

HB 2112 -1 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/8, 4/14

WHAT THE MEASURE DOES:

Prohibits a financial institution from closing an account without account holder's consent unless 60 days' notice of closure and reason for closure is provided. Provides exception when financial institution reasonably believes account was used in conjunction with illegal activity.

ISSUES DISCUSSED:

- Application to credit unions
- Whether State would be preempted from applying provision to federally chartered banks
- Reasons why a bank would close an account without much notice
- Disposition of unclaimed deposit account funds
- How "illegal activity" could be defined

EFFECT OF AMENDMENT:

-1 Replaces original measure. Requires financial institution to provide customer with reason for account closure. Provides violation is an unlawful trade practice, which can be enforced with private right of action. Allows Director of Department of Consumer and Business Services to adopt administrative rule regarding notice to customer.

- No revenue or expenditure impact

BACKGROUND:

House Bill 2112 applies only to the following types of accounts: demand deposit accounts, checking or negotiable withdrawal order accounts, savings accounts, share draft accounts, time deposit accounts, and money-market mutual fund accounts. It does not apply to credit accounts. The measure gives rulemaking authority to the Department of Consumer and Business Services to implement the provisions of the Act.