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**Congress Passes Major Credit and Identity Theft Reform Bill  
Consumers Get Rights, But At Unacceptably High Cost of State Rights**

Statement Of U.S. PIRG Consumer Program Director Ed Mierzwinski  
On Conference Committee Action On Hr 2622, Credit Reporting Reform

Today a House-Senate conference committee approved long-awaited legislation updating the 1970 Fair Credit Report Act so that it finally protects consumers from identity theft and helps victims clear their names. It's unfortunate that victims had to wait for years for Congressional action to help them, which only occurred after the powerful financial industry extracted its price-- a permanent extension, as well as an expansion -- of certain temporary limits on state authority first enacted in 1996. Those limits would otherwise expire at the end of the year, if the bill isn't signed into law. Final floor action is expected in both Houses tonight.

So, while consumers gain some important new rights, those rights come at the unacceptably high cost of unfair limits on states' rights. We commend the bi-partisan leadership of both committees for working with us to include several long-sought consumer protections in the bill. Yet, we are disappointed that we cannot support the final bill, due to its permanent extension and expansion of unfair limits on the longstanding right of the states to pass stronger laws. While the bill includes a modest marketing opt-out designed to protect financial privacy, its permanent extension of preemption imperils a stronger recently-signed California financial privacy law, SB 1, by State Senator Jackie Speier, as well as other state laws.

The very best ideas in the bill, from giving consumers a free credit report annually on request and requiring the disclosure of credit scores to fraud account blocking and a requirement that businesses cooperate with identity theft victims, all come from recent state laws. While the final bill does include commendable language allowing states to fight identity theft in areas not addressed by the bill, it unfortunately prevents states from improving these provisions enacted by Congress.

Had the Congress merely reauthorized preemption for another 4 or 8 years, as it did in 1996, the limits on states rights would have been revisited. But Congress chose to permanently limit state authority, so if its efforts fail, victims will need to somehow convince a Congress that ignored the identity theft crisis for years to act again. This year, the engine that drove the Congressional train was not the identity theft epidemic, it was only industry's insistence that preemption be made permanent. Without a subsequent reauthorization to push it along, Congress probably won't act again to help consumers and victims unless we have a privacy Enron.

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U.S. PIRG serves as the national association and national lobbying office for the state Public Interest Research Groups. PIRGs are non-profit, non-partisan public interest advocacy groups active around the country. We will have a more detailed release posted on our website <http://www.pirg.org/consumer> as soon as we have reviewed the details of the final bill.