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**Commerce & Labor Committee**

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**HB 2443**

**Brief Description:** Requiring consumer reports procured for employment to be transmitted to the consumer.

**Sponsors:** Representatives Hudgins, Hasegawa and McDermott.

**Brief Summary of Bill**

- Requires an employer, who requests a consumer report for employment purposes, to furnish the report to the employee or potential employee to whom it relates immediately upon receipt.

**Hearing Date:** 2/1/06

**Staff:** Lara Zarowsky (786-7119).

**Background:**

The federal Fair Credit Reporting Act and the state Fair Credit Reporting Act include provisions to ensure that consumers have access to the information reported about them to lenders, insurers and others who make decisions about providing credit and services. Under certain circumstances, both state and federal law permit consumer-reporting agencies to release credit reports relating to current or potential employees to employers for employment purposes.

A report used for "employment purposes" is used to evaluate a consumer for employment, promotion, reassignment, or retention as an employee. When requesting a report for a person being considered for employment, an employer must obtain a "clear and conspicuous" disclosure by that person authorizing release of the consumer report. With regard to a current employee, the employer must have provided, at any time after the employee was hired, written notice that consumer reports may be used for employment purposes. A written statement contained in an employee manual is adequate to constitute notice for these purposes.

Before taking any adverse action based on a consumer report, state law requires an employer to provide the current or potential employee to whom the report relates:

- contact information for the consumer reporting agency providing the report;
- a description of the employee's rights relating to consumer reports that are obtained for employment purposes; and
- a reasonable opportunity to respond to disputed information contained within the report.

Under state law, a "consumer report" is a written, oral, or other communication of information by a consumer reporting agency 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 part for, among other things, employment purposes. Reports include information about a consumer's identity, present employment, credit history, and any matters of public record, including civil suits and judgments, bankruptcy records, or other legal proceedings recorded by a court.

**Summary of Bill:**

When an employer requests and receives a consumer report related to a current or potential employee for employment purposes, the employer must furnish the report to the employee to whom the report relates immediately upon receipt. The employee's right to be given the report attaches upon receipt of the report by the employer, and is not contingent upon adverse action based on the report being taken by the employer.

**Rulemaking Authority:** The bill does not contain provisions addressing the rule-making powers of an agency.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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