

ASSEMBLY BILL

No. 2252

Introduced by Assembly Member John A. Pérez

February 21, 2014

An act to add Section 17325 to the Family Code, relating to child support.

LEGISLATIVE COUNSEL'S DIGEST

AB 2252, as introduced, John A. Pérez. Child support payments: electronic fund transfer: qualifying accounts.

Existing law obligates a parent to support his or her child. Existing law establishes the Department of Child Support Services within the California Health and Human Services Agency, which administers all services and performs all functions necessary to establish, collect, and distribute child support. Existing federal law, in connection with child support enforcement agencies, requires the state to implement a state disbursement unit for the collection and disbursement of payments under support orders, including electronic processes for receipt of payments from parents, employers, and other states, and for electronic disbursements to custodial parents and other obligees. Existing state law establishes within the Department of Child Support Services the State Disbursement Unit and the California Child Support Automation System. Existing law requires the California Child Support Automation System, which includes the State Disbursement Unit, to provide timely and accurate payment processing and centralized payment disbursement from a single location in the state.

This bill would, if child support 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 prohibit

a person or entity that issues a prepaid card or maintains or manages a prepaid card account from accepting or facilitating the direct deposit of child support payments to a prepaid card account that does not meet the requirements of a qualified account. The bill would prohibit the Department of Child Support Services from being held liable for authorizing a direct deposit of child support payments into a prepaid card account designated by the recipient that does not meet the requirements of a qualified account.

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

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

1 SECTION 1. Section 17325 is added to the Family Code, to
 2 read:

3 17325. (a) (1) Notwithstanding any other law, if child support
 4 payments are directly deposited to an account of the recipient's
 5 choice, as authorized under the federal Electronic Fund Transfer
 6 Act (EFTA) (15 U.S.C. Sec. 1693 et seq.), the payments may only
 7 be deposited to an account that meets the requirements of a
 8 qualifying account, as defined in paragraph (2), for deposit of child
 9 support payments.

10 (2) For purposes of this section, a "qualifying account" is one
 11 of the following:

12 (A) A demand deposit or savings account at an insured financial
 13 institution in the name of the person entitled to the receipt of child
 14 support payments.

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

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

17 (ii) The account is set up to meet the requirements for
 18 passthrough deposit or share insurance so that the funds accessible
 19 through the account are eligible for insurance for the benefit of
 20 the person entitled to the receipt of child support payments by the
 21 Federal Deposit Insurance Corporation in accordance with Part
 22 330 of Title 12 of the Code of Federal Regulations, or the National
 23 Credit Union Share Insurance Fund in accordance with Part 745
 24 of Title 12 of the Code of Federal Regulations.

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

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

6 (3) A person or entity that issues a prepaid card or maintains or
7 manages a prepaid card account that does not comply with
8 paragraph (2) shall not accept or facilitate the direct deposit of
9 child support payments to the prepaid card account.

10 (b) For purposes of this section, the department shall not be held
11 liable for authorizing a direct deposit of child support payments
12 into a prepaid card account designated by the recipient that does
13 not comply with paragraph (2) of subdivision (a).

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

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

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

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

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

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

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