
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; adding a new section to
3 chapter 43.105 RCW; and creating a new section.

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.

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

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

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

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

28 NEW SECTION. **Sec. 2.** If specific funding for the purposes of
29 this act, referencing this act by bill or chapter number, is not
30 provided by June 30, 2017, in the omnibus appropriations act, this
31 act is null and void.

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