

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 517 (Delegate Menes, *et al.*)
Commerce and Government Matters

Commercial Law - Consumer Reporting Agency - Credit Score

This bill requires a consumer reporting agency to provide a consumer, upon request: (1) a copy of the consumer's current or most recent credit score; (2) the ranges of possible credit scores under the model used; (3) the key factors in the credit scoring model used and the factors' weight in developing the score; (4) the date the score was created; (5) the name of the reporting agency that provided the score or credit file on which the score was based; and (6) a statement indicating that the information and model used may be different from that used by a user of the credit score. The bill also requires that the score provided be the same credit score most widely distributed by the credit reporting agency to a user of the credit score. The bill authorizes a reporting agency to charge a fee for providing the required information.

Fiscal Summary

State Effect: The bill's requirements could be handled with the existing budgeted resources of the Division of Financial Regulation.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A consumer reporting agency must provide a consumer with a copy of the consumer's credit report upon request of the consumer. The report must be provided without a fee one time during a 12-month period. The reporting agency may charge a fee

of up to \$5 for subsequent reports during the 12-month period. Neither State law nor the federal Fair Credit Reporting Act requires a consumer reporting agency to provide a consumer with a copy of the consumer's credit score.

Background: Fair, Isaacs, and Company provides the three major credit reporting bureaus, Experian, Trans Union, and Equifax, with a credit score formula. The bureaus use the formula to generate numerical credit scores, which are commonly known as FICO scores. Lenders, in turn, use either these scores or their own scores based on the same information in determining whether to extend credit to a loan applicant. The scores are based on differing information, including a loan applicant's payment history, total potential debt, and outstanding balances on extensions of credit. An individual may obtain a copy of his or her FICO score for a fee through the Internet.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Department of Labor, Licensing, and Regulation (Division of Financial Regulation); Department of Legislative Services

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