

ESHB 1421 - S COMM AMD

By Committee on State Government, Tribal Relations & Elections

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 43.105
4 RCW to read as follows:

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

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

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

15 (2) Payment credentials collected on behalf of a state agency in
16 order to process payments for the agency must be accepted and stored
17 by a third-party institution that is fully compliant with industry
18 leading security standards. A third-party institution is prohibited
19 from transferring, selling, trading, monetizing, or otherwise sharing
20 any data that is stored pursuant to this section, unless required by
21 law, except that a third-party institution may transfer or share the
22 payment credentials for the sole purpose of processing payments on
23 behalf of the agency or the agency customer.

24 (3) If a security incident results in the unauthorized
25 acquisition of payment credentials collected and processed by a
26 third-party institution on behalf of a state agency, and if that
27 institution is found not to have been fully compliant with industry
28 leading security standards at the time of the breach, that
29 institution is fully financially liable for the damages resulting
30 from the breach. Damages may include costs of notification, credit

1 monitoring, identity theft prevention measures, or any other remedies
2 provided under relevant data breach laws.

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

6 (5) The office may grant a waiver to the requirement under
7 subsection (4) of this section in instances where transitioning
8 payment credentials off state data systems presents special
9 difficulty, or where holding payment credentials on state data
10 systems is required for the day-to-day business of the agency or by
11 law.

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

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21 On page 1, line 2 of the title, after "networks;" strike the
22 remainder of the title and insert "and adding a new section to
23 chapter 43.105 RCW."

EFFECT: Allows third-party institutions to transfer or share
payment credentials for the sole purpose of processing payments on
behalf of the agency or the agency customer.

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