

NetChoice *Promoting Convenience, Choice, and Commerce on the Net*

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Sen. Hannah-Beth Jackson, Chair
Room 5080
Sacramento, CA 95814

April 22, 2014

RE: SB 1348 - An act to add Chapter 22.3

Dear Chairwoman Jackson:

We ask you to oppose SB 1348. This bill would inhibit accurate credit reporting, discourage Californians from developing a credit history, prevent California businesses from effective background checks on employees in sensitive positions, make difficult signing-up for health-care exchanges, and place Californians at financial risk from wrongdoers.

Inhibits accurate credit reporting

Credit reporting relies on a complete credit history, not a selective one. While many of us would like to delete instances of missed credit card payments or returned checks, accurate credit reporting allows banks to lend with greater confidence. This makes possible the lower interest rates that Americans enjoy compared to the rest of the world. However, SB 1348 would allow Californians to selectively edit their credit rating, undermining the value and accuracy of this information – resulting in higher interest rates for your constituents.

Discourages Californians from developing a credit history

As we've seen with other bills, often the headlines don't convey the nuances of the legislation or the costs associated with certain actions. We worry that if passed, the news surrounding SB 1348 would encourage Californians to "opt-out of data broker collection." But this stops credit agencies from developing a history of purchases and repayments for those who opt-out, leaving these Californians without a necessary credit history when seeking a loan, buying a house, or leasing a car.

Prevents California businesses from effective background checks on employees in sensitive positions

Given the sensitive nature of their positions, we trust the businesses that operate our daycares, hospitals, and security services to run background checks on their employees. However, SB 1348 could allow Californians to selectively delete their past, resulting in daycare employees who shouldn't be around children, or dangerous individuals acting as security personnel.

Makes difficult signing-up for health-care exchanges

Health-care exchanges use services provided by "data brokers" to ensure applicants are who they claim to be. But, as discussed above, if Californians opt-out of collection, this form of applicant verification may not work, denying users from signing up online for healthcare.

Places Californians at financial risk from wrongdoers

The ability to delete credit history can be misused by wrongdoers. Imagine a resident going through a rough divorce, their partner could exact revenge by deleting the resident's credit history. Or criminals could delete a Californians financial past to make credit-card fraud easier.

Clearly these problems are not the intention of sponsor, but this is what happens if SB 1348 passes. So we ask you to oppose SB 1348.

Thank you for considering our views. Please let us know if we can provide further information.

Sincerely,



Carl Szabo
Policy Counsel, NetChoice

NetChoice is a trade association of e-Commerce and online businesses. www.netchoice.org