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SECOND SUBSTITUTE HOUSE BILL 1469

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State of Washington                      64th Legislature                      2015 Regular Session

By House Appropriations (originally sponsored by Representatives  
Hudgins, Magendanz, Stanford, Ormsby, and Tarleton)

READ FIRST TIME 02/27/15.

1            AN ACT Relating to the removal of payment credentials and other  
2 sensitive data from state data networks; and adding a new section to  
3 chapter 43.41A RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.**    A new section is added to chapter 43.41A  
6 RCW to read as follows:

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

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

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

17            (2) Payment credentials collected on behalf of a state agency in  
18 order to process payments for the agency must be accepted and stored  
19 by a third-party institution that is fully compliant with industry  
20 leading security standards.

1 (3) If a breach of the security of the system results in the  
2 unauthorized acquisition of payment credentials collected and  
3 processed by a third-party institution on behalf of a state agency,  
4 and if that institution is found not to have been fully compliant  
5 with industry leading security standards at the time of the breach,  
6 that institution shall be fully financially liable for the damages  
7 resulting from the breach. Damages may include costs of notification,  
8 credit monitoring, identity theft prevention measures, or any other  
9 remedies provided under relevant data breach laws.

10 (4) State agencies that currently store payment credentials must  
11 work with the office to eliminate these data from state data systems  
12 by July 1, 2018.

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

19 (6) The office shall develop a policy for minimizing the  
20 retention of social security numbers and other sensitive, personally  
21 identifiable information by state agencies whenever not required for  
22 the day-to-day operations of an agency or by law. This policy must  
23 include instructions for identifying and classifying sensitive data,  
24 eliminating it where possible, and protecting them as necessary. The  
25 policy must include an examination of the reasons sensitive data are  
26 being collected, and any ongoing retention must be justified. All  
27 state agencies must comply with this policy.

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