

# HOUSE BILL REPORT

## HB 1274

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### As Reported by House Committee On:

Insurance, Financial Services & Consumer Protection

**Title:** An act relating to an identity theft grant program.

**Brief Description:** Developing an identity theft grant program.

**Sponsors:** Representatives Roach, Ericks, Kirby, Strow, Santos, Appleton, Simpson, Williams, O'Brien, Moeller, VanDeWege, McCune and Rolfes.

### Brief History:

#### Committee Activity:

Insurance, Financial Services & Consumer Protection: 2/6/07, 2/8/07 [DP].

#### Brief Summary of Bill

- Creates an identity theft grant program to be administered by the Attorney General.
- Appropriates \$1.5 million from the State General Fund to the Attorney General for the identity theft grant program.

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## HOUSE COMMITTEE ON INSURANCE, FINANCIAL SERVICES & CONSUMER PROTECTION

**Majority Report:** Do pass. Signed by 8 members: Representatives Kirby, Chair; Kelley, Vice Chair; Roach, Ranking Minority Member; Strow, Assistant Ranking Minority Member; Hurst, Rodne, Santos and Simpson.

**Staff:** Jon Hedegard (786-7127).

### Background:

The Office of the Attorney General enforces consumer protection laws in this state. The Attorney General also states that one of their key priorities is "educating the public on issues such as identity theft and scams that target seniors, minorities and vulnerable populations."

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

There is a host of federal and state laws regarding various crimes involving the use of another's personal information. There is also a number of laws providing protections or remedies for consumers.

#### Gramm-Leach-Bliley Act (GLBA)

Passed in 1999, the GLBA is a federal act that eliminates the long-standing legal barriers to the integration of banking, securities, and insurance firms, and generally overhauls the regulation of the financial services industry. The GLBA explicitly states that all financial institutions have a continuing obligation to consumers to protect the privacy and security of nonpublic personal information. Since July 1, 2001, financial institutions have been required to notify customers about their privacy practices and allow consumers to "opt out" of having their nonpublic personal information disclosed to nonaffiliated third parties. However, the GLBA carves out an exception to the prohibition against disclosing nonpublic personal information in the event such disclosure is necessary to protect against or prevent actual or potential fraud, unauthorized transactions, claims, or other liability.

#### Fair Credit Reporting Acts

There are state and federal Fair Credit Reporting Acts. Both restrict the disclosure of consumer credit information by consumer reporting agencies. In general, the Fair Credit Reporting Acts prohibit consumer reporting agencies from disclosing such information except in relation to customer initiated credit transactions or other legitimate business needs in connection with a commercial transaction involving the consumer.

#### Disposal of Customer Information

Washington requires persons and entities engaged in a "trade, occupation, enterprise, governmental function, or similar activity" to take all reasonable steps to destroy, or arrange for the destruction of, personal financial and health information and personal identification numbers issued by government entities when the person or entity is disposing of records. Destruction means shredding, erasing, or modifying personal information to make the personal information unreadable or undecipherable through any reasonable means.

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#### **Summary of Bill:**

The Attorney General must develop a grant program to provide funding for persons and organizations that provide:

- education to aid seniors in preventing identity theft;
- assistance to aid seniors in recovering from identity theft;
- education to aid persons with a developmental disability and their legal representatives in preventing the theft of the identity of persons with a developmental disability; or
- any combination of the above.

There is an appropriation of \$1.5 million from the General Fund for the grant program to the Attorney General for the fiscal year ending June 30, 2008. The costs for developing and administering the grant program incurred by the Attorney General must be paid out of the appropriation.

The Attorney General must make an annual report to the Legislature regarding the development and the implementation of the grant program. The first report is due December 1, 2008.

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**Appropriation:** The sum of \$1.5 million is appropriated from the State General Fund to the Attorney General for the Identity Theft Grant Program for the fiscal year ending June 30, 2008.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This was part of an omnibus identity theft bill from last year. It does have a large appropriation. The bill helps vulnerable adults and persons with developmental disabilities. The cost of the program is less than the cost of providing public assistance to these individuals after they have their identity and assets stolen. This is a good bill but it should go farther. It addresses seniors and persons with developmental disabilities but they are not the only victims of this crime. Many people are victimized by family members or friends. Techniques to prevent identity theft should be a part of financial literacy. The bill should also include working with organizations that deter crimes, like neighborhood crime watches.

(Opposed) None.

**Persons Testifying:** Representative Roach, prime sponsor; and Amy Fortier.

**Persons Signed In To Testify But Not Testifying:** None.