

STAND. COM. REP. NO.

2601

Honolulu, Hawaii

MAR - 2 2006

RE: S.B. No. 2289
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 S.B. No. 2289, 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 protect Hawaii consumers who are victims of identity theft by allowing them to place a security freeze on their credit reports.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; the Department of the Prosecuting Attorney, City and County of Honolulu; the Honolulu Police Department; Retail Merchants of Hawaii; and a private individual. The Consumer Data Industry Association submitted comments.

As one measure from the Department of Commerce and Consumer Affairs' identity theft proposals, this measure is part of a larger Senate 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.

Your Committee finds that this measure is designed to address one form of identity theft that occurs when a person steals a

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consumer's identity and opens up new lines of credit in that consumer's name. Your Committee further finds that this measure will permit Hawaii citizens whose identities have been stolen to "freeze" the release of their credit history by consumer reporting agencies until matters are resolved to the citizen's satisfaction.


Your Committee has amended this measure by:

- (1) Correcting a drafting error by taking new language regarding insurance from the section relating to persons not required to place a security freeze and placing it in its correct section relating to a security freeze by a consumer reporting agency;
- (2) Adding a monetary damages penalty in addition to the provision that allows for a cause of action based upon unfair or deceptive acts or practices declared unlawful under section 480-2, Hawaii Revised Statutes;
- (3) Adding a purpose section to the new chapter relating to consumer reporting agencies, and deleting the original purpose section in the measure;
- (4) Adopting the request made by the Consumer Data Industry Association by clarifying that a security freeze shall apply only to a period of time, and not to a specific party or parties; and
- (5) Making technical, nonsubstantive changes to correctly reflect the format of the Hawaii Revised Statutes.

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 S.B. No. 2289, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2289, S.D. 2.



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



COLLEEN HANABUSA, Chair



