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## ***Detailed Fiscal Analysis***

### **Overview**

This bill permits a consumer to request a consumer reporting agency to place a "security freeze" on the consumer's credit report. The bill also creates general procedures for a security freeze request by a consumer to a consumer reporting agency, and for the actions of the consumer reporting agency in response to that request. Furthermore, the bill provides a procedure for a consumer to release a credit report subject to a security freeze to a specific person or to lift the security freeze for a limited period of time and establishes a list of entities to whom a consumer reporting agency may release a consumer credit report on which a security freeze has been placed. For full details concerning these provisions, please see the LSC bill analysis. The bill would not take effect until one year after the Governor files it in the office of the Secretary of State, making local government FY 2009 the first year in which there would be any fiscal effect.

### **Fiscal Effects**

This bill does not require any specific state authority to regulate or enforce the provisions of the bill. The bill does allow a consumer reporting agency to charge a consumer a fee of not more than \$10 to place, temporarily lift, or remove a security freeze unless the consumer is a victim of identity theft who has submitted a valid police report to the consumer reporting agency. In this case, there would be no fees charged to the consumer for the security freeze. The consumer reporting agencies will collect any fees charged for the security freezes.

There are no specific criminal penalties associated with the bill. However, the bill makes any person, including a consumer reporting agency, who willfully fails to comply with any of the requirements in the bill liable to the consumer for any actual damages sustained by the consumer as a result of a failure (i.e., the consumer reporting agency did not place the security freeze on the consumer's credit report as requested by the consumer in the time allotted in the bill). Damages are limited to between \$100 and \$1,000, any punitive damages the court allows, and court costs with reasonable attorney's fees as determined by the court. The bill also makes persons negligent in failing to comply with the bill's requirements with respect to a consumer liable for actual damages, court costs, and reasonable attorney's fees. Finally, persons requesting security freezes or the modification of security freezes under false pretenses are liable to the consumer reporting agency for the greater of actual damages sustained or \$1,000.

It is uncertain how many consumers will actually take the time to pursue a civil remedy, but it is assumed that it will be a fairly small number on an annual basis given the low rate of participation in states that have had security freezes available to consumers for several years now. However, it is possible that this bill may minimally increase adjudication costs for county and municipal courts over what they would be absent the bill's enactment. These additional costs may be offset through court cost and filing fee revenue.

*LSC fiscal staff: Jason Phillips, Budget Analyst*

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