Bill Summary

COMMITTEE:	Banking and Insurance	**DATE:**	1/17/13
PRIME SPONSOR:	Eichelberger	**BILL NO:**	SB380
PREPARED BY:	Allison Dutrey	**PRINTER'S NO:**	313

A. Synopsis:

SB 380 amends Title 13, the PA Commercial Code, to clarify that "remittance transfers" are subject to Article 4A of the Code.

B. Summary:

SB 380 corrects a problem inadvertently created by the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act by clarifying that Division 4A of Title 13, i.e., Article 4-A of the Uniform Commercial Code governing funds transfers, continues to apply to non-electronic "remittance transfers," defined as transactions wherein funds are sent by a person in the United States to a person in a foreign country.

Under current law, Article 4A does not apply to transactions subject to the Federal Electronic Funds Transfer Act. Prior to the passage of the Dodd-Frank Act, the Federal Electronic Funds Transfer Act did not expressly apply to remittance transfers and non-electronic remittance transfers were governed by Article 4A. The Dodd-Frank Act expanded the scope of the Electronic Funds Transfer Act to facially apply to all remittance transfers, while nonetheless continuing to only substantively regulate electronic remittance transfers in a manner comparable to Article 4A. As a result, the Dodd Frank Act inadvertently repealed state regulations governing non-electronic remittance transfers. The U.S. Consumer Financial Protection Bureau has suggested that States amend Article 4A in the manner provided by this bill to address this problem and preserve current law governing non-electronic remittance transfers.

Under the bill, electronic remittance transfers (i.e. the transfer is not via check, draft or other paper instrument, but is a transfer of funds electronically), are subject to the federal Electronic Funds Transfer Act.

The bill further provides that if there is an inconsistency between Division 4A and the federal Electronic Funds Transfer Act, the federal act applies.

Effective date: immediately