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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 28 Session of  
2015

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INTRODUCED BY THOMAS, JANUARY 21, 2015

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REFERRED TO COMMITTEE ON COMMERCE, JANUARY 21, 2015

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AN ACT

1 Providing guidelines for preauthorized electronic funds  
2 transfers for financial institutions.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Preauthorized  
7 Electronic Funds Transfers Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall  
10 have the meanings given to them in this section unless the  
11 context clearly indicates otherwise:

12 "Consumer." An individual holding an active banking account  
13 with a financial institution within this Commonwealth.

14 "Department." The Department of Banking and Securities of  
15 the Commonwealth.

16 "Financial institution." A bank, savings association, credit  
17 union or any other person operating within this Commonwealth  
18 that directly or indirectly holds an account belonging to a

1 consumer or that issues an access device and agrees with a  
2 consumer to provide electronic funds transfer services.

3 "Preauthorized electronic funds transfer." An electronic  
4 funds transfer authorized in advance to recur at substantially  
5 regular intervals.

6 Section 3. Preauthorized electronic funds transfers.

7 (a) Requirements.--

8 (1) A preauthorized electronic funds transfer from a  
9 consumer's account must be authorized by the consumer in  
10 writing, and the financial institution shall provide a copy  
11 of the authorization to the consumer when made.

12 (2) A financial institution shall provide a consumer  
13 with reasonable advance notice of the pending transfer so as  
14 to provide, if necessary, adequate time to stop payment of a  
15 preauthorized electronic funds transfer.

16 (b) Stop payment.--

17 (1) A consumer may stop payment of a preauthorized  
18 electronic funds transfer by notifying the financial  
19 institution orally or in writing, at any time, up to three  
20 business days preceding the scheduled date of such transfer.

21 (2) The financial institution may require written  
22 confirmation to be provided to it within 14 days of an oral  
23 notification if, when the oral notification is made, the  
24 consumer is advised of the notification requirement and the  
25 address to which such confirmation should be sent is  
26 provided.

27 Section 4. Regulations.

28 The department may promulgate regulations to administer this  
29 act. Until final regulations are adopted, the department shall  
30 regulate financial institutions under interim guidelines

1 consistent with this act.

2 Section 5. Effective date.

3 This act shall take effect in 60 days.