



February 16, 2018

House Economic Matters Committee
Delegate Dereck E. Davis , Chair;
Delegate Sally Jameson, Vice-Chair,
Room 231 - House Office Building
Annapolis, MD 21401

RE: Opposing House Bill 848

Dear Chair Davis, Vice-Chair Jameson, and Members of the Committee,

On behalf of the National Association of Professional Background Screeners (NAPBS), whose members include Maryland residents and businesses, we write to you with concerns regarding HB 848. As a nonprofit organization consisting of over 900 small and large businesses engaged in the background screening profession, NAPBS has been dedicated to providing the public with safe places to live and work since 2003. The NAPBS member companies conduct millions of employment and tenant related background checks each year, helping employers, staffing agencies, property managers, and nonprofit organizations make more informed decisions regarding the suitability of potential employees, contractors, tenants, and volunteers.

NAPBS sincerely appreciates the opportunity to present to you, in writing, our thoughts and concerns surrounding this legislation.

To start, we appreciate the intent and purpose of Part I of the proposed legislation, and understand the efforts taken by the Legislature to protect the public by simplifying the credit freeze process. That said, we believe HB 848 tries to do too much and must oppose its passage. NAPBS has concerns that this proposed legislation is overly broad and that numerous businesses in Maryland would unintentionally and detrimentally be swept in and be unnecessarily burdened, most notably by the regulations contained in Part II of the bill.

The registration and bonding requirements considered in this bill are unprecedented and disregard the many laws already governing consumer reporting agencies (CRA's). Our members must comply with a number of existing laws, chief among them being the Federal Fair Credit Reporting Act (FCRA) which regulates how consumer reporting agencies use consumer information. The FCRA is a consumer-protection-based regulation that mandates procedures related to quality, limits use to permitted purposes, requires disclosure and authorization before a background report is prepared for employment purposes, and provides the consumer with the right to dispute the completeness or accuracy of a report. In the event of a dispute, a CRA is required to reinvestigate at no charge to the consumer. In addition to the FCRA,



background screening, when conducted by a CRA, is highly regulated by the Federal Trade Commission (FTC) and enforced by the Consumer Financial Protection Bureau (CFPB), as well as state and local consumer protection laws.

Accordingly, we take the task of protecting the consumer information we access very seriously and, as an Association, promote best practices among our members to ensure integrity of our industry. By failing to acknowledge the existing legal framework currently governing consumer reporting agencies, and adding the new registration and bonding requirements, the state would essentially be treating all consumer reporting agencies as unregulated and potential bad actors. Further, the mandatory bonding indicates a level of distrust in consumer reporting agencies that is entirely unfounded. NAPBS is unaware of any news, incident, or legal violation specific to Maryland that would warrant this extensive additional layer of state regulation.

It should further be noted that a registry of consumer reporting agencies could actually do more to harm the safety of consumer data. It is clear the intent of the forced registration and bonding is to more easily track any actual bad actors, so the state can act to make damaged individuals whole again. Unfortunately, once filed with the state, these registrations would be subject to public scrutiny, and inspection under the Freedom of Information Act. Registrants risk exposing themselves to potential hacking or malfeasance by outside parties, leading to potential harm for not just the business, but their clients and consumers as well.

This session, there is other legislation including HB 710, being heard in this committee today, that accomplishes the goal of allowing consumers to freeze their credit reports as needed, that are much simpler and do not create an entirely new regulatory framework. NAPBS would urge you to forgo HB 848 in favor of one of those simpler, more focused measures.

NAPBS and its members are available and prepared to discuss any questions regarding our industry or the aforementioned concerns. Thank you for taking the time to hear our comments and requests and we look forward to working with you to improve this legislation as it progresses into the next phase. Please feel free to contact me directly at 402-957-1179 or brent.smoyer@napbs.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Brent Smoyer", is positioned below the word "Sincerely,".

Brent Smoyer, JD
NAPBS State Government Relations
& Grassroots Director