



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites	
------	------------------	----------------	--------------	-----------------	------------------	--------------	--

AB-1365 CalAccount Program. (2025-2026)

SHARE THIS:  

Date Published: 04/28/2025 02:00 PM

AMENDED IN ASSEMBLY APRIL 28, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1365

Introduced by Assembly Member Garcia

February 21, 2025

An act to amend Section 1947.3 of the Civil Code, to repeal and add Title 21.1 (commencing with Section 100100) ~~of~~ to the Government Code, to add Section 90.4 to the Labor Code, and to amend Section 12302.2 of the Welfare and Institutions Code, relating to financial services.

LEGISLATIVE COUNSEL'S DIGEST

AB 1365, as amended, Garcia. CalAccount Program.

Existing law requires the Treasurer to convene the CalAccount Blue Ribbon Commission and requires the commission, on or before July 1, 2024, to conduct a market analysis to determine if it is feasible to implement a CalAccount Program, which, if implemented, would have certain characteristics, including offering Californians access to a voluntary, zero-fee, zero-penalty, federally insured transaction account known as a CalAccount, and related payment services at no cost to accountholders.

This bill would repeal those provisions and would establish the CalAccount Program, which would provide every Californian with access to a voluntary, zero-fee, zero-penalty, federally insured transaction account and related payment services at no cost to accountholders. The bill would require the CalAccount Commission, which would continue in existence the former CalAccount Blue Ribbon Commission, to administer the program. The bill would require the commission to, among other things, enter into contracts with financial institutions to ensure access to ATM networkers and locations where accountholders can deposit funds. The bill would require the commission to solicit proposals for and select a financial services network administrator and establish their duties and functions, and establish a mechanism by which an accountholder may deposit funds into or withdraw funds from a CalAccount account. The bill would allow for participation in the program by providers of in-home supportive services, subject to specified requirements. The bill would establish the CalAccount Fund in the State Treasury, and would make moneys in the fund available upon appropriation by the Legislature. The bill would require all employers and hiring entities to maintain a payroll direct deposit arrangement that enables voluntary worker participation in the program, and would require all employers and hiring entities to take specified actions in that regard, including coordinating their payroll process with the CalAccount Program to facilitate payment by direct deposit. The bill would require the commission to submit an annual report by August 1 to the Governor and the Legislature, among other entities, that contains specified information relating to the CalAccount Program. The bill would

require the commission to market the program to the residents of the state if funds are available. The bill would require the Labor Commissioner to investigate complaints of employers or hiring entities failing to allow workers to participate in the CalAccount Program, and would impose a civil penalty for a violation. The bill would require those civil penalties to be deposited into the CalAccount Fund. The bill would require the commissioner to reimburse the Labor Commissioner for the costs of enforcement.

Existing law provides that if the state or a county makes or provides for a direct payment to a provider chosen by a recipient or to the recipient for the purchase of in-home supportive services, the department is required to perform or ensure the performance of all rights, duties, and obligations of the recipient related to those services as required for, among other things, unemployment compensation, workers' compensation, and retirement savings accounts.

This bill would also require the department under those circumstances to ensure the performance of all rights, duties, and obligations of the recipients related to those services required for payroll direct deposit arrangements offered pursuant to the CalAccount Program.

Existing law regulates the hiring of real property and imposes various requirements on landlords relating to the leasing of residential real property. Existing law requires a landlord or their agent to allow a tenant to pay rent and a security deposit by at least one form of payment that is neither cash nor an electronic funds transfer.

This bill would also require a landlord to allow a tenant to pay rent and a security deposit by an electronic funds transfer from a CalAccount.

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

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

SECTION 1. (a) ~~According~~ *The Legislature finds and declares as follows:*

(1) *According* to the Federal Deposit Insurance Corporation, nearly one out of five California households is unbanked or underbanked. Millions of people are locked out of the banking system and unable to secure a bank account. Millions more also still have to pay hundreds of dollars annually in check cashing fees and money order fees for the simple right to use their own money. Underbanked households are defined as those that have a bank account, but have used alternative financial services for transactions, including check cashing and money orders, and for credit, including payday loans.

(b)

(2) Households without full access to affordable financial services are headed disproportionately by women; Black, Latina, and Asian and Pacific Islander households combined make up just over one-half of California's households, but are nearly 75 percent of California's unbanked or underbanked households. Nearly one in three Black California households is unbanked or underbanked, as are more than one in four Latina-Latino households. The share of Black California households without a bank account has jumped dramatically in the two years since the data was last collected. More than 10 percent of Black California households are unbanked. That compares to 6.4 percent as of the last survey in 2021.

(c)

(3) A significant portion of Californians, including individuals who are experiencing homelessness or housing instability, certain immigrant communities, and those who have been or are being subjected to domestic violence, sexual assault, human trafficking, or stalking, also have unique banking needs that have not been adequately met by traditional financial services providers. These Californians are often unbanked or underbanked, and face unique barriers to financial access.

(d)

(4) The households most likely to be unbanked or underbanked are also those that can least afford it. Households earning \$30,000 per year or less comprise nearly three in four unbanked households in California, though representing less than 20 percent of all households.

(e)

(5) The banking situation has deteriorated for young Californians. The share of underbanked households headed by individuals 25 to 34 years of age rose to nearly 18 percent, up from just over 13 percent in 2021.

(f)

(6) Lacking access to traditional banking means not only that these Californians pay more for basic financial services, but that they are less able to save and to build credit.

~~(g)~~

(7) The CalAccount Blue Ribbon Commission, convened by the State Treasurer's Office, recently published a market study that found that a no-fee and no-minimum balance account option is rare in California, with 95 percent of banks charging overdraft fees.

~~(h)~~

(8) As the Legislature responds to increasingly frequent and severe public health and climate-related disasters, there is a pressing need to ensure that adequate financial infrastructure is in place to reliably deliver financial assistance to every Californian, regardless of banking status.

~~(i)~~

(b) It is the intent of the Legislature to establish the CalAccount Program in the State Treasurer's Office, which will build on successful state financial services programs to partner with a commercial bank that will offer all Californians the option for a fee-free, zero-penalty debit account and debit card account that will offer new opportunities for depositing earnings and income and will endeavor to meet the unique needs of Californians most often left out of the banking system.

SEC. 2. Section 1947.3 of the Civil Code is amended to read:

1947.3. (a) (1) (A) Except as provided in paragraph (2), a landlord or a landlord's agent shall allow a tenant to pay rent and deposit of security by at least one form of payment that is neither cash nor an electronic funds transfer and shall also allow a tenant to pay rent and deposit of security by an electronic funds transfer from a CalAccount, as defined in Section 100100 of the Government Code.

(B) A landlord's or landlord's agent's receipt of payment from a CalAccount pursuant to this section shall not be considered a waiver of any right the landlord or landlord's agent may otherwise have to establish the base rent on, or to raise rent for, the rental unit.

(2) A landlord or a landlord's agent may demand or require cash as the exclusive form of payment of rent or deposit of security if the tenant has previously attempted to pay the landlord or landlord's agent with a check drawn on insufficient funds or the tenant has instructed the drawee to stop payment on a check, draft, or order for the payment of money. The landlord may demand or require cash as the exclusive form of payment only for a period not exceeding three months following an attempt to pay with a check on insufficient funds or following a tenant's instruction to stop payment. If the landlord chooses to demand or require cash payment under these circumstances, the landlord shall give the tenant a written notice stating that the payment instrument was dishonored and informing the tenant that the tenant shall pay in cash for a period determined by the landlord, not to exceed three months, and attach a copy of the dishonored instrument to the notice. The notice shall comply with Section 827 if demanding or requiring payment in cash constitutes a change in the terms of the lease.

(3) Subject to the limitations below, a landlord or a landlord's agent shall allow a tenant to pay rent through a third party.

(A) A landlord or landlord's agent is not required to accept the rent payment tendered by a third party unless the third party has provided to the landlord or landlord's agent a signed acknowledgment stating that they are not currently a tenant of the premises for which the rent payment is being made and that acceptance of the rent payment does not create a new tenancy with the third party.

(B) Failure by a third party to provide the signed acknowledgment to the landlord or landlord's agent shall void the obligation of a landlord or landlord's agent to accept a tenant's rent tendered by a third party.

(C) The landlord or landlord's agent may, but is not required to, provide a form acknowledgment to be used by third parties, as provided for in subparagraph (A), provided however that a landlord shall accept as sufficient for compliance with subparagraph (A) an acknowledgment in substantially the following form:

I, [insert name of third party], state as follows:

I am not currently a tenant of the premises located at [insert address of premises].

I acknowledge that acceptance of the rent payment I am offering for the premises does not create a new tenancy.

(signature of third party) _____ (date)

(D) A landlord or landlord's agent may require a signed acknowledgment for each rent payment made by the third party. A landlord or landlord's agent and the third party may agree that one acknowledgment shall be sufficient for when the third party makes more than one rent payment during a period of time.

(E) Nothing in this paragraph shall be construed to require a landlord or landlord's agent to enter into a contract in connection with a federal, state, or local housing assistance program, including, but not limited to, the federal housing assistance voucher programs under Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f).

(4) Paragraphs (2) and (3) do not enlarge or diminish a landlord's or landlord's agent's legal right to terminate a tenancy. Nothing in paragraph (3) is intended to extend the due date for any rent payment or require a landlord or landlord's agent to accept tender of rent beyond the expiration of the period stated in paragraph (2) of Section 1161 of the Code of Civil Procedure.

(b) A landlord or its agent shall not charge a tenant any fee for payment by check for rent or security deposit as described in this section.

(c) For the purposes of this section, the issuance of a money order or a cashier's check is direct evidence only that the instrument was issued.

(d) For purposes of this section, "electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. "Electronic funds transfer" includes, but is not limited to, point-of-sale transfers, direct deposits or withdrawals of funds, transfers initiated by telephone, transfers via an automated clearinghouse, transfers initiated electronically that deliver a paper instrument, and transfers authorized in advance to recur at substantially regular intervals.

(e) Nothing in this section shall be construed to prohibit the tenant and landlord or agent to mutually agree that rent payments may be made in cash or by electronic funds transfer, so long as another form of payment is also authorized, subject to the requirements of subdivision (a).

(f) A waiver of the provisions of this section is contrary to public policy, and is void and unenforceable.

SEC. 3. Title 21.1 (commencing with Section 100100) of the Government Code is repealed.

SEC. 4. Title 21.1 (commencing with Section 100100) is added to the Government Code, to read:

TITLE 21.1. CalAccount Program

100100. As used in this title:

(a) "Accountholder" means an individual who has a CalAccount account.

(b) "CalAccount" means a federally insured transaction account held as part of the program.

(c) "CalAccount Program" or "program" means the program established pursuant to this title through which an individual may open a no-fee, no-penalty transaction account with an associated debit card.

(d) "Commission" means the CalAccount Commission established pursuant to Section 100102.

(e) "Domestic violence" has the same meaning as defined in Section 6211 of the Family Code.

(f) "Electronic fund transfer" has the same meaning as defined in Section 1693a of Title 15 of the United States Code.

(g) "Employee" means an individual who is employed by an employer. "Employee" does not include an employee covered under the federal Railway Labor Act (45 U.S.C. Sec. 151) or an employee engaged in interstate commerce so as not to be subject to the legislative powers of the state, except insofar as application of this title is authorized under the United States Constitution or laws of the United States.

(h) (1) "Employer" means a person engaged in a business, industry, profession, trade, or other enterprise in the state, whether or not for profit, excluding the federal government, that has more than 10 employees. For the purposes of this provision, all employees of either of the following shall be counted:

(A) Any employers that are affiliated with one another within the definition of Section 150 of the Corporations Code.

(B) Any franchisee associated with a franchise of the same franchisor, with those terms having the same meaning as the definitions in Article 1 (commencing with Section 20000) of Chapter 5.5 of Division 8 of the Business and Professions Code.

(2) Upon a positive determination pursuant to subdivision (a) of Section 100113, "employer" includes an employer of a provider of in-home supportive services regulated by Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code.

(i) "Federally insured" means insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(j) "Hiring entity" means a person engaged in a business, industry, profession, trade, or other enterprise in the state, whether or not for profit, excluding the federal government, that has contracted with more than 25 independent contractors to perform the same or similar labor or service.

(k) "Independent contractor" means an individual who renders labor or service to a hiring entity for a specified recompense for a specified result who is not an employee of that hiring entity.

(l) "In-network partner" means a participating retail or financial institution offering an ATM, bank, or credit union branch through which accountholders can load or withdraw funds from their CalAccount using a CalAccount debit card for no fee.

(m) "Local financial institution" has the same meaning as defined in Section 57600.

(n) "Participating depository financial institution" means a qualifying bank, credit union, or other financial institution, as determined by the commission pursuant to subparagraph (C) of paragraph (1) of subdivision (a) of Section 100106, participating in the CalAccount Program by providing CalAccounts to accountholders in concert with the financial services network administrator, as described in subparagraph (A) of paragraph (2) of subdivision (a) of Section 100106.

(o) "Payroll direct deposit arrangement" means an arrangement by which a worker may authorize payment of wages or other moneys due the worker by an employer or hiring entity, or any portion thereof, to be directly deposited by electronic fund transfer into the worker's CalAccount.

(p) "Person" means an individual, sole proprietorship, partnership, joint venture, association, trust, estate, business trust, corporation, joint stock company, limited liability company, unincorporated association, state or local government or agency, instrumentality, or political subdivision thereof, or any similar entity or organization.

(q) "Preauthorized electronic fund transfer" means an electronic fund transfer authorized in advance to recur at substantially regular intervals.

(r) "Program fund" means the CalAccount Fund established pursuant to Section 100108.

(s) "Registered payee" means a person who has registered with the program to accept receipt of preauthorized electronic fund transfers from accountholders by agreeing to specific conditions to be established by the commission.

(t) "Stalking" has the same meaning as defined in Section 646.9 of the Penal Code.

(u) "Transaction account" means a demand deposit account, share draft account, or similar account.

(v) "Worker" means an employee or an independent contractor.

(w) "Worker participant" means a worker who is an accountholder.

100102. (a) The CalAccount Blue Ribbon Commission established pursuant to Chapter 451 of the Statutes of 2021 shall continue in existence as the CalAccount Commission and shall do the following:

(1) Assume the responsibility and duty to meet the requirements of this title and all applicable state and federal laws and regulations.

(2) Establish, oversee, and manage the CalAccount Program.

(3) Serve the interests of program accountholders and those seeking to access financial services and debt management tools through the program.

(4) Serve the public interest and pursue partnerships and credit unions and other local financial institutions.

(5) Ensure the operational well-being and fiscal solvency of the program.

(b) The commission shall be composed of all of the following members:

(1) The Treasurer or the Treasurer's designee.

(2) The Commissioner of the Department of Financial Protection and Innovation or that person's designee.

(3) An individual with banking expertise, particularly expertise in transaction accounts and debit cards, appointed by the Senate Committee on Rules.

(4) A public banking advocate appointed by the Senate Committee on Rules.

(5) An individual with expertise in economic and racial justice and cultural competence appointed by the Speaker of the Assembly.

(6) A consumer representative or advocate with expertise in banking access and financial empowerment, including within historically unbanked and underbanked communities, appointed by the Speaker of the Assembly.

(7) An employee representative appointed by the Governor.

(8) An individual with expertise in banking or consumer financial services affiliated with an academic institution appointed by the Governor.

(9) An individual, appointed by the Governor, with banking expertise.

(c) The members of the commission shall serve at the pleasure of their appointing authority.

(d) The Treasurer shall serve as the chair of the commission.

(e) In making appointments to the commission, the appointing authorities shall take into consideration the cultural, ethnic, and geographic diversity of the state so that the commission's composition reflects the communities of California.

(f) (1) Except as provided in paragraph (2), members of the commission shall serve without compensation.

(2) Members of the commission shall be reimbursed for necessary travel expenses incurred in connection with their commission duties.

(g) (1) Except for the members described in paragraphs (3) and (9) of subdivision ~~(a)~~, (b), a commission member, or Treasurer's staff working with the commission, while serving in that capacity shall not have a direct or indirect investment or ownership interest in or be employed by, a consultant to, a member of the board of directors of, affiliated with, or otherwise a representative of a private bank or financial services institution unless that position is an unpaid volunteer position.

(2) The restrictions in paragraph (1) do not include ownership of a share of a diversified mutual fund or exchange-traded fund that holds shares of a private bank or financial services institution.

100103. (a) The CalAccount Program is hereby established, to be administered by the commission, for the purpose of increasing access to traditional banking services, as specified in Section 100104.

(b) The program shall be designed to protect consumers who lack access to traditional banking services from predatory, discriminatory, and costly alternatives, and shall do both the following:

(1) Provide every Californian with access to a voluntary, zero-fee, zero-penalty, federally insured transaction account and related payment services, at no cost to accountholders, including robust and geographically diverse mechanisms for accessing account funds and account management tools that facilitate the automation of basic financial transactions designed to serve the needs of individuals with low or fluctuating income.

(2) Require employers to facilitate program sign up for employees, utilize CalAccount mechanisms for communication between employers and the program, and respect and comply with employees' direct deposit elections with respect to CalAccount.

(c) The commission shall establish a set of program goals. The commission and State Treasurer's Office shall balance any tensions between the core policy goals of the program as set forth in paragraph (1) of subdivision (b) with practical considerations as they arise. Program goals shall include:

(1) Providing accountholders maximum access to funds, including robust and geographically diverse mechanisms for accessing account funds.

(2) Maximizing accessibility of the program by facilitating the opening of a CalAccount by individuals, including those with the following characteristics:

(A) Are under 18 years of age, including individuals who are at least 14 years of age without a cosigner or guarantor on the account, consistent with all applicable laws.

(B) Are unhoused or otherwise do not have permanent housing.

(C) Lack federal or state government-issued photographic identification, but have other documents, including, but not limited to, a foreign or domestic passport with photograph, consular identification, student identification, municipal identification, a work authorization card, government-issued correspondence, utility bills, digital identification, or biometric identification, provided that those documents are sufficient to satisfy federal Know Your Customer requirements.

(D) Have been, or are currently being, subjected to domestic violence, sexual assault, human trafficking, or stalking.

(3) Minimizing unfair account denials and providing an accessible process to appeal rejections.

(4) Minimizing costs to merchants accepting CalAccount for payments.

(5) Maximizing consumer protections for automated payments and automatic disbursement rules.

(6) Effective marketing and outreach to maximize program signups.

(7) Incorporating best practices to protect the safety, privacy, and assets of, and ensure access to, the program for individuals who have been subjected to or are currently being subjected to domestic violence and sexual assault, stalking, and human trafficking from financial abuse, including coercive control.

(d) The commission and State Treasurer's Office may design and implement optional program components throughout the life of the program that may include the following:

(1) International remittances.

(2) Program facilitation of the voluntary sharing of financial transaction information such as voluntary credit reporting to assist accountholders in building credit or otherwise establish a record of reliable financial transaction history.

(3) Referrals of accountholders to responsible banking services not provided through CalAccount, such as consumer lending. In identifying responsible banking services, the commission shall give priority to local financial institutions and public banks as defined in Section 57600. Referrals shall meet the standards set forth by the commission pursuant to paragraph (15) of subdivision (a) of Section 100106, and shall ensure that participating financial service providers meet any participation requirements set forth by the commission and are in compliance with federal and state law. Requirements set forth by the commission may include participation in a no-fee ATM network for accountholders.

(4) Programs and processes to provide additional support for accountholders who may be at high risk of financial abuse, including to support accountholders subjected to domestic violence, sexual assault, stalking, and human trafficking. Those programs or processes may include training for in-network partners, participating depository financial institutions, and any other financial services vendors program staff regarding financial abuse.

(e) The program shall be designed as a viable option for the payment of public benefits to individuals and shall meet the following requirements:

(1) Have the capacity to issue payment cards that are linked to funds redeemable through the program, such as a reloadable debit card that meets the no fees and no penalties requirements of this program.

(2) Work with governmental agencies to accommodate direct deposits from public payers.

(3) Be able to answer requests for proposals issued by public agencies for the payment of public benefits, and answer those requests for proposals that it is well situated to fulfill.

(4) Where possible, coordinate with agencies to provide necessary, fee-free financial services, such as facilitating unemployment insurance payments made through the Employment Development Department.

(f) Implementation of the program shall take place in two stages: the startup and administration phase and the implementation phase.

(g) Decisions of the commission shall be made by a majority vote.

100104. (a) The commission shall design and implement the CalAccount Program as set forth in Sections 100105 and 100106.

(b) The commission shall oversee the CalAccount Program and have the authority to elect to delegate some oversight duties to the State Treasurer's Office as appropriate.

(c) The commission shall balance any tensions between the core policy goals of the program with practical considerations as they arise.

(d) In addition to the powers and authority granted pursuant to this section, the commission shall have the powers and authority to do all of the following:

- (1) Make and enter into contracts necessary for the administration of the CalAccount Program and engage personnel, including consultants, actuaries, managers, counsel, and auditors, as necessary for the purpose of rendering professional, managerial, and technical assistance and advice.
- (2) Adopt a corporate seal and change and amend it from time to time.
- (3) Accept, for deposit to the program fund, any grant, gift, legislative appropriation, or other moneys from the state, a unit of federal, state, or local government, or any other person, firm, partnership, or corporation.
- (4) Make provisions for the payment of costs of administration and operation of the program.
- (5) Employ staff.
- (6) Retain and contract with other public agencies, financial institutions, with priority given to local financial institutions, as defined in Section 57600, other financial and service providers, consultants, actuaries, counsel, auditors, third-party administrators, and other professionals as necessary.
- (7) Procure insurance indemnifying each member of the commission from personal loss or liability resulting from a member's action or inaction as a member of the commission.
- (8) Collaborate and cooperate with other public entities, financial institutions, service providers, labor unions, and business, financial, trade, community-based, advocacy, and other organizations to the extent necessary or desirable for the effective and efficient design, implementation, and administration of the program and to maximize outreach to potential accountholders and support for accountholder literacy and ~~empowerment~~ *empowerment, consistent with federal and state privacy and security laws*.
- (9) Cause expenses incurred to initiate, implement, maintain, and administer the program to be paid from the program fund or arrangements established under the program.
- (10) Facilitate compliance by the program or arrangements established under the program with all applicable requirements for the program under federal and state law.
- (11) Engage in outreach to potential accountholders.

~~(12) Exercise any and all other powers as appropriate for the effectuation of the purposes, objectives, and provisions of this title.~~

100105. (a) The startup and administration phase shall include all steps necessary to lay the groundwork for successful implementation of the CalAccount Program.

(b) During the startup and administration phase, the commission shall do all of the following:

- (1) Determine the key steps necessary for successful implementation of the program.
- (2) (A) Appoint an executive director, who shall not be a member of the commission and who shall serve at the pleasure of the commission, as well as appropriate staff within the State Treasurer's Office who, along with the executive director, shall administer the CalAccount Program.

(B) Determine the duties and powers of the executive director, including the processes by which the executive director may enter into contracts on behalf of the commission or conduct business necessary for the efficient operation of the commission, and, as appropriate, the duties of other staff.

(C) Set the executive director's compensation.
- (3) Work with the State Treasurer's Office to provide oversight to the executive director and staff as the executive director and staff determine the necessary steps for successful implementation of the CalAccount Program.

(c) The commission may develop committees of the commission to collaborate with staff and the executive director to facilitate communication between the commission and executive director and ensure commission oversight over the executive director.

(d) Steps that shall be taken by the executive director and staff during this phase, in consultation with and with the approval of the commission, include, but are not limited to, the following:

- (1) Completing any technical and legal work related to program rollout.

(2) Answering program design and timing questions.

(3) Arranging for the development of any technical support needed prior to contracting with a financial services network administrator.

(4) Developing requests for proposals for a financial services network administrator and any additional partners whose services are deemed necessary for the implementation of the CalAccount Program.

(5) Developing a scoring rubric approved by the commission for evaluating responses to requests for proposals that ensures that the response's ability to achieve program goals is weighed heavily among selection criteria and that gives priority to responses that will contribute to the building of financial literacy and the availability and provision of responsible banking services, including by local financial institutions as defined in Section 57600.

(6) Hiring, contracting, or preparing to contract for any and all technical support services necessary for the ultimate rollout of the program.

(7) Developing plans for outreach and marketing, including the development of marketing materials.

(8) Entering into contractual relationships with public, nonprofit, and labor organizations, and any appropriate for-profit corporations, to facilitate marketing and sign up.

(9) Entering into contractual relationships with financial institutions to ensure access to ATM networks and locations where accountholders can deposit funds.

(10) Collaborating and cooperating with other California agencies and programs, including local governments and agencies at their discretion, private financial institutions, service providers, and business, financial, trade, membership, and other organizations to the extent necessary or desirable for the effective and efficient design, implementation, and administration of the program and to maximize outreach to potential accountholders and employers.

(11) Determining the feasibility and timing of implementation of additional optional program features, including setting a timeline for periodic review and reevaluation of program features following general program implementation.

(e) In the case of any disagreements between the commission and the executive director or staff regarding appropriate steps or timing, the commission shall be the final decisionmaker.

(f) The executive director and staff shall ensure that the commission and the public have adequate and meaningful opportunities to provide input throughout this phase.

(g) The executive director, in consultation with the commission, may create a working group or groups of stakeholders to provide input and advice during this startup and administration phase and the following implementation phase of the CalAccount Program.

(h) Work initiated during this phase may continue as needed during the implementation phase and thereafter in order to develop an effective program.

100106. (a) The CalAccount Commission shall implement the CalAccount Program. Steps the commission shall take during this phase include, but are not limited to, the following:

(1) Solicit proposals for and select a financial services network administrator.

(A) The contract selection process shall prioritize the selection of a proposal that is best able to meet the goals of the program set forth in Section 100103, not simply the lowest cost option.

(B) The financial services network administrator and any banking partners who are parties to the financial services network administrator's proposal shall be reviewed by the commission for their history of responsible banking practices, with input requested from the Department of Financial Protection and Innovation.

(C) The commission shall consider whether the financial services network administrator and any banking partners who are parties to the network administrator's proposal have the following characteristics:

(i) Have an established record of ethical and responsible banking practices and adherence to all applicable local, state, and federal laws and regulations, including safety and soundness standards, responsible practices with respect to racial equity, and a history of serving low-income, racially diverse, and multilingual communities.

(ii) Meet all technical requirements of the financial services network administrator.

(iii) Agree to comply with all applicable laws and regulations, including all regulations, policies, and directives issued by the commission governing the program, and any contractual requirements established by the commission.

(D) The request for proposals and contract for the network administrator shall specify that additions or other changes to any banking partners shall be subject to approval by the commission.

(E) The request for proposals shall be issued by January 1, 2027.

(2) Establish the duties and functions of the financial services network administrator, which shall be in furtherance of the program goals established by the commission pursuant to subdivision (c) of Section 100103, shall be consistent with the program elements set forth in Section 100103, and may include any of the following:

(A) Contract with, manage, and coordinate the financial services vendors for the program, which shall provide accountholders access to their CalAccount account and services provided in concert with at least one qualifying participating depository financial institution that has the characteristics identified in subparagraph (C) of paragraph (1).

(B) Add additional participating depository financial institutions with the characteristics identified in subparagraph (C) of paragraph (1), subject to the commission's approval, especially including qualifying credit unions and other local financial institutions, as program scope and scale permits, in accordance with the commission's specifications as set forth in the contract between the commission and the financial services network administrator.

(C) Issue to each accountholder a secure debit card, or other secure means of access to their CalAccount account that uses security and antifraud technology consistent with industry standards and best practices. The commission shall also ensure that access is facilitated for those with unstable housing situations or who face barriers to financial access, such as individuals who lack stable housing, lack federal or state-issued photographic identification, and those who are currently being subjected to or have been subjected to domestic violence, sexual assault, human trafficking, or stalking. Standards that may be employed to protect security and facilitate access may include a mechanism via which accountholders may deactivate their current debit card and obtain a replacement debit card for no fee.

(D) Provide a robust and geographically expansive financial services network of partners through which accountholders can load or withdraw funds from their CalAccount account using a CalAccount debit card, or other secure means of access to their CalAccount account, including ATMs, bank or credit union branches, and other in-network partners, at no cost to accountholders.

(E) Provide the necessary technical and regulatory redundancies to minimize disruption of service.

(F) Coordinate data exchange with the executive director and staff and implement all account management elections, including receipt of direct deposit payments, preauthorized electronic fund transfers to registered payees, and automatic disbursement rule elections, made by accountholders through the program's online web portal or mobile application.

(3) Establish processes to ensure that any change impacting the ability of a participating depository financial institution or other program vendor to participate in the program does not disrupt existing accountholders' access to CalAccount accounts or account management elections.

(4) Create and manage an internet website that shall serve as a primary source of information about the program, the financial services offered through the program, and the program network through which accountholders can load or withdraw funds from their CalAccount account using a CalAccount debit card for no fee, and is available in multiple languages reflecting the state's diverse population.

(5) Provide a secure web-based portal and mobile application through which individuals can enroll in the program and entities can become registered payees and through which accountholders can access and manage their ~~CalAccounts~~, [CalAccount accounts](#), including their direct deposit, preauthorized electronic fund transfers to registered payees, and automatic disbursement rule elections. The web-based portal and mobile application shall be available in multiple languages reflecting the state's diverse population.

(6) Establish the mechanisms by which an accountholder may deposit funds into or withdraw funds from a CalAccount account pursuant to all of the following:

(A) The mechanisms for deposit of funds shall include, but not be limited to, electronic fund transfers arranged through an employer's or hiring entity's payroll direct deposit arrangement and cash loading through in-network partners to be established by the financial services network administrator.

(B) The mechanisms for withdrawal of funds shall include, but not be limited to, withdrawals through point-of-sale purchases using a CalAccount debit card and through cash withdrawals at a robust and geographically expansive network, the scope

of which the commission shall seek to maximize, of participating ATMs, bank or credit union branches, and other in-network partners of designated financial institution partners to be established by the financial services network administrator.

(C) The commission shall ensure that the executive director, the financial services network administrator, and participating depository financial institutions do not charge or collect any fees from an accountholder related to the use of a CalAccount debit card or the establishment and maintenance of a CalAccount account, including for the deposit and withdrawal services set forth in subparagraphs (A) and (B).

(D) The executive director, at the commission's direction, may negotiate with the financial services network administrator and other financial services partners for additional financial capabilities of a CalAccount account relating to deposit or withdrawal of funds, including, but not limited to, mobile check deposit, cash loading through out-of-network partners, electronic fund transfers from linked or nonlinked accounts, and cash withdrawal from out-of-network ATMs and bank or credit union branches and international remittances, provided that the financial services network administrator and other financial services partners may not impose any fees upon accountholders for those services.

(E) The executive director, at the commission's direction, shall seek to minimize or eliminate any fees imposed on accountholders by out-of-network entities for services to CalAccount accountholders, and shall ensure that any such fee is reasonable and actually incurred by the entity imposing the fee.

(7) Establish the process through which an accountholder may elect to have a portion, up to the entirety, of their paycheck or earnings due for labor or services performed directly deposited by electronic fund transfer into their CalAccount account utilizing an operational model that limits interaction between an employer and an employee and between a hiring entity and an independent contractor to the extent feasible.

(8) Establish the process through which employers and hiring entities shall be required to remit through a payroll direct deposit arrangement each worker's elected payroll contribution to the worker's CalAccount account in accordance with the worker's election.

(9) Establish a process, available to all accountholders for no fee, through which an accountholder may arrange for payment to a registered payee using a preauthorized electronic fund transfer from a CalAccount account.

(10) Establish enhanced security and privacy measures that are available on an opt-in basis for all accounts, but that may not be suitable for every accountholder. In particular, these measures shall be designed to account for the unique privacy and accessibility needs of vulnerable communities, including those with unstable housing or those who have been subjected to or are currently being subjected to domestic violence, sexual assault, stalking, and human trafficking, or otherwise face barriers to consistent and unimpeded access to their accounts, and establish best practices to meet those unique needs. Those practices may include the following:

(A) A convenient mechanism for an accountholder to review and, if necessary, update the accountholder's contact information and preferred contact method. Any such mechanism, if implemented, shall be designed to minimize fraud risk and maintain the security and accessibility of each accountholder's account.

(B) A secure and formal process to designate a verified third-party address as a mailing address, including, but not limited to, the address of a trusted and verified individual identified by the accountholder, a vetted address confidentiality program, or a vetted community-based assistance program. Any process developed pursuant to this subdivision shall consider both the privacy and security needs of users, and the need to prevent fraud and the exploitation of vulnerable accountholders.

(C) Additional geolocational protections against fraudulent account activity, including the option for the accountholder to flag regions from which transactions shall be denied or other protections utilizing geolocation data, provided, however, that the collection and use of that geolocation data shall only take place with the express consent of the accountholder.

(11) Establish the process and terms and conditions for becoming a registered payee pursuant to both of the following:

(A) Before becoming a registered payee, the payee shall be required to agree to specified terms and conditions to be established by the commission in exchange for the benefits of transparency and accountability afforded by participation in an automated payment system.

(B) The commission shall establish the terms and conditions to which registered payees shall agree, which may vary depending on the type of payee, and which shall be designed to incentivize accountholders' preauthorized electronic fund transfers to registered payees and application of voluntary automatic disbursement rules by limiting the late payment fees and penalties that registered payees may impose on accountholders who pay them using preauthorized electronic fund transfers from their CalAccount account.

(12) Establish voluntary automatic disbursement rules to assist accountholders in managing automated payments to registered payees based on the availability of funds in the accountholder's account, which accountholders may voluntarily elect to apply or to stop applying to their CalAccount account at any time. The voluntary automatic disbursement rules shall be designed to maximize consumer protection and may include, but not be limited to, rules governing the prioritization and timing of payments, rules limiting payments to a percentage of funds available in the CalAccount account, and rules limiting disbursement to designated registered payees only upon satisfaction of specified conditions of the CalAccount account.

(13) Take all appropriate steps to manage the relationship between the CalAccount Program and other state and local government programs, including, but not limited to, measures to accomplish the following:

(A) Enable accountholders to transfer funds between CalAccount and other state or locally managed accounts for the receipt of public benefits.

(B) Collaborate and cooperate with the State Department of Social Services, Office of Systems Integration, Employment Development Department, and other governmental agencies, including, but not limited to, agencies responsible for the distribution of emergency relief payments, to improve and streamline operations for the distribution of local, state, and federal benefit and public assistance payments and other disbursements by enabling accountholders to authorize payments to be directly deposited by electronic fund transfer into their CalAccount account, as applicable, to the extent permitted by law.

(C) Collaborate and cooperate with the CalSavers Retirement Savings Board, the Scholarshare Investment Board, the California ABLE Act Board, and the board of any other state program administering a program providing for financial accounts for individuals in the state, to the extent necessary or desirable for the effective and efficient design, implementation, and administration of these programs and to maximize the purposes of these programs and the ability of participants in these programs to benefit therefrom.

(14) Facilitate and manage data exchange with the financial services network administrator, ensuring that account management elections, including direct deposit, request for payment inquiries, preauthorized electronic fund transfers to registered payees, and automatic disbursement rule elections made by accountholders through the program's online web portal or mobile application are communicated to and executed by the financial services network administrator.

(15) Establish standards to ensure that any commercial product marketed to CalAccount accountholders is affordable, secure, and financially responsible, and to ensure that the executive director and financial services network administrator satisfactorily perform all duties and functions and do not market commercial products to CalAccount accountholders absent the commission's prior express, written authorization pursuant to those standards. These standards may include participation in a no-fee ATM network for accountholders

(b) Work performed during this phase may continue as needed for the life of the program to ensure program elements can be updated and that the program will remain effective.

100107. In addition to the powers and duties set forth in Sections 100104 to 110106, inclusive, the commission shall do the following:

(a) Allow for participation in the program by providers of in-home supportive services, as regulated by Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code, if the commission determines, and the Director of Social Services and the Director of Finance certify, in writing, all of the following:

(1) The participation meets all state and federal legal requirements.

(2) The appropriate employer of record has been identified for the purpose of satisfying all of the program's employer requirements.

(3) The payroll deduction described in Section 12302.2 of the Welfare and Institutions Code can be implemented at reasonable costs.

(4) The participation does not create a financial liability for the state or employer of record.

(b) Determine necessary costs associated with outreach, customer service, enforcement, staffing and consultant costs, and all other costs necessary to administer the program.

(c) Implement outreach and customer service supports for the program, as well as any other program supports the commission deems necessary to administer the program.

(d) Consult with employer representatives and employee representatives to create an administrative structure that facilitates employee participation while addressing employer needs, including, but not limited to, clearly defining employers' duties pursuant to Section 100109.

(e) Ensure the inclusion of comprehensive worker education and outreach in the program, including through collaboration with state and local governmental agencies, community-based and nonprofit organizations, foundations, vendors, and other entities deemed appropriate to develop and secure ongoing resources for education and outreach that reflect the cultures and languages of the state's diverse workforce population. In selecting entities for that collaboration, the commission shall prioritize entities with experience providing services in multiple languages and demonstrating prior effectiveness in outreach to racially diverse populations.

(f) Ensure the inclusion in the program of comprehensive employer education and outreach developed in consultation with employer representatives and employee representatives.

(g) Structure the program so as to ensure the state is prohibited from incurring liabilities associated with administering the program and that the state has no liability for the program or for the actions of any program contractor or subcontractor.

(h) Prior to opening the California CalAccount Program for public participation, if *the Department of Finance determines* there are sufficient funds available, or if an annual Budget Act appropriation is made in amounts sufficient to allow the ~~board~~ *commission* to implement, or both, the ~~board~~ *commission* shall establish either or both of the following:

(1) A process to determine geographic limitations and other obstacles to accountholders using only in-network ATMs, and a proposal for the CalAccount Program to cover reasonable out-of-network ATM fees in collaboration with the Legislature that includes funding those costs.

(2) A process to minimize the cost of international remittances for accountholders that includes fiscal participation from the State of California and other interested governmental and nongovernmental entities.

100108. (a) The CalAccount Fund is hereby created in the State Treasury. ~~Moneys~~

(b) Moneys in the fund shall be available upon appropriation by the Legislature for purposes of this title.

(c) Prior to the execution of a contract with financial institutions, moneys in the fund shall be available upon appropriation by the Legislature after the Treasurer has confirmed, in a letter to the Joint Legislative Budget Committee, that the commission demonstrates the feasibility of achieving the goals in Section 100102.

100109. (a) Employers and hiring entities shall maintain a payroll direct deposit arrangement that enables voluntary worker participation in the program.

(b) All wages and other payments due a worker that a worker has authorized to be directly deposited by electronic fund transfer into the worker's CalAccount account shall be deposited accordingly.

(c) Employers and hiring entities shall, consistent with all applicable regulations issued by the commission, do all of the following:

(1) Coordinate their payroll process with the CalAccount Program to facilitate accurate and seamless payment by direct deposit in accordance with the authorization of each worker participant using the tools provided by the program.

(2) Cooperate with the commission in providing all requested information available to the employer or hiring entity necessary for the opening and administration of a worker's CalAccount account.

(3) Upon request of the administrator, provide additional forms or notifications to a worker within seven calendar days.

(d) Employers and hiring entities shall not discharge, discipline, threaten to discharge or discipline, or in any other manner retaliate or take an adverse action against a worker or applicant because of the individual's participation or manner of participation in the CalAccount Program.

(e) A person that is not subject to the requirements of this title may voluntarily maintain a payroll direct deposit arrangement to allow worker participation in the program.

~~(f) Either to the extent that program funds are available or to the extent that~~ *If the Department of Finance determines that there are sufficient funds available in the CalAccount Fund or* if an annual Budget Act appropriation is made in amounts sufficient to allow the ~~board~~ *commission* to implement, or both, the ~~board~~ *commission* shall develop a process for small employers to request financial and administrative implementation assistance. Small employers for the purposes of this provision only are defined as businesses with less than or equal to 100 employees.

100110. (a) The commission shall refer to the Labor Commissioner for enforcement pursuant to Section 90.4 of the Labor Code a complaint it makes or receives that an employer or hiring entity has failed to allow its workers to participate in the CalAccount Program pursuant to this title or otherwise violated its duties under Section 100108.

(b) The commission shall reimburse the Labor Commissioner for the costs incurred by the Labor Commissioner in enforcing this title.

100111. This title does not preclude or reduce a judgment debtor's right to an exemption from enforcement of a money judgment provided by state or federal law. Moneys exempt from enforcement of a money judgment remain exempt if they have been deposited into the individual's CalAccount account.

100112. (a) Notwithstanding Section 10231.5, the commission shall submit an annual report by August 1 to the Governor, the Controller, the California State Auditor, and the Legislature, pursuant to Section 9795.

(b) The report required by this section shall include, but not be limited to, all of the following information in a deidentified and aggregated form:

- (1) The number of accounts opened and closed in the program during the reporting period, by city and county.
- (2) The number of employers and hiring entities with workers who received payment to their CalAccount account through the employer or hiring entity's payroll direct deposit arrangement during the reporting period, by industry, city, and county.
- (3) Aggregate accountholder demographics, including, but not limited to, county, gender, age, race, ethnicity, primary language, annual income, and job industry.
- (4) A statement regarding risk management and oversight of the program.
- (5) Any other information the commission determines to be relevant to an assessment of the program.

100113. (a) The commission shall market the program to the residents of the state to the extent funds are available for this purpose.

(b) The commission may include the following in its marketing efforts:

- (1) Information designed to include financial literacy education and resources and to educate citizens about the benefits of financial management and planning.
- (2) Information designed to include education regarding financial abuse and to educate citizens about the resources available to victims of financial abuse, which may include resources created by governmental agencies, nonprofit organizations, and community groups.

100114. ~~(a)~~ The commission shall adopt regulations as it deems necessary to implement this title.

~~(b) The commission may adopt regulations to implement this title as emergency regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2). The adoption of the regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare, notwithstanding subdivision (e) of Section 11346.1 of the Government Code. Any regulation adopted pursuant to this section shall not remain in effect more than 180 days unless the commission complies with rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2), as required by subdivision (e) of Section 11346.1 of the Government Code.~~

SEC. 5. Section 90.4 is added to the Labor Code, to read:

90.4. (a) For purposes of this section:

- (1) "CalAccount Commission" means the CalAccount Commission, as defined in Section 100100 of the Government Code.
- (2) "CalAccount Program" has the same meaning as defined in Section 100100 of the Government Code.
- (3) "Employer" has the same meaning as defined in Section 100100 of the Government Code.
- (4) "Hiring entity" has the same meaning as defined in Section 100100 of the Government Code.
- (5) "Worker" has the same meaning as defined in Section 100100 of the Government Code.

(b) The Labor Commissioner shall have the power and duties necessary to administer the enforcement of employer and hiring entity compliance with Title 21.1 (commencing with Section 100100) of the Government Code.

(c) (1) Upon receipt of a complaint or referral from the CalAccount Commission, the Labor Commissioner shall investigate and determine whether an employer or hiring entity has failed to allow its workers to participate in the CalAccount Program or otherwise violated Section 100109 of the Government Code.

(2) (A) An employer or hiring entity who violates a provision of paragraph (2) of subdivision (b) of Section 100103, Section 100109 of the Government Code, or any rules or regulations established by the commission pursuant to those provisions shall be subject to a civil penalty of two hundred fifty dollars (\$250) per worker per violation in an initial citation and one thousand dollars (\$1,000) per worker for each violation in a subsequent citation for a violation of Section 100109 of the Government Code.

(B) The civil penalties provided for in this paragraph are in addition to any other penalty provided by law.

(3) If, upon investigation, the Labor Commissioner determines that an employer or hiring entity has violated a provision of Section 100109 of the Government Code, the Labor Commissioner may issue a citation to the employer or hiring entity in violation. The citation may be served personally, in the same manner as provided for service of a summons, as described in Chapter 4 (commencing with Section 413.10) of Title 5 of Part 2 of the Code of Civil Procedure, by certified mail with return receipt requested, or by registered mail in accordance with subdivision (c) of Section 11505 of the Government Code. Each citation shall be in writing and shall describe the nature of the violation, including reference to the statutory provision alleged to have been violated, and shall advise the employer or hiring entity of its right to request a hearing pursuant to Section 226.5.

(4) Section 226.5 shall apply to a citation or the proposed assessment of a civil penalty issued by the Labor Commissioner pursuant to this section.

(d) In enforcing this section, the Labor Commissioner shall take into consideration whether the violation was inadvertent. The Labor Commissioner may decide, at that person's discretion, not to penalize an employer or hiring entity for a first violation if that violation was due to a clerical error or inadvertent mistake.

(e) Civil penalties collected pursuant to this section shall be deposited into the CalAccount Fund established by Section 100108 of the Government Code.

SEC. 6. Section 12302.2 of the Welfare and Institutions Code is amended to read:

12302.2. (a) (1) If the state or a county makes or provides for direct payment to a provider chosen by a recipient or to the recipient for the purchase of in-home supportive services, the department shall perform or ensure the performance of all rights, duties, and obligations of the recipient relating to those services as required for purposes of payroll direct deposit arrangements offered pursuant to the CalAccount Program (Title 21.1 (commencing with Section 100100) of the Government Code), unemployment compensation, unemployment compensation disability benefits, workers' compensation, retirement savings accounts, including payroll deduction IRA arrangements offered pursuant to the CalSavers Retirement Savings Program (Title 21 (commencing with Section 100000) of the Government Code), federal and state income tax, and federal old-age, survivors, and disability insurance benefits. Those rights, duties, and obligations include, but are not limited to, registration and obtaining employer account numbers, providing information, notices, and reports, making applications and returns, and withholding in trust from the payments made to or on behalf of a recipient amounts to be withheld from the wages of the provider by the recipient as an employer, including the sales tax extended to support services by Article 4 (commencing with Section 6150) of Chapter 2 of Part 1 of Division 2 of the Revenue and Taxation Code, and transmitting those amounts along with amounts required for all contributions, premiums, and taxes payable by the recipient as the employer to the appropriate person or state or federal agency. The department may ensure the performance of any or all of these rights, duties, and obligations by contract with any person, or any public or private agency.

(2) Contributions, premiums, and taxes shall be paid or transmitted on the recipient's behalf as the employer for any period commencing on or after January 1, 1978, except that contributions, premiums, and taxes for federal and state income taxes and federal old-age, survivors, and disability insurance contributions shall be paid or transmitted pursuant to this section commencing with the first full month that begins 90 days after the effective date of this section.

(3) Contributions, premiums, and taxes paid or transmitted on the recipient's behalf for unemployment compensation, workers' compensation, and the employer's share of federal old-age, survivors, and disability insurance benefits shall be payable in addition to the maximum monthly amount established pursuant to Section 12303.5 or subdivision (a) of Section 12304 or other amount payable to or on behalf of a recipient. Contributions, premiums, or taxes resulting from liability incurred by the recipient as employer for unemployment compensation, workers' compensation, and federal old-age, survivors, and disability insurance benefits with respect to any period commencing on or after January 1, 1978, and ending on or before the effective date of this section shall also be payable in addition to the maximum monthly amount established pursuant to Section 12303.5 or

subdivision (a) of Section 12304 or other amount payable to or on behalf of the recipient. Nothing in this section shall be construed to permit any interference with the recipient's right to select the provider of services or to authorize a charge for administrative costs against any amount payable to or on behalf of a recipient.

(b) If the state makes or provides for direct payment to a provider chosen by a recipient, the Controller shall make any deductions from the wages of in-home supportive services personnel that are authorized by Sections 1152 and 1153 of the Government Code, as limited by Section 3515.6 of the Government Code, and for the sales tax extended to support services by Article 4 (commencing with Section 6150) of Chapter 2 of Part 1 of Division 2 of the Revenue and Taxation Code.

(c) Funding for the costs of administering this section and for contributions, premiums, and taxes paid or transmitted on the recipient's behalf as an employer pursuant to this section shall qualify, where possible, for the maximum federal reimbursement. To the extent that federal funds are inadequate, notwithstanding Section 12306, the state shall provide funding for the purposes of this section.