

Assembly Bill No. 1280

Passed the Assembly August 26, 2013

Chief Clerk of the Assembly

Passed the Senate August 22, 2013

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2013, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

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, 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 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.

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

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

1339.1. (a) (1) Notwithstanding any other provisions of this part, if unemployment compensation benefit payments are directly deposited to an account of the recipient's choice, as authorized under the federal Electronic Fund Transfer Act (EFTA) (15 U.S.C. Sec. 1693 et seq.), the payments may only be deposited to an account that meets the requirements of a qualifying account, as defined in paragraph (2), for deposit of public assistance payments, including unemployment compensation benefits.

(2) For purposes of this section, a “qualifying account” is one of the following:

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

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

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

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

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

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

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

(b) The department has no obligation to determine whether an account at the financial institution of the recipient’s choice is a qualifying account, as described in subdivision (a). For purposes of this section, the department shall not be held liable for authorizing a direct deposit of unemployment compensation benefit payments into a prepaid card account designated by the recipient that does not comply with paragraph (2) of subdivision (a).

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

(1) “Financial institution” means a state or national bank, a state or federal savings and loan association, a mutual savings bank, or a state or federal credit union.

(2) “Issuer” means a person or entity that issues a prepaid card.

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

(4) “Prepaid card” or “prepaid card account” means either of the following:

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

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

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

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

(b) (1) Notwithstanding any other law, any person entitled to the receipt of public assistance payments may authorize payment to be directly deposited by electronic fund transfer into the person’s qualifying account at the financial institution of his or her choice under a program for direct deposit by electronic transfer as established in this section. The direct deposit to a qualifying account shall discharge the department’s obligation with respect to the payment.

(2) Each county treasurer shall make an agreement with one or more financial institutions participating in the Automated Clearing House pursuant to the local rules, and shall, 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 qualifying account at the financial institution of his or her choice. 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 defined in paragraph (3).

(3) For purposes of this section, a “qualifying account” is one of the following:

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

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

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

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

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

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

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

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

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

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

(1) “Financial institution” means a state or national bank, a state or federal savings and loan association, a mutual savings bank, or a state or federal credit union.

(2) “Issuer” means a person or entity that issues a prepaid card.

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

(4) “Prepaid card” or “prepaid card account” means either of the following:

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

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

Approved _____, 2013

Governor