

HOUSE BILL 642

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By: **Delegate Palakovich Carr**

Introduced and read first time: January 22, 2021

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection – Maryland Consumer Reporting Act – Regulations**

3 FOR the purpose of requiring that certain regulations relating to the Maryland Consumer
4 Reporting Act required to be adopted by the Commissioner of Financial Regulation
5 include procedures for developing standards for achieving certain accuracy in
6 matching certain information, developing a system for the exclusion of certain
7 records, and tracking and addressing the causes of certain consumer complaints; and
8 generally relating to the Maryland Consumer Reporting Act.

9 BY repealing and reenacting, without amendments,
10 Article – Commercial Law
11 Section 14–1201(a), (c), (d), (e), and (f)
12 Annotated Code of Maryland
13 (2013 Replacement Volume and 2020 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Commercial Law
16 Section 14–1226(f)
17 Annotated Code of Maryland
18 (2013 Replacement Volume and 2020 Supplement)

19 Preamble

20 WHEREAS, The Fair Credit Reporting Act and the Maryland Consumer Reporting
21 Act govern the generation, accuracy, and use of consumer reports and specifically require
22 consumer reporting agencies to follow reasonable procedures to ensure maximum possible
23 accuracy of the information concerning the individuals to whom the reports relate; and

24 WHEREAS, When consumer reporting agencies fail to adhere to the standards
25 required by federal and State law, serious errors occur in consumer reports; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, In 2015, Maryland was one of 31 states that reached a settlement with
2 three nationwide consumer reporting agencies (Equifax, Experian, and TransUnion); and

3 WHEREAS, The three nationwide consumer reporting agencies agreed to make a
4 number of changes to their business practices to benefit consumers, including adhering to
5 federal and state laws, adopting measures to ensure the accuracy of consumer reports, and
6 updating standards relating to the collection of public records data; and

7 WHEREAS, The Federal Trade Commission took action against RealPage in 2018
8 and AppFolio in 2020 for failing to follow reasonable procedures to ensure maximum
9 possible accuracy of criminal record information in tenant screening reports; and

10 WHEREAS, In its Winter 2017 Supervisory Highlights Consumer Reporting Special
11 Edition report, the Consumer Financial Protection Bureau (CFPB) outlined specific
12 improvements to the consumer reporting process that resulted from CFPB's supervision of
13 the procedures used by nationwide consumer reporting agencies regarding data accuracy
14 and dispute handling, including stricter matching criteria for public records; now,
15 therefore,

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
17 That the Laws of Maryland read as follows:

18 **Article – Commercial Law**

19 14–1201.

20 (a) In this subtitle the following words have the meanings indicated.

21 (c) “Commissioner” means the Commissioner of Financial Regulation of the
22 Maryland Department of Labor.

23 (d) “Consumer” means an individual.

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

29 (i) Credit or insurance to be used primarily for personal, family, or
30 household purposes;

31 (ii) Employment purposes; or

32 (iii) Other purposes authorized under § 14–1202 of this subtitle.

33 (2) The term does not include:

1 (i) Any report containing information solely as to transactions or
2 experiences between the consumer and the person making the report;

3 (ii) Any authorization or approval of a specific extension of credit
4 directly or indirectly by the issuer of a credit card or similar device; or

5 (iii) Any report in which a person who has been requested by a third
6 party to make a specific extension of credit directly or indirectly to a consumer conveys his
7 decision with respect to the request, if the third party advises the consumer of the name
8 and address of the person to whom the request was made and the person makes the
9 disclosures to the consumer required under § 14–1212 of this subtitle.

10 (f) (1) “Consumer reporting agency” means any person which, for monetary
11 fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the
12 practice of assembling or evaluating consumer credit information or other information on
13 consumers for the purpose of furnishing consumer reports to third parties, and which uses
14 any means or facility of commerce for the purpose of preparing or furnishing consumer
15 reports.

16 (2) “Consumer reporting agency” does not include:

17 (i) A person licensed as a private detective agency or certified as a
18 private detective under the Maryland Private Detectives Act; or

19 (ii) A person who assembles and exchanges consumer credit
20 information with an affiliated person or a person who is owned or controlled by the same
21 entity, provided that, in the event of an adverse credit decision against a consumer based
22 on that information, the entity making the decision shall comply with the notice
23 requirements of § 14–1212(b) of this subtitle.

24 14–1226.

25 (f) (1) The Commissioner shall adopt regulations necessary to administer the
26 provisions of this subtitle.

27 (2) The regulations shall include procedures for:

28 (i) Achieving accuracy in information collected and maintained in
29 consumer files;

30 **(II) DEVELOPING STANDARDS, IN ACCORDANCE WITH §**
31 **14–1205 OF THIS SUBTITLE, FOR ACHIEVING THE MAXIMUM POSSIBLE ACCURACY IN**
32 **MATCHING THE PERSONALLY IDENTIFIABLE INFORMATION IN A CONSUMER’S FILE**
33 **OR OTHERWISE OBTAINED FROM A CONSUMER WITH THE PERSONALLY**
34 **IDENTIFIABLE INFORMATION FROM ANY PUBLIC RECORD BEING REPORTED BY THE**

1 CONSUMER REPORTING AGENCY, INCLUDING REQUIRING THAT THE MATCH BE
2 BASED ON THE FULL NAME OF THE CONSUMER AND EITHER:

3 1. THE FULL SOCIAL SECURITY NUMBER OF THE
4 CONSUMER; OR

5 2. THE FULL DATE OF BIRTH PLUS ANOTHER
6 CHARACTERISTIC SUCH AS GENDER, RACE, ETHNICITY, OR PHYSICAL DESCRIPTION
7 OF THE CONSUMER;

8 [(ii)] (III) Developing a system to facilitate correction of information
9 in a consumer file at each credit reporting agency on correction at one consumer reporting
10 agency;

11 (IV) DEVELOPING A SYSTEM FOR THE EXCLUSION OF
12 DUPLICATE, OUTDATED, SEALED, AND EXPUNGED PUBLIC RECORDS;

13 (V) TRACKING AND ADDRESSING THE CAUSES OF CONSUMER
14 COMPLAINTS REGARDING INACCURACIES IN CONSUMER REPORTS;

15 [(iii)] (VI) Periodically distributing to the public a current listing of
16 the names, addresses, and telephone numbers of consumer reporting agencies that
17 maintain information or provide consumer reports on residents of the State; and

18 [(iv)] (VII) Calculating the required bond amounts under this
19 subtitle.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2021.