

COMMITTEE BILL ANALYSIS

Bill: House Bill 22

Printer's No.: 115

Sponsor: Representative Grell

Prepared by: Gregg Warner

Synopsis: This bill amends the Uniform Commercial Code, Title 13 of the Pennsylvania Consolidated Statutes, relating to fund transfers and the applicability of the federal Electronic Fund Transfer Act.

Summary: Division 4A of the Uniform Commercial Code governs the transfer of funds between financial institutions. As a general rule, the provisions of this division apply to a “remittance transfer” if it is by check, draft, or similar paper instrument. The provisions do not apply if the remittance is by “electronic fund transfer” as defined by the Electronic Fund Transfer Act.

If there is an inconsistency between an applicable provision of this division and an applicable provision of the Electronic Fund Transfer Act, the applicable provision of the Electronic Fund Transfer Act governs to the extent of the inconsistency.

Effective date

This act takes effect in 60 days.

Background: The House of Representatives passed House Bill 22 on March 19, 2013 by a vote of 194 to 0.

According to the sponsor, “Congress recently made changes to the Electronic Fund Transfer Act, 15 U.S.C. §1693. Given that fact, the executive committee of the Uniform Law Commission is recommending that all 50 states enact legislation to conform state legislation to the new federal legislation so that there is no disruption in the free flow of commerce.” House Bill 22 represents the Uniform Law Commission’s recommendation.

Definitions

Section 919(g)(2) and (3) of the Electronic Fund Transfer Act (15 U.S.C. §1693o-1(g)(2) and (3)) defines “remittance transfer” as meaning the electronic transfer of funds requested by a sender located in any state to a designated recipient that is initiated by a remittance transfer provider. A “remittance transfer provider” means any person or financial institution that provides remittance transfers for consumers in the normal course of its business.

Section 903(7) of the Electronic Fund Transfer Act (15 U.S.C. §1693a(7)) defines “electronic fund transfer” as any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, or computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account.

Legislative history

During the 2011-2012 session, this legislation was introduced as House Bill 2485. The House of Representatives passed House Bill 2485 by a vote of 199 to 0. In the Senate, the Senate Banking and Insurance Committee reported the bill from committee. The Senate Appropriations Committee re-reported House Bill 2485 from committee. The Senate tabled the bill at the end of the session.