

# HOUSE BILL REPORT

## HB 1847

---

---

### As Reported by House Committee On:

Financial Institutions & Insurance

**Title:** An act relating to identifying users of credit and debit cards.

**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 History:

#### Committee Activity:

Financial Institutions & Insurance: 2/19/03, 2/28/03 [DP].

#### 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.

---

### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 10 members: Representatives Schual-Berke, Chair; Simpson, Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Hunter and Roach.

**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:

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 90 days after adjournment of session in which bill is passed.

**Testimony For:** In some contracts between merchants and credit card issuers, the merchants are prohibited from requesting identification from customers during a credit card transaction. This practice makes it much easier for criminals to engage in credit card fraud and has resulted in harm to both consumers and merchants. This bill will provide needed protection for both consumers and retailers.

**Testimony Against:** None.

**Testified:** Representative Hunter, prime sponsor; and Holly Chisa, Washington Food Industry.