
ENGROSSED SUBSTITUTE HOUSE BILL 1421

State of Washington 65th Legislature 2017 Regular Session

By House Appropriations (originally sponsored by Representatives Smith, Hudgins, and Stanford)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to the removal of payment credentials and other
2 sensitive data from state data networks; and adding a new section to
3 chapter 43.105 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.105
6 RCW to read as follows:

7 (1) State agencies shall not store payment credentials on state
8 data systems. For the purposes of this section, "payment credentials"
9 means:

10 (a) The full magnetic stripe or primary account number of a
11 credit or debit card combined with cardholder name, expiration date,
12 or service code; or

13 (b) Other personally identifiable credentials allowing the state
14 to receive incoming payments for services, excluding account
15 information required for making outgoing payments, distributions, and
16 transfers.

17 (2) Payment credentials collected on behalf of a state agency in
18 order to process payments for the agency must be accepted and stored
19 by a third-party institution that is fully compliant with industry
20 leading security standards. A third-party institution is prohibited
21 from transferring, selling, trading, monetizing, or otherwise sharing

1 any data that is stored pursuant to this section, unless required by
2 law.

3 (3) If a security incident results in the unauthorized
4 acquisition of payment credentials collected and processed by a
5 third-party institution on behalf of a state agency, and if that
6 institution is found not to have been fully compliant with industry
7 leading security standards at the time of the breach, that
8 institution is fully financially liable for the damages resulting
9 from the breach. Damages may include costs of notification, credit
10 monitoring, identity theft prevention measures, or any other remedies
11 provided under relevant data breach laws.

12 (4) State agencies that currently store payment credentials must
13 work with the office to eliminate these data from state data systems
14 by July 1, 2020.

15 (5) The office may grant a waiver to the requirement under
16 subsection (4) of this section in instances where transitioning
17 payment credentials off state data systems presents special
18 difficulty, or where holding payment credentials on state data
19 systems is required for the day-to-day business of the agency or by
20 law.

21 (6) The office shall develop a policy for minimizing the
22 retention of social security numbers and other sensitive, personally
23 identifiable information by state agencies whenever not required for
24 the day-to-day operations of an agency or by law. This policy must
25 include instructions for identifying and classifying sensitive data,
26 eliminating it where possible, and protecting them as necessary. The
27 policy must include an examination of the reasons sensitive data are
28 being collected, and any ongoing retention must be justified. All
29 state agencies must comply with this policy.

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