

Testimony to the House Economic Matters Committee
HB 642: Consumer Protection-Maryland Consumer Reporting Act-Regulations
Position: Favorable

February 3, 2020

Delegate Dereck Davis, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401
Cc: Members, House Economic Matters Committee

Honorable Chair Davis and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial inclusion and economic justice for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here today in strong support of HB642. HB642 would require the Commissioner of Regulation to promulgate regulations regarding the accuracy of the information in consumer reports. Regulations would create standards to ensure maximum possible accuracy, remove duplicate, outdated, sealed and expunged records, and create a complaint database to track and analyze problems with credit reporting for Marylanders.

This legislation is needed and has been carefully crafted to ensure that it is not pre-empted by federal law. Despite federal regulations, a settlement, and federal agency actions, additional state-level oversight is needed to provide the necessary protections for Maryland consumers.

Consumer credit reports are rife with mistakes. Yet, landlords, employers, insurers, and financial institutions continue to rely on these reports to determine whether to extend a rental contract, a job offer, insurance, or credit to an individual.

Common mistakes in credit reports include reporting information about someone with a similar name, reporting information that should have been sealed or expunged, or reporting information in a misleading manner.

In Maryland, errors on credit reports is a real problem. Marylanders have filed the 6th highest number of complaints about credit reporting in the nation. And problems are on the rise-complaints by Maryland residents about credit reporting errors increased by 60% between 2019-2020.

This legislation is particularly important today as we grapple with a global pandemic and accompanying recession in Maryland. As the United Way's 2020 ALICE report notes, 39% of

Maryland households struggle to make ends meet¹. Thousands of households have lost jobs, with Black and Latinx households grappling with greater job loss and a higher risk of contracting COVID, and with it, the healthcare costs and potential loss of earnings. The tsunami of evictions that advocates anticipate will also fall hardest on Black and Latinx households who may be rejected from a new rental property based on an erroneous credit report.

Currently, the onus falls on the consumer to correct their credit report but there are a number of obstacles to doing so. The consumer has to reach out to each credit reporting agency separately, the credit bureaus have little incentive to expedite their investigations nor to be more thorough in their investigations and by the time the investigation is concluded, the Maryland resident will have already lost out on the apartment, job, or credit application.

HB642 provides a needed expansion of protections for consumers regarding their credit reports, particularly during this unprecedented health and wealth crisis.

For all of these reasons, we support HB642 and urge a favorable report.

Best,

Marceline White
Executive Director

¹ [United Way ALICE report, 2020](#)