



Senate

General Assembly

File No. 4

February Session, 2016

Senate Bill No. 40

Senate, March 3, 2016

The Committee on Labor and Public Employees reported through SEN. GOMES of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the 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 Section 31-51tt of the general statutes is repealed and the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, 2016*):

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 involves setting the direction or
23 control of a business, division, unit or an agency of a business;

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

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

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

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

40 (F) Involves access to [the employer's nonfinancial assets valued at
41 two thousand five dollars or more, including, but not limited to,]
42 museum and library collections [and] or to prescription drugs and
43 other pharmaceuticals.

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

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

67 (d) The Attorney General, upon complaint of the Labor
 68 Commissioner, shall institute civil actions to recover the penalties
 69 provided for under subsection (c) of this section. Any amount
 70 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, 2016	31-51tt

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.

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**SB 40*****AN ACT CONCERNING EMPLOYER INQUIRIES ABOUT AN EMPLOYEE'S OR PROSPECTIVE EMPLOYEE'S CREDIT HISTORY.*****SUMMARY:**

This bill limits the circumstances in which most employers can check the credit of job applicants and employees. But it also broadens the circumstances in which employers can require checks of people applying for or working in positions that would give them access to museum and library collections or prescription drugs and other pharmaceuticals.

Current law generally prohibits employers from requiring an employee or job applicant to consent to a credit report request, but allows for various exceptions. One exception allows credit checks of people seeking positions with access to the employer's nonfinancial assets valued at \$2,500 or more. The bill limits this exception to positions with access to museum and library collections or prescription drugs and other pharmaceuticals of any value.

The law, unchanged by the bill, also allows employers to require credit checks if (1) the employer is a financial institution, (2) it is required by law, (3) the employer reasonably believes an employee has violated a law related to his or her employment, or (4) the position meets certain other requirements (e.g., is managerial or involves access to proprietary information).

EFFECTIVE DATE: October 1, 2016

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 9 Nay 4 (02/23/2016)