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**TESTIMONY OF WILLIAM N. LUND, SUPERINTENDENT
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**In Support of LD 1410
“An Act to Update the Fair Credit Reporting
Act Consistent with Federal Law”**

Sponsored by Senator Rodney Whittemore

**Before the Committee on Insurance
and Financial Services**

Public Hearing: May 9, 2013

Room 220, Cross Building

Senator Gratwick, Representative Treat and members of the Joint Standing Committee on Insurance and Financial Services:

Good afternoon. My name is Will Lund and I serve as Superintendent of the Bureau of Consumer Credit Protection in the Department of Professional and Financial Regulation. I appear before you on behalf of my agency in support of LD 1410, a bill we drafted as a way to ease compliance burdens while still protecting consumers. I'd like to begin by thanking Senator Whittemore for presenting this legislation.



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Maine has regulated credit reporting agencies since 1977. For many years we were among only a few states to administer Fair Credit Reporting laws at the state level. In recent years, most other states have followed our example.

Being able to regulate credit reporting agencies, and being able to respond to consumer complaints regarding credit reports, is very important to the work we do on behalf of Maine residents. Not including foreclosure-related issues, my Bureau's staff receives between 1,000 and 1,300 formal written complaints each year. About 10% of those written complaints relate to problems Maine residents are having with credit reports and credit reporting agencies. Because we are knowledgeable about the law, and because we register more than 30 different credit reporting agencies doing business in Maine, we are able to effectively assist those consumers.

The basic principles of Maine's law have always been modeled on the federal law, so each time Congress changed federal law my agency would ask the Legislature to match those changes in state law. In the 25 years between 1977 and 2002, Congress changed federal law only every 7 to 8 years, so keeping up with those amendments was not difficult.

However, in recent years Congress has changed federal law frequently and substantially, starting with the so-called FACT Act in 2003. The FACT Act contained important new protections, including provisions relating to identity theft prevention, fraud alerts and the so-called "Red Flags" know-your-customer rules.

Then came the 2010 Dodd-Frank Act, which switched federal jurisdiction over credit reporting laws from the Federal Trade Commission to the newly-

created Consumer Financial Protection Bureau (CFPB). The CFPB promptly got to work writing regulations, including issuing sample forms to be used by employers who utilize background checks as part of the hiring and continued employment procedures.

So the problem became how to keep up with the frequent changes to federal law, making certain we had incorporated all the changes without missing any.

Last year, when faced with a similar challenge because of the constant changes to the federal Truth-in-Lending laws and our efforts to stay current with those laws, this Committee took the step of simplifying state law by incorporating federal Truth-in-Lending laws into state law, and then re-enacting the portions of existing state law that provide additional consumer protections. This bill proposes to address the credit reporting laws in the same way.

Section 1309, on page 2, is the heart of the bill. It states simply, “A person subject to this chapter shall comply with the federal Fair Credit Reporting Act” as well as the federal regulations promulgated thereunder.

The rest of the bill, section 1310, and then sections 1310-A through 1310-H, reestablish the provisions of current Maine law that the Legislature has deemed fit to enact separately over the years to protect consumers. These additional protections include the ability to freeze or block access to our own credit files so others cannot see them; provisions relating to child support debt; measures relating to use of so-called “pre-screened trigger leads,” mortgage credit reports and medical information; as well as re-establishing the Bureau of Consumer Credit

Protection's administrative enforcement provisions and re-inserting the ability of consumers to go to a Maine court to enforce their own rights.

Maine's current credit reporting statute consists of 30 pages of law, and utilizes 15,000 words. This replacement proposal will take less than 10 pages in the law book, and will be about 5,000 words, a 66% reduction from current law.

Even more important than the reduction in pages, the real goal here is increased ease of compliance--for credit reporting agencies, for my office and for creditors and other users of the system. Rather than reviewing Maine law and comparing it word-for-word with the federal law to discern the differences, in the vast majority of instances industries will be able to comply with federal law and know they are also complying with state law. If they want to review Maine's unique protections, they need only read the new law's section titled "Additional requirements," where the state-specific laws are separated, listed and captioned.

In short, we believe this is a business-friendly and consumer-friendly piece of legislation, and we would ask for your support.

Thank you for your attention. Please let me know if I can answer any questions.