

**SENATE . . . . . No. 2394**

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The Commonwealth of Massachusetts

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In the One Hundred and Eighty-Ninth General Court  
(2015-2016)  
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SENATE, Thursday, June 30, 2016

The committee on Ways and Means, to whom was referred the Senate Bill regulating the use of credit reports by employers (Senate, No. 2271),-- reports, recommending that the same ought to pass with an amendment substituting a new draft with the same title (Senate, No. 2394).

For the committee,  
Karen E. Spilka

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## The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court  
(2015-2016)

An Act regulating the use of credit reports by employers.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. Section 51 of chapter 93 of the General Laws, as appearing in the 2014  
2 Official Edition, is hereby amended by inserting after the word “ purposes”, in line 12, the  
3 following words:- under section 51B.

4           SECTION 2. Said chapter 93 is hereby further amended by inserting after section 51A  
5 the following section:-

6           Section 51B. (a) For the purposes of this section, the following terms shall have the  
7 following meanings unless the context clearly indicates otherwise:

8           “Employment purposes”, when used in connection with a consumer report, a purpose  
9 related to the evaluation of a consumer for employment, promotion, reassignment or retention,  
10 termination, demotion, discipline, compensation or the terms, conditions or privileges of  
11 employment.

12           “Financial institution”, a trust company, state or federally chartered savings bank, state  
13 chartered cooperative bank, national banking association, state or federally chartered savings and

14 loan association, state or federally chartered credit union, insurance or surety company,  
15 investment advisor, broker-dealer, bank holding company, financial holding company or an  
16 entity registered with the United States Securities and Exchange Commission.

17 (b) A person shall not: (i) use a consumer report in connection with or as a criterion for  
18 an employment purpose; (ii) request or procure a consumer report for employment purposes; or  
19 (iii) require an employee or applicant to answer a question about the contents of a consumer  
20 report or the information contained in it regarding credit worthiness, credit standing or credit  
21 capacity.

22 (c) Notwithstanding subsection (b), a person may use or request a consumer report under  
23 subsection (e) if 1 of the following conditions are met:

24 (i) a person is required by federal or state law or regulation or the rules of a self-  
25 regulatory organization, as defined in 15 U.S.C. 78c(a)(26), to use a consumer report for  
26 employment purposes;

27 (ii) the employee or applicant applies for or holds an executive or managerial  
28 position at a financial institution that is exempt from minimum wage and maximum hour  
29 requirements under the federal Fair Labor Standards Act, 29 U.S.C. 213(a)(1);

30 (iii) the employee or applicant applies for or holds a position that requires national  
31 security clearance; or

32 (iv) the position involves significant financial responsibility to the employer and  
33 involves: (i) signatory authority over third-party funds or assets valued at not less than \$10,000;

34 or (ii) a fiduciary responsibility to the employer with the authority to enter into financial  
35 agreements valued at not less than \$10,000 on behalf of the employer.

36 (d) Notwithstanding subsection (c), a person shall not use a consumer report in a manner  
37 that results in adverse employment discrimination prohibited by law.

38 (e) An employer, or person acting on behalf of the employer for an employment purpose,  
39 shall not obtain, use or seek the consumer report of an employee or applicant under subsection  
40 (c) unless the employer or person acting on behalf of the employer:

41 (i) obtains the written consent of the employee or applicant in a document that  
42 consists solely of the consent and does so each time that the person seeks to obtain the consumer  
43 report of an employee or applicant;

44 (ii) discloses the employer's reason for accessing the consumer report to the  
45 employee or applicant in writing; provided, however, that if an employer intends to take an  
46 adverse employment action that is based, in whole or in part, on the report, the employer shall  
47 disclose the reason for the action, including the information in the report that was the basis for  
48 the action, in writing at least 14 days prior to the taking the action, along with a copy of the  
49 report and the notice of consumer rights required by 15 U.S.C. 1681g(c)(1); and provided  
50 further, that the employer shall provide the employee or applicant, in a private discussion, the  
51 opportunity to dispute the relevance of the information upon which the employer based the  
52 adverse employment action and shall consider the dispute before making a final decision; and

53 (iii) ensures that costs associated with obtaining a consumer report are not paid by  
54 or passed on to the employee or applicant.

55           If, during the 14 day period under clause (ii), the employee or applicant provides oral or  
56 written notice to an employer or person acting on behalf of the employer that the employee or  
57 applicant is disputing the accuracy of the consumer report with a consumer reporting agency, the  
58 employer or person acting on behalf of the employer shall not take an adverse employment  
59 action until the resolution of the dispute under section 58 or 15 U.S.C. 1681i(a) and shall  
60 consider the results of the resolution before taking an adverse action.

61           (f) An employer or person acting on behalf of the employer shall not retaliate,  
62 discriminate or take an adverse action against an employee or applicant on the basis that the  
63 employee or application has or intends to: (i) file a complaint pursuant to subsection (h); (ii)  
64 allege that the person violated this section; (iii) testify, assist, give evidence or participate in an  
65 investigation, proceeding or action concerning a violation of this section; or (iv) otherwise  
66 oppose a violation of this section.

67           (g) A waiver of this section shall be void and a person shall not require or request that an  
68 employee or applicant waive it.

69           (h) Failure to comply with this section shall constitute an unfair practice under clause (a)  
70 of section 2 of chapter 93A.

71           SECTION 3. This act shall take effect on January 1, 2017.