



Consumer Data Industry Association  
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Delegate Kriselda Valderrama  
Chair  
House Economic Matters Committee  
Maryland House of Delegates  
230 Taylor House Office Building  
Annapolis, Maryland 21401

[CDIAONLINE.ORG](http://CDIAONLINE.ORG)

Chair Valderrama, Vice Chair Charkoudian, and Members of the Committee:

I write on behalf of the Consumer Data Industry Association (CDIA) to express our respectful opposition to HB 1399, which misconstrues consumer reporting agencies and the consumer reporting system, conflicts with both federal and state law, and risks negatively affecting the ability of Maryland consumers to be considered for credit, employment, and housing. While we appreciate the underlying concerns of the bill, they are already and better addressed under existing federal and state law and for that reason, we respectfully urge the committee to reject this bill.

The Consumer Data Industry Association (CDIA) is the voice of the consumer reporting industry, representing consumer reporting agencies including the nationwide credit bureaus, regional and specialized credit bureaus, background check companies, and others. Founded in 1906, CDIA promotes the responsible use of consumer data to help consumers achieve their financial goals, and to help businesses, governments and volunteer organizations avoid fraud and manage risk. Through data and analytics, CDIA members empower economic opportunity, helping ensure fair and safe transactions for consumers, facilitating competition and expanding consumers' access to financial and other products suited to their unique needs.

HB 1399 intends to regulate the use of algorithms by consumer reporting agencies and consumer reporting agencies alone. Consumer reporting agencies and the reports we provide are already tightly regulated by the federal Fair Credit Reporting Act (FCRA). The FCRA establishes a comprehensive framework for the collection, dissemination, and use of consumer information, including credit reporting. The FCRA also provides important protections for consumers, including the right to know what information is being collected, who has accessed the information, and the right to correct and delete inaccurate information. Maryland has codified much of the FCRA into its state level consumer protection statutes.

The FCRA regulates the contents of consumer reports and the obligations of furnishers in reporting data to consumer reporting agencies at 15 USC §1681c and 15 USC §1681s-2, respectively. In establishing those standards, Congress also preempted states' capacity to independently or differently regulate the consumer reporting system at 15 USC §1681t.

The data used in consumer reporting is also subject to a variety of other federal privacy laws, including the Gramm-Leach-Bliley Act (GLBA) and the Driver's Privacy Protection Act (DPPA). While not captured by HB 1399, information used to make up a credit score is also regulated by the Equal Credit Opportunity Act (ECOA) and associated regulations.

Given the ever-increasing interconnectedness of the modern economy, maintaining alignment between state consumer reporting laws and federal consumer reporting laws is more critical than ever. State legislation that attempts to regulate credit reporting can unleash many unintended consequences because the credit reporting system operates across all jurisdictions. Only national, uniform standards can achieve the dual goals of protecting consumers and maintaining accurate credit reports, which is why CDIA must oppose proposals like HB 1399.

Before discussing the specific operational conflicts between HB 1399, the FCRA, and state law, CDIA believes it is important to note two things. First, consumer reporting agencies are not credit scoring companies. Second, neither a consumer reporting agency nor a credit scoring company make the final determination regarding a consumer and are not privy to the individual decision-making criteria of users of consumer reports.

Overall, HB 1399 misconstrues the consumer reporting system and proposes standards that are simultaneously impossible and ineffective. As a result, this bill risks substantial disruption to consumer reporting, which could make it more difficult for Marylanders to qualify for credit, complete background checks, secure tenancy, or even be protected by identity verification and fraud detection tools.

Consumer reporting agencies process billions of data points every month provided to them by a variety of furnishers. This requires a substantial number of algorithms at intake to ensure data is from an authorized furnisher, meets contractual data quality standards, and can be matched to the right consumer report. Likewise, consumer reporting agencies also utilize a significant number of algorithms in relation to providing reports to ensure a request is authorized by the FCRA, to evaluate the kind of report requested, and to ensure the right report is provided.

Beyond the required public disclosure of proprietary business information related to consumer reporting agencies' algorithmic systems, HB 1399 proposes requirements around data processing, human review and accuracy that are impractical, if not impossible for consumer reporting agencies to comply with. Importantly, the FCRA already establishes procedures under which a consumer can dispute the accuracy of information contained in a consumer report under 15 USC §1681i.

For example, HB 1399 requires CRAs maintain an "error rate of less than 0.5% when compared to human review" and "accuracy of data inputs of at least 99.9%". On top of those standards, it layers requirements that all automated evaluations be subject to review within 24 hours and an additional, secondary human screening for 10% of automated evaluations.

It is temporally impossible to meet these thresholds. Even if a consumer reporting agency only received 1 billion pieces of data to be evaluated by the various algorithms in a given month, HB 1399 requires 1.1 billion individual human reviews of those evaluations.

There are only about 2.592 million seconds in a monthlong furnishing cycle. Completing 1 billion reviews of evaluations at a rate of one evaluation per second would require 31.7 years of staff time. Even if consumer reporting agencies could hire sufficient staff to reasonably comply with the proposed requirements of HB 1399, it is unlikely that human review would lead to fewer errors.

On the other hand, assuming a consumer reporting agency could comply with the data processing requirements at input, HB 1399's proposed minimum data set requirements, starting at 1,000 data points for "simple algorithms" could wipe out the entirety of most Marylanders' consumer reports.

Even a 30-year fixed rate mortgage, one of the longest financial commitments consumers make, would not generate half of the necessary data points to clear HB 1399's threshold throughout the term of the loan. For a consumer credit card to appear on a report, a consumer would need to have an account open for more than 83 years. In practice this would mean a consumer who opens a credit card at 18 years of age, would hit the thousand data point mark sometime after their 101<sup>st</sup> birthday. The current life expectancy for the United States is only 79.

Of course, financial information is not the only data that the FCRA authorizes to be included in a consumer report, however, this underscores that if these regular reporting accounts are unlikely to clear these thresholds, no other information type would either.

While it may not be the intent of HB 1399 to erase the contents of Maryland consumer reports, this outcome underscores why Congress established a single federal consumer reporting standard and preempted state regulation. Instead of improving the accuracy of consumer reports or expanding consumer protections, HB 1399 would grind the consumer reporting system to a halt, harming Marylanders of all backgrounds and increasing risk throughout the economy.

We also wish to highlight our concern with the opt-out and notice provisions of HB 1399, which not only conflict with the FCRA but also Maryland's data privacy statute. During debate, the state, like 20 others, chose to establish clear exemptions for data governed by various federal privacy statutes and certain use cases from the obligations and consumer rights. We believe these provisions are also unnecessary in the context of HB 1399, as the FCRA already governs the disclosure requirements to consumers.

While we appreciate the intent behind HB 1399 to ensure clarity around consumer reporting, the bill fundamentally misinterprets the consumer reporting system and the role of consumer reporting agencies. The data processing requirements it creates will not serve to improve accuracy, rather they will grind the process to a halt, making it harder for Marylanders who wish to access credit, seek employment, find tenancy, or be protected by various identity verification and fraud detection tools.

Ultimately, many of the concerns underpinning this bill are already addressed by the federal FCRA and similar provisions in Maryland law. Adding an additional layer of regulation that does not achieve its goals while contradicting federal and state law has the potential to harm the very consumers you are trying to help. With that in mind, we respectfully urge the committee to reject HB 1399. Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Zachary W. Taylor', with a stylized flourish extending to the right.

Zachary W. Taylor  
Director, Government Relations  
Consumer Data Industry Association