



Legislative Update

December 2006

Federal

The conclusion of the 2006 federal elections on Nov. 7 resulted in a change of control in both the House and Senate to the Democrats. This means that Rep. Barney Frank of Massachusetts will be the new Chairman of the Financial Services Committee. In the Senate, Sen. Christopher Dodd of Connecticut will be the Chairman of the Committee on Banking, Housing and Urban Affairs. Rep. Frank and members of his staff have identified their immediate legislative priorities, which include matters such as predatory lending. In the past, Sen. Dodd's legislative priorities have centered on bank lending and marketing practices.

Both the House and Senate suggests that the issues of file freezing, security breach notices and "omnibus" privacy legislation will all carry over into the next Congress. However, it's also possible that "top tier" issues for the Democrats such as predatory lending and bank marketing practices could result in legislation having consequences for the financial industry. The new Congress will spend December and January organizing itself, including finalizing the important question of Committee assignments for each Member.

Finally, on Oct. 19, the FTC published a notice and request for comment in the Federal Register concerning its intent to conduct a second "pilot study" on the accuracy of credit reports using, with minor adjustments, the same methodology of direct consumer interviews -- which TransUnion and many other companies commented on in great detail in 2004 and 2005. The FTC is obligated to conduct a study of accuracy over an 11-year period by Section 319 of the FACT Act of 2003. However, it is apparently persisting in retaining its methodology despite considerable adverse commentary from both industry and consumer groups, as well as the availability of more promising alternatives. On Dec. 2, the FTC published a report to Congress on the results of the first pilot. TransUnion will review the report carefully and consider filing another public comment on this matter in response to the FTC's Oct. 19 request.

In The States

2006 Election Update

State Legislatures

Party control in all the states has finally been decided. As a result of the 2006 elections, 12 capital chambers changed control: 10 (IN, IA, MI, MN, NH, PA, OR Houses, IA, NH, WI Senates) moved from Republicans to Democrats or a split to Democrats; one moved from Democrats to a split (OK Senate); and only one (MT Senate) moved from Democrat to Republican. Before Election Day, Republicans controlled both houses in 20 states, Democrats controlled both houses in 19 states and 10 states were split. Current totals show that the Democrats are in control of both houses in 23 states, Republicans are in control in 15 states and 11 states are split. The Democrats have not held this many chambers

since 1994. Of the 12 legislative bodies that changed control on Election Day, only one (MT House) moved outright from Democrat to Republican.

Governors

The Democrats had a net pick-up of six. Democrats now control 28 Governors' offices, while Republicans now control only 22 Governors' offices.

Attorneys General

Forty-five of the 50 Attorneys General offices are determined by direct election of the people. Of the 45 states directly electing Attorneys General, 28 races were on the ballot in 2006, with a total pre-election tally of 30 Democrats and 20 Republicans. After the election, the Democrats had a net pick-up of three, including Kansas, Nevada and Ohio. In the five states (AK, HI, ME, NH, WY) where an attorney general is appointed, there is no party change since the incumbent party won election to the Governors' mansions.

Majority of States Now Have Security Freeze Laws

With Senate Bill 180 enacted on Nov. 20, Pennsylvania became the 26th state to enact a security freeze bill. This now means that a majority of states and eligible U.S adults have the legal right to freeze their credit files. The Commonwealth's entry into the freeze arena pushes the number of consumers eligible to freeze their files to 53 percent of American adults, or 116 million people. Pennsylvania law allows all consumers to freeze their files (ID theft victims with a police report and consumers age 65 and older for no charge, all others must pay up to \$10) and requires that the freeze expire in seven years.

The District of Columbia also is poised to soon enact a freeze bill. This law also would allow consumers to freeze their files (ID theft victims with a police report for no charge, all others must pay up to \$10) and similar to the Utah freeze law, DC's requires consumer reporting agencies, by September 2008, to lift a freeze within 15 minutes.

OR Ballot Initiative Defeated

On Nov. 7, in a major victory for consumers and businesses alike, the residents of Oregon overwhelmingly said "no" to a ballot measure that would have banned the way insurers use credit for rating and underwriting. Oregon consumers sent a strong message that the existing laws in Oregon regulating how insurers can use credit are already among the strongest in enabling consumer protection, and that rate increases and subsidization of those with bad credit by those with good credit is simply not acceptable.

Legislative Updates are written and distributed by the TransUnion Government Relations department and appear bi-monthly on TransUnion.com.

Bob Ryan

Vice President of Government Relations
(312) 466-7799
rryan@transunion.com

Eric Rosenberg

Director of State Government Relations
(312) 466-6323
erosenb@transunion.com

To view a PDF file, you must have Adobe Acrobat Reader Version 5.0 or higher installed on your computer. To download a free copy of Adobe Acrobat Reader, follow the instructions on this Web site: <http://www.adobe.com/products/acrobat/readstep2.html>

© 2006 TransUnion LLC. All Rights Reserved.