

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6387

BILL NUMBER: SB 60

NOTE PREPARED: Feb 17, 2009

BILL AMENDED: Feb 17, 2009

SUBJECT: Prohibit Retention of Certain Access Device Data.

FIRST AUTHOR: Sen. Walker

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill prohibits a person that accepts an access device card, such as a credit card, debit card, or stored value card, in connection with a transaction, from retaining the card security code, the PIN verification code number, or the full contents of the information contained in the magnetic stripe or microprocessor chip of the access device: (1) after authorization of the transaction if the transaction is not a PIN debit transaction; or (2) more than 48 hours after authorization of the transaction if the transaction is a PIN debit transaction. It requires a person that violates the prohibition to reimburse a state or federally chartered or federally insured financial institution for the costs associated with a breach of the security of a system of the person.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: This bill prohibits a person from retaining certain information associated with credit card, debit card, and stored value card (e.g., gift card) transactions. If a person violates the prohibitions in the bill and there is a breach of that person's security system, the person is liable to the card-issuing financial institution for certain costs associated with dealing with such a breach. The costs listed in the bill include canceling the card, opening another account, closing an account, blocking further transactions, notifying the cardholder, refunding unauthorized transactions, and any damages paid to a cardholder injured by the breach. The financial institution may have to initiate a civil action to enforce the reimbursement requirements set forth in the bill.

Civil Actions: If additional civil actions occur and court fees are collected, revenue to the state General Fund

may increase. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the judicial salaries fee (\$18), the public defense administration fee (\$3), the court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected:

Local Agencies Affected: Trial courts.

Information Sources:

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