

# HB651 HD2

Measure Title: RELATING TO CONSUMER CREDIT REPORTING AGENCIES.

Report Title: Consumer Credit Reporting Agencies; Identity Theft; Protected Consumer; Security Freeze; Credit Report; Record

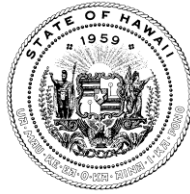
Description: Requires a consumer credit reporting agency to create a record for protected consumers, including minors under the age of sixteen and incapacitated persons, who do not have an existing credit file. Permits a representative of a protected consumer to place a security freeze on the protected consumer's credit report or any record created for the protected consumer. (HB651 HD2)

Companion:

Package: None

Current Referral: CPH

Introducer(s): MCKELVEY



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

**STATE OF HAWAII**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**PRESENTATION OF THE  
OFFICE OF CONSUMER PROTECTION**

**TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION & HEALTH**

**THE TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2017**

**FRIDAY, MARCH 17, 2017  
9:30 A.M.**

**TESTIMONY ON HOUSE BILL NO. 651, H.D. 2, RELATING TO CONSUMER CREDIT  
REPORTING AGENCIES**

**TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND TO THE HONORABLE CLARENCE K. NISHIHARA, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:**

The Department of Commerce and Consumer Affairs (“DCCA”), Office of Consumer Protection (“OCP”) supports the intent of House Bill No. 651, H.D. 2, Relating to Consumer Credit Reporting Agencies. My name is Stephen Levins and I am the Executive Director of the OCP.

The OCP is very concerned about the negative impacts identity theft is causing as it continues to plague our society. Annually millions of people are impacted by this growing threat. Children in particular are most vulnerable. In fact, according to the Identity Theft Assistance Center, 1 in 40 families with children under 18 had at least one child whose personal information was compromised.

Child identity theft is one of the worst forms of identity theft because it often goes unchecked and unnoticed for years. A criminal who steals a child's social security number can operate for years with impunity. This is because a family probably won't know that their child's identity has been compromised until they try to obtain a credit card and get turned down because of a long history of unpaid bills that they had nothing to do with.

H.B. 651, H.D. 1 seeks to safeguard "protected consumers" (minors or the incapacitated) from such injustices by offering them the same protections as everyone else.

The bill seeks to accomplish this goal in 4 significant ways:

1. It permits a representative of a protected consumer to place a security freeze on the credit record or report of a protected consumer;
2. It establishes protocols that credit reporting agencies must follow in relation to a security freeze;
3. It specifies the written notification that credit reporting agencies are required to provide in relation to security freezes; and
4. It applies specified laws pertaining to standard security freezes to protected consumer security freezes.

At least 28 other states have already passed similar legislation to the one being proposed by this bill. These states include Alaska, Arizona, California, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Nebraska, New York, North Carolina, Ohio, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington and Wisconsin. Children and

other minors under the age of 18 in Hawaii deserve the same protections afforded to those on the mainland.

During the 2016 Legislative session, OCP met with representatives from the Consumer Data Industry Association (CDIA) to attempt to resolve its concerns regarding a similar measure involving security freezes for protected consumers, S.B. 2681 (2016). At that time, OCP expressed its misgivings concerning inconsistencies with Hawaii's current security freeze law, Chapter 489P of the Haw. Rev.Stat., as well as with other issues, including, the cost of placing a security freeze, the timeliness of responding to consumer requests, the definition of "protected consumer", and what constituted "sufficient proof of authority." The OCP and the CDIA representative met recently this past Monday and substantially agreed on most of the provisions in H.D. 2 which is based on S.B. 2681 (2016). There do remain however, a few significant details that the parties need to address before coming to an agreement. In this regard, the OCP is committed to continuing the dialogue with the CDIA in an effort to resolve the outstanding issues.

Thank you for the opportunity to testify regarding H.B. 651, H.D. 2. I am available for any questions that you may have regarding this bill.



# SanHi Government Strategies

a limited liability law partnership

Gary M. Slovin  
Mihoko E. Ito  
R. Brian Tsujimura

c/o Ashford & Wriston • 999 Bishop Street, Suite 1400  
Honolulu, Hawaii 96813  
(808) 539-0400  
[governmentaffairs@awlaw.com](mailto:governmentaffairs@awlaw.com)

[gslovin@awlaw.com](mailto:gslovin@awlaw.com)  
[mito@awlaw.com](mailto:mito@awlaw.com)  
[rtsujimura@awlaw.com](mailto:rtsujimura@awlaw.com)

DATE: March 16, 2017

TO: Senator Rosalyn Baker  
Chair, Committee on Commerce, Consumer Protection and Health  
*Submitted Via:CPHtestimony@capitol.hawaii.gov*

RE: **H.B. 651, H.D.2 Relating to Consumer Credit Reporting Agencies**  
**Hearing Date: Friday, March 17, 2017 at 9:30 a.m.**  
**Conference Room: 229**

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Chair Baker and Members of the Committee on Commerce, Consumer Protection and Health:

We submit this testimony on behalf of the Consumer Data Industry Association (CDIA). Founded in 1906, CDIA is the international trade association that represents more than 200 data companies. CDIA members represent the nation's leading institutions in credit reporting, mortgage reporting, fraud prevention, risk management, employment reporting, tenant screening, and collection services.

CDIA **supports** H.B. 651, H.D.2 in its current form and would request one amendment, which is to change the effective date of the bill to January 1, 2018 to allow time for implementation of the proposed requirements in the bill.

Consumer reporting agencies work hard to prevent ID theft of all people, especially minors. Since credit bureaus do not knowingly create credit files for minors, hardly any minors will have existing credit files.

Maryland was the first state to pass a law to specifically protect minors from credit fraud, and since then, a total of 27 states have enacted similar laws based upon the Maryland model. This bill follows the model law, which creates a new term of art called a "record" and then requires the credit bureaus, on request of a parent or guardian, to freeze the record to prevent the creation of credit files for minors (and people who are mentally diminished).

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Gary M. Slovin  
Mihoko E. Ito  
R. Brian Tsujimura  
C. Mike Kido  
Tiffany N. Yajima  
Matthew W. Tsujimura

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CDIA worked on many of the laws that have been enacted across the country, and believes that this law could work in Hawaii as well to protect minors, and at the same time avoid the potential for more fraud by the creation of new credit files.

**We note that we are in continued discussion with the Office of Consumer Protection regarding this measure on some additional amendments OCP has proposed. We are very close to agreement on these amendments, except for the exemption language in section 2, subsection (j)4).**

We note that we are in full support of the rest of the language and would respectfully request that, subject to resolving the above issue, the Committee move this measure forward.

Thank you for the opportunity to submit testimony on this measure.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 13, 2017 7:46 PM  
**To:** CPH Testimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for HB651 on Mar 17, 2017 09:30AM\*

**HB651**

Submitted on: 3/13/2017

Testimony for CPH on Mar 17, 2017 09:30AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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