

SENATE BILL REPORT

SB 5516

**AS REPORTED BY COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE,
MARCH 5, 1991**

Brief Description: Adopting the fair credit reporting act.

SPONSORS: Senators Williams, Moore and Pelz.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: That Substitute Senate Bill No. 5516 be substituted therefor, and the substitute bill do pass.

Signed by Senators von Reichbauer, Chairman; Moore, Owen, Pelz, Rasmussen, and Vognild.

Staff: Mark Hutson (786-7488)

Hearing Dates: February 15, 1991; March 5, 1991

BACKGROUND:

The principle federal law that limits the actions of credit reporting agencies is the Fair Credit Reporting Act of 1970. In addition, approximately 20 states have enacted laws to address credit reporting to some extent. Most of these states have adopted laws that track various provisions of the Fair Credit Reporting Act. In 1986, the Washington Legislature adopted a law governing credit service organizations, which assist consumers to obtain credit or repair credit status.

There have been instances where consumers or businesses have been denied credit or experienced difficulties in obtaining credit. These problems have arisen because of inaccurate credit reports, credit problems being reported on the wrong person, and inappropriate credit denial practices due to the number of credit inquires.

SUMMARY:

The use of positive identification by consumer credit reporting agencies and business reporting agencies is encouraged to improve identification of information.

Credit reporting agencies and report users shall use social security numbers if made available by the applicant, federal taxpayers' numbers or other identification. Individuals or businesses must not knowingly provide inaccurate identifying information.

Credit reporting agencies are prohibited from providing the names of entities that have requested credit information unless authorized by the applicant. Credit cannot be denied

solely due to the refusal to provide such information or due to the number of inquiries on a report.

Credit agencies shall correct inaccuracies within 30 days of discovery and provide written notice within 60 days. An applicant's written objections shall be included in the same section as the dispute. Upon request, applicants may receive one free report per year or one per credit rejection.

A civil penalty of up to \$250 per violation may be collected in a civil action brought by the credit applicant, the Attorney General, or local prosecuting attorney. No violation is present if a violation was unintended and resulted from an error. A violation also may be enjoined by the Attorney General or local prosecutor.

EFFECT OF PROPOSED SUBSTITUTE:

The bill is rewritten to clarify that it was not intended to mandate that report users must grant credit if access to information is not available on applicants. The word "coerce" has been changed to "compel."

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

The use of positive identification by consumers shall aid in the positive identification of information in the correct file.

TESTIMONY AGAINST:

Reporters claim they would be inundated with frivolous requests from consumers taking advantage of the free report.

TESTIFIED: PRO: Mike Grant, AG's office; Mike Ashburn; Frank Moll, The Bon Marche/WRA; Jerry Sheehan, ACLU; CON: William Tener, TRW; Nick Warrick, CBS; Bob Saturn, Equifax; Jerry Figlioli, Trans Union; Bruce Davis, Credit Assoc of WA.