

HOUSE BILL REPORT

HB 1127

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to financial information.

Brief Description: Securing credit and debit card information.

Sponsors: Representatives Hurst and Hinkle.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/22/09 [DP].

Brief Summary of Bill

- Requires the truncation of credit card and debit card numbers on electronically printed receipts that are provided to cardholders or retained by a business or retailer.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 11 members: Representatives Kirby, Chair; Kelley, Vice Chair; Bailey, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Hurst, McCoy, Nelson, Roach, Rodne, Santos and Simpson.

Staff: Jon Hedegard (786-7127)

Background:

State law provides that persons that accept credit cards for the transaction of business may only print the last five digits of the credit card number on any receipt given to the cardholder. The expiration date may not be printed. These restrictions only apply to receipts that are electronically printed and do not apply when the means of recording the number is by imprint or handwriting. There is an additional parallel requirement specific to retailers in state law.

In 2003 the federal Fair Credit Reporting Act (Act) (15 U.S.C. 1681, et seq) was modified to provide protections parallel to those in state law for the truncation of numbers on receipts

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provided to cardholders. The Act pre-empts state laws that conflict with the specific provisions regarding truncation of credit card or debit card numbers. The Act is silent on restrictions retained by persons that accept credit cards or debit cards for the transaction of business.

Summary of Bill:

"Credit card" is defined as "a card or device existing for the purpose of obtaining money, property, labor, or services on credit."

"Debit card" is defined as "a card or device used to obtain money, property, labor, or services by a transaction that debits a cardholder's account, rather than extending credit."

A person that accepts credit cards or debit cards for the transaction of business may not print more than the last five numbers of an account number or print the expiration date on an electronic receipt that is retained by the person or is provided to the cardholder. This restriction does not apply if the means of recording the number is by imprint or handwriting.

A retailer that accepts credit cards or debit cards for the transaction of business may not print more than the last five numbers of an account number or print the expiration date on an electronic receipt that is retained by the person or is provided to the cardholder. This restriction does not apply if the means of recording the number is by imprint or handwriting or if the retailer processes the transaction electronically but takes additional manual measures to ensure that the card is not used fraudulently.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is very important for consumers. Protection for debit cards is even more important than for credit cards. If you lose a debit card and a personal identification number, all of your bank accounts can be drained. That money may be lost and there may be no recourse for the consumer. Limiting access to financial information is the best way to prevent financial theft. Businesses and people are not perfect in protecting and disposing of financial information. Allowing possible access to debit card information is even riskier than access to credit card information. This bill is another step to protect consumers from loss. In financial crimes, it is not always clear how a victim's information is compromised. These safeguards will help protect consumers in one more area.

Persons Testifying: Representative Hurst, prime sponsor; Lisa Erwin, Office of the Attorney General; and Melinda Young, King County Prosecutor's Office.

(Opposed) None.

Persons Signed In To Testify But Not Testifying: None.