

STAND. COM. REP. NO. 1541

Honolulu, Hawaii

APR 05 2007

RE: H.B. No. 1612
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and
Affordable Housing, to which was referred H.B. No. 1612 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 a consumer to place a
security freeze on the consumer's credit report regardless of
whether they have been the victim of identity theft.

Your Committee received testimony in support of this measure
from the Office of Consumer Protection of the Department of
Commerce and Consumer Affairs and AARP Hawaii. Testimony in
opposition was submitted by one individual. The Consumer Data
Industry Association and the Retail Merchants of Hawaii submitted
comments.

Your Committee finds that there are some instances and
circumstances in which a person may need to place a security
freeze on their credit report although they have not yet
established that they are a victim of identity theft. Requiring a
person to wait until they can establish that their identity has
been stolen is an inadequate means of preventing identity theft
and of preventing further damage to a person's credit once their
identity has been stolen.

Your Committee notes that some concerns were raised as to the
administrative costs to credit reporting agencies in placing a

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credit freeze on credit reports of consumers who are not victims of identity theft.

Your Committee also notes the concern that requiring a police report or other report establishing that a consumer's personal information has been used in an unlawful manner may be burdensome to consumers who need to freeze their credit report quickly in order to prevent further harm. The measure as currently drafted would still require a consumer to submit these types of reports to a credit reporting agency when requesting a security freeze on their credit report.

Therefore, your Committee has amended this measure by:

- (1) Clarifying that a credit reporting agency may not charge a fee to a victim of identity theft for placing or removing a security freeze on the victim's credit report;
- (2) Adding language to allow a consumer to request a security freeze on their credit report; provided that if the request does not include a valid copy of a police report, investigative report, or complaint the consumer has filed with a law enforcement agency about unlawful use of the consumer's personal information by another person, each consumer credit reporting agency may charge a fee of up to \$10 for placing a security freeze on the consumer's credit report; and
- (3) Changing the effective date to encourage further discussion.

Your Committee notes that a consumer who does not provide a police report or other report regarding the unlawful use of the consumer's information may be charged a fee by each credit reporting agency from which a consumer requests the freeze. Your Committee further notes that there are currently three major credit reporting agencies.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1612, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as H.B. No. 1612, 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 Affordable
Housing,



BRIAN T. TANIGUCHI, Chair



