



Substitute Senate Bill No. 912

Public Act No. 13-254

AN ACT CONCERNING PREPAID CARDS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 42-460a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2013*):

(a) As used in this section: [, "general-use]

(1) "General-use prepaid card" has the same meaning given to that term in 12 CFR [205.20(a)(3)] 1005.20(a)(3), as from time to time amended, but shall not include a linked prepaid card or any card, code or other device identified in 12 CFR 1005.20(b); and

(2) "Linked prepaid card" means a general-use prepaid card that enables the purchaser of or individual who increases or reloads funds onto the card, code or device (A) to receive back the remaining unexpended balance and the accrued interest earned on the unexpended balance on such card, code or device as of the date of expiration of such card, code or device by way of a financial account that is linked to the card, code or device; (B) to set the expiration date on such card, code or device at not less than ninety days from the date of purchase of or increasing or reloading of funds onto such card, code or device, for the purpose of receiving back the unexpended balance

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and accrued interest earned on the unexpended balance on such card, code or device in an expedited manner; and (C) to transfer the unexpended balance on such card, code or device to a bank offering a higher yield on and full insurance from the Federal Deposit Insurance Corporation for the transferred balance until the consumer or recipient of such card, code or device utilizes the unexpended balance or until the date of expiration on such card, code or device has passed, provided such purchaser or individual has a financial account that is linked to such card, code or device.

(b) A general-use prepaid card shall not include an expiration date relative to the underlying funds that are redeemable through the use of the applicable card, code or device. Notwithstanding the provisions of this subsection, a general-use prepaid card may include an expiration date with regard to such card, code or device, provided: (1) The following disclosures are made, in writing, on such card, code or device: (A) That such card, code or device expires, but that the underlying funds do not expire and that the consumer may contact the issuer for a replacement card, code or device; and (B) a toll-free telephone number and an Internet web site address, if one is maintained, that a holder of a general-use prepaid card may use to obtain a replacement card, code or device after such card, code or device expires, provided the remaining balance is not otherwise returned to the holder; (2) no fee or charge is imposed on such holder for replacing the card, code or device or for providing such holder with the remaining balance in some other manner, provided the card, code or device has not been lost or stolen; and (3) the seller of the card, code or device has established policies and procedures to provide consumers a reasonable opportunity to purchase a card, code or device that has not less than five years remaining until the card, code or device expires.

(c) A linked prepaid card shall not include an expiration date

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relative to the underlying funds that are redeemable through the use of the applicable card, code or device. Notwithstanding the provisions of this subsection, a linked prepaid card may include an expiration date with regard to such card, code or device, including an expiration date contemplated by subparagraph (B) of subdivision (2) of subsection (a) of this section, provided: (1) The following disclosures are made, in writing, on such card, code or device: (A) That such card, code or device expires, but that the underlying funds do not expire, provided the purchaser of or individual who increases or reloads funds onto such card, code or device has not set an expiration date in accordance with said subparagraph (B), and that the consumer may contact the issuer for a replacement card, code or device; and (B) a toll-free telephone number and an Internet web site address, if one is maintained, that a holder of a general-use prepaid card may use to obtain a replacement card, code or device after such card, code or device expires, provided the purchaser of or individual who increases or reloads funds onto such card, code or device has not set an expiration date in accordance with said subparagraph (B); (2) no fee or charge is imposed on such holder for replacing the card, code or device or providing such holder with the remaining balance in some other manner, provided the card, code or device has not been lost or stolen or, if an expiration date has been set in accordance with said subparagraph (B), expired; (3) no fee or charge is imposed on the purchaser of or individual who increases or reloads funds onto the card, code or device for replacing the card, code or device or providing such purchaser or individual with the unexpended balance in some other manner, provided the card, code or device has not been lost or stolen; and (4) the seller of the card, code or device has established policies and procedures to provide consumers a reasonable opportunity to purchase a card, code or device that has not less than five years remaining until the card, code or device expires, unless the purchaser of or individual who increases or reloads funds onto such card, code or device has a financial account that is linked to such card,

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code or device and sets an expiration date on such card, code or device at not less than ninety days from the date of purchase or increasing or reloading at which time the unexpended balance and any accrued interest on the unexpended balance on such card, code or device shall be transferred to such financial account.

[(c)] (d) For purposes of complying with the disclosure requirements of subdivision (1) of [subsection] subsections (b) and (c) of this section, (1) the issuer of [the] a general-use prepaid card or a linked prepaid card may provide disclosures that are consistent with the applicable provisions of 12 CFR [205.20(e)] 1005.20(e), as from time to time amended, and (2) such issuer shall make the disclosure required under subparagraph (A) of [said] subdivision (1) of subsections (b) and (c) of this section with equal prominence and in close proximity to the expiration date on the applicable card, code or device.

Approved July 11, 2013