House Study Bill 156 - Introduced

A BILL FOR

1 An Act limiting the number of transactions entered into in
2   connection with a delayed deposit services business,
3   creating a statewide database, and providing for a fee.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 533D.10, subsection 1, Code 2011, is
2 amended to read as follows:
3 1. A licensee shall not do any of the following:
4 *a.* Hold from any one maker more than ~~two checks~~ one check at
5 any one time.
6 *b.* Hold from any one maker a check ~~or checks~~ in ~~an aggregate~~
7 a face amount of more than five hundred dollars at any one
8 time.
9 *c.* Hold or agree to hold a check for more than thirty-one
10 days.
11 *d.* Require the maker to receive payment by a method which
12 causes the maker to pay additional or further fees and charges
13 to the licensee or another person.
14 *e.* Repay, refinance, or otherwise consolidate a ~~postdated~~
15 ~~check~~ delayed deposit services transaction with the proceeds of
16 another ~~postdated check~~ delayed deposit services transaction
17 made by the same licensee.
18 *f.* Receive any other charges or fees in addition to the fees
19 listed in section 533D.9, subsections 1 and 2.
20 *g.* Enter into another delayed deposit services transaction
21 with the maker of a check if the licensee presently has
22 a delayed deposit services transaction outstanding with
23 the maker, or if the maker has a delayed deposit services
24 transaction outstanding with another licensee in this state.
25 Sec. 2. NEW SECTION. **533D.10A Statewide database.**
26 1. The superintendent shall, by contract with a vendor
27 or service provider or otherwise, develop and administer a
28 statewide system by which a licensee may determine whether a
29 maker of a check has an outstanding delayed deposit services
30 transaction, the number of transactions the maker has
31 outstanding, the date on which a transaction concluded, and
32 any other information necessary to comply with the provisions
33 of this chapter. The superintendent may by rule specify
34 the form and content of the system and shall ensure, at a
35 minimum, that the information entered into or stored by the

1 system is accessible to and usable by licensees, and secured
2 against public disclosure, tampering, theft, or unauthorized
3 acquisition or use.
4   2. Licensees shall be required to enter the information
5 specified in subsection 1 at the time a delayed deposit
6 services transaction is entered into, and update the
7 information on a weekly basis up to and including when the
8 transaction is concluded. The requirements of this section
9 shall continue to apply to a licensee who discontinues
10 operation of a delayed deposit services transaction business
11 until all transactions entered into while the business was in
12 operation have been concluded.
13   3. A vendor or service provider operating or administering
14 the system may charge licensees a fee for access to or use of
15 the system in an amount as determined by the superintendent by
16 rule, not to exceed one dollar per delayed deposit services
17 transaction.
18   4. *a.* A licensee, vendor, or service provider shall ensure
19 that the information contained in the system is not subject to
20 public inspection or disclosure, and such information shall not
21 be subject to discovery, subpoena, or other compulsory process
22 except in an action brought under this chapter.
23   *b.* The superintendent shall establish by rule requirements
24 for the retention, archiving, and deletion of information
25 entered into or stored by the system.
26   EXPLANATION
27   This bill modifies provisions applicable to delayed deposit
28 services businesses.
29   The bill changes the number of checks which a delayed deposit
30 services business licensee can hold from any one maker from two
31 checks to one check, and prohibits a licensee from entering
32 into another delayed deposit services transaction with the
33 maker of the check if the licensee presently has a delayed
34 deposit services transaction outstanding with the maker,
35 or if the maker has a delayed deposit services transaction

1 outstanding with another licensee in Iowa.

2   For purposes of compliance with the one transaction
3 limitation, the bill directs the superintendent of banking
4 to develop and implement a statewide system by which a
5 licensee may determine whether a maker of a check has an
6 outstanding delayed deposit services transaction, the number
7 of transactions the maker has outstanding, the date on which
8 a transaction concluded, and any other information necessary
9 to comply with the provisions of Code chapter 533D. The
10 bill states that the superintendent may by rule specify the
11 form and content of the system, which at a minimum shall
12 ensure that the information entered into or stored by the
13 system is accessible to and usable by licensees, and secured
14 against public disclosure, tampering, theft, or unauthorized
15 acquisition or use. The bill requires licensees to enter the
16 information at the time a delayed deposit services transaction
17 is entered into, and update the information on a weekly
18 basis up to and including when the transaction is concluded.
19 These requirements shall continue to apply to a licensee
20 who discontinues operation of a delayed deposit services
21 transaction business until all transactions entered into while
22 the business was in operation have been concluded.

23   The bill permits the superintendent to enter into a
24 contract with a vendor or service provider for development
25 and administration of the system, and authorizes that vendor
26 or service provider to charge licensees a fee for access to
27 or use of the system in an amount to be determined by the
28 superintendent by rule, subject to a $1 maximum.

29   The bill provides that information contained in the system
30 shall not be subject to public inspection or disclosure and is
31 not subject to discovery, subpoena, or other compulsory process
32 except in an action brought under Code chapter 533D. The bill
33 directs the superintendent to establish by rule requirements
34 for the retention, archiving, and deletion of information
35 entered into or stored by the system.