

HOUSE BILL REPORT

ESB 6018

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to consumer reporting agency security freezes.

Brief Description: Concerning security freeze fees charged by consumer reporting agencies.

Sponsors: Senators Mullet, Carlyle, Palumbo, Frockt, Rolfes, Hunt, Fain, Keiser, Van De Wege, Hasegawa, Nelson, Pedersen and Kuderer.

Brief History:

Committee Activity:

Business & Financial Services: 1/30/18, 1/31/18 [DP].

Brief Summary of Engrossed 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 be submitted to the legislature by December 1, 2020 to evaluate the impact the security freeze fee modifications has on consumers and consumer reporting agencies.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: 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: Do not pass. 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

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person's financial history to compile a credit report. Third parties may access consumer 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 have a consumer report on file.

Summary of Bill:

Consumer reporting agencies may not charge consumers a fee to issue a personal identification number, place a security freeze, or temporarily lift or remove a security freeze.

The requirement that the security freeze request be submitted by writing via certified mail is removed.

The requirement that a consumer reporting agency send written confirmation of the security freeze to the requesting consumer is removed.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is not complicated it removes the \$10 security freeze fee currently being charged by consumer reporting agencies. This will help consumers protect themselves.

(Opposed) It is unfortunate that a security breach occurred, however that does not justify amending the law to make all credit freezes free. The credit freeze process does cost the consumer reporting agencies money to administer.

Persons Testifying: (In support) Senator Mullet, prime sponsor.

(Opposed) Clifford Websters, Consumer Data Industry.

Persons Signed In To Testify But Not Testifying: None.