

# HOUSE BILL 1108

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By: **Delegates Lee, Ali, Barnes, DeBoy, Dumais, Howard, James, Jones, Kaiser, Kullen, McComas, McDonough, Pena-Melnyk, Pendergrass, Ramirez, Schuh, Schuler, Shank, Stocksdale, and Waldstreicher**

Introduced and read first time: February 7, 2008

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Payment Information Security Act**

3 FOR the purpose of prohibiting a person that accepts an access device in connection  
4 with a transaction from retaining certain data, code numbers, or the full  
5 contents of certain magnetic stripe or microprocessor chip data after  
6 authorization of the transaction or for a certain debit transaction, for more than  
7 a certain time after authorization of the transaction; providing that a person is  
8 in violation of certain provisions of this Act if the person's service provider  
9 retains certain information; providing that a violation of this Act is an unfair or  
10 deceptive trade practice within the meaning of certain provisions of law and  
11 subject to certain enforcement and penalty provisions of law; defining certain  
12 terms; and generally relating to payment information security.

13 BY repealing and reenacting, with amendments,  
14 Article – Commercial Law  
15 Section 14–3501  
16 Annotated Code of Maryland  
17 (2005 Replacement Volume and 2007 Supplement)

18 BY adding to  
19 Article – Commercial Law  
20 Section 14–3503.1  
21 Annotated Code of Maryland  
22 (2005 Replacement Volume and 2007 Supplement)

23 BY repealing and reenacting, without amendments,  
24 Article – Commercial Law  
25 Section 14–3508  
26 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2005 Replacement Volume and 2007 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article – Commercial Law**

5 14–3501.

6 (a) In this subtitle the following words have the meanings indicated.

7 (b) (1) **“ACCESS DEVICE” MEANS A CARD THAT:**

8 (i) **IS ISSUED BY A FINANCIAL INSTITUTION; AND**

9 (ii) **CONTAINS A MAGNETIC STRIPE, MICROPROCESSOR**  
10 **CHIP, OR OTHER MEANS FOR STORAGE OF INFORMATION.**

11 (2) **“ACCESS DEVICE” INCLUDES:**

12 (i) **A CREDIT CARD;**

13 (ii) **A DEBIT CARD; OR**

14 (iii) **A STORED VALUE CARD.**

15 (c) **“ACCESS DEVICE SECURITY CODE” MEANS THE 3–DIGIT OR 4–DIGIT**  
16 **VALUE THAT IS:**

17 (1) **PRINTED ON AN ACCESS DEVICE OR CONTAINED IN THE**  
18 **MAGNETIC STRIPE OR MICROPROCESSOR CHIP OF AN ACCESS DEVICE; AND**

19 (2) **USED TO VALIDATE ACCESS DEVICE INFORMATION DURING**  
20 **THE ACCESS DEVICE AUTHORIZATION PROCESS.**

21 [(b)] (d) (1) **“Business” means a sole proprietorship, partnership,**  
22 **corporation, association, or any other business entity, whether or not organized to**  
23 **operate at a profit.**

24 (2) **“Business” includes a financial institution organized, chartered,**  
25 **licensed, or otherwise authorized under the laws of this State, any other state, the**  
26 **United States, or any other country, and the parent or subsidiary of a financial**  
27 **institution.**

1           [(c)] (E)       “Encrypted” means the transformation of data through the use of  
2 an algorithmic process into a form in which there is a low probability of assigning  
3 meaning without use of a confidential process or key.

4           (F)       **“MAGNETIC STRIPE DATA” MEANS THE DATA CONTAINED IN THE**  
5 **MAGNETIC STRIPE OF AN ACCESS DEVICE.**

6           (G)       **“MICROPROCESSOR CHIP DATA” MEANS THE DATA CONTAINED IN**  
7 **THE MICROPROCESSOR CHIP OF AN ACCESS DEVICE.**

8           [(d)] (H)     (1)   “Personal information” means an individual’s first name or  
9 first initial and last name in combination with any one or more of the following data  
10 elements, when the name or the data elements are not encrypted, redacted, or  
11 otherwise protected by another method that renders the information unreadable or  
12 unusable:

13                           (i)    A Social Security number;

14                           (ii)   A driver’s license number;

15                           (iii) A financial account number, including a credit card number  
16 or debit card number, that in combination with any required security code, access  
17 code, or password, would permit access to an individual’s financial account; or

18                           (iv)   An Individual Taxpayer Identification Number.

19           (2)   “Personal information” does not include:

20                           (i)   Publicly available information that is lawfully made  
21 available to the general public from federal, State, or local government records;

22                           (ii)   Information that an individual has consented to have  
23 publicly disseminated or listed; or

24                           (iii) Information that is disseminated or listed in accordance  
25 with the federal Health Insurance Portability and Accountability Act.

26           (I)       **“PIN” MEANS A PERSONAL IDENTIFICATION CODE THAT**  
27 **IDENTIFIES AN ACCESS DEVICE HOLDER.**

28           (J)       **“PIN VERIFICATION CODE NUMBER” MEANS THE DATA USED TO**  
29 **VERIFY AN ACCESS DEVICE HOLDER’S IDENTITY WHEN A PIN IS USED IN A**  
30 **TRANSACTION.**

1           [(e)] (K)       “Records” means information that is inscribed on a tangible  
2 medium or that is stored in an electronic or other medium and is retrievable in  
3 perceivable form.

4           (L)       **“SERVICE PROVIDER” MEANS A PERSON THAT STORES, PROCESSES,**  
5 **OR TRANSMITS ACCESS DEVICE DATA ON BEHALF OF ANOTHER PERSON.**

6   **14-3503.1.**

7           (A)       **EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A**  
8 **PERSON THAT ACCEPTS AN ACCESS DEVICE IN CONNECTION WITH A**  
9 **TRANSACTION MAY NOT RETAIN ACCESS DEVICE SECURITY CODE DATA, A PIN**  
10 **VERIFICATION CODE NUMBER, OR THE FULL CONTENTS OF MAGNETIC STRIPE**  
11 **DATA OR MICROPROCESSOR CHIP DATA AFTER AUTHORIZATION OF THE**  
12 **TRANSACTION.**

13           (B)       **A PERSON THAT ACCEPTS AN ACCESS DEVICE FOR A PIN DEBIT**  
14 **TRANSACTION MAY NOT RETAIN THE ACCESS DEVICE SECURITY CODE DATA, A**  
15 **PIN VERIFICATION CODE NUMBER, OR THE FULL CONTENTS OF MAGNETIC**  
16 **STRIPE DATA OR MICROPROCESSOR CHIP DATA FOR MORE THAN 48 HOURS**  
17 **AFTER AUTHORIZATION OF THE TRANSACTION.**

18           (C)       **A PERSON IS IN VIOLATION OF THIS SECTION IF THE PERSON’S**  
19 **SERVICE PROVIDER RETAINS ACCESS DEVICE SECURITY CODE DATA, A PIN**  
20 **VERIFICATION CODE NUMBER, OR THE FULL CONTENTS OF MAGNETIC STRIPE**  
21 **DATA OR MICROPROCESSOR CHIP DATA OTHERWISE PROHIBITED BY**  
22 **SUBSECTIONS (A) AND (B) OF THIS SECTION.**

23   **14-3508.**

24           A violation of this subtitle:

25                   (1)       Is an unfair or deceptive trade practice within the meaning of Title  
26 13 of this article; and

27                   (2)       Is subject to the enforcement and penalty provisions contained in  
28 Title 13 of this article.

29           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 October 1, 2008.