

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

Requiring credit reporting agencies by statute to supply consumers with a credit report on demand at no cost increases government control over the business practices of such agencies.

B. EFFECT OF PROPOSED CHANGES:

This bill requires consumer credit reporting agencies, which compile and maintain files on consumers' credit on a nationwide basis, to provide consumers with at least one free complete consumer credit report a year upon request.

The three national credit reporting agencies include Equifax, operating out of Atlanta, GA, Experian in Allen, TX, and TransUnion in Chester, PA. These agencies are currently required by the federal Fair Credit Reporting Act to provide consumers, once in a 12-month period and if requested, with a free copy of their credit reports if the consumer:

(1) is unemployed and intends to apply for employment in the 60-day period beginning on the date on which the certification is made;

(2) is a recipient of public welfare assistance;

(3) has reason to believe that the file on the consumer at the agency contains inaccurate information due to fraud; or

(4) has been the subject of adverse action, such as denial of credit or insurance, within the past 60 days.

The federal act provides specifics for the type of information which must be provided to the consumer. For example, Sec. 1681g. - Disclosures to consumers¹, requires the reporting agency to disclose to the consumer all information in the consumer's file at the time of the request, except any information concerning credit scores or any other risk scores or predictors relating to the consumer. Additionally, that act limits the amount credit reporting agencies can charge for such reports to no more than \$8 a report.

A recent Statewide Grand Jury Report² indicates that consumers could minimize the effects of identity theft if they are able to routinely monitor their credit reports and suggests that credit reporting agencies be required to grant two free credit reports to consumers annually to facilitate the availability of such

¹ 15 U.S.C. § 1681 *et. seq.* (www.fair-credit-reporting.com)

² In the Supreme Court of the State of Florida, Case No. SC 01-1095, Second Interim Report of the Sixteenth Statewide Grand Jury Identity Theft in Florida, November 12, 2002

reports. Several states have enacted this type of legislation in varying degrees. Colorado, Massachusetts, Maryland, New Jersey and Vermont require that credit reporting agencies provide consumers with at least one free report annually, and Georgia requires that two reports be provided annually.

C. SECTION DIRECTORY:

Not necessary.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Credit reporting agencies will be required to provide one free credit report annually to consumers who now pay up to \$8 for such a report.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

N/A

2. Other:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. DRAFTING ISSUES OR OTHER COMMENTS:

This bill does not speak to enforcement of its provisions, but, under similar legislation in Colorado, civil action is available to consumers in the event of noncompliance. The bill also does not specify what constitutes a complete credit report.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES