

AMENDED IN ASSEMBLY MARCH 16, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 183

Introduced by Assembly Member Waldron

January 26, 2015

An act to ~~amend Section 96.15 of the Revenue and Taxation Code,~~ *add Sections 4150, 4155, 4160, and 4165 to the Financial Code,* relating to ~~local government finance: financial institutions.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 183, as amended, Waldron. ~~Local government finance: Financial institutions: preauthorized electronic fund transfers.~~

Existing federal and state laws regulate certain aspects of electronic fund transfers, including, but not limited to, preauthorized electronic fund transfers from or to a consumer's checking account. Existing law requires the Department of Business Oversight to regulate various financial institutions operating within the state, including, but not limited to, banks and credit unions.

This bill would require a financial institution subject to oversight by the Department of Business Oversight to ensure it complies with a specific federal regulation with regard to electronic fund transfers. This bill would require a financial institution to provide a specified written notice to a consumer, who approved a preauthorized electronic fund transfer to a merchant from the consumer's account, and would further require a merchant located in the state that accepts preauthorized electronic fund transfers to post the same notice on its Internet Web site, if any. This bill would require a financial institution, upon written notification from a consumer who terminated a preauthorized electronic fund transfer with a merchant, within 7 business days, to take action

to ensure that the merchant no longer has the ability to withdraw funds from the consumer’s account, based upon the consumer’s instructions. This bill would prohibit a merchant from requiring payment for goods or services in the form of a preauthorized electronic fund transfer from a consumer’s account at a financial institution, and would require a merchant to notify a financial institution, and cease making demands on a consumer’s account, when the consumer’s debt, payable by a preauthorized electronic fund transfer, has been satisfied.

~~Existing law generally requires the county auditor, in each fiscal year, to allocate property tax revenues to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction’s portion of the annual tax increment, as defined. Existing property tax law also requires a county auditor to make certain property tax revenue allocations to “qualifying cities,” as defined, in accordance with a specified Tax Equity Allocation formula and to make corresponding reductions in the amount of property tax revenue that is allocated to the county. Existing law also requires the county auditor, in the case in which a “qualifying city” becomes the successor agency to a special district as a result of a merger with that district as described in a specified statute, to additionally allocate to that successor qualifying city that amount of property tax revenue that otherwise would have been allocated to that special district pursuant to general allocation requirements.~~

~~This bill would make a nonsubstantive change to the provision pertaining to property tax revenue allocations to a qualifying city that merges with a special district.~~

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 4150 is added to the Financial Code, to*
- 2 *read:*
- 3 *4150. A financial institution subject to oversight by the*
- 4 *Department of Business Oversight shall ensure it complies with*
- 5 *Regulation E of the Federal Reserve Board (12 C.F.R. Pt. 205)*
- 6 *with regard to electronic fund transfers, including, but not limited*

1 to, preauthorized electronic fund transfers from or to a consumer's
2 checking account.

3 SEC. 2. Section 4155 is added to the Financial Code, to read:

4 4155. (a) A financial institution shall provide the following
5 written notice to a consumer who approved a preauthorized
6 electronic fund transfer to a merchant from the consumer's
7 account:

8

9 (1) If you want to stop the merchant's ability to debit your account for future
10 transactions, you should do all of the following:

11 (A) Contact the merchant directly and revoke your authorization to
12 charge your account.

13 (B) Keep a copy of your notice revoking authorization to charge or
14 obtain a cancellation number.

15 (C) Notify your financial institution that the merchant no longer has
16 authority to debit your account. It may be best to provide the
17 notification in writing.

18 (2) If you revoked authorization and the merchant continues to charge the
19 account, you can dispute the transactions with your financial institution.
20 In the event of a dispute, written proof that you had revoked the
21 merchant's authorization will prove beneficial.

22 (3) If you authorized your financial institution to make the transfer to the
23 merchant on your behalf, you need to revoke your authorization to make
24 the transfer with your financial institution. Your financial institution
25 may require you to inform the merchant of the revocation of authority
26 in advance of the financial institution taking action.

27

28 (b) A merchant located in the state that accepts a preauthorized
29 electronic fund transfer from a consumer shall post the notice in
30 subdivision (a) on its Internet Web site, if any.

31 SEC. 3. Section 4160 is added to the Financial Code, to read:

32 4160. (a) Upon written notification from a consumer that he
33 or she terminated a preauthorized electronic fund transfer from
34 his or her account to a merchant, a financial institution shall,
35 within seven business days, take action to ensure that the merchant
36 no longer has the ability to withdraw funds from the account, based
37 upon the consumer's instructions.

38 (b) Termination of the merchant's ability to access a consumer's
39 account shall come without penalty to the consumer.

1 (c) *It is the intent of the Legislature that this section ensure that*
2 *consumers have control over their own accounts and funds that*
3 *cannot be subordinated by a third party.*

4 SEC. 4. *Section 4165 is added to the Financial Code, to read:*

5 4165. (a) *A merchant located in the state shall not require*
6 *payment for goods or services in the form of a preauthorized*
7 *electronic fund transfer from a consumer’s account at a financial*
8 *institution.*

9 (b) *A merchant located in the state shall notify a financial*
10 *institution, and shall cease to make demands on a consumer’s*
11 *account, when the consumer’s debt, payable by a preauthorized*
12 *electronic fund transfer, has been satisfied.*

13 SECTION 1. ~~Section 96.15 of the Revenue and Taxation Code~~
14 ~~is amended to read:~~

15 ~~96.15. (a) Notwithstanding any other provision of this chapter,~~
16 ~~in the event a qualifying city as defined in subdivision (d) of~~
17 ~~Section 98 or subdivision (f) of Section 98.02 becomes the~~
18 ~~successor agency to a special district as a result of a merger~~
19 ~~described in Section 57087.3 of the Government Code, the auditor~~
20 ~~shall allocate to that qualifying city, in addition to any other amount~~
21 ~~of ad valorem property tax revenue required to be allocated to that~~
22 ~~city pursuant to this chapter, the amount of ad valorem property~~
23 ~~tax revenue that otherwise would be allocated to that district~~
24 ~~pursuant to this article.~~

25 (b) ~~It is the intent of the Legislature in enacting this section to~~
26 ~~confirm and clarify a county auditor’s duty and authority,~~
27 ~~established pursuant to subdivision (d) of Section 57087.3 of the~~
28 ~~Government Code, to allocate to a qualifying city the ad valorem~~
29 ~~property tax revenue of a subsidiary district that has been merged~~
30 ~~with the city.~~