

STAND. COM. REP. NO.

3119

Honolulu, Hawaii

MAR 24 2006

RE: H.B. No. 1871
H.D. 1
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Housing and Media, Arts, Science, and Technology, to which was referred H.B. No. 1871, H.D. 1, entitled:

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

beg leave to report as follows:

The purpose of this measure is to protect Hawaii consumers who are victims of identity theft by allowing them to place a security freeze on their credit reports.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Department of the Prosecuting Attorney, City and County of Honolulu; the Honolulu Police Department; the Hawaii Financial Services Association; the Consumer Data Industry Association; the American Association of Retired Persons (AARP) Hawaii; State Farm Insurance Company; and the Retail Merchants of Hawaii.

As one measure from the Department of Commerce and Consumer Affairs' identity theft proposals, this measure is part of a larger package of identity theft bills that has evolved from the work of the Hawaii Anti-Phishing Task Force. In 2005, the Hawaii Anti-Phishing Task Force was established in the Department of the Attorney General to develop state policy on how best to prevent further occurrences of phishing and other forms of electronic commerce-based crimes in the State.

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One common form of identity theft occurs when a person steals a consumer's identity and opens up new lines of credit in that consumer's name. Consumers will have better control over their own identities and credit if they are allowed to "freeze" the release of their credit history by credit reporting agencies until matters are resolved to their satisfaction. This type of security freeze will prohibit a credit reporting agency from releasing any information without the consumer's express authorization and will remain in effect until the consumer takes steps to remove it.

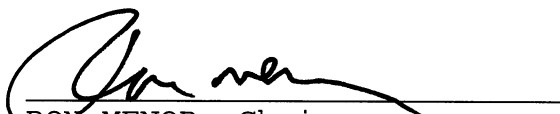
Your Committees find that a security freeze is considered one of the few ways to virtually guarantee that a thief cannot open an account in an innocent party's own name. With the freeze on, if someone applies for credit in a consumer's name, the creditor will be unable to check the consumer's history, and the applicant will be rejected; thus, the consumer's credit will be safe.

Your Committees have amended this measure by replacing its contents with the contents of S.B. No. 2289, S.D. 2, which also provides for a security freeze, and additionally provides a monetary damages penalty provision in addition to the provision that allows for a cause of action under section 480-2, Hawaii Revised Statutes.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Housing and Media, Arts, Science, and Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1871, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1871, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committees on Commerce,
Consumer Protection, and
Housing and Media, Arts,
Science, and Technology,


CAROL FUKUNAGA, Chair


RON MENOR, Chair



