

BILL ANALYSIS

H.B. 2409
By: Solomons
Financial Institutions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681, *et seq.*) and state law (Chapter 20, Business & Commerce Code) require consumer reporting agencies to clearly and accurately provide information in their files about a consumer upon the consumer's request. These laws allow consumers to verify the accuracy of information and correct inaccurate information that may affect their abilities to obtain employment, credit, and insurance. However, businesses offering check guarantee or check verification services ("check verifiers") are not considered to be consumer reporting agencies.

A growing number of merchants in Texas utilize the services of check verifiers to handle transactions involving checks. No federal or state law expressly permits consumers to verify the accuracy of information or correct inaccurate information about them that check verifiers use to decide whether to accept or deny consumers' checks. H.B. 2409 provides a means for consumers to obtain and correct information about them held by check verifiers.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2409 adds new Section 20.11, Business & Commerce Code, to require check verifiers to disclose to a consumer all information pertaining to that consumer upon request. Check verifiers must also disclose the criteria used to reject a check from the consumer and provide a toll-free number for consumers to call. The bill requires check verifiers to utilize the procedure for resolving disputes that is already established for credit reporting agencies in this state.

A check verifier may not charge a consumer for this information if the verifier has rejected a check from the consumer within the last 30 days. A check verifier may otherwise impose a reasonable charge not to exceed \$8.

EFFECTIVE DATE

September 1, 2003