

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 2516

(SENATE AUTHORS: WESTROM)

DATE
05/10/2021

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OFFICIAL STATUS
Introduction and first reading
Referred to Commerce and Consumer Protection Finance and Policy

1.1 A bill for an act
1.2 relating to commerce; adopting under state law provisions of Federal Reserve
1.3 Board Regulation E by reference; extending protections related to unauthorized
1.4 transfers to accounts held by certain small businesses; proposing coding for new
1.5 law in Minnesota Statutes, chapter 47.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. **[47.86] FEDERAL ELECTRONIC FUND TRANSFER REGULATIONS;**
1.8 **ADOPTION.**

1.9 Subdivision 1. **Applicability.** Financial institutions must comply with the federal
1.10 regulations incorporated in this section, as modified by subdivision 3.

1.11 Subd. 2. **Incorporation by reference.** Except as modified by subdivision 3, the provisions
1.12 of Federal Reserve Board Regulation E, Code of Federal Regulations, title 12, sections
1.13 205.1 to 205.14, are incorporated by reference.

1.14 Subd. 3. **Modification; extension of certain protections to small business accounts.** For
1.15 purposes of state law, the definition of "consumer" in Code of Federal Regulations, title 12,
1.16 section 205.2, includes a business entity with less than 50 full time equivalent employees,
1.17 and the definition of "account" includes an account owned by a business entity with less
1.18 than 50 full time equivalent employees.

1.19 Subd. 4. **Good faith standard.** A financial institution and any person who initiated an
1.20 electronic fund transfer from the consumer's account must cooperate in good faith with the
1.21 consumer to establish the facts relevant to an unauthorized electronic fund transfer.

1.22 **EFFECTIVE DATE.** This section is effective August 1, 2021.