



Ohio Legislative Service Commission

Joseph Rogers

Fiscal Note & Local Impact Statement

Bill: H.B. 317 of the 131st G.A. **Date:** May 11, 2016

Status: As Reported by Senate Financial Institutions **Sponsor:** Rep. Maag

Local Impact Statement Procedure Required: No

Contents: Security Freeze Law

State Fiscal Highlights

- There will be no discernible ongoing effect on the workload and operating expenses of the Attorney General's Consumer Protection Section, which will have authority to investigate and enforce violations of the bill's provisions. There may be occasional revenue from court-awarded civil penalties, which would be deposited into the existing Consumer Protection Enforcement Fund (Fund 6310).

Local Fiscal Highlights

- The common pleas courts may see a slight increase in civil cases filed by the Attorney General alleging failure of consumer credit reporting agencies to comply with the terms of the bill. The corresponding increase in court time and administrative paperwork, while difficult to precisely measure in terms of expenditures, should be no more than minimal annually in any given jurisdiction.

Detailed Fiscal Analysis

The bill permits the parents or guardian of a protected consumer to place a security freeze on that consumer's credit record or report, and specifies protocols that credit reporting agencies must follow in relation to a security freeze.

Attorney General

The bill allows the Attorney General to investigate, and bring forth a civil action in a court of common pleas for appropriate relief, including civil penalties, if a consumer credit reporting agency fails to comply with the required protocols. Investigation and enforcement of those protocols would be performed by the Attorney General's Consumer Protection Section.

Since the request for a credit freeze is made to protect the consumer from identity theft, it would seem unlikely that any credit reporting agency would deliberately or systematically fail to perform their required functions. Such failures to comply may nevertheless occur, and presumably in such cases the Attorney General would informally negotiate a settlement as appropriate. In the likely rare circumstances that negotiations fail, the Attorney General would then file a civil action in the appropriate court of common pleas.

The potential cost to the Attorney General for conducting an investigation and filing a civil action may be offset because: (1) any civil penalty that is assessed by the court will be deposited into the existing Consumer Protection Enforcement Fund (Fund 6310) used by the Attorney General to support the Consumer Protection Section, and (2) any consumer credit reporting agency that is found by the court to have failed to comply with the credit freeze provisions in the bill is liable for the Attorney General's costs in conducting an investigation and bringing forth a civil action. That said, the bill appears unlikely to generate any discernible ongoing effect on the workload and operating expenses of the Consumer Protection Section.

Common pleas courts

Any cost incurred by courts of common pleas across the state would likely be no more than minimal. It is unlikely that the bill will result in the filing of a large number of civil actions each year. The fiscal impact on the courts would be realized as a potentially slight increase in the number of civil case filings and the corresponding increase in court time and administrative functions to dispose of those cases.