STAND. COM. REP. NO. 3119

Honolulu, Hawaii

MAR 24 2006

RE: H.B. No. 1871

H.D. 1 S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Housing and Media, Arts, Science, and Technology, to which was referred H.B. No. 1871, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER CREDIT REPORTING AGENCIES,"

beg leave to report as follows:

The purpose of this measure is to protect Hawaii consumers who are victims of identity theft by allowing them to place a security freeze on their credit reports.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Department of the Prosecuting Attorney, City and County of Honolulu; the Honolulu Police Department; the Hawaii Financial Services Association; the Consumer Data Industry Association; the American Association of Retired Persons (AARP) Hawaii; State Farm Insurance Company; and the Retail Merchants of Hawaii.

As one measure from the Department of Commerce and Consumer Affair's identity theft proposals, this measure is part of a larger package of identity theft bills that has evolved from the work of the Hawaii Anti-Phishing Task Force. In 2005, the Hawaii Anti-Phishing Task Force was established in the Department of the Attorney General to develop state policy on how best to prevent further occurrences of phishing and other forms of electronic commerce-based crimes in the State.

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One common form of identity theft occurs when a person steals a consumer's identity and opens up new lines of credit in that consumer's name. Consumers will have better control over their own identities and credit if they are allowed to "freeze" the release of their credit history by credit reporting agencies until matters are resolved to their satisfaction. This type of security freeze will prohibit a credit reporting agency from releasing any information without the consumer's express authorization and will remain in effect until the consumer takes steps to remove it.

Your Committees find that a security freeze is considered one of the few ways to virtually guarantee that a thief cannot open an account in an innocent party's own name. With the freeze on, if someone applies for credit in a consumer's name, the creditor will be unable to check the consumer's history, and the applicant will be rejected; thus, the consumer's credit will be safe.

Your Committees have amended this measure by replacing its contents with the contents of S.B. No. 2289, S.D. 2, which also provides for a security freeze, and additionally provides a monetary damages penalty provision in addition to the provision that allows for a cause of action under section 480-2, Hawaii Revised Statutes.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Housing and Media, Arts, Science, and Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1871, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1871, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Respectfully submitted on behalf of the members of the Committees on Commerce, Consumer Protection, and Housing and Media, Arts, Science, and Technology,

CAROL FUKUNAÇA, Chair

RON MENOR, Chair

2006-2253 SSCR SMA.doc

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Commerce, Consumer Protection and Housing (Bills and Resolutions)

Measure:* HB 1871 HD1 Committee Referral: CPH/MAT, JHW 3-21-06						
The committee is reconsidering its previous decision on this measure.						
If so, then the previous decision was to:						
The Recommendation is to:						
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)						
Members	Ayes	Ayes(WR)	Nays	Excused		
MENOR, Ron (C)	1		· · · · · · · · · · · · · · · · · · ·			
BAKER, Rosalyn H. (VC)						
ESPERO, Will						
IGE, David Y.						
SAKAMOTO, Norman						
HOGUE, Bob						
	1012 708-20 20 7 1000-202-20		15. N. 2004 3 THE R. PERSONS N			
TOTAL	6					
Recommendation:						
Adopted Not Adopted						
Chair's or Designee's Signature: Classify H Balon						
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^{*}Do not list more than one measure per Record of Votes.

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Media, Arts, Science and Technology (Bills and Resolutions)

Measure:* Committee Re HB1871 HD1 CPH/M		Date:	0/21/2	006		
The committee is reconsidering its previous decision on this measure.						
If so, then the previous decision was to:						
The Recommendation is to:						
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)						
Members	Ayes	Ayes(WR)	Nays	Excused		
FUKUNAGA, Carol (C)	/		×			
IGE, David Y. (VC)	V					
ENGLISH, J. Kalani				✓		
IHARA, Jr., Les						
HOGUE, Bob	V					
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TOTAL	4					
Recommendation: Adopted Not Adopted						
Chair's or Designee's Signature:						
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^{*}Do <u>not</u> list more than one measure per Record of Votes.