payments to any person entitled to the receipt of public  
10 assistance benefits who authorizes the direct deposit of the benefits  
11 into the person's qualifying account at the financial institution of  
12 his or her choice. Each county treasurer has no obligation to  
13 determine whether the account at the financial institution of the  
14 person's choice is a qualifying account, as defined in paragraph  
15 (3).

16 (3) For purposes of this section, a "qualifying account" is one  
17 of the following:

18 (A) A demand deposit or savings account at an insured financial  
19 institution in the name of the person entitled to receipt of public  
20 assistance payments.

21 (B) A prepaid card account that meets all of the following:

22 (i) The account is held at an insured financial institution.

23 (ii) The account is set up to meet the requirements for  
24 passthrough deposit or share insurance so that the funds accessible  
25 through the account are insured for the benefit of the person entitled  
26 to the receipt of public assistance payments by the Federal Deposit  
27 Insurance Corporation in accordance with Part 330 of Title 12 of  
28 the Code of Federal Regulations, or the National Credit Union  
29 Share Insurance Fund in accordance with Part 745 of Title 12 of  
30 the Code of Federal Regulations.

31 (iii) The account is not attached to any credit or overdraft feature  
32 that is automatically repaid from the account after delivery of the  
33 payment.

34 (iv) The issuer of the card complies with all of the requirements,  
35 and provides the holder of the card with all of the consumer  
36 protections, that apply to a payroll card account under the rules  
37 implementing the federal Electronic Fund Transfer Act (EFTA)  
38 (15 U.S.C. Sec. 1693 et seq.) or other rules subsequently adopted  
39 under the EFTA that apply to prepaid card accounts.

1 (4) A person or entity that issues a prepaid card or maintains or  
2 manages a prepaid card account that does not comply with  
3 paragraph (3) shall not accept or facilitate the direct deposit of  
4 public assistance payments to the prepaid card account.

5 (5) For purposes of this section, each county treasurer and  
6 county welfare department shall not be held liable for authorizing  
7 a direct deposit of public assistance payments into a prepaid card  
8 account, designated by the person entitled to receipt of public  
9 assistance benefits, that does not comply with paragraph (3).

10 (6) This subdivision shall apply in each county that offers a  
11 program for direct deposit by electronic funds transfer to some or  
12 all of its employees.

13 (c) For the purposes of this section, the following definitions  
14 shall apply:

15 (1) "Financial institution" means a state or national bank, a state  
16 or federal savings and loan association, a mutual savings bank, or  
17 a state or federal credit union.

18 (2) "Issuer" means a person or entity that issues a prepaid card.

19 (3) "Payroll card account" shall have the same meaning as that  
20 term is defined in the regulations implementing the EFTA.

21 (4) "Prepaid card" or "prepaid card account" means either of  
22 the following:

23 (A) A card, code, or other means of access to funds of a recipient  
24 that is usable at multiple, unaffiliated merchants for goods or  
25 services, or usable at automated teller machines.

26 (B) The same as those terms or related terms are defined in the  
27 regulations adopted under the EFTA regarding general use  
28 reloadable cards.