



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5119 (as passed by the House)
Sponsor: Representative Rob VerHuelen
House Committee: Financial Services

CONTENT

The bill would amend Article 4A of the Uniform Commercial Code, which governs funds transfers, to extend the article to remittance transfers; and provide that if there were an inconsistency between the article and an applicable provision of the Federal Electronic Fund Transfer Act (EFTA), the Act would govern.

Article 4A states that it does not apply to a funds transfer that is governed by the EFTA. The bill would make an exception to this provision, as follows.

Under the bill, Article 4A would apply to a funds transfer that was a remittance transfer, unless the remittance transfer was an electronic funds transfer as defined in the EFTA. (That Act originally applied only to consumer wire transfers but, as a result of an amendment under the Dodd-Frank Act, it also applies to remittance transfers, whether or not they are also electronic fund transfers.)

"Remittance transfer" would mean that term as defined under the EFTA (i.e., an electronic transfer of funds requested by a sender located in any state to a designated recipient that is initiated by a remittance transfer provider, whether or not the sender holds an account with the remittance transfer provider or whether or not the remittance transfer is also an electronic fund transfer).

"Electronic fund transfer" also would mean that term as defined under the EFTA. (The Act defines the term as 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, or computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. The term includes, but is not limited to, point-of-sale transfers, ATM transactions, direct deposits or withdrawals of funds, and transfers initiated by telephone.)

MCL 440.4608

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 3-25-14

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