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**TESTIMONY OF
ATTORNEY GENERAL GEORGE JEPSEN
BEFORE THE GENERAL LAW COMMITTEE
MARCH 6, 2012**

I appreciate the opportunity to support several important bills being heard by the committee today. The first bill I would like to support is SB 207, *An Act Concerning Residential Heating Oil and Propane Contracts*. I strongly support this proposal and urge the committee to report favorably upon it. This bill contains a comprehensive set of reforms to Connecticut's laws governing the sale of home heating fuel and associated services and equipment. Among other things, the bill prohibits home heating fuel dealers from assessing unnecessary charges and fees. It also requires such dealers to clearly disclose to consumers in writing the nature of any charges or fees that are permissible under the law. The bill also prohibits dealers from offering above ground fuel tank rental agreements that exceed eighteen months and requires dealers to clearly disclose in writing the manner in which a consumer may terminate such a contract. In addition, the bill prohibits dealers from charging fees or surcharges under automatic delivery agreements and limits the kinds of fees dealers may charge for deliveries initiated by a consumer outside an automatic delivery agreement. The bill also makes important changes to the existing laws governing guaranteed price plans. Among other things, the bill requires dealers offering guaranteed price plans to enter into financial arrangements with third-parties that will ensure the dealers can meet their obligations to consumers under those agreements. It also requires dealers to disclose the nature of those transactions to the Department of Consumer Protection ("DCP") and vests in the Commissioner of DCP the authority to investigate dealers who DCP suspects have failed to comply with the law's requirements. Lastly, violations of the law constitute an unfair trade practice and subject dealers to fines on an escalating basis for multiple offenses.

These changes to existing law are essential to protect consumers. Each year, my Office receives a significant number of complaints arising out of home heating fuel contracts and deliveries. Those complaints range from unnecessary and undisclosed fuel and delivery surcharges and fees to unconscionably high and undisclosed termination fees. In addition, some of the most significant complaints have arisen out of guaranteed price contracts. Our Office has been involved in a number of cases in which dealers have failed to properly hedge against rises in the price of fuel and, as a result, failed to honor their obligations to consumers under such arrangements. While my Office aggressively pursues restitution against such businesses, these businesses are oftentimes insolvent, making it difficult to obtain full recovery for the affected consumers. The changes proposed in this bill will help prevent these kinds of abuses and protect consumers from financial harm.

The second bill I would like to support today is HB 5090, *An Act Concerning the Home Improvement Guaranty Fund and Condominium Associations*. This bill expands the current definition of "owner" under Connecticut's Home Improvement Act to include condominium associations. As a result of these changes, condominium associations will be permitted to apply to the Home Improvement Guaranty Fund for losses incurred as a result of work performed or offered by a registered home improvement contractor if the contractor is unable to satisfy a court judgment for those losses. Each year, more and more Connecticut citizens elect to live in condominiums. Those citizens deserve the same protections and incentives our laws currently afford other homeowners. This bill will encourage condominium associations to use registered home improvement contractors and permit associations to apply for reimbursement on behalf of the unit owners they represent. This is an important bill and I urge the committee to act favorably upon it.

The last bill I would like to testify about is SB 315, *An Act Prohibiting the Unnecessary Collection of Social Security Numbers*. Identity theft is an increasingly serious problem. It affects a large number of people in our state each and every year. Victims of identity theft often suffer significant financial harm and emotional distress. One of the most common ways identities are compromised is through the theft and misuse of social security numbers.

This bill makes it unlawful for a wide host of actors to request or collect individual's social security numbers, except for the specific exceptions listed in subsection (c) of the proposal. Those who violate the bill's prohibition may be fined and the civil penalties received are to be deposited into the privacy protection guaranty and enforcement account established under Section 42-472a of the General Statutes.

While I support the general approach and intent of this legislation, I believe the exceptions provided for under subdivision (c)(5) of the bill are far too broad and vague. It is unclear, for instance, who is entitled to perform a "background check" or "identity verification" and under what circumstances an individual may decline such requests. It also is unclear what is meant by "fraud prevention" or why someone should be entitled to request or collect social security numbers when providing "medical treatment." These exceptions must be more narrowly tailored to capture the specific instances in which the legislature intends to permit the request and collection of such sensitive data. As presently drafted, I am concerned that the exceptions in the bill might swallow the general rule the bill is intended to create.

If properly drafted, however, this bill will make it more difficult to engage in identity theft. It will create a financial incentive for people and businesses to avoid asking for or collecting social security numbers, unless it is clear that they fall within a necessary and permissible exception. It also will strengthen enforcement and restitution efforts by directing civil penalties to a fund administered by DCP for those purposes. As a result, I urge the committee to re-draft the exceptions provided for in subsection (c) of the bill and to act favorably upon a joint substitute version of this important measure.

Thank you once again for all of your efforts. I look forward to working with the committee on these and other matters.