

STAND. COM. REP. NO.

3418

Honolulu, Hawaii

APR 04 2018

RE: H.B. No. 2342
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 2342, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER CREDIT REPORTING AGENCIES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Expand the methods by which a consumer may request a security freeze; and
- (2) Specify that a consumer credit reporting agency shall not charge a fee for placing, lifting, or removing a security freeze on a consumer's credit report or for placing or removing a security freeze on a protected consumer's credit report or records.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; AARP Hawai'i; and five individuals. Your Committee received comments on this measure from the Consumer Data Industry Association.

Your Committee finds that recent events involving security breaches of databases containing sensitive identifying



information, such as social security numbers and addresses, have shown that repositories of consumers' personal information continue to be at high risk of infiltration by identity thieves. Your Committee notes that the 2017 cybersecurity breach of consumer credit reporting agency Equifax's databases, where criminals exploited an information technology vulnerability and gained access to a trove of personal information, including social security numbers, birth dates, addresses, driver's license numbers, and credit card numbers, potentially impacted 143,000,000 American consumers, including nearly 450,000 Hawaii consumers.

Your Committee further finds that a security freeze, which prohibits a consumer credit reporting agency from releasing a consumer's credit report or any information from the report without the consumer's express authorization, is an effective way for a consumer to protect the consumer's sensitive personal information. Your Committee additionally finds that although some consumers have taken steps to protect their personal information by requesting a security freeze, many consumers have not, due to the costs and inconvenience associated with placing security freezes. According to testimony received by your Committee, a consumer who places, temporarily lifts, and then later removes a security freeze may pay \$45 in fees to the various consumer credit reporting agencies.

As the number of security breaches and cases of identity theft continue to rise, your Committee finds that Hawaii consumers should be able to more conveniently place, lift, or remove security freezes. This measure therefore eliminates the fee a consumer credit reporting agency can charge a consumer to place, lift, or remove a security freeze; removes the requirement that a consumer send proof of identity theft along with a security freeze request; and expands the methods by which a consumer may submit a security freeze request.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2018; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2342, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2342, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



