

SUBJECT: Limiting numbers that can be printed on a credit or debit card receipt

COMMITTEE: Business and Industry — favorable, without amendment

VOTE: 8 ayes — Giddings, Elkins, Bohac, Martinez Fischer, J. Moreno, Oliveira, Solomons, Zedler

0 nays

1 absent — Kolkhorst

SENATE VOTE: On final passage, March 20 — voice vote

WITNESSES: For — MerryLynn Gerstenschlager, Texas Eagle Forum

Against — None

DIGEST: SB 235 would prohibit a person that accepts a credit or debit card in payment from printing more than the last four digits of the account number or the month and year of the card's expiration on a receipt or similar document that evidences the transaction. This prohibition would not apply to a transaction where the sole means of recording the account number was by handwriting or by an imprint or copy of the card. A purveyor of a cash register or other machine used to print receipts or similar documents would have to provide notice of this requirement to a recipient, lessee, or buyer of the machine.

A court could not certify a class action brought under this bill. A person who violated the bill's provisions would be liable for a civil fine payable to the state in an amount up to \$500 for each month in which a violation occurred. The civil penalty could be imposed for only one violation a month. The attorney general or the prosecuting attorney in the county in which the violation occurred could bring suit to recover the penalty. The attorney general could bring an action on behalf of the state to enjoin or restrain a person from violating the bill's provisions.

The bill would take effect September 1, 2003. Receipts from a machine that initially was installed and began operation after August 31, 2003, would have

to comply with the bill after August 31, 2004. Receipts from a machine that was in operation before September 1, 2003, would have to comply after December 31, 2005.

**SUPPORTERS
SAY:**

SB 235 would help thwart the growing problem of identity theft, which affects more than 600,000 people annually, by making it more difficult for criminals to obtain people's full credit and debit card numbers.

The bill would provide an economically feasible way for merchants to protect their customers from identity theft. Although some merchants might have to procure new machines to comply, some might be able to reprogram their current machines. The cost of a new machine would be about \$500. The bill would require these measures to be taken no earlier than a year after the effective date to allow merchants time to comply.

Although some merchants may have moved in this direction already to meet major credit card companies' requirements, SB 235 would set the requirement in statute and would ensure compliance by creating a civil penalty of \$500 per violation — the approximate cost of a new machine that would comply with the bill. Such a penalty would encourage merchants to comply with the bill's requirements without putting them out of business. If identity theft does occur, the wrongdoer can be punished under existing laws.

**OPPONENTS
SAY:**

SB 235 would not have a significant impact on identity theft. Major credit card companies, such as Visa and MasterCard, already require these types of measures to be taken by the bill's effective dates, so businesses already are moving to meet these target dates.

**OTHER
OPPONENTS
SAY:**

SB 235 would not impose a high enough penalty for violations to deter businesses from noncompliance. The penalty amount should be higher, and judges should have the discretion to assess a fine of greater than \$500 in cases where identity theft has occurred because of noncompliance.