

Plastic Card Security

This Act limits how long companies that process credit card and related electronic transactions can retain sensitive information such as card security code data and PINs after a transaction is made.

Submitted as:

Minnesota

[S.F. No. 1574, 2nd Engrossment](#)

Status: Enacted into law in 2007.

Suggested State Legislation

(Title, enacting clause, etc.)

1 Section 1. [*Short Title.*] This Act shall be cited as “An Act to Ensure Plastic Card
2 Security.”

3
4 Section 2. [*Definitions.*] As used in this Act:

5 (1) “access device” means a card issued by a financial institution that contains a
6 magnetic stripe, microprocessor chip, or other means for storage of information which includes,
7 but is not limited to, a credit card, debit card, or stored value card;

8 (2) “breach of the security of the system” has the meaning given in [insert citation];

9 (3) “card security code” means the three digit or four digit value printed on an
10 access device or contained in the microprocessor chip or magnetic stripe of an access device
11 which is used to validate access device information during the authorization process;

12 (4) “financial institution” means any office of a bank, bank and trust, trust company
13 with banking powers, savings bank, industrial loan company, savings association, credit union, or
14 regulated lender;

15 (5) “microprocessor chip data” means the data contained in the microprocessor chip
16 of an access device;

17 (6) “magnetic stripe data” means the data contained in the magnetic stripe of an
18 access device;

19 (7) “PIN” means a personal identification code that identifies the cardholder;

20 (8) “PIN verification code number” means the data used to verify cardholder
21 identity when a PIN is used in a transaction; and

22 (9) “Service provider” means a person or entity that stores, processes, or transmits
23 access device data on behalf of another person or entity.
24

25 Section 3. [*Security or Identification Information; Retention Prohibited.*] No service
26 provider conducting business in this state that accepts an access device in connection with a
27 transaction shall retain the card security code data, the PIN verification code number, or the full
28 contents of any track of magnetic stripe data, subsequent to the authorization of the transaction or
29 in the case of a PIN debit transaction, subsequent to 48 hours after authorization of the transaction.
30

31 Section 4. [*Liability for Breach of the Security of the System.*]

32 (a) Whenever a service provider violates this Act, and there is a breach of the security of
33 the system of that service provider, the service provider shall reimburse the financial institution

34 that issued any access devices affected by the breach for the costs of reasonable actions
35 undertaken by the financial institution as a result of the breach in order to protect the information
36 of its cardholders or to continue to provide services to cardholders, including but not limited to,
37 any cost incurred in connection with:

- 38 (1) the cancellation or reissuance of any access device affected by the breach;
- 39 (2) the closure of any deposit, transaction, share draft, or other accounts affected by
40 the breach and any action to stop payments or block transactions with respect to the accounts;
- 41 (3) the opening or reopening of any deposit, transaction, share draft, or other
42 accounts affected by the breach;
- 43 (4) any refund or credit made to a cardholder to cover the cost of any unauthorized
44 transaction relating to the breach; and
- 45 (5) the notification of cardholders affected by the breach.

46 (b) The financial institution is also entitled to recover costs for damages paid by the
47 financial institution to cardholders injured by a breach of the security of a system of a service
48 provider that violates this Act. Costs do not include any amounts recovered from a credit card
49 company by a financial institution.

50 (c) A service provider that processes fewer than 20,000 transactions by access device by
51 transactions annually is not liable to a financial institution under this section.

52

53 Section 5. [*Remedies for Cardholders Injured by a Violation of this Act.*]

54 (a) An individual cardholder injured by a violation of the standards, duties, prohibitions, or
55 requirements of this Act may bring a private action under [insert citation]. A private right of action
56 by an individual cardholder under this Act is in the public interest.

57 (b) The remedies provided in this section are cumulative and do not restrict any other right
58 or remedy otherwise available to the individual cardholder.

59

60 Section 6. [*Severability.*] [Insert severability clause.]

61

62 Section 7. [*Repealer.*] [Insert repealer clause.]

63

64 Section 8. [*Effective Date.*] [Insert effective date.]