

STAND. COM. REP. NO.

1062

Honolulu, Hawaii

March 3, 2017

RE: H.B. No. 651
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 651, H.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 minors and incapacitated individuals from the misuse of their personal financial information by those with the intent to defraud them by allowing parents and legal guardians to place a security freeze on a minor's or incapacitated individual's credit report and establishing related regulations.

The Office of Consumer Protection of the Department of Commerce and Consumer Affairs testified in support of the intent of this measure. The Consumer Data Industry Association provided comments.

Your Committee finds that identity theft is a growing problem and that minors and incapacitated individuals are most vulnerable to this threat. However, your Committee notes that testimony and discussions at the public hearing on this measure indicated that concerns remain regarding the specific language contained in this measure and that various parties worked collaboratively on crafting language regarding this matter during the Regular Session

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of 2016. Your Committee further notes that proponents of this measure suggested the use of the language worked on in 2016 as a more prudent alternative to better address the concerns raised. Accordingly, your Committee has amended this measure by deleting its contents and replacing it with language that:

- (1) Requires consumer credit reporting agencies to create credit records or files for protected consumers, including minors under the age of sixteen and incapacitated persons;
- (2) Authorizes protected consumers or their representatives to place a security freeze on the protected consumer's credit report or any record created for the protected consumer; and
- (3) Establishes provisions for fees, timelines, and penalties pertaining to protected consumer requests for the creation of a record, placing of a security freeze, or removal of a security freeze.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

Finally, your Committee notes that this measure is a work in progress but that the importance of this issue warrants further discussion and consideration.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 651, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 651, H.D. 2.

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



ANGUS L.K. MCKELVEY, Chair



