

SENATE BILL REPORT

SB 5196

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 19, 2001

Title: An act relating to the fair credit reporting act.

Brief Description: Including credit scores in the fair credit reporting act.

Sponsors: Senators Prentice and Winsley.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 1/25/01, 2/19/01 [DPS].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 5196 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Benton, Fairley, Franklin, Hochstatter, Rasmussen, Regala and Winsley.

Staff: Joanne Conrad (786-7472)

Background: A credit score— is a numerical method of calculating the credit risk factor of a person applying for a loan. Credit scoring is frequently used in evaluating applicants for mortgage loans. Like credit reports, credit scores may contain errors or inadequate information, and may have an adverse effect on consumers.

Although Washington State's Fair Credit Reporting Act states that consumer reporting agencies must provide explanations of credit scores, the law provides no further details regarding how to obtain understandable information or correct errors, and does not provide for specific notice of a consumer's right to credit scoring information. The law does not require web site access for consumer information.

Summary of Substitute Bill: A statutory definition of credit score— is added to the Washington State Fair Credit Reporting Act. Conditions for a consumer reporting agency to provide a credit score to consumers are established.

Consumer reporting agencies must provide clear explanations of credit scores, including providing a toll-free number and Internet web site, with adequately trained personnel to answer basic inquiries from consumers.

Consumer reporting agencies may charge reasonable fees for the provision of credit score information.

Consumers adversely affected by credit scores must receive notice and information regarding how to contact consumer reporting agencies. Intent to assure the accuracy and fairness of credit scoring is part of the legislative intent of the Fair Credit Reporting Act.

Substitute Bill Compared to Original Bill: Duties and responsibilities of consumer reporting agencies are clarified. Statutory consistency for financial institutions doing business in multiple jurisdictions is clarified, for improved compliance.

Appropriation: None.

Fiscal Note: Requested on January 19, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will be beneficial for consumers, providing them with understandable information.

Testimony Against: Financial institutions' proprietary data needs to be protected.

Testified: Paula Selis, AG's Office (pro); Gary Gardner, Boeing Employees Credit Union; Jim Haase, Capital One; Cliff Webster, Assoc. Credit Bureaus (con).