

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
SECOND SESSION
LEGISLATIVE BILL 880

Introduced by Harms, 48.

Read first time January 14, 2014

Committee: Banking, Commerce and Insurance

A BILL

- 1 FOR AN ACT relating to consumer protection; to require notice of
- 2 debit card preauthorization hold amounts as prescribed;
- 3 and to provide duties for the Department of Banking and
- 4 Finance and the Attorney General.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) A business entity shall provide notice to
2 each customer using a debit card of any preauthorization hold to be
3 initiated upon the customer's debit card. A written notice may be
4 provided directly to a customer or posted in clear view of a customer
5 so that the customer is able to see the notice prior to initiating a
6 debit card transaction. An oral or electronic notice may be provided
7 instead of a posted written notice if it is given to the customer
8 during the course of the transaction to permit the customer to cancel
9 the transaction without incurring charges. An oral, electronic, or
10 written notice shall include, but not be limited to, a statement that
11 indicates the preauthorization hold practices of the business entity,
12 including the maximum amount possible that can be held under a
13 preauthorization hold and the maximum time possible of a
14 preauthorization hold, and any alternatives to a preauthorization
15 hold. An electronic or written notice shall be in capital letters and
16 in at least fourteen-point type or equivalent size if handwritten and
17 shall be posted or displayed at the point of sale.

18 (2) For purposes of this section, preauthorization hold
19 means approval for a debit card transaction in an amount greater than
20 the amount of the actual purchase in order to provide additional
21 funds for possible future purchases of goods or services by the
22 customer from the business entity.

23 (3) A violation of this section shall be a deceptive
24 trade practice under the Uniform Deceptive Trade Practices Act.

25 Sec. 2. (1) The Department of Banking and Finance shall

1 work with interested parties to develop a consumer awareness brochure
2 that explains preauthorization hold practices. The department shall
3 make the brochure available, at cost, to financial institutions and
4 business entities.

5 (2) The Attorney General shall report electronically to
6 the Banking, Commerce and Insurance Committee of the Legislature the
7 number of consumer complaints received between January 1, 2015, and
8 December 31, 2015, regarding preauthorization hold practices. Such
9 report shall be provided by January 31, 2016.