AB-1428 Business practices: prepaid credit cards: refund methods. (2019-2020)

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Assembly Bill No. 1428

CHAPTER 130

An act to add Title 1.3.5 (commencing with Section 1748.40) to Part 4 of Division 3 of the Civil Code, relating to business.

[Approved by Governor July 30, 2019. Filed with Secretary of State July 30, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1428, Calderon. Business practices: prepaid credit cards: refund methods.

Existing law requires a retail seller of goods to the public that has a policy of denying full cash or credit refunds for the exchange of merchandise for goods of equal value for at least 7 days following the purchase of the goods, to conspicuously display that store's refund and exchange policy.

This bill would require a business that offers a refund to a customer via a prepaid debit card for a purchase initiated by a customer in California to provide the customer with at least one other method of receiving the refund other than a prepaid debit card. The bill would define "business" for these purposes to not include a restaurant.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Title 1.3.5 (commencing with Section 1748.40) is added to Part 4 of Division 3 of the Civil Code, to read:

TITLE 1.3.5. Consumer Refunds

1748.40. For purposes of this title:

(a) "Accepted debit card" means any debit card which the debit cardholder has requested and received or has signed, or has used, or has authorized another person to use, for the purpose of obtaining money, property, labor, or services. Any debit card issued in renewal of, or in substitution for, an accepted debit card becomes an accepted debit card when received by the debit cardholder, whether the debit card is issued by the same or by a successor card issuer.

(b) "Business" means a proprietorship, partnership, corporation, or other form of commercial enterprise. "Business" does not include a restaurant.

(c) "Cardholder" means a natural person to whom a prepaid debit card is issued.

(d) "Debit card" means an accepted debit card or other means of access to a debit cardholder's account that may be used to initiate electronic funds transfers and may be used without unique identifying information such as a personal identification number to initiate access to the debit cardholder’s account.

(e) “Prepaid debit card” means a debit card that meets either of the following:

(1) A card, code, or other means of access to funds of a recipient that is usable at multiple, unaffiliated merchants for goods or services, or usable at automated teller machines.

(2) The same as those terms or related terms are defined in the regulations adopted under the Electronic Fund Transfer Act regarding general use reloadable cards.

(f) “Refund” means a return of a sum of money to a customer who has overpaid for services or property or is otherwise owed money by the business.

1748.41. If a business offers a refund to a customer via a prepaid debit card for a purchase initiated by the customer in California, the business shall provide the customer with at least one other method of receiving the refund other than a prepaid debit card.