

STAND. COM. REP. NO.

3393

Honolulu, Hawaii

APR - 6 2006

RE: H.B. No. 1871  
H.D. 1  
S.D. 2

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

Sir:

Your Committee on Judiciary and Hawaiian Affairs, to which was referred H.B. No. 1871, H.D. 1, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to allow consumers who are victims of identity theft to place a security freeze on their credit reports which will prohibit a consumer reporting agency from releasing any information to unauthorized parties without the consumer's express authorization and which will provide consumers with more control over who has access to their credit report.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, the Kuli`ou`ou/Kalani Iki Neighborhood Board #2, AARP Hawaii, Retail Merchants of Hawaii, the Consumer Data Industry Association, and the Hawaii Financial Services Association.

Your Committee finds 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 name. With a freeze, if an identity thief applies for credit in a consumer's name, the creditor will be unable to check the consumer's history and the application will be rejected, thus keeping the innocent consumer's

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credit safe. This measure does include mechanisms to lift a freeze in cases where a consumer is opening a legitimate line of credit.

Your Committee has amended this measure to:

- (1) Change the chapter name to "Consumer Credit Reporting Agencies" in order to ensure that the measure's title is consistent with its contents;
- (2) Change the definition section to reflect that the terms "consumer credit reporting agency" and "consumer reporting agency" are interchangeable;
- (3) Reinstate the references to specific "party, or parties" in addition to "period of time" in reference to the release of a consumer's credit report at the request of the consumer, which the Department of Commerce and Consumer Affairs explained would provide additional safety for the consumer and is consistent with laws in numerous other states; and
- (4) Insert clarifying language to minimize consumer frustration when they are not able to easily identify where the freeze request should be sent.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1871, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1871, H.D. 1, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Hawaiian Affairs,

  
COLLEEN HANABUSA, Chair



