

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 41
Finance

(Senator Lam)

Economic Matters

Consumer Protection - Consumer Reporting Agencies - Information in
Consumer Credit Reports

This bill alters statutory provisions that generally prohibit a consumer reporting agency from including specified information in a consumer credit report, subject to limited exception. Specifically, the bill increases the exemption thresholds that are applicable if the consumer credit report is to be used in connection with certain credit transactions, life insurance underwriting, or employment determinations.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law:

Consumer Reports and Consumer Reporting Agencies

A “consumer report” is any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected (in whole or in part) for the purpose of serving as a factor in establishing a consumer’s eligibility for (1) credit or insurance to be

used primarily for personal, family, or household purposes; (2) employment purposes; or (3) other specified purposes, as authorized by State law.

A “consumer reporting agency” is any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages (in whole or in part) in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of commerce for the purpose of preparing or furnishing the reports.

Prohibited Information in Consumer Reports

Consumer reporting agencies may not report in a consumer credit report (1) bankruptcies of more than 10 years before the credit report; (2) suits and judgments of more than seven years before the report, or the expiration of the governing statute of limitations, whichever is longer; (3) paid tax liens whose payment date is more than seven years before the report; (4) accounts placed for collection or charged to profit and loss more than seven years before the report; (5) records of arrest, indictment, or conviction of crime whose date of disposition, release, or parole is more than seven years before the report date; or (6) any other adverse information that predates the report by more than seven years.

Under current law, the prohibition against including the above information does not apply in the case of a consumer credit report to be used in connection with (1) a credit transaction whose principal amount may involve at least \$50,000; (2) the underwriting of life insurance with a face value of at least \$50,000; or (3) the employment of an individual in a position with an annual salary of at least \$20,000.

Under the bill, these thresholds are increased to \$150,000 for credit transactions and life insurance underwriting and \$75,000 for employment determinations.

Small Business Effect: The bill may permit some small businesses to secure credit (or more favorable loan terms) once certain adverse information is no longer allowed to be reported under the higher threshold exemptions.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 262 (Delegate Palakovich Carr) - Economic Matters.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Maryland Department of Labor; Consumer Financial Protection Bureau; Department of Legislative Services

Fiscal Note History: First Reader - January 26, 2024
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Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510