

By: Longoria

H.B. No. 721

A BILL TO BE ENTITLED

AN ACT

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

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

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

SUBCHAPTER E. REQUIRING VERIFICATION OF IDENTITY FOR CERTAIN STORED VALUE CARD TRANSACTIONS

Sec. 604.201. DEFINITIONS. In this subchapter:

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

(2) "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.

(3) "Debit card" means a card, device, or other means of access to an individual's account at a financial institution that the individual may use to initiate electronic fund transfers.

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

(5) "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. 604.202. APPLICABILITY OF SUBCHAPTER. (a) This
4 subchapter does not apply to a merchant who sells or leases goods or
5 services at not more than 50 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 to add value to any
9 stored value card.

10 Sec. 604.203. REQUIRING PHOTO IDENTIFICATION FOR CREDIT OR
11 DEBIT CARD TRANSACTION. (a) A merchant may not accept a credit card
12 or debit card for payment in a point of sale transaction for the
13 purchase of or to add value to a stored value card unless the
14 merchant requires the individual using the credit card or debit
15 card to provide photo identification verifying the individual's
16 identity as the cardholder.

17 (b) Subsection (a) does not apply if the merchant requires:

18 (1) the individual presenting the credit card for
19 payment to provide the individual's zip code to verify the
20 individual's identity as authorized by Section 505.002; or

21 (2) the individual using the credit card or debit card
22 to electronically enter the personal identification number (PIN) or
23 other unique identifier serving as an electronic password
24 associated with the card.

25 Sec. 604.204. LIABILITY FOR FAILURE TO OBTAIN
26 IDENTIFICATION. A merchant who violates Section 604.203 in
27 connection with a transaction described by that section that is not

1 authorized by the cardholder is liable to the cardholder or the
2 financial institution or other issuer that issued the credit card
3 or debit card for all losses attributable to the violation.

4 SECTION 2. This Act takes effect September 1, 2018.