
OLR Bill Analysis

sSB 361

AN ACT PREVENTING THE USE OF CREDIT SCORES BY CERTAIN EMPLOYERS IN HIRING DECISIONS.

SUMMARY:

This bill prohibits employers and their agents, representatives, or designees from requiring an employee or prospective employee to consent to a credit inquiry as a condition of employment. The prohibition does not apply when the (1) employer is a financial institution, (2) report is required by law, or (3) employer reasonably believes the employee committed a violation of the law related to the employee's employment.

The bill allows an employee or prospective employee to file a complaint about a violation of the bill's provisions with the labor commissioner. The commissioner must hold a hearing if either party requests it. Violators face a \$300 civil penalty for each inquiry that violates the bill's provisions. At the request of the labor commissioner, the attorney general must initiate a civil lawsuit to recover the penalties. Any amount recovered must be deposited in the General Fund and credited to a separate, nonlapsing Labor Department appropriation for other current expenses. It may be used to enforce the bill's provisions.

EFFECTIVE DATE: October 1, 2011

CREDIT INQUIRY

Under the bill, a credit inquiry contains information about the employee's credit score, credit account balances, payment history, or savings or checking account numbers and balances.

EMPLOYERS AND EMPLOYEES

It applies to any employer engaged in business with at least one

employee, including the state or a political subdivision. But the bill's provisions do not apply to financial institutions, which it defines as state bank and trust companies; national banking associations; or state or federally chartered savings banks, savings and loan associations, or credit unions.

An employee is anyone engaged in service to an employer in a business.

BACKGROUND

Federal Fair Credit Reporting Act (FCRA)

FCRA contains a number of requirements regarding the accuracy, fairness, and privacy of information in the files of consumer reporting agencies (CRA). It allows CRAs to issue "consumer reports" in a number of circumstances, but contains special provisions for situations where the consumer or prospective employee does not initiate the transaction (i.e., for employment background screening). Among other things, FCRA prohibits an agency from furnishing a consumer report, which may include credit information, about a job candidate or employee without getting the person's permission. If the employer or prospective employer decides to use information in the consumer report to deny a job application, refuse to promote an employee, or take any other "adverse action," the employer must give the job candidate or employee a copy of the consumer report and a summary of the person's rights under the FCRA before taking the action.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 7 Nay 4 (03/01/2011)