

SUBJECT: Verification of a customer's ZIP Code in a credit card transaction

COMMITTEE: Business and Industry — favorable, without amendment

VOTE: 6 ayes — Giddings, Elkins, Darby, Bohac, Martinez, Zedler

0 nays

1 absent — Bailey

2 present not voting — Castro, Solomons

WITNESSES: None

DIGEST: HB 3093 would amend Business and Commerce Code, by adding sec. 35.64 to permit a business to require a customer who purchased a good or service using a credit card to provide the customer's ZIP Code to verify the customer's identity. A business that obtained a customer's ZIP Code in connection with a credit card transaction could electronically verify with the credit card issuer that the ZIP Code matched any ZIP Code that the credit card issuer had on file for the credit card.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

SUPPORTERS SAY: HB 3093 would be a first step toward verifying credit card users with their ZIP Codes. Identity theft is a prevalent problem in our society. According to some law enforcement authorities, identity thefts increase by 10 percent a year. HB 3093 would endeavor to decrease credit card fraud by allowing business to verify a customer's identity by requesting a ZIP Code on file for the card with the credit card issuer. Since not all merchants would have the available technology to confirm ZIP Codes associated with credit card transactions, the bill would be permissive rather than mandatory. HB 3093 would not affect debit cards because debit cards require a PIN number for each transaction, which is an added safety feature not associated with credit card transactions.

HB 3093
House Research Organization
page 2

OPPONENTS
SAY:

HB 3093 would apply only to credit card transactions and credit card issuers. By not including debit card transactions, the bill would not affect a sizeable percentage of retail transactions.

NOTES:

HB 3093 was withdrawn from the Local, Consent, and Resolutions Calendar and transferred to the Calendars Committee.