

1-1 By: West S.B. No. 674
1-2 (In the Senate - Filed February 23, 2005; March 2, 2005,
1-3 read first time and referred to Committee on Business and Commerce;
1-4 April 18, 2005, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 18, 2005,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 674 By: Lucio

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to limiting the use of customers' social security numbers
1-11 by persons; providing a civil penalty.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter D, Chapter 35, Business & Commerce
1-14 Code, is amended by adding Section 35.62 to read as follows:

1-15 Sec. 35.62. PROHIBITED ACTS WITH RESPECT TO USE OF
1-16 CUSTOMERS' SOCIAL SECURITY NUMBERS. (a) In this section:

1-17 (1) "Customer" means an individual who has established
1-18 or is attempting to establish an account with a person.

1-19 (2) "Financial institution" means:

1-20 (A) a bank, savings association, savings bank, or
1-21 credit union maintaining an office, branch, or agency office in
1-22 this state; and

1-23 (B) a financial institution as defined by 15
1-24 U.S.C. Sections 6801-6809.

1-25 (b) A person may not request a customer's social security
1-26 number, or another number that includes four or more consecutive
1-27 digits of a customer's social security number, as an identifier
1-28 unless the number is needed to complete a credit check that is
1-29 required to provide a service or product requested by the customer.

1-30 (c) A person that requests a customer's number to complete a
1-31 credit check, as provided in Subsection (b), must destroy each
1-32 record of the number by shredding, erasing, or other means after the
1-33 credit check is completed.

1-34 (d) This section does not apply to:

1-35 (1) a financial institution;

1-36 (2) a covered entity as defined by Section 601.001 or
1-37 602.001, Insurance Code;

1-38 (3) a governmental entity; or

1-39 (4) a person who is required to maintain and
1-40 disseminate a privacy policy under the Health Insurance Portability
1-41 and Accountability Act of 1996 (Pub. L. No. 104-191).

1-42 (e) A person that violates this section is liable to the
1-43 state for a civil penalty of \$1,000 for each violation. The
1-44 attorney general or the prosecuting attorney in the county in which
1-45 the violation occurs may bring suit to recover the civil penalty
1-46 imposed under this section. The attorney general may bring an
1-47 action in the name of the state to restrain or enjoin a business
1-48 from violating this section.

1-49 SECTION 2. This Act takes effect September 1, 2005.

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