



House of Representatives

General Assembly

File No. 320

January Session, 2015

Substitute House Bill No. 6789

House of Representatives, March 31, 2015

The Committee on Labor and Public Employees reported through REP. TERCYAK of the 26th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING EMPLOYER INQUIRIES ABOUT AN
EMPLOYEE'S OR PROSPECTIVE EMPLOYEE'S CREDIT HISTORY.***

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

1 Section 1. Section 31-51tt of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 (a) As used in this section:

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

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

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

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

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

22 (A) Is a managerial position [which] that involves setting the
23 direction or control of a business, division, unit or an agency of a
24 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] or to prescription drugs and
44 other pharmaceuticals.

45 (b) No employer or employer's agent, representative or designee
46 may require an employee or prospective employee to consent to a
47 request for a credit report that contains information about the
48 employee's or prospective employee's credit score, credit account
49 balances, payment history, savings or checking account balances or
50 savings or checking account numbers as a condition of employment
51 unless (1) such employer is a financial institution, (2) such report is
52 required by law, (3) the employer reasonably believes that the
53 employee has engaged in specific activity that constitutes a violation of
54 the law related to the employee's employment, or (4) such report is
55 substantially related to the employee's current or potential job or the
56 employer has a bona fide purpose for requesting or using information
57 in the credit report that is substantially job-related and is disclosed in
58 writing to the employee or applicant.

59 (c) Any employee or prospective employee may file a complaint
60 with the Labor Commissioner alleging a violation of the provisions of
61 subsection (b) of this section. Within thirty days after the filing of such
62 complaint, the commissioner shall conduct an investigation and shall
63 render his findings. Should such findings warrant, the commissioner
64 shall hold a hearing, in accordance with the provisions of chapter 54.
65 An employer shall be liable to the Labor Department for a civil penalty
66 of three hundred dollars for each inquiry made in violation of
67 subsection (b) of this section.

68 (d) The Attorney General, upon complaint of the Labor
69 Commissioner, shall institute civil actions to recover the penalties
70 provided for under subsection (c) of this section. Any amount
71 recovered shall be deposited in the General Fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	31-51tt

LAB *Joint Favorable Subst.*

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.

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

The bill, which narrows the circumstances under which an employer can require an employee or job applicant to consent to a credit report request, does not result in any fiscal impact to the state or municipalities.

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

OLR Bill Analysis**sHB 6789*****AN ACT CONCERNING EMPLOYER INQUIRIES ABOUT AN EMPLOYEE'S OR PROSPECTIVE EMPLOYEE'S CREDIT HISTORY.*****SUMMARY:**

This bill both limits and broadens the circumstances under which an employer can require an employee or job applicant to consent to a credit report request. Current law generally prohibits employers from requesting an employee's or applicant's credit report, but allows it for positions involving access to \$2,500 or more of nonfinancial assets, including museum and library collections and prescription drugs and other pharmaceuticals. The bill broadens this exemption to allow for credit report requests for positions with access to collections or drugs, regardless of their value, while also limiting this category of exemption to only those two types of nonfinancial assets.

EFFECTIVE DATE: October 1, 2015

BACKGROUND***Credit Checks by Employers***

The law generally prohibits employers from requiring an employee or job applicant to consent to a credit report request unless the (1) employer is a financial institution, (2) report is required by law, (3) employer reasonably believes the employee or applicant has violated a law related to the job, or (4) report is substantially related to the job or the employer has a bona fide purpose for requesting or using the information that is "substantially related" to the employee's or applicant's current or potential job. The exemption modified by this bill falls under the "substantially related" exemption.

Credit Reports

For the purposes of this law, credit reports are reports containing

information about a person's credit score, credit account balances, payment history, savings or checking account balances, or savings or checking account numbers.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/12/2015)