

HB 2411 -2 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/11, 2/18

WHAT THE MEASURE DOES:

Allows financial institution to swipe driver license or identification card with person's permission for purpose of establishing or maintaining a contract or account.

ISSUES DISCUSSED:

- Current practice of copying card
- Anticipated elimination of data entry errors when cards are swiped
- Ease of completing online applications when card is swiped
- Effort to reduce printing and mailing of paper documents

EFFECT OF AMENDMENT:

-2 (Committee adopted amendment on 2/11) Limits swiping of card by financial institution for the purpose of processing application for deposit account or loan. Deletes proposed authority for financial institution to swipe license or card, for any purpose, with person's permission .

No revenue impact.

No fiscal impact.

BACKGROUND:

"Swiping" a driver license or identification card means passing the card through a device that deciphers the information encoded in a magnetic strip or bar code. Private entities are prohibited from swiping an individual's driver license or identification card except for four purposes: to verify authenticity of document or identity of person in a non-cash, return, or refund transaction; to verify age of person buying an age-restricted good or service; to prevent fraud through use of a fraud prevention service company or system; and to transmit information to a check services company for approval of check, electronic funds transfer, or similar method of payment. Gathering the card's embedded information through swiping will reduce data entry errors and streamline the account and loan application process.

House Bill 2411 allows financial institutions to swipe cards for the purpose of establishing or maintaining accounts and loans.