

SB

64

Senator Hollis French


Capitol Room 504
465-3892
465-6595 fax



MEMORANDUM

DATE: May 5, 2003

TO: Representative Lesil McGuire, Chair
Judiciary Committee

FROM: Senator Hollis French 

RE: Request for a hearing on CS SB 64(JUD) – “An Act relating to a requirement that certain consumer reporting agencies provide individuals with certain information without charge”

This is a request that you schedule CS SB 64(JUD) – “An Act relating to a requirement that certain consumer reporting agencies provide individuals with certain information without charge” for a hearing at the earliest possible time.

I have attached a copy of the bill, a sponsor statement, a sectional analysis, and some other information for the committee packets.

I anticipate that representatives of the Department of Law (Ed Sniffen), AARP, and AKPIRG, among others, will testify at the Judiciary Committee hearing on this bill. Please arrange to have the meeting teleconferenced to the main locations.

Thank you for your attention.

Attachments

CS SB 64(JUD) - An Act relating to a requirement that certain consumer reporting agencies provide individuals with certain information without charge

SPONSOR STATEMENT

Identity theft is a growing problem both in our state and nationally. **CS SB 64(JUD) - "An Act relating to a requirement that certain consumer reporting agencies provide individuals with certain information without charge"** will provide Alaskans with an additional way to help protect themselves from identity theft and from the negative impacts of inaccurate credit reports.

Having your identity stolen is a devastating experience. More than 750,000 people may be victims of identity theft this year, and each will spend countless hours and, on average, more than \$1,000 to repair the damage done to his or her reputation and finances. Long after the initial damage is done, victims of identity theft continue to be turned down for loans, credit, and jobs. They are often made to feel like they are guilty parties and not, as is truly the case, the victims of a crime.

The first indication many consumers have that they have been the victim of identity theft is when problems crop up with their credit. Regularly reviewing one's own credit report is an easy way to stop identity theft in its early stages. Providing Alaskan consumers with one free credit report per year will help not only consumers but also the many, many businesses that extend credit. Minimizing the losses to the business community through identity theft is one aim of this legislation.

Businesses inspect consumers' credit histories when they evaluate applications for credit, insurance, employment, and even leases. Individuals' credit histories are recorded in files or records maintained by credit reporting agencies, which sell the reports. A credit record contains information about a person's income, debts, and credit payment history. It also indicates whether the person has been sued, been arrested, or filed for bankruptcy. If that information is incorrect, whether as a result of identity theft, fraud, or mistakes made by the consumer reporting agency, a consumer can suffer.

CS SB 64(JUD) will require consumer reporting agencies that maintain files on Alaskans to provide an individual with a free copy of his or her file (including all consumer credit reports) once annually, upon request. The bill does not impose an obligation on businesses to inform consumers of the right to a free credit report. In passing this legislation, Alaska will join six other states whose legislatures have taken strong action to help consumers protect and, if necessary, correct, their credit ratings.

*CS SB 64(JUD) - An Act relating to a requirement that certain
consumer reporting agencies provide
individuals with certain information without charge*

SECTIONAL ANALYSIS

- Section 1.** (a) Requires a consumer reporting agency that maintains a file on an individual who is a resident of Alaska to provide the individual with a free copy of the individual's file, including all consumer credit reports, upon request. One free report is required per year.
- (b) States that the provisions of (a) may not be interpreted to require a person doing business to notify a consumer about the right to receive a free copy of the individual's credit report.
- (c) Defines "consumer reporting agency" and "file."
- Section 2.** Adds violation of this Act to list of violations in AS 45.50.471(b), "unfair methods of competition" and "unfair or deceptive acts or practices."

*Senator Hollis French
April 17, 2003*

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 64
 (S) Publish Date: 4/4/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Credit Information BRU Banking, Securities & Corporations(115)
 Component Banking, Securities & Corporations
 Sponsor Senator French
 Requester Senate Labor & Commerce Component No. 1233

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation provides that a consumer reporting agency that maintains a file on an Alaska resident shall, at the request of that individual, provide the individual with a complete copy of the individual's file, including all consumer credit reports each calendar year without charge. This legislation does not impact the operations of this division, and there are no fiscal impacts to the department.

Prepared by: Mark Davis, Director Phone 907-269-8452
 Division Banking, Securities & Corporations Date/Time 2/19/03 11:11 AM
 Approved by: Edgar Blatchford, Commissioner Date 2/19/2003
 Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 64
 (S) Publish Date: 4/4/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title: "...requiring certain consumer reporting agencies
to provide individuals with certain reports without charge." BRU: Civil Division
 Component: Fair Business Practices
 Sponsor: Senator French
 Requester: Senate Labor and Commerce Component No. 2206

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
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1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill requires consumer reporting agencies who maintain a file on an individual who is an Alaska resident to provide a complete copy of that file, including consumer credit reports, to the individual once a year without charge. Failure to do so is an unlawful act under the unfair trade practices and consumer protection statutes.

The Department of Law's Consumer Protection unit anticipates any increased enforcement workload from passage of this bill could be handled by existing staff.

Prepared by: Joan M. Kasson
 Division: Attorney General's Office
 Approved by: Kathryn Daughhetee for Gregg D. Renkes, Attorney General
 Agency: Department of Law

Phone: (907) 465-5370
 Date/Time: 2/18/03 3:25 PM
 Date: 2/18/2003



Alaska State Legislature House and Senate Democrats

www.akdemocrats.org

FOR IMMEDIATE RELEASE • February 7, 2003

**CONTACT: Jordan Marshall • (907) 465-3842, Toll-free (888) 465-4919, Cell: 321-3682
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Free Credit Report to Help Prevent Identity Theft

Putting Alaskans First 2003

JUNEAU – Alaskan consumers could receive a free credit report annually under a bill introduced today by Senator Hollis French (D-Anchorage) and Representative Harry Crawford (D-Anchorage). SB 64 and HB 85 require consumer reporting agencies that maintain files on Alaskans to provide a free copy of an individual's file upon request.

"Identity theft is a growing problem both in our state and nationally," said Senator French. "The first indication many consumers have that they have been a victim of identity theft is when problems crop up with their credit. This legislation provides consumers with an additional way to help protect themselves. A good credit rating is valuable. It is important for individuals to check their credit files and reports regularly."

Businesses inspect consumers' credit histories when they evaluate applications for credit, insurance, employment, and even leases. Individuals' credit histories are recorded in files or reports maintained by credit reporting agencies, which sell the reports. A credit record contains information about a person's income, debts, and credit payment history. It also indicates whether the person has been sued, been arrested, or filed for bankruptcy. Indeed, credit reports are even used by insurance companies to set premium rates, in the controversial practice known as credit scoring.

"Having your identity stolen is a devastating experience. More than 750,000 people may be victims of identity theft this year, and each will spend, on average, countless hours and more than \$1,000 to repair the damage done to his or her reputation and finances. There is only one truly effective way to keep your identity clean: check your credit report at least once a year. By requiring consumer reporting agencies to provide individuals with one free report every year, this bill will help Alaskans protect their privacy and avoid the trauma and expense of discovering, too late, that their identity has been hijacked," said Crawford.

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Putting Alaskans First • Moving Alaska Forward 2003

Sen. Bettye Davis, Sen. Johnny Ellis, Sen. Kim Elton, Sen. Lyman Hoffman, Sen. Hollis French, Sen. Gretchen Guess, Sen. Georgianna Lincoln, Sen. Donny Olson, Rep. Ethan Berkowitz, Rep. Sharon Cissna, Rep. Harry Crawford, Rep. Eric Croft, Rep. Les Gara, Rep. Max Gruenberg, Rep. David Gultenbera, Rep. Reaouie Joule, Rep. Marv Kaosner, Rep. Bath Kerttula, Rep. Albert Konkash, Rep. Carl Mosee



Honorable Tom Anderson, Chair
House Labor and Commerce Committee
Alaska Capital, Room 432
Juneau, AK 99801-1182

May 5, 2003

RE: SB 64 (French) - Support

Dear Chair Anderson:

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the House Labor and Commerce Committee to support SB 64, authored by Senator Hollis French, and co-sponsored by fourteen other Senators, including eight Republicans and six Democrats.

AARP has always recommended to our members and their families that credit reports with the three major agencies should be checked once a year. Despite what we feel is good consumer advice, we know that many people do not follow through on this annual check because of the fees involved with charges for up to \$8.50 per company. A free annual check-up will not only increase the number of people who do a check-up but it will also increase the potential of identifying identity theft earlier. As you and your Committee colleagues know, identity theft is a growing problem for people of all ages. A recent AARP Public Policy Institute analysis of FTC complaint data found that complainants age 50 and over were more likely to report a number of different identity crimes than complainants of all ages.

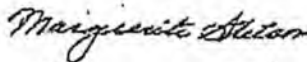
Credit reports and the ability for a consumer to access them at no cost will contribute to the ability of an individual to exercise control over the disclosure and subsequent uses of their personal information. AARP believes this is an essential component for good consumer protection. When you pass SB 64 you will help reduce the vulnerability of older Alaskans to fraud and unfair and deceptive marketing practices. With the widespread use of credit reports and credit scoring and other risk-based pricing models, SB 64 will help the individual consumer assure fair pricing and terms for credit and insurance, as well as access to rental housing and employment opportunities.

AARP urges an "AYE" vote on SB 64.

Should you have any questions about our position, please feel free to contact Marie Darlin (907.586.3637), Coordinator of the AARP Capital City Task Force; Patrick Luby (907.762.3314), AARP Legislative Representative; or me (907.245.5259).

Thank you for your consideration.

Sincerely,



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AARP Alaska
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cc: Vice-Chair Bob Lynn
Representative Nancy Dahistrom
Representative Carl Gatto
Representative Norman Rokeberg
Representative Harry Crawford
Representative David Guttenberg
Senator Hollis French
Marie Darlin
Patrick Luby



AKPIRG

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February 12, 2003

Testimony on SB 64 – Consumer Credit Reports

AkPIRG wishes to express its strong support for SB 64 (Companion HB 85), which will require consumer reporting agencies to provide, free of charge, a complete copy of an individual's file annually.

This legislation will make Alaska only the seventh state with such forward-thinking consumer protection. Credit reports and credit scores have become crucial to a person's ability to participate in the modern marketplace. Erroneous credit reports have hindered consumers from obtaining home loans, car loans and other financial tools. These errors are often difficult to correct and make consumers feel guilty until such time as they are able to prove themselves innocent.

SB 64 will be a valuable tool for consumers, allowing them to more accurately monitor their credit history in an effort to keep their record current. Accurate information will help all involved in the credit industry and should help reduce credit risks for all involved.

Consumers have the right to know what is in their credit file. A once a year option to receive this information free of charge is not an undue burden on consumer reporting agencies.

Therefore, AkPIRG urges passage and adoption of SB 64.

Thank you,

Steve Cleary
Executive Director, AkPIRG
278-3661