

Wisconsin Department of Agriculture, Trade and Consumer Protection

Business Impact Analysis

Rule Subject: Credit Report Security Freezes
Adm. Code Reference: ATCP 112
Rules Clearinghouse #: 06-130
DATCP Docket #: 06-R-05

This rule interprets part of a state statute related to consumer credit report “security freezes” (s. 100.54, Stats., created by 2005 Wis. Act 140), and requires a consumer reporting agency to implement written compliance procedures. This rule applies only to consumer reporting agencies. Currently there are only 3 major consumer reporting agencies operating in the United States. The statute and rule will therefore apply to a very small number of businesses, none of which are small businesses. This rule:

- Describes the type of information that a consumer reporting agency may require when establishing the proper identification of a consumer who requests a security freeze, and specifies what is proper identification. This information is consistent with requirements under federal credit reporting law pertaining to proper identification.
- Describes the type of information that a consumer reporting agency may require of a consumer who asks the agency to release or terminate a security freeze, in order to verify the consumer’s identity. The agency may require the same information that is required to create the security freeze and may, in addition, require a password assigned to the consumer when the security freeze was created. This information is consistent with requirements under federal credit reporting law pertaining to proper identification.
- Requires consumer reporting agencies to spell out written procedures for complying with this rule and s. 100.54, Stats.
- Prevents some potential unfair business practice related to the unauthorized collection of personal information from consumers.

Business Impact

This rule will have a generally positive impact on business. This rule will have few, if any, negative impacts on business. Negative impacts, if any, will be limited. This rule only affects consumer reporting agencies. There are only 3 major consumer reporting agencies in the United States, and none of them is a small business.

This rule will regulate how a consumer reporting agency verifies the identity of consumers who ask to create or release a “security freeze” on their consumer credit reports. This rule will protect consumers without imposing undue requirements or limitations on affected businesses. DATCP has modified the final draft rule to make it more flexible, and to ensure consistency with federal law (to the extent that federal law applies).

Steps to Assist Small Business

None of the businesses affected by this rule are “small businesses.” This rule does not make special exceptions for “small businesses,”

Conclusion

This rule will help protect Wisconsin consumers from becoming victims of identity theft. This rule will help consumer reporting agencies understand what information they can request of consumers who ask to create or release a “security freeze” on their consumer credit reports.

Negative effects, if any, will be few and limited. This rule will not have a significant adverse effect on “small business,” and is not subject to the delayed “small business” effective date provided in s. 227.22(2)(e), Stats.

Under 2003 Wis. Act 145, DATCP and other agencies must adopt rules spelling out their rule enforcement policy for small businesses. DATCP has not incorporated a small business enforcement policy in this rule, but has adopted a separate rule on that subject (see subch. VII of ch. ATCP 1). DATCP will, to the maximum extent feasible, seek voluntary compliance with this rule.

Dated this _____ day of _____, 2007

STATE OF WISCONSIN
DEPARTMENT OF AGRICULTURE,
TRADE AND CONSUMER PROTECTION

By _____
Janet Jenkins, Administrator,
Division of Trade & Consumer Protection