

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

February 20, 2003

1:33 p.m.

**MEMBERS PRESENT**

Senator Con Bunde, Chair  
Senator Ralph Seekins, Vice Chair  
Senator Gary Stevens  
Senator Bettye Davis  
Senator Hollis French

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 64

"An Act requiring certain consumer reporting agencies to provide individuals with certain information without charge."

HEARD AND HELD

**PREVIOUS ACTION**

SB 64 - No previous action to consider.

**WITNESS REGISTER**

Mr. Steven Cleary, Executive Director  
Alaska Public Information Group (AKPIRG)  
PO Box 101093  
Anchorage AK 99510

**POSITION STATEMENT:** Supported SB 64.

Mr. Ed Sniffen  
Department of Law  
PO Box 110300  
Juneau, AK 99811-0300

**POSITION STATEMENT:** Commented on SB 64.

**ACTION NARRATIVE**

**TAPE 03-5, SIDE A**

**CHAIR CON BUNDE** called the Senate Labor and Commerce Standing Committee meeting to order at 1:33 p.m. Present were Senators Ralph Seekins, Gary Stevens, Bettye Davis, Hollis French and Chair Con Bunde.

**SB 64-CREDIT INFORMATION**

CHAIR CON BUNDE announced SB 64 to be up for consideration.

SENATOR HOLLIS FRENCH, sponsor of SB 64, said this is consumer protection legislation. It is designed to allow Alaskans annual access to his or her consumer report from any consumer reporting agency that does business in the state. There are only three nationwide consumer reporting agencies that compete with each other. Many people have no experience getting consumer reports and, for some, the \$9 cost is an issue. Six or seven states have enacted similar legislation. He said there is no hidden agenda behind SB 64 and it is easy to understand.

SENATOR FRENCH referred to an article from CNN about a recent theft of credit card numbers from a mail order catalogue company. It said that as many as 8 million account numbers were accessed. At least one company cancelled 8,000 credit cards in response to the theft.

CHAIR BUNDE asked how many folks he thought would take advantage of this if it was available to them.

SENATOR FRENCH replied that currently 1 in 10 people access their credit reports nationwide. He noted, "I would be surprised if this would double the number of folks who were to access their credit reports..."

CHAIR BUNDE asked what financial impact this legislation would have on the credit card companies.

SENATOR FRENCH answered that no one knows, but he thought it might actually be beneficial.

CHAIR BUNDE noted that any cost for the credit check would be passed on to the consumer. He asked Senator French if he had considered the impact this bill might have on the \$9 charge if this service were free.

SENATOR FRENCH said that is a good question that he has referred to credit companies, but they hadn't responded so far. He

stressed that this is information that ultimately belongs to the consumer.

SENATOR BETTYE DAVIS remarked that this might help consumers because now they have to pay a fee to get a credit report through credit card companies.

SENATOR GARY STEVENS asked if the three companies provide this information to the consumer in hard copy only or whether it is available over the Internet.

SENATOR FRENCH replied that he went on the Internet two days ago and paid \$30 to have all three reporting agencies give him his credit report in a single document. He got a password and was able to access the report one time. He printed it out and has a copy.

SENATOR GARY STEVENS remarked that fraud might be even more pervasive if the reports were available on the Internet.

SENATOR SEEKINS asked if information about a particular consumer's financial transactions is considered to be that person's property.

SENATOR FRENCH replied that at some level it belongs to the consumer at least once because it is the consumer's transaction.

SENATOR SEEKINS asked if a consumer would benefit from having recorded transactions in a credit collecting and reporting agency and if they weren't selling that information by allowing it to be collected.

SENATOR FRENCH replied that he didn't dispute the value of the service credit reporting companies provide, but the countervailing value is openness, access and accuracy.

SENATOR SEEKINS said that based on his own experience, if he knows a person's social security number, he can get that person's credit history. He wanted to know from the credit card companies their estimate of the added cost of a free report that would be spread out among existing customers. He asked how many people in the room have checked to see if someone had stolen their identity. [Two people indicated they had.]

SENATOR FRENCH responded that he had at least one inquiry from a consumer protection group in Washington D.C. asking how this bill was proceeding and he hadn't notified them. He thought

there must be a way to monitor bills that are filed and that the credit reporting agencies have not responded because they have not heard about the bill yet, not because they do not care.

SENATOR SEEKINS asked which states currently have similar legislation and whether they have experiences to relate.

**1:50 p.m.**

SENATOR FRENCH replied he is aware that Colorado, Georgia, Maryland, Massachusetts, New Jersey and Vermont have similar legislation.

CHAIR BUNDE said it would be interesting to see if the number of inquiries increased in those states and whether the cost of reports beyond the free one increased.

MR. STEVE CLEARY, Executive Director of the Alaska Public Interest Research Group, said this bill benefits both consumers and companies because fraud costs everybody money. He maintained, "It's not just people who have their identity stolen...but it's also the credit bureaus and credit agencies that have to deal with identity theft...." He noted that the access provided by this bill does not put an undue burden on businesses.

He noted that this bill is directed toward identity theft, but credit scores are often used to deny folks credit or to discriminate against them in other venues such as insurance and they need to be looked at, as well, in other legislation.

SENATOR GARY STEVENS asked if this bill would actually lead to less fraud or whether it would simply identify fraud after it has occurred.

MR. CLEARY replied he hopes it will lead to less fraud, although people will pick up on problems after the fact. It recognizes the increasing threat of identity theft that people should be aware of.

SENATOR SEEKINS asked Mr. Cleary why he would say that a record of his transactions belongs to him.

MR. CLEARY replied that a person's credit history blends into their future credit and it can be used as a device that determines a lot of future actions. If people are going to make decisions based on a person's transactions, that person should

have access to that same information for full disclosure. He added this bill could protect a consumer from credit errors, which are very common. Sometimes just a misspelling of a name can lead to credit complications.

SENATOR SEEKINS asked how people would become aware of this law if it passed.

MR. CLEARY replied people who had been formally denied credit through a credit card application process could find out on their letter of denial. He thought word of mouth might also help or it could be printed on the Permanent Fund application.

SENATOR SEEKINS said he would not want the consumer protection section of the Attorney General's office to have to put out a business advisory for notification.

MR. ED SNIFFEN, Department of Law, said the department had to do that once.

CHAIR BUNDE asked Mr. Cleary if he was aware of anyone who was not getting a credit report because of the cost.

MR. CLEARY replied that he hadn't heard that. There are provisions for consumers who are receiving welfare or unemployment to receive free credit reports, but this bill lends itself to routine maintenance through more awareness. He noted, "Nine dollars isn't all that much, but this bill would save industry money as well, so I think that cost is well spent."

CHAIR BUNDE thanked him for his testimony and said he was looking forward to getting more information on this issue and held SB 64 in committee.

CHAIR BUNDE adjourned the meeting at 2:05 p.m.