



# Senate

General Assembly

**File No. 115**

February Session, 2014

Senate Bill No. 221

*Senate, March 25, 2014*

The Committee on Labor and Public Employees reported through SEN. HOLDER-WINFIELD of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING CREDIT CHECKS AND FINANCIAL INSTITUTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 31-51tt of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2014*):

4 (a) As used in this section:

5 (1) "Employee" means any person engaged in service to an employer  
6 in a business of his employer;

7 (2) "Employer" means any person engaged in business who has one  
8 or more employees, including the state or any political subdivision of  
9 the state;

10 (3) "Financial institution" means (A) any entity or affiliate of a state  
11 bank and trust company, national banking association, state or

12 federally chartered savings bank, state or federally chartered savings  
13 and loan association, state or federally chartered credit union,  
14 insurance company, investment advisor, broker-dealer, [or] (B) an  
15 entity registered with the Securities and Exchange Commission, or (C)  
16 any mortgage broker, mortgage correspondent lender or mortgage  
17 lender licensed pursuant to chapter 668 or any mortgage servicing  
18 company, as defined in section 36a-715; and

19 (4) "Substantially related to the employee's current or potential job"  
20 means the information contained in the credit report is related to the  
21 position for which the employee or prospective employee who is the  
22 subject of the report is being evaluated because the position:

23 (A) Is a managerial position which involves setting the direction or  
24 control of a business, division, unit or an agency of a business;

25 (B) Involves access to customers', employees' or the employer's  
26 personal or financial information other than information customarily  
27 provided in a retail transaction;

28 (C) Involves a fiduciary responsibility to the employer, including,  
29 but not limited to, the authority to issue payments, collect debts,  
30 transfer money or enter into contracts;

31 (D) Provides an expense account or corporate debit or credit card;

32 (E) Provides access to (i) confidential or proprietary business  
33 information, or (ii) information, including a formula, pattern,  
34 compilation, program, device, method, technique, process or trade  
35 secret that: (I) Derives independent economic value, actual or  
36 potential, from not being generally known to, and not being readily  
37 ascertainable by proper means by, other persons who can obtain  
38 economic value from the disclosure or use of the information; and (II)  
39 is the subject of efforts that are reasonable under the circumstances to  
40 maintain its secrecy; or

41 (F) Involves access to the employer's nonfinancial assets valued at  
42 two thousand five dollars or more, including, but not limited to,

43 museum and library collections and to prescription drugs and other  
44 pharmaceuticals.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2014</i>	31-51tt(a)
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**LAB**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note******State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill allows mortgage servicing companies and certain associated licensed brokers and lenders to require a credit check on their employees or prospective employees. This does not result in any fiscal impact to the state or municipalities.

***The Out Years******State Impact:*** None***Municipal Impact:*** None

**OLR Bill Analysis****SB 221*****AN ACT CONCERNING CREDIT CHECKS AND FINANCIAL INSTITUTIONS.*****SUMMARY:**

This bill expands the types of employers who can require a credit check of their employees or prospective employees to include mortgage servicing companies and licensed (1) mortgage brokers, (2) mortgage correspondent lenders, and (3) mortgage lenders. Under the bill, a "mortgage servicing company" is any person who receives payments for a first mortgage, records the payments, and performs other administrative functions to meet the mortgage holder's obligations.

Current law generally prohibits employers from requiring their employees or prospective employees to submit to a credit check unless (1) the employer is a financial institution, such as a bank, insurance company, or investment advisor; (2) it is required by law; (3) the employer reasonably believes the employee has violated the law; or (4) it is substantially related to the employees current or potential position.

EFFECTIVE DATE: October 1, 2014

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 12 Nay 0 (03/11/2014)