

# HOUSE BILL REPORT

## SB 5720

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### As Passed House:

April 10, 2003

**Title:** An act relating to identifying users of credit and debit cards.

**Brief Description:** Allowing merchants to require additional identification when conducting credit and debit card sales.

**Sponsors:** By Senators Winsley, Prentice, Benton, Kline and Rasmussen.

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 3/21/03, 4/2/03 [DP].

#### Floor Activity:

Passed House: 4/10/03, 92-1.

### Brief Summary of Bill

- Voids contract provisions between a retailer and a credit/debit card issuer which prohibit retailers from requesting verification of a customer's identity during a credit/debit card transaction.

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## HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 11 members: Representatives Schual-Berke, Chair; Simpson, Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Hunter, Roach and Santos.

**Staff:** Thamas Osborn (786-7129).

### Background:

In contracts between retailers and certain credit/debit card issuers, the retailer is sometimes prohibited from requesting identification from customers during credit/debit card transactions. Such contract provisions have been criticized as making it easier for criminals to engage in credit card fraud.

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**Summary of Bill:**

Provisions of contracts between retailers and credit/debit card issuers that prohibit verification of a customer's identity during a credit/debit card transaction are void for violation of public policy. Merchants are not required to verify a customer's identity, but may if they so choose. Retail chains may make and enforce their own policies regarding identity verification.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This bill is the product of the Senate's Financial Fraud Task Force. Many credit/debit card issuers prohibit retailers from demanding identification as part of a credit/debit card transaction because they want the cards to be treated the same as cash. Identity thieves take advantage of this barrier to retailers requesting identification. This bill is necessary to protect consumers and is supported by businesses as well.

**Testimony Against:** None.

**Testified:** Senator Winsley, prime sponsor; Gary Gardner, Boeing Employee's Credit Union; and Holly Chisa, Washington Food Industry.