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H.B. No. 3522

A BILL TO BE ENTITLED

AN ACT

relating to photo identification requirements for certain stored value card purchases.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 604, Business & Commerce Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. REQUIRING VERIFICATION OF IDENTITY FOR CARD PURCHASES

Sec. 604.151. DEFINITIONS. In this subchapter:

(1) "Cardholder" means the person named on the face of a card to whom or for whose benefit the card is issued.

(2) "Card" means a credit card or debit card.

(3) "Credit card" means a card or device issued under an agreement by which the issuer gives to a cardholder the right to obtain credit from the issuer or another person.

(4) "Debit card" means a card or device or other means of access to an individual's account that may be used by the individual to initiate electronic fund transfers.

(5) "Merchant" means a person in the business of selling or leasing goods or services.

(6) "Photo identification" means a card or other document that:

(A) is issued by a governmental entity to identify an individual; and

1 (B) displays a photograph of the individual
2 identified on the card or other document.

3 Sec. 604.152. APPLICABILITY OF SUBCHAPTER. (a) This
4 subchapter does not apply to a merchant who sells or leases goods or
5 services at 50 or fewer retail locations in this state.

6 (b) Notwithstanding Section 604.002, this subchapter
7 applies to any point of sale transaction in which an individual
8 seeks to pay a merchant for the purchase of or adding value to any
9 stored value card.

10 Sec. 604.153. REQUIRING PHOTO IDENTIFICATION FOR CARD
11 TRANSACTION. (a) A merchant may not accept a card for payment in a
12 point of sale transaction for the purchase of or adding value to a
13 stored value card unless the merchant requires the individual who
14 uses the card to provide photo identification verifying the
15 individual's identity as the cardholder.

16 (b) Subsection (a) does not apply if the merchant requires
17 the individual presenting the credit card for payment to provide
18 the individual's zip code to verify the individual's identity as
19 authorized by Section 505.002 or as to any card transaction,
20 electronically enter the personal identification number (PIN)
21 associated with the card or unique identifier serving as an
22 electronic password associated with the card.

23 Sec. 604.154. LIABILITY FOR FAILURE TO OBTAIN
24 IDENTIFICATION. In the event the merchant fails to obtain photo
25 identification or a PIN for a card transaction or the individual's
26 zip code for a credit card transaction and the stored value
27 transaction was not authorized by the cardholder, then the merchant

H.B. No. 3522

1 shall be liable to the cardholder or the card issuing financial
2 institution for all losses that may be attributed to such failure.

3 SECTION 2. This Act takes effect September 1, 2016.