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HOUSE BILL 1977

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State of Washington

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2001 Regular Session

By Representatives Lambert, Ruderman, Benson, Schual-Berke, Keiser, Campbell and McIntire

Read first time 02/12/2001. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to protecting privacy by restricting the use of  
2 social security account numbers by financial institutions; adding a new  
3 chapter to Title 19 RCW; and prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** INTENT. (1) The legislature declares that:

6 (a) The social security account number was first intended for use  
7 solely by the federal government as a way of tracking the earnings of  
8 an individual in order to determine the amount of social security taxes  
9 to credit to the individual's account;

10 (b) Over the years, the use of the social security account number  
11 by both the public and private sectors for other purposes has  
12 increased;

13 (c) The increased use of the social security account number for  
14 other purposes has led to an increase of stolen and misappropriated  
15 social security account numbers, identity theft, and fraud;

16 (d) Although federal law provides some limits on the use of the  
17 social security account number by government agencies, the federal law  
18 does not prohibit private companies from asking for a person's social  
19 security account number;

1 (e) Federal laws provide little protection against private  
2 companies misusing a person's social security account number;

3 (f) With today's technology, the use of the social security account  
4 number as a personal identifier is less necessary than in the past; and

5 (g) There are other identification methods available, such as using  
6 an algorithm to digitize a person's name or other identifying  
7 information, or issuing personal identifying numbers known only to the  
8 individual and company.

9 (2) The legislature intends to protect the privacy of the citizens  
10 of Washington by requiring financial institutions to provide a person  
11 with the option of using a number other than the person's social  
12 security account number for purposes of numerical identification and  
13 recordkeeping.

14 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this  
15 section apply throughout this chapter unless the context clearly  
16 requires otherwise.

17 (1) "Customer" means a natural person who has an account or who  
18 regularly or repeatedly engages in transactions with a financial  
19 institution.

20 (2) "Financial institution" means a bank, trust company, mutual  
21 savings bank, savings and loan association, or credit union authorized  
22 by federal or state law to accept deposits in this state.

23 NEW SECTION. **Sec. 3.** MANDATORY USE OF SOCIAL SECURITY ACCOUNT  
24 NUMBER PROHIBITED. (1) A financial institution shall not require a  
25 customer to utilize his or her social security account number as a  
26 means of personal identification for the purpose of engaging in  
27 transactions, accessing accounts, obtaining account information,  
28 obtaining services, or otherwise conducting business with the financial  
29 institution.

30 (2) A financial institution shall not require that, as a condition  
31 precedent to opening an account, a prospective customer consent to the  
32 use of his or her social security account number for the purpose of  
33 identification to the financial institution.

34 (3) A financial institution may utilize a customer's social  
35 security account number as a means of personal identification only if  
36 the customer consents in writing to such use and the customer is given

1 the option of choosing a different numerical identifier as a means of  
2 identifying himself or herself to the financial institution.

3 NEW SECTION. **Sec. 4.** CONFORMITY WITH OTHER STATE OR FEDERAL LAW.  
4 This chapter does not prohibit the lawful use of social security  
5 account numbers by financial institutions when the use of social  
6 security account numbers is explicitly required by state or federal  
7 law.

8 NEW SECTION. **Sec. 5.** REMEDIES FOR NONCOMPLIANCE. (1) A customer  
9 may bring a civil action for damages, injunctive relief, or both  
10 against a financial institution that has failed to comply with this  
11 chapter. If the violation is inadvertent, the individual may recover  
12 his or her actual damages. If the violation is due to negligence,  
13 damages are to be in the amount of five hundred dollars, or actual  
14 damages, whichever is greater, as well as the costs of the suit,  
15 including attorneys' fees. Upon a showing that the violation of this  
16 chapter was willful, a court may increase the award of damages in an  
17 amount not more than three times the actual damages sustained, or one  
18 thousand five hundred dollars, whichever is greater, as well as the  
19 costs of the suit, including attorneys' fees.

20 (2) The attorney general may bring a civil action for damages,  
21 injunctive relief, or both against a financial institution that has  
22 failed to comply with this chapter. Damages are the same as those for  
23 individual plaintiffs under subsection (1) of this section.

24 (3) The legislature finds that the practices covered by this  
25 chapter are matters vitally affecting the public interest for the  
26 purpose of applying the consumer protection act, chapter 19.86 RCW. A  
27 violation of this chapter is not reasonable in relation to the  
28 development and preservation of business and is an unfair or deceptive  
29 act in trade or commerce and an unfair method of competition for the  
30 purpose of applying the consumer protection act, chapter 19.86 RCW.  
31 Remedies under chapter 19.86 RCW are available in addition to the  
32 remedies under this chapter.

33 NEW SECTION. **Sec. 6.** Captions used in this act are not any part  
34 of the law.

1        NEW SECTION.   **Sec. 7.**   Sections 1 through 6 of this act constitute  
2   a new chapter in Title 19 RCW.

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