

# HOUSE BILL REPORT

## HB 2384

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**As Reported by House Committee On:**  
Business & Financial Services

**Title:** An act relating to consumer reporting agency security freeze fees.

**Brief Description:** Concerning consumer reporting agency security freeze fees.

**Sponsors:** Representatives Hudgins, Valdez, Macri, Ormsby, Pollet and Appleton.

**Brief History:**

**Committee Activity:**

Business & Financial Services: 1/17/18, 1/19/18 [DPS].

**Brief Summary of Substitute Bill**

- Removes the ability for credit reporting agencies to charge a fee to consumers for placing, temporarily lifting, or removing security freeze.
- Requires a study regarding the removal of security freeze related fees to evaluate impacts to consumers and consumer reporting agencies.

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### HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kirby, Chair; Reeves, Vice Chair; Walsh, Assistant Ranking Minority Member; Barkis, Bergquist, Blake, McCabe, Santos and Stanford.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Vick, Ranking Minority Member; Jenkin.

**Staff:** Robbi Kesler (786-7153).

**Background:**

A consumer reporting agency (agency) collects consumer information including payment history, information regarding open accounts, and outstanding balances in order to monitor a person's financial history to compile a credit report. Third parties may access consumer

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credit reports for a valid business need, such as extending credit, or in some circumstances for employment related reasons.

Any consumer in Washington may request that an agency place a security freeze on his or her credit report. The request for a security freeze must be submitted in writing via certified mail to the agency. Once the agency has received a security freeze request, the agency must place the security freeze within five business days. Within 10 business days, an agency must send the consumer written confirmation of the security freeze and provide the consumer with a personal identification number to be used when later authorizing a lift or removal of the freeze.

Subject to certain exceptions, the agency is then prohibited from releasing the report, or information from the report, without the consumer's express permission. A consumer's request for a security freeze does not prohibit the release of the consumer's credit report for purposes that are not credit-related.

Currently, the agency may charge up to \$10 for placing, temporarily lifting, or removing a security freeze. An agency may not charge a fee to place a security freeze for victims of identity theft that have provided a copy of a police report evidencing the claim, or to persons age 65 years or older.

In addition, there are similar processes in place for a personal representative to request a security freeze on the behalf of a protected person. An agency may charge a fee for security freeze placement or removal for a protected person that is a victim of identity theft or a protected person under the age of 16 that already has a consumer report on file.

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### **Summary of Substitute Bill:**

Credit reporting agencies may not charge consumers a fee to place, temporarily lift, or remove a security freeze.

The Office of Cyber Security, the Office of Privacy and Data Protection, and the Attorney General's Office must evaluate the impact of removing security freeze related fees on consumers and consumer reporting agencies. The findings of the study must be submitted to the Legislature by December 1, 2020.

### **Substitute Bill Compared to Original Bill:**

The substitute bill adds a study regarding the impact of removing security freeze related fees on consumers and consumer reporting agencies. The findings of the study must be submitted to the Legislature by December 1, 2020.

**Appropriation:** None.

**Fiscal Note:** Requested on January 19, 2018.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Information credit agencies should be free to access and consumers should not be charged to freeze the release of that information. Consumers should be able to protect themselves. The right to control data should be restored to consumers. New account fraud can be stopped by the placement of a security freeze. The security freeze must be done at all three credit reporting agencies; the \$10 fee adds up quickly. Consumers should not have to wait to find out if they are a victim of identity theft or a security breach.

(Opposed) The current system serves consumers well. Not many consumer utilize credit freezes. The industry suggests using fraud alert, a free service. Credit freezes can be a cumbersome way to provide protection. While the industry realizes security breaches are bad, they do not justify overturning current law.

**Persons Testifying:** (In support) Representative Hudgins, prime sponsor; and Elise Orlick, Washington Public Interest Research Group.

(Opposed) Cliff Webster, Consumer Data Industry Association.

**Persons Signed In To Testify But Not Testifying:** None.