

# SENATE BILL REPORT

## SB 5231

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As of January 24, 2003

**Title:** An act relating to credit card-based checks.

**Brief Description:** Prohibiting credit card companies from issuing unsolicited credit card-based checks.

**Sponsors:** Senators Prentice, Keiser and B. Sheldon.

**Brief History:**

**Committee Activity:** Financial Services, Insurance & Housing: 1/28/03.

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### SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

**Staff:** Joanne Conrad (786-7472)

**Background:** Credit card issuers mail "courtesy checks" to individual card holders. These checks can be used like regular checking account checks, but the user must pay a fee to the card issuer, and the amount of the check is billed to the card holder as a credit purchase. Although some consumers may request these checks, most are unsolicited.

Concern exists that the checks may be subject to theft, including identity theft. They may be stolen from a consumer's mailbox and used to commit fraud. They may be misused by those with compulsive spending or gambling problems, or may tempt consumers with high credit card balances into taking additional financial risk.

**Summary of Substitute Bill:** For Washington residents, credit card issuers must provide notice that credit card-based checks are available only upon request of the card holder. The issuance of unsolicited credit card-based checks is illegal, and unfair practice under the Consumer Protection Act.

**Substitute Bill Compared to Original Bill:** The original bill was not considered.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.