
**Financial Institutions &
Insurance Committee**

HB 1847

Brief Description: Allowing merchants to require additional identification when conducting credit and debit card sales.

Sponsors: Representatives Hunter, Benson, Schual-Berke, Kenney, Moeller, Bush, Darneille, Morrell and Rockefeller.

Brief Summary of Bill

- Voids contract provisions between a retailer and a credit/debit card issuer which prohibit retailers from requesting verification of a customer's identity during a credit/debit card transaction.

Hearing Date: 2/19/03.

Staff: Thamas Osborn (786-7129).

Background:

In contracts between retailers and certain credit/debit card issuers, the retailer is sometimes prohibited from requesting identification from customers during credit/debit card transactions. Such contract provisions have been criticized as making it easier for criminals to engage in credit card fraud.

Summary of Bill:

Legislative findings: The legislature finds that financial fraud is too common and threatens the safety and well-being of the community. Allowing retailers to verify customer identification during credit/debit card transactions will help to deter such fraud. Contract provisions between retailers and certain credit/debit card issuers that prohibit the retailer from requesting identification make it more likely that financial fraud will occur. Accordingly, such contract provisions violate public policy.

Voiding of contract provisions: Provisions of contracts between retailers and credit/debit card issuers that prohibit verification of a customer's identity during a credit/debit card

transaction are void for violation of public policy. Merchants are not required to verify a customer's identity, but may if they so choose. Retail chains may make and enforce their own policies regarding identity verification.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill takes effect ninety days after adjournment of session in which bill is passed.