

FINAL BILL REPORT

ESSB 5827

C 93 L 07

Synopsis as Enacted

Brief Description: Regarding consumer privacy.

Sponsors: Senate Committee on Consumer Protection & Housing (originally sponsored by Senators Hobbs, Weinstein, Oemig, Fairley, Pridemore, Keiser, Regala, Kohl-Welles, Prentice, Kline and Rasmussen).

Senate Committee on Consumer Protection & Housing
House Committee on Insurance, Financial Services & Consumer Protection

Background: A consumer credit report contains: (1) information on the consumer's identity, including current and previous addresses, number of dependents, marital status, date of birth, and social security number; (2) the consumer's employment history, including income information; (3) the consumer's credit history; and (4) public records regarding the consumer, including civil judgments and suits, bankruptcies, and other legal proceedings.

The disclosure of consumer credit reports by credit reporting agencies is governed by federal and state law. A consumer credit agency may disclose a consumer's credit report to any person or entity that has a legitimate business need involving a transaction with the consumer. Situations where an entity may have a legitimate business need for a consumer's credit report include: extension of credit, insurance underwriting, security clearances, and where a credit report is needed for employment purposes, including hiring.

An employer may only request a job applicant's credit report if the employer either: (1) conspicuously discloses to the applicant in writing that s/he will be requesting the applicant's credit report; or (2) the applicant authorizes the request.

An employer may only request an employee's credit report if the employee received written notice that the employer may use such credit reports for employment purposes.

If an employer takes any adverse action against an employee or job applicant based on a consumer credit report, the employee or applicant must be given an opportunity to respond and the employer must inform the employee or applicant how to obtain a free copy of his or her credit report.

Summary: An employer may not request a consumer credit report for employment purposes that contains information on the consumer's credit worthiness, credit standing, or credit capacity unless: (1) that credit information is substantially job related; and (2) the employer discloses to the consumer in writing the reasons the employer is using that information. Employers may also request consumer reports that contain credit information about the consumer if such a request is required by other law.

Employers must disclose the following to both current employees and job applicants before taking adverse action based on the content of a consumer report: (1) contact information for

the reporting agency that furnished the report; and (2) description of the consumer's rights under the state law regarding employment and consumer reports. Employers must also give both current employees and job applicants an opportunity to respond to information in the report that is disputed.

Votes on Final Passage:

Senate	43	3
House	60	37

Effective: July 22, 2007