

SENATE BILL REPORT

ESB 5418

As Passed Senate, March 2, 2005

Title: An act relating to placing a security freeze on a credit report.

Brief Description: Allowing consumers to place a security freeze on a credit report.

Sponsors: Senators Berkey, Benton, Fairley, Shin, Kastama, Carrell, McAuliffe, Benson, Prentice, Delvin, Kohl-Welles, Keiser and Kline.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 1/26/05, 2/1/05[DP, w/oRec].

Passed Senate: 3/2/05, 33-15.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Brandland, Franklin, Keiser, Prentice, Schmidt and Spanel.

Minority Report: That it be referred without recommendation.

Signed by Senators Benson and Delvin.

Staff: Joanne Conrad (786-7472)

Background: "Identity Theft" is one of the fastest growing crimes in 21st Century America, and Washington State has a significant number of victims. Many consumers are concerned with finding new ways to protect their financial identities. California recently enacted a law providing consumers with the right to place a "security freeze" on their own credit reports. The freeze provides almost total prevention of access to a person's credit report, and can be lifted by the consumer if they wish to allow specific access.

Summary of Bill: A consumer may place a "credit freeze" on his or her credit reports, by following a detailed procedure, and paying fees. The consumer receives an identification code, allowing them to lift the freeze, if they want to allow temporary access to their credit histories, for a specific party or a period of time, such as during a mortgage or car loan application.

If a freeze is in place, a consumer credit reporting agency must notify the consumer if there is a change in their official information, for example their address or social security number.

A consumer also has the right to elect that his or her name be removed from lists furnished for credit card solicitation purposes.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: ID theft victimizes people, both financially and emotionally. It takes years of time to deal with the problems, and victims are plagued by credit consequences, harrasing phone calls, and continued fear of recurrence, feeling "under attack." Being able to preemptively freeze one's own credit report may help prevent future problems.

Testimony Against: The federal Fair and Accurate Credit Transactions Act of 2003 already attempts to address ID theft concerns. It offers many remedies, which will be phased-in over a period of time. Adding state-by-state regulation by enacting a credit freeze bill only creates inconsistencies that are difficult for business.

Who Testified: PRO: Eric Bell, Washington citizen and ID theft victim.

CON: Cliff Webster, CDIA.

House Amendment(s): Only victims of identity theft, rather than all consumers, may place a security freeze on their credit reports. No fee can be charged. The provision allowing consumers to remove their names from lists furnished for credit card solicitation is removed. The term "consumer credit reporting agency" is changed to "consumer reporting agency."

Passed House: 66-30.