

SHB 2278 - H AMD TO H AMD (H-4771.2/18) 1308
By Representative Smith

1 On page 13, after line 35 of the amendment, insert the following:

2 "NEW SECTION. **Sec. 7.** A new section is added to chapter 43.105
3 RCW to read as follows:

4 (1) State agencies shall not store payment credentials on state
5 data systems. For the purposes of this section, "payment credentials"
6 means:

7 (a) The full magnetic stripe or primary account number of a
8 credit or debit card combined with cardholder name, expiration date,
9 or service code; or

10 (b) Other personally identifiable credentials allowing the state
11 to receive incoming payments for services, excluding account
12 information required for making outgoing payments, distributions, and
13 transfers.

14 (2) Payment credentials collected on behalf of a state agency in
15 order to process payments for the agency must be accepted and stored
16 by a third-party institution that is fully compliant with industry
17 leading security standards. A third-party institution is prohibited
18 from transferring, selling, trading, monetizing, or otherwise sharing
19 any data that is stored pursuant to this section, unless required by
20 law, except that a third-party institution may transfer or share the
21 payment credentials for the sole purpose of processing payments on
22 behalf of the agency or the agency customer.

23 (3) If a security incident results in the unauthorized
24 acquisition of payment credentials collected and processed by a
25 third-party institution on behalf of a state agency, and if that
26 institution is found not to have been fully compliant with industry
27 leading security standards at the time of the breach, that
28 institution is fully financially liable for the damages resulting
29 from the breach. Damages may include costs of notification, credit
30 monitoring, identity theft prevention measures, or any other remedies
31 provided under relevant data breach laws.

1 (4) Any state agency that currently store payment credentials
2 must work with the office to eliminate these data from state data
3 systems by July 1, 2020.

4 (5) The office may grant a waiver to the requirement under
5 subsection (4) of this section in instances where transitioning
6 payment credentials off state data systems presents special
7 difficulty, or where holding payment credentials on state data
8 systems is required for the day-to-day business of the agency or by
9 law.

10 (6) The office shall develop a policy for minimizing the
11 retention of social security numbers and other sensitive, personally
12 identifiable information by state agencies whenever not required for
13 the day-to-day operations of an agency or by law. This policy must
14 include instructions for identifying and classifying sensitive data,
15 eliminating it where possible, and protecting them as necessary. The
16 policy must include an examination of the reasons sensitive data are
17 being collected, and any ongoing retention must be justified. All
18 state agencies must comply with this policy."

19 Renumber the remaining section consecutively, correct any
20 internal references accordingly, and correct the title.

EFFECT: Prohibits state agencies from storing payment credentials on state data systems and instead requires a compliant third-party institution to accept and store payment credentials. Provides waivers to agencies that currently store payment credentials under certain circumstances.

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