
Business & Financial Services Committee

HB 1733

Brief Description: Requiring notice of the transfer of information by consumer reporting agencies to third-parties outside the United States.

Sponsors: Representatives Schmick, Parker, Takko, Short, Fagan, Van De Wege, Hasegawa and Kelley.

Brief Summary of Bill

- Requires notice to an applicant or employee if information in a consumer report for employment purposes will be transferred to a third party outside of the United States.

Hearing Date: 2/8/11

Staff: Jon Hedegard (786-7127).

Background:

Consumer Reports.

A consumer report is a written, oral, or other communication of information by a consumer reporting agency (CRA) bearing on a consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living that is used or expected to be used or collected in whole or in part for:

- the purpose of serving as a factor in establishing the consumer's eligibility for credit or insurance to be used primarily for personal, family, or household purposes;
- employment purposes; or
- other authorized purposes.

The use of consumer reports is regulated under the federal Fair Credit Reporting Act and the state Fair Credit Reporting Act. Both the federal and state laws require that consumer reporting agencies establish procedures to ensure that the information is accurate and is provided only for appropriate purposes. State procedures include a requirement that prospective users identify themselves, certify the use of the purpose for which the information will be used, and certify that

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the information will not be used for other purposes. A CRA must take reasonable effort to verify the identity of a prospective user and the uses certified by the prospective user before providing a report. There are mechanisms in state and federal law to dispute the completeness and accuracy of information on a consumer report.

Use Of Consumer Reports by Employers Under State Law.

Consumer reports may be used for employment purposes. Employment purposes include evaluating applicants for employment, promotion, reassignment or retention. A person may not obtain a consumer report for employment purposes with respect to any consumer who is not an employee at the time unless either:

- the consumer has received written disclosure that a consumer report may be obtained for purposes of considering the consumer for employment. This disclosure must be made prior to the employer obtaining the report. The disclosure may be contained in a written statement contained in employment application materials; or
- the consumer authorizes the procurement of the report.

These requirements do not apply with respect to a consumer report of an employee who the employer has reasonable cause to believe has engaged in specific activity that constitutes a violation of law.

Before taking any adverse action based in whole or part on a consumer report, a person using the consumer report for employment purposes must provide the consumer with:

- the name, address, and telephone number of the consumer reporting agency providing the report;
- a description of the consumer's rights regarding consumer reports obtained for employment purposes; and
- a reasonable opportunity to respond to any information in the report that is disputed by the consumer.

Summary of Bill:

Before procuring a consumer report for employment, a CRA must notify an applicant or employee in writing if information in the consumer report concerning the applicant or employee will be transferred from the CRA to a third party outside of the United States.

A "third party" includes, but is not limited to, a contractor, foreign affiliate, wholly owned entity, or an employee of a consumer reporting agency.

Appropriation: None.

Fiscal Note: Requested on 02/07/11.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.