

BILL ANALYSIS

H.B. 1977
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Financial institutions use a number of authentication credentials to identify customers and protect against fraud on customer accounts, such as date of birth, mother's maiden name, and social security number. It has been suggested that biometrics are an even more secure credential because they're based on physically identifiable information, such as facial, finger, and voice identification, and behavioral characteristics such as keystroke and swipe patterns. Biometric identifiers are a viable security measure for financial institutions seeking to limit fraud and enhance protections for consumer accounts. However, concerns have been raised that both state and federal regulations may limit the ability of financial institutions to adopt innovative security measures. For financial institutions subject to the federal Gramm-Leach-Bliley Act, under which biometrics are subject, increased regulation from the state government makes it more difficult to protect customers, drives up costs, and hinders the ability of financial institutions to stave off potential hackers. Recent legislation exempted financial institutions from these regulations for voiceprint data in order to advance the deployment of consumer protections using voiceprint data. H.B. 1977 seeks to provide for the efficient adoption of innovative security measures by extending this exemption to all forms of biometric identifiers.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1977 amends the Business & Commerce Code to replace the exemption from statutory provisions governing the capture and use of biometric identifiers for voiceprint data retained by financial institutions or affiliates subject to certain requirements of the federal Gramm-Leach-Bliley Act with a general exemption from those provisions for those institutions and affiliates.

EFFECTIVE DATE

September 1, 2021.