

STAND. COM. REP. NO. **2062**

Honolulu, Hawaii

FEB 08 2018

RE: S.B. No. 2259
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2259 entitled:

"A BILL FOR AN ACT RELATING TO SECURITY FREEZES,"

begs leave to report as follows:

The purpose and intent of this measure is to require Hawaii consumers who are required to receive a summary of rights under section 609 of the federal Fair Credit Reporting Act, to also receive a notice of their rights under Hawaii law to obtain a security freeze on their credit reports.

Your Committee received testimony in support of this measure from Ho'omana Pono, LLC and two individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that recent events involving security breaches of databases containing sensitive identifying information, such as social security numbers and addresses, have shown that repositories of consumers' personal information continue to be at high risk of infiltration by identity thieves. Your Committee notes that the 2017 cybersecurity breach of consumer credit reporting agency Equifax's databases, where criminals exploited an information technology vulnerability and gained access to a trove of personal information, including social security numbers, birth dates, addresses, driver's license



numbers, and credit card numbers, potentially impacted 143,000,000 American consumers, including nearly 450,000 Hawaii consumers.

Your Committee further finds that a security freeze, which prohibits a consumer credit reporting agency from releasing a consumer's credit report or any information from the report without the consumer's express authorization, is an effective way for a consumer to protect the consumer's sensitive personal information. This measure helps ensure Hawaii consumers are aware of their rights and the ability to place a security freeze.

Your Committee additionally finds that although some consumers have taken steps to protect their personal information by requesting a security freeze, many consumers have not, due to the costs and inconvenience associated with placing security freezes. According to testimony received by your Committee, a consumer who places, temporarily lifts, and then later removes a security freeze may pay \$45 in fees to the various consumer credit reporting agencies. Such requests must also be made via certified mail. However, as the number of security breaches and cases of identity theft continue to rise, your Committee finds that Hawaii consumers should be able to more conveniently place, lift, or remove security freezes.

Accordingly, your Committee has amended this measure by:

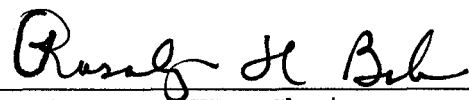
- (1) Clarifying the contents of the notice that must be provided to Hawaii consumers;
- (2) Amending the definition of "security freeze";
- (3) Deleting the definition of "identity theft";
- (4) Specifying that a consumer credit reporting agency shall not charge a fee for placing, lifting, or removing a security freeze on a consumer's credit report or for placing or removing a security freeze on a protected consumer's credit report or records;
- (5) Clarifying that any consumer, rather than a consumer who has been a victim of identity theft, may place a security freeze on the consumer's credit report;



- (6) Expanding the methods by which a consumer may request a security freeze;
- (7) Specifying that a consumer credit reporting agency shall remove or temporarily lift a security freeze upon the consumer's request and shall send written confirmation of the removal within five business days of removing the security freeze;
- (8) Inserting a purpose section; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2259, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2259, S.D. 1, and be referred to your Committee on Judiciary.

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

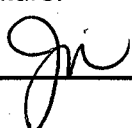


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* SB 2259	Committee Referral: CPH, JDC	Date: 11/31/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TOKUDA, Jill N. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les				/
NISHIHARA, Clarence K.				/
RUDERMAN, Russell E.	/			
TOTAL	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 2em; margin-top: 10px;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes