

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7371

BILL NUMBER: SB 476

NOTE PREPARED: Jan 3, 2023

BILL AMENDED:

SUBJECT: Transfer of Replacement Payment Card Information.

FIRST AUTHOR: Sen. Buchanan

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that after June 30, 2023, a payment card network may not provide to a vendor with whom the holder of a payment card (cardholder) has an automatic payment arrangement the new: (1) payment card number; (2) expiration date; or (3) card verification value code; for a replacement card that is issued to the cardholder after the cardholder's payment card has been lost, stolen, or compromised, unless the payment card network obtains the cardholder's authorization to do so.

The bill provides that a payment card network may obtain the required authorization: (1) before each transfer of new payment card information that is necessitated by a lost, stolen, or compromised payment card; or (2) at the option of the cardholder, as a preauthorization given in advance of any required transfer of new payment card information necessitated by a lost, stolen, or compromised payment card.

The bill prohibits a vendor from storing, after a payment authorization has processed, the card verification value code associated with a cardholder's payment card, as specified in certain regulations adopted by the payment card industry. It provides that this prohibition applies regardless of whether the vendor has entered into an automatic payment arrangement with a cardholder.

This bill also provides that a: (1) payment card network; or (2) vendor; that violates these provisions commits a deceptive act that is actionable by the Attorney General or by a consumer under the deceptive consumer sales act (act) and is subject to the remedies and penalties set forth in the act.

Effective Date: July 1, 2023.

Explanation of State Expenditures: *Deceptive Acts:* This bill adds to the list of unfair and deceptive acts

that are actionable by the Attorney General (AG). To the extent the AG enforces provisions of this bill, agency workload would increase to investigate and potentially prosecute allegations. Increases in AG workload are expected to be accomplished within existing resource and funding levels.

Explanation of State Revenues: *Deceptive Acts:* Unfair and deceptive acts discovered by the AG carry a maximum \$5,000 civil penalty for each violation that benefits the General Fund. If this bill increases the number of unfair and deceptive acts discovered in the state, revenue to the General Fund will increase from civil penalties paid by violators. Actual increases in revenue are unknown but expected to be small.

Court Fee Revenue: If the Attorney General files a civil action against a nongovernmental party and prevails, court fees may be collected from the defendant [IC 33-37-3-1]. Additional court fees will increase revenue to the state General Fund. A civil costs 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 (\$20), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Revenue from the pro bono services fee (\$1) is transferred by the State Auditor to the Indiana Bar Foundation for use to assist with pro bono legal services programs in Indiana, and proceeds from the automated record keeping fee (\$20) are deposited into the State User Fee Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

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, depending upon the particular type of case.

Persons filing a civil case are also required to pay the following fees that are deposited in local funds.

The document storage fee (\$5) is deposited into the clerk record perpetuation fund.

The following fees are deposited into the general fund of the county in which the court is located:

- Document fees (\$1 per page) are charged for preparing transcripts or copies of record or certificate under seal.
- A civil garnishee defendant service fee (\$10) is collected from the filing party for each defendant beyond the first three garnishee defendants cited in the lawsuit.

State Agencies Affected: Attorney General.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources:

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