

BILL ANALYSIS

Senate Research Center

S.B. 235
By: Fraser
Business & Commerce
6/4/2003
Enrolled

DIGEST AND PURPOSE

Currently, there is no Texas law that addresses protection of credit card numbers through the regulation of credit card receipts. Stealing a credit or debit card number is the easiest way to commit identity fraud, an issue that affects more than 600,000 people annually and accounted for 42 percent of all Federal Trade Commission consumer fraud complaints in 2001. S.B. 235 requires that a receipt or other document issued from a credit or debit card transaction include not more than the last four digits of the account number. S.B. 235 also prohibits expiration dates from being printed on a receipt or other document issued from a credit card or debit card transaction and provides for a civil penalty not to exceed \$500 a month for violating these requirements. S.B. 235 requires a purveyor of cash registers and other similar machines to notify its customers about the above-mentioned requirements. These restrictions are aimed at thwarting identity theft.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 35, Business & Commerce Code, by adding Section 35.58, as follows:

Sec. 35.58. BUSINESS RECEIPT CONTAINING CREDIT CARD OR DEBIT CARD INFORMATION. (a) Provides that this section does not apply to a transaction where the sole means of recording a credit or debit card account number on a receipt or document evidencing the transaction is by handwriting or by an imprint or copy of the credit or debit card.

(b) Prohibits a person accepting a credit or debit card for the transaction of business from printing more than the last four digits of the credit or debit account number or the month and year of the card's expiration date on any document that evidences the transaction and that is provided to a cardholder.

(c) Requires a person who provides, leases, or sells cash registers, or other machines used to print receipts or other documents that evidence credit or debit card transactions, to provide a notice of the requirements of this section to the customer.

(d) Prohibits a court from certifying an action brought under this section as a class action.

(e) Provides that a violation of Subsection (b) carries a liability for a state civil penalty not to exceed \$500 for each calendar month during which the violation occurs. Prohibits the penalty from being imposed for more than one violation in a month. Authorizes the attorney general or prosecuting attorney in the county in which the violation occurs to bring suit to recover the civil penalty.

(f) Authorizes the attorney general to bring an action in the name of the state to restrain or enjoin a person from violating Subsection (b)

SECTION 2. (a) Effective date: September 1, 2003.

(b) Provides that the application of this Act to any cash register or machine placed in operation after August 31, 2003, will apply only to receipts or documents printed after August 31, 2004.

(c) Provides that with respect to a cash register or machine placed in operation before September 1, 2003, this Act applies only to receipts or documents printed after December 31, 2005.