

SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION

S.F. No. 1645

(SENATE AUTHORS: WESTROM)

DATE  
02/16/2023

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Introduction and first reading  
Referred to Commerce and Consumer Protection

OFFICIAL STATUS

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 Minnesota law:

1.16 (1) the definition of "consumer" in Code of Federal Regulations, title 12, section 205.2,  
1.17 includes a business entity with less than 50 full time equivalent employees; and

1.18 (2) the definition of "account" includes an account owned by a business entity with less  
1.19 than 50 full time equivalent employees.

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