ASSEMBLY BILL No. 230

Introduced by Assembly Member Charles Calderon

February 5, 2009

An act to ~~amend Sections 63.1 and 69.5 of the Revenue and Taxation~~ *add Section 1798.825 to the Civil* Code, relating to ~~taxation~~ *Internet transactions, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 230, as amended, Charles Calderon. ~~Property tax: trusts: change of ownership: base year value transfer: exclusion: parent-child.~~ *Internet transactions: verification: banking and financial services.*

Existing law sets forth comprehensive provisions governing funds transfers, as defined, including provisions related to the issuance and acceptance of payment orders, requirements for verification, the effect of errors, the effect of acceptance of a payment order, and related provisions.

This bill would require a business that provides banking or other financial services over the Internet to implement and maintain reasonable policies and procedures for authenticating and verifying the legitimacy of a consumer transaction over the Internet, as specified. The bill would authorize the imposition of a civil penalty, as specified, and a civil action for a violation of this provision, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

(1) ~~The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. The California Constitution excludes from a "change in ownership" specified property transfers of a principal residence and the first $1,000,000 of the value of other real property between parents and their children, as defined by the Legislature. Existing law includes as a transfer, the transfer of a present beneficial ownership of property through the medium of a trust. Existing law requires those seeking this exclusion to file a claim with the county assessor. The claim is not a public document, but may be inspected by the transferee and the transferor or their respective spouse transferor's or the transferee's legal representative, and the executor or administrator of the transferee's or transferor's estate.~~

~~This bill would authorize the trustee of the transferee's trust to file a claim with the assessor and to furnish a written certification, as provided, and would further authorize the trustee of the transferee's or transferor's trust to inspect the claim.~~

(2) ~~The California Constitution and existing property tax law authorize taxpayers to transfer the base year value, as defined, of property to replacement property, if the claimant, who is a person claiming the property tax relief, meets certain conditions. Existing law also authorizes the coowner of the original property, as a joint tenant, a tenant in common, or a community property owner, to claim the property tax relief, as provided. Existing law generally defines a person to be an individual.~~

~~This bill would clarify that the term, person, includes an individual who is the present beneficiary of a trust and that a coowner includes a present beneficiary of a trust.~~

Vote: ~~majority~~ ⅔. 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 1798.825 is added to the Civil Code, to*
2   *read:*

1   *1798.825. (a) A business that provides banking or other*
2   *financial services over the Internet shall implement and maintain*
3   *reasonable policies and procedures for authenticating and*
4   *verifying the legitimacy of a consumer transaction made over the*
5   *Internet.*
6   *(b) The business providing banking or other financial services*
7   *over the Internet shall utilize an out-of-band, two-factor*
8   *authentication solution to ensure strong authentication and identity*
9   *management of users performing transactions and accessing*
10   *financial account information over the Internet.*
11   *(c) A civil penalty in the amount of three thousand dollars*
12   *($3,000) may be imposed on a business that fails to conduct an*
13   *Internet transaction with a consumer in compliance with the*
14   *policies and procedures required pursuant to subdivision (a).*
15   *(d) Any customer injured by a fraudulent transaction in violation*
16   *of the requirement specified in subdivision (a) may institute a civil*
17   *action to recover damages.*
18   *(e) The rights and remedies under this section are cumulative*
19   *with each other and with any other rights and remedies under law.*
20   *SEC. 2.   This act is an urgency statute necessary for the*
21   *immediate preservation of the public peace, health, or safety within*
22   *the meaning of Article IV of the Constitution and shall go into*
23   *immediate effect. The facts constituting the necessity are:*
24   *In order to ensure the safety of consumers' financial account*
25   *information from fraudulent activity, it is necessary that this act*
26   *take effect immediately.*
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29 | **All matter omitted in this version of the bill**
30 | **appears in the bill as amended in the**
31 | **Assembly, January 4, 2010. (JR11)**
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