

**ASSEMBLY, No. 2549**

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**STATE OF NEW JERSEY**

**220th LEGISLATURE**

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INTRODUCED FEBRUARY 14, 2022

**Sponsored by:**

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**Assemblywomen Quijano and Swain**

**SYNOPSIS**

Requires consumer reporting agencies to increase protection of consumers' personal information.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/16/2022)**

1 AN ACT concerning consumer reporting agencies and amending and  
2 supplementing P.L.1997, c.172.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6

7 1. Section 3 of P.L.1997, c.172 (C.56:11-30) is amended to  
8 read as follows:

9 3. As used in this act:

10 "Adverse action" has the same meaning as in subsection (k) of  
11 section 603 of the federal "Fair Credit Reporting Act," 15 U.S.C.  
12 s.1681a.

13 "Consumer" means an individual.

14 "Consumer report" (1) means any written, oral or other  
15 communication of any information by a consumer reporting agency  
16 bearing on a consumer's credit worthiness, credit standing, credit  
17 capacity, character, general reputation, personal characteristics or  
18 mode of living which is used or expected to be used or collected in  
19 whole or in part for the purpose of serving as a factor in  
20 establishing the consumer's eligibility for:

21 (a) credit or insurance to be used primarily for personal, family  
22 or household purposes;

23 (b) employment purposes; or

24 (c) any other purpose authorized under section 4 of this act.

25 (2) The term "consumer report" does not include:

26 (a) any:

27 (i) report containing information solely on transactions or  
28 experiences between the consumer and the person making the  
29 report;

30 (ii) communication of that information among persons related by  
31 common ownership or affiliated by corporate control; or

32 (iii) communication of other information among persons related  
33 by common ownership or affiliated by corporate control, if it is  
34 clearly and conspicuously disclosed to the consumer that the  
35 information may be communicated among those persons and the  
36 consumer is given the opportunity, before the time that the  
37 information is initially communicated, to direct that the information  
38 not be communicated among those persons;

39 (b) any authorization or approval of a specific extension of  
40 credit directly or indirectly by the issuer of a credit card or similar  
41 device;

42 (c) any report in which a person, who has been requested by a  
43 third party to make a specific extension of credit directly or  
44 indirectly to a consumer, conveys his decision with respect to that  
45 request, if the third party advises the consumer of the name and  
46 address of the person to whom the request was made, and the

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 person makes the disclosures to the consumer required under 15  
2 U.S.C. s.1681m; or

3 (d) communication excluded from the definition of consumer  
4 report pursuant to subsection (o) of section 603 of the federal "Fair  
5 Credit Reporting Act," 15 U.S.C. s.1681a.

6 "Consumer reporting agency" means any person which, for  
7 monetary fees, dues, or on a cooperative nonprofit basis, regularly  
8 engages, in whole or in part, in the practice of assembling or  
9 evaluating consumer credit information or other information on  
10 consumers for the purpose of furnishing consumer reports to third  
11 parties, and which uses any means or facility for the purpose of  
12 preparing or furnishing consumer reports.

13 "Director" means the Director of the Division of Consumer  
14 Affairs in the Department of Law and Public Safety.

15 "Division" means the Division of Consumer Affairs in the  
16 Department of Law and Public Safety.

17 "Employment purposes" means, when used in connection with a  
18 consumer report, a report used for the purpose of evaluating a  
19 consumer for employment, promotion, reassignment or retention as  
20 an employee.

21 "File" means, when used in connection with information on any  
22 consumer, all of the information on that consumer recorded and  
23 retained by a consumer reporting agency regardless of how the  
24 information is stored.

25 "Investigative consumer report" means a consumer report or a  
26 portion thereof in which information on a consumer's character,  
27 general reputation, personal characteristics or mode of living is  
28 obtained through personal interviews with neighbors, friends or  
29 associates of the consumer who is the subject of the report or with  
30 others with whom the consumer is acquainted or who may have  
31 knowledge concerning any of those items of information. However,  
32 this information shall not include specific factual information on a  
33 consumer's credit record obtained directly from a creditor of the  
34 consumer or from a consumer reporting agency when the  
35 information was obtained directly from a creditor of the consumer  
36 or from the consumer.

37 "Medical information" means information or records obtained,  
38 with the consent of the individual to whom it relates, from licensed  
39 physicians or medical practitioners, hospitals, clinics, or other  
40 medical or medically related facilities.

41 "Personal information" means an individual's first name or first  
42 initial and last name linked with any one or more of the following  
43 data elements: (1) Social Security number; (2) driver's license  
44 number or State identification card number; or (3) account number  
45 or credit or debit card number, in combination with any required  
46 security code, access code, or password that would permit access to  
47 an individual's financial account. Dissociated data that, if linked,  
48 would constitute personal information is personal information if the

1 means to link the dissociated data were accessed in connection with  
2 access to the dissociated data.

3 Personal information shall not include publicly available  
4 information that is lawfully made available to the general public  
5 from federal, state or local government records, or widely  
6 distributed media.

7 "Security freeze" means a notice placed in a consumer's  
8 consumer report, at the request of the consumer and subject to  
9 certain exceptions, that prohibits the consumer reporting agency  
10 from releasing the report or any information from it without the  
11 express authorization of the consumer, but does not prevent a  
12 consumer reporting agency from advising a third party that a  
13 security freeze is in effect with respect to the consumer report.

14 (cf: P.L.2005, c.226, s.4)

15  
16 2. Section 5 of P.L.1997, c.172 (C.56:11-32) is amended to  
17 read as follows:

18 5. a. Every consumer reporting agency shall maintain  
19 reasonable procedures designed to limit the furnishing of consumer  
20 reports to the purposes listed under section 4 of this act. These  
21 procedures shall require that prospective users of the information  
22 identify themselves, certify each purpose for which the information  
23 is sought, and certify that the information will be used for no other  
24 purpose. Every consumer reporting agency shall make a reasonable  
25 effort to verify the identity of a new prospective user and each use  
26 certified by the prospective user prior to furnishing the user a  
27 consumer report. No consumer reporting agency may furnish a  
28 consumer report to any person if it has reasonable grounds for  
29 believing that the consumer report will not be used for a purpose  
30 listed in section 4 of this act.

31 b. Whenever a consumer reporting agency prepares a consumer  
32 report it shall follow reasonable procedures to assure maximum  
33 possible accuracy of the information concerning the individual  
34 about whom the report relates.

35 c. A consumer reporting agency may not prohibit the user of a  
36 consumer report furnished by the agency from disclosing the  
37 contents of the report to the consumer, if adverse action against the  
38 consumer has been taken by the user based in whole or in part on  
39 the report.

40 d. A person may not procure a consumer report for the purpose  
41 of reselling the report unless the person discloses to the consumer  
42 reporting agency that originally furnishes the report:

43 (1) the identity of the end-user of the report; and

44 (2) each permissible purpose under section 4 of this act for  
45 which the report is furnished to the end-user of the report.

46 e. A person who procures a consumer report for the purposes  
47 of reselling the report shall:

1 (1) establish and comply with reasonable procedures designed to  
2 ensure that the report is resold by the person only for a purpose for  
3 which the report may be furnished under section 4 of this act,  
4 including procedures designed to ensure that each person to which  
5 the report is resold and that resells or provides the report to any  
6 other person:

7 (a) identifies to the person from whom the report was purchased  
8 each end-user of the resold report;

9 (b) certifies to the person from whom the report was purchased  
10 each purpose for which the report will be used; and

11 (c) certifies to the person from whom the report was purchased  
12 that the report will be used for no other purpose; and

13 (2) before reselling the report, make reasonable efforts to verify  
14 the identifications and certifications made under paragraph (1) of  
15 this subsection.

16 f. For the purposes of subsections d. and e. of this section,  
17 "report" means the consumer report as furnished by a consumer  
18 reporting agency or any information contained in that consumer  
19 report.

20 g. Every consumer reporting agency shall, to the extent it is  
21 technologically feasible, encrypt the personal information of  
22 consumers held by or transferred by the consumer reporting agency.  
23 To the extent it is not technologically feasible to encrypt the  
24 information, the consumer reporting agency shall implement and  
25 maintain alternative compensating controls consistent with industry  
26 standards and the consumer reporting agency's assessment of risk,  
27 to protect the security, confidentiality and integrity of the personal  
28 information.

29 (cf: P.L.1997, c.172, s.5)

30

31 3. Section 10 of P.L.1997, c.172 (C.56:11-37) is amended to  
32 read as follows:

33 10. a. Except as provided in subsections b., c., d. **[and]** e. and  
34 f. of this section, a consumer reporting agency may impose a  
35 reasonable charge on a consumer for:

36 (1) making a disclosure to the consumer pursuant to section 7 of  
37 this act if the request is the second or subsequent request in a 12-  
38 month period of time and is not made pursuant to subsection b. of  
39 this section; the charge for this disclosure shall not exceed \$8 and  
40 shall be indicated to the consumer before making the disclosure;

41 (2) furnishing to a person designated by the consumer pursuant  
42 to subsection k. of section 9 of this act a statement, codification, or  
43 summary filed or developed under subsection i. or j. of section 9 of  
44 this act, after notification of the consumer under subsection f. of  
45 section 9 of this act with respect to the reinvestigation; this charge  
46 shall not exceed the charge that the agency would impose on each  
47 designated recipient for a consumer report and shall be indicated to  
48 the consumer before furnishing this information.

1       b. Each consumer reporting agency that maintains a file on a  
2 consumer shall make all disclosures required pursuant to section 7  
3 of this act without charge to the consumer if, not later than 60 days  
4 after receipt by the consumer of a notification of an adverse action  
5 or notification from a debt collection agency affiliated with the  
6 consumer reporting agency stating that the consumer's credit rating  
7 may be or has been adversely affected, the consumer makes a  
8 request under section 7 of this act.

9       c. Upon the request of the consumer, a consumer reporting  
10 agency shall make all disclosures required pursuant to section 7 of  
11 this act once during any 12-month period without charge to the  
12 consumer.

13       d. A consumer reporting agency shall not impose any charge on  
14 a consumer for providing any notification required by this act,  
15 including but not limited to, the notification required pursuant to  
16 subsection k. of section 9 of this act following deletion of  
17 information from a consumer's file pursuant to section 9 of this act,  
18 or making any disclosure required by this act, except as authorized  
19 by subsection a. of this section.

20       e. Upon request of the consumer, a consumer reporting agency  
21 shall make all disclosures required pursuant to section 7 of this act  
22 once during any 12-month period without charge to that consumer if  
23 the consumer certifies in writing that the consumer:

24       (1) is unemployed and intends to apply for employment in the  
25 60-day period beginning on the date on which certification is made;

26       (2) is a recipient of assistance under the Work First New Jersey  
27 Program;

28       (3) has reason to believe that the file on the consumer at the  
29 agency contains inaccurate information due to fraud; or

30       (4) has been a victim of a violation of N.J.S.2C:21-1, section 1  
31 of P.L.1983, c.565 (2C:21-2.1) or N.J.S.2C:21-17 and the court has  
32 ordered the deletion of those items of information that were the  
33 result of the unlawful use of the victim's personal identifying  
34 information.

35       f. Upon request of the consumer, a consumer reporting agency  
36 shall make all disclosures required pursuant to section 7 of  
37 P.L.1997, c.172 (C.56:11-34) three times during any 12-month  
38 period without charge to that consumer if the consumer certifies in  
39 writing that the consumer was informed, pursuant to section 12 of  
40 P.L.2005, c.226 (C.56:8-163), of a breach of security concerning  
41 the consumer's personal information.

42 (cf: P.L.2003, c.184, s.9)

43  
44       4. (New section) If a consumer reporting agency is required to  
45 make a disclosure of a breach of security pursuant to section 12 of  
46 P.L.2005, c.226 (C.56:8-163), concerning personal information of a  
47 consumer held by the consumer reporting agency, the consumer  
48 reporting agency shall offer to provide appropriate identity theft

1 prevention and mitigation services at no cost to the consumer for  
2 not less than 60 months. The consumer reporting agency shall  
3 notify the consumer of this offer along with the disclosure required  
4 pursuant to section 12 of P.L.2005, c.226 (C.56:8-163). A consumer  
5 reporting agency shall not place any further conditions on the  
6 consumer, or otherwise require the consumer to waive any of the  
7 consumer's rights, by the consumer accepting the offer.

8  
9 5. This act shall take effect on the first day of the seventh  
10 month after enactment.

#### 11 12 13 STATEMENT

14  
15 This bill places certain requirements on consumer reporting  
16 agencies to protect the personal information of consumers, and to  
17 provide certain consumer protections in the event of a breach of  
18 security of that personal information.

19 The bill requires consumer reporting agencies, to the extent it is  
20 technologically feasible, to encrypt the personal information of  
21 consumers held by or transferred by the consumer reporting agency.  
22 To the extent it is not technologically feasible to encrypt the  
23 information, the consumer reporting agency is required to  
24 implement and maintain alternative compensating controls  
25 consistent with industry standards and the consumer reporting  
26 agency's assessment of risk, to protect the security, confidentiality  
27 and integrity of the personal information.

28 Additionally, if a consumer is the victim of a breach of security  
29 concerning the consumer's personal information, the bill provides  
30 that, upon request of the consumer, a consumer reporting agency  
31 must provide a free credit report to the consumer three times during  
32 any 12-month period. Current law only requires one free credit  
33 report during any 12-month period.

34 Finally, if the consumer reporting agency itself is the entity  
35 disclosing a breach of a consumer's personal information, the bill  
36 requires the consumer reporting agency to offer to provide  
37 appropriate identity theft prevention and mitigation services at no  
38 cost to the consumer for not less than 60 months. The consumer  
39 reporting agency must notify the consumer of this offer and is  
40 prohibited from placing any further conditions on the consumer, or  
41 otherwise requiring the consumer to waive any of the consumer's  
42 rights, by the consumer accepting the offer.