



General Assembly

February Session, 2016

Raised Bill No. 5298

LCO No. 1433



Referred to Committee on BANKING

Introduced by:
(BA)

AN ACT PROHIBITING CERTAIN MONTHLY DEBIT CARD CHARGES.

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

1 Section 1. Section 42-460a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2016*):

3 (a) As used in this section:

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

8 (2) "Linked prepaid card" means a general-use prepaid card that
9 enables the purchaser or individual who increases or reloads funds
10 onto the card, code or device (A) to receive back the remaining
11 unexpended balance and the accrued interest earned on the
12 unexpended balance on such card, code or device as of the date of
13 expiration of such card, code or device by way of a financial account
14 that is linked to the card, code or device; (B) to set the expiration date

15 on such card, code or device at not less than ninety days from the date
16 of purchase of or increasing or reloading of funds onto such card, code
17 or device, for the purpose of receiving back the unexpended balance
18 and accrued interest earned on the unexpended balance on such card,
19 code or device in an expedited manner; and (C) to transfer the
20 unexpended balance on such card, code or device to a bank offering a
21 higher yield on and full insurance from the Federal Deposit Insurance
22 Corporation for the transferred balance until the consumer or recipient
23 of such card, code or device utilizes the unexpended balance or until
24 the date of expiration on such card, code or device has passed,
25 provided such purchaser or individual has a financial account that is
26 linked to such card, code or device.

27 (b) A general-use prepaid card shall not include an expiration date
28 relative to the underlying funds that are redeemable through the use of
29 the applicable card, code or device. Notwithstanding the provisions of
30 this subsection, a general-use prepaid card may include an expiration
31 date with regard to such card, code or device, provided: (1) The
32 following disclosures are made, in writing, on such card, code or
33 device [~~: (A) That~~] and any packaging material related to such card,
34 code or device: (A) A statement, displayed with equal prominence and
35 in close proximity to the expiration date, that such card, code or device
36 expires, but that the underlying funds do not expire and that the
37 consumer may contact the issuer for a replacement card, code or
38 device; (B) a toll-free telephone number and an Internet web site
39 address, if one is maintained, that a holder of a general-use prepaid
40 card may use to obtain a comprehensive list of all charges, fees and
41 expenses to be borne by the holder of such card; and [(B)] (C) a toll-free
42 telephone number and an Internet web site address, if one is
43 maintained, that a holder of a general-use prepaid card may use to
44 obtain a replacement card, code or device after such card, code or
45 device expires, provided the remaining balance is not otherwise
46 returned to the holder; (2) no fee or charge is imposed on such holder
47 for replacing the card, code or device or for providing such holder

48 with the remaining balance in some other manner, provided the card,
49 code or device has not been lost or stolen; and (3) the seller of the card,
50 code or device has established policies and procedures to provide
51 consumers a reasonable opportunity to purchase a card, code or device
52 that has not less than five years remaining until the card, code or
53 device expires.

54 (c) A linked prepaid card shall not include an expiration date
55 relative to the underlying funds that are redeemable through the use of
56 the applicable card, code or device. Notwithstanding the provisions of
57 this subsection, a linked prepaid card may include an expiration date
58 with regard to such card, code or device, including an expiration date
59 contemplated by subparagraph (B) of subdivision (2) of subsection (a)
60 of this section, provided: (1) The following disclosures are made, in
61 writing, on such card, code or device [~~: (A) That~~] and any packaging
62 material related to such card, code or device: (A) A statement,
63 disclosed with equal prominence and in close proximity to the
64 expiration date, that such card, code or device expires, but that the
65 underlying funds do not expire, provided the purchaser of or
66 individual who increases or reloads funds onto such card, code or
67 device has not set an expiration date in accordance with said
68 subparagraph (B), and that the consumer may contact the issuer for a
69 replacement card, code or device; (B) a toll-free telephone number and
70 an Internet web site address, if one is maintained, that a holder of a
71 linked prepaid card may use to obtain a comprehensive list of all
72 charges, fees and expenses to be borne by the holder of such card; and
73 ~~[(B)] (C) a toll-free telephone number and an Internet web site address,~~
74 if one is maintained, that a holder of a general-use prepaid card may
75 use to obtain a replacement card, code or device after such card, code
76 or device expires, provided the purchaser of or individual who
77 increases or reloads funds onto such card, code or device has not set an
78 expiration date in accordance with said subparagraph (B); (2) no fee or
79 charge is imposed on such holder for replacing the card, code or device
80 or providing such holder with the remaining balance in some other

81 manner, provided the card, code or device has not been lost or stolen
82 or, if an expiration date has been set in accordance with said
83 subparagraph (B), expired; (3) no fee or charge is imposed on the
84 purchaser of or individual who increases or reloads funds onto the
85 card, code or device for replacing the card, code or device or providing
86 such purchaser or individual with the unexpended balance in some
87 other manner, provided the card, code or device has not been lost or
88 stolen; and (4) the seller of the card, code or device has established
89 policies and procedures to provide consumers a reasonable
90 opportunity to purchase a card, code or device that has not less than
91 five years remaining until the card, code or device expires, unless the
92 purchaser of or individual who increases or reloads funds onto such
93 card, code or device has a financial account that is linked to such card,
94 code or device and sets an expiration date on such card, code or device
95 at not less than ninety days from the date of purchase or increasing or
96 reloading at which time the unexpended balance and any accrued
97 interest on the unexpended balance on such card, code or device shall
98 be transferred to such financial account.

99 (d) For purposes of complying with the disclosure requirements of
100 subdivision (1) of subsections (b) and (c) of this section, [(1)] the issuer
101 of a general-use prepaid card or a linked prepaid card may provide
102 disclosures that are consistent with the applicable provisions of 12 CFR
103 1005.20(e), as from time to time amended, [, and (2) such issuer shall
104 make the disclosure required under subparagraph (A) of subdivision
105 (1) of subsections (b) and (c) of this section with equal prominence and
106 in close proximity to the expiration date on the applicable card, code or
107 device.]

108 Sec. 2. Section 3-65c of the general statutes is repealed and the
109 following is substituted in lieu thereof (*Effective October 1, 2016*):

110 A holder of property subject to this part, or of a gift certificate, as
111 defined in section 3-56a, [or] a general-use prepaid card, as defined in
112 section 42-460a, as amended by this act, or a linked prepaid card, as

113 defined in section 42-460a, as amended by this act, may not impose on
114 the property a dormancy charge or fee, abandoned property charge or
115 fee, unclaimed property charge or fee, escheat charge or fee, inactivity
116 charge or fee, or any similar charge, fee or penalty for inactivity with
117 respect to the property. Neither the property nor an agreement with
118 respect to the property may contain language suggesting that the
119 property may be subject to such a charge, fee or penalty for inactivity.
120 The provisions of this section shall not apply to property subject to
121 subdivision (1), (2), (3) or (5) of subsection (a) of section 3-57a,
122 provided a holder of any such property may not impose an escheat
123 charge or fee with respect to such property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	42-460a
Sec. 2	<i>October 1, 2016</i>	3-65c

Statement of Purpose:

To prohibit certain monthly fees from being charged to debit card holders.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]