
OLR Bill Analysis

sSB 1338

AN ACT CONCERNING MINORS' MONEY SHARING APPLICATION ACCOUNTS.

SUMMARY

This bill regulates minors' access to certain money sharing applications by imposing restrictions and duties on people who are or must be licensed as money transmitters ("licensees") under the state's Money Transmission Act, which regulates businesses, other than banks or credit unions, that receive and transmit money. Generally, the bill:

1. prohibits any licensee, beginning on October 1, 2025, from allowing anyone to sponsor, open, or establish a money sharing application account for a minor unless the licensee receives a notarized statement from the person attesting that he or she is the minor's parent or legal guardian;
2. requires, with exceptions, licensees to delete a minor's money sharing application account within 15 business days after receiving a request to do so from the minor or the minor's parent or legal guardian; and
3. makes violations of its provisions an unfair trade practice, enforced solely by the attorney general.

The bill defines "money sharing application" as an Internet-based service or application that is (1) owned or operated by a licensee, (2) used by a consumer in Connecticut, and (3) primarily intended to allow users to send and receive money. By law and under the bill, a "minor" is a consumer younger than age 18, and a "consumer" is a state resident and generally excludes anyone acting in a commercial or employment context.

EFFECTIVE DATE: October 1, 2025

GENERAL PROCEDURES AND EXCEPTIONS

When responding to requests to delete a minor's account, the bill also generally requires licensees to stop processing the minor's personal data within the 15-business day response period after receiving the request.

By law and under the bill, "personal data" is any information that is linked, or reasonably linkable, to an identified or identifiable individual, excluding de-identified data or publicly available information. ("De-identified data" is generally data that cannot reasonably be used to infer information about, or otherwise be linked to, a specific individual or his or her device and "publicly available information" is generally information that is lawfully available through federal, state, or municipal government records, or widely distributed media (CGS § 42-515).)

Under the bill, licensees do not have to follow its account deletion and personal data processing requirements if other applicable law, such as Connecticut's laws on consumer data privacy and online monitoring, allow or require them to preserve a minor's account or personal data.

Additionally, the bill allows licensees to extend the time to delete an account and stop processing personal data by an additional 15 business days under certain conditions. Specifically, if (1) it is reasonably necessary to do so based on the complexity and number of, presumably, additional requests from the requestor, and (2) the licensee informs the requestor about the extension and reason for it within the initial 15-business day response period.

As part of deletion requests, the bill allows requestors to also request licensees provide all data associated with the minor's account. (Under the bill, this means, at a minimum, an itemization of each account transaction and the identity of who opened the account. It is not clear that licensees are actually required to provide the data.)

Relatedly, the bill requires licensees to (1) establish one or more secure and reliable ways for minors and their parents and legal guardians to submit requests to delete minors' accounts and (2) describe

them in a privacy notice. Licensees that provide a mechanism to initiate a process to delete an account are deemed to be in compliance with this provision (and, it appears, the account deletion and personal data processing requirements).

INABILITY TO AUTHENTICATE REQUESTS

In addition to the exceptions above, the bill allows licensees to ignore requests they cannot authenticate if they give the requestor certain notice. Specifically, that they cannot authenticate the request and will not be able to do so until the requestor provides additional reasonably necessary information. Under the bill, to “authenticate” is using reasonable means and making a commercially reasonable effort to determine if the requestor is the minor for the account or the minor’s parents or legal guardians.

ENFORCEMENT OF VIOLATIONS

The bill specifies that none of its provisions may be construed to create a private right of action or grounds for a class action under the Connecticut Unfair Trade Practices Act (CUTPA). By law, CUTPA allows courts to, among other things, issue restraining orders, award actual and punitive damages, and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation (CGS § 42-110a et seq.).

BACKGROUND

Related Bill

sHB 6991 (File 194), favorably reported by the Banking Committee, among other things, changes the definition of “money transmission” under the Money Transmission Act to specifically include using a digital wallet in connection with a consumer payment mobile application.

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/06/2025)