

# Credit Union & Community Bank Public Policy Update

**May 2018** | **State Update**



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## **Credit Union and Community Bank Public Policy Update – May 2018**

### **Legislation amending credit freezes moves in several states**

Over the last year, 33 states have considered changes to their credit freeze laws in the wake of last year's Equifax breach. Most of the legislation introduced would remove the fees charged for freezes, but there are other changes put forward as well. Experian is working directly with lawmakers, as well as with CDIA, state retail and banking trade associations, to address these proposals and ensure that the freeze process for consumers is consistent across state lines and does not unnecessarily increase the cost of maintaining the system. Bills prohibiting fees have been signed into law in South Dakota, Nebraska, Utah, Virginia, Michigan, Florida, Idaho, Iowa and Oregon. Bills continue to move forward in several other states. In **Massachusetts**, the Senate continues to debate and move its version of the credit freeze legislation. S. 2455 would go beyond the bill that passed the House in February. The House bill would remove fees, create a protected consumer freeze and require a freeze to be placed/lifted within one business day. The Senate bill goes further by requiring freezes to be shared among the three bureaus, consumer consent for prescreen offers of credit, free credit monitoring for breaches and freezes requested via phone or electronically to be placed/removed within 15 minutes. The bill was approved by the Senate last week and will require a conference with the House. In **California**, S.B. 823 was passed by the Senate on April 23. The measure requires a consumer credit reporting agency to place a security freeze on a consumer's credit report within one day of receiving the request by mail and within 15 minutes of receiving the request electronically, and to offer to submit a security freeze request on the consumer's behalf to all consumer credit reporting agencies that compile and maintain files on consumers on a nationwide basis. The measure also prohibits a credit reporting agency from charging a fee for the placement, removal or temporary lift of a freeze. The California Assembly is working on its own draft of the bill, AB 1742, that is still being debated in the Assembly Banking and Finance Committee. Experian continues to work directly with lawmakers in California, as well as with CDIA to address this legislation. Finally, in **Vermont** H.B. 593 would create minor freeze statute in the state. It would require the CRAs to place, lift or remove a freeze for protected consumers at no cost. It would also require a study on whether a central source is needed for credit freezes to be shared among the three bureaus. The bill was passed by the Senate on April 26 and will now need to be concurred to by the House.

### **Data broker legislation continues to move forward in Vermont**

Vermont H.B. 764 was passed by the Senate Economic Development, House and General Affairs Committee on April 23. It will now move to the Senate Finance Committee for further consideration. The bill would require data brokers, as defined under the legislation, to register with the Vermont Secretary of State on or before January 31. Among other things, the registration requires disclosure of information concerning the entities data collection practices and how consumers can opt-out of data collection. It also requires a disclosure to the state of any breaches of broadly defined personal information. Experian is working with a broad coalition of companies, DMA, CDIA and the Internet Coalition to oppose this legislation.

### **California considers software patch legislation**

California A.B. 1859 was passed by the Committee on Privacy and Consumer Protection on April 17 and will now receive further consideration before the Judiciary Committee. The bill requires consumer reporting agencies that know a computer system it owns, operates or maintains is subject to a vulnerability that could compromise the security of computerized data that contains personal information and also knows that a software update is available to address that vulnerability, must apply that software update in the most expedient time possible and within 30 days after becoming aware of the vulnerability and software update. Experian is working directly with lawmakers, as well as with the CalChamber and CDIA to oppose the legislation.

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### **Credit reporting regulation in New York and Maryland**

In **New York**, on May 2 the Department of State is expected to issue the final rule with respect to the filing of information related to identity theft mitigation services. The final rule makes only non-substantive changes to the emergency rule issued in December: clarifies that the filing is annually or immediately upon a material or substantive change; clarifies that the advertising disclosures are in addition to other applicable laws. The Department has not yet made available forms necessary for disclosure. In **Maryland** H.B. 848 was passed by the Senate on April 3 and concurred by the House on April 7. It will now go the Governor for his signature. The legislation would expand the definition of “protected person” that would receive free freezes to include servicemembers, persons in prison, and persons 85 and over. The law would also require CRAs to register with the Commissioner of Financial regulations and require a surety bond or an irrevocable letter of credit effective June 1, 2019. The legislation would also allow the Commissioner of Financial Regulations to initiate investigations of consumer reporting agencies without a consumer complaint, which is currently required. Experian worked with CDIA to address concerns with the legislation.

### **Experian testifies on California installment loan reporting legislation**

In California, A.B. 3010 was passed by the Assembly Banking Committee on April 16, the Assembly Consumer Protection Committee on April 17 and will now go to the Appropriations Committee for further consideration. The bill would require the Commissioner of Business Oversight to develop, operate, and maintain a common database in which a licensee would be required to record each deferred deposit transaction to comply with the California Deferred Deposit Transaction Law. Tony Hadley, Experian’s Senior Vice President of Government Affairs, testified before both the Assembly Banking and Privacy Committees the week of April 16 to recommend changes to the bill. Experian recommended against creating a single, siloed database to report these payments. Rather, Experian suggested the Assembly should amend the legislation to allow for licensees to report payment information to specialty consumer reporting agencies. This would not only help provide visibility to the loans, but would also help to build the credit of consumers. Experian continues to work directly with lawmakers, as well as with the Online Lenders Alliance to help improve CA AB 3010.