

STAND. COM. REP.
3200

Honolulu, Hawaii
, 2004

RE:
H.B.
No. 2674

H.D. 1

S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Second State Legislature
Regular Session of 2004
State of Hawaii

Sir:

Your Committees on Judiciary and Hawaiian Affairs and Commerce, Consumer Protection and Housing, to which was referred H.B. No. 2674, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO IDENTITY THEFT,"

beg leave to report as follows:

The purpose of this measure is to exempt disclosure of personal information from government records that are otherwise public records, and to restrict merchant club cards from requesting personal information except for credit purposes.

Specifically this measure:

- (1) Ensures that social security numbers are exempt from disclosure in documents that are otherwise public records; and
- (2) Prohibits retail merchant club card issuers from requesting personal identifying information; and
- (3) Allows retail merchant club card issuers to share cardholder information for marketing purposes if the issuer complies with established procedures.

Testimony in support of this measure was submitted by the Office of Information Practices, Hawaii Food Industry Association, Retail Merchants of Hawaii, State Farm Insurance Companies, and T-Mobile, Inc. Comments were submitted by the Department of Commerce and Consumer Affairs and Costco Wholesale Corporation.

Your Committees find that identity theft is a serious problem for consumers in Hawaii. One important step toward protecting consumers from identity theft is by protecting against the use and disclosure of personal identifying information, including social security numbers. Information like social security numbers are a unique identifier that are used in conjunction with other personal information for many purposes, including obtaining credit, loans, opening financial accounts, and even enrolling in school.

Your Committees adopted the amendments recommended by the Retail Merchants of Hawaii by adding an exception to the rule prohibiting retail merchant club card issuers from requesting personal identifying information for check verification purposes.

Your Committees also adopted the amendments recommended by Costco Wholesale Corporation by:

- (1) Clarifying that the restrictions for requesting personal information shall not apply when the retail merchant club card issuer complies with established procedures;
- (2) Clarifying the type of cardholder information that may be shared with other businesses for purposes of marketing information; and
- (3) Requiring club card issuers to include a written statement notifying club cardholders that cardholders may choose to opt out from the sharing of their information.

Your Committees amended this measure by changing the effective date of section 2 to July 1, 2030. Your Committees further amended this measure by making technical, nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Judiciary and Hawaiian Affairs and Commerce, Consumer Protection and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2674, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2674, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted
on behalf of the
members of the
Committees on Judiciary
and Hawaiian Affairs
and Commerce, Consumer
Protection and Housing,

_____ RON MENOR, Chair		_____ COLLEEN HANABUSA, Chair