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**SB 41 – Consumer Protection – Consumer Reporting Agencies – Information in Consumer
Credit Reports
FAVORABLE
Senate Finance Committee
January 31, 2024**

Good afternoon, Chairman Beidle and Members of the Senate Finance Committee. I am Karen Morgan, a member of the Executive Council for AARP-Maryland. As you may know, AARP Maryland is one of the largest membership-based organizations in the Free State, encompassing almost 850,000 members. We thank Senator Lam for sponsoring this legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities, and fights for the issues that matter most to families such as health care, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

SB 41 places reasonable guardrails on the reporting of adverse information in a consumer's credit report, reporting that may still occur even after the passage of substantial periods of time and under routine circumstances. A typical example of how the current reporting standards could severely affect a consumer relates to the declaration of bankruptcy. Generally, a consumer who had to declare bankruptcy would expect that after a period of time – ten years in the case of bankruptcies – that this adverse information would no longer appear in their credit report, especially if no other bankruptcies or other adverse events (defaults, debt collections, etc.) occurred.

That consumer might be surprised to learn that if they applied for a job with a salary exceeding the relatively modest amount of \$20,000, applied for credit exceeding \$50,000 (which could easily occur when trying to purchase a car or house) or wanted to secure a life insurance policy with a face value that exceeds \$50,000 (a minimal policy, especially if the goal is to provide for family members in the event of the consumer's death) then that bankruptcy may still be reported by a credit reporting agency, even though the bankruptcy happened ten or more years ago and is ancient history.

The consumer may then run into obstacles in a search for a job, credit, or housing that have absolutely nothing to do with that ten-year-old bankruptcy. It is not hard to imagine the confusion and frustration that could result from being rejected due to the negative report of a financial setback which is no longer relevant, especially if the consumer worked diligently to bolster management of their finances to avoid the occurrence of a bankruptcy or any other adverse financial events in the future.

SB 41 limits the circumstances which allow the issuance of specified adverse information in a consumer credit report, despite the passage of seven to ten years since a setback or adverse financial event occurred. SB 41 increases those thresholds so that credit reports about bankruptcies, defaults, arrests and convictions, or other adverse action may not be reported by a consumer credit reporting agency unless the transaction involves significantly more financial risk, either by a credit transaction exceeding \$150,000, an insurance policy exceeding \$150,000, or employment at a salary exceeding \$75,000.

AARP supports SB 41 and respectfully requests the Senate Finance Committee to issue a favorable report. For questions, please contact Tammy Bresnahan, Director of Advocacy for AARP Maryland at tbresnahan@aarp.org , or by calling 410-302-8451.