

SENATE CONCURRENT RESOLUTION No. 130

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED SEPTEMBER 17, 2020

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator DAWN MARIE ADDIEGO

District 8 (Atlantic, Burlington and Camden)

SYNOPSIS

Urges Congress to amend federal “Fair Credit Reporting Act” to require credit reporting agencies to include alternative data into consumer credit reports.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/25/2021)

1 **A CONCURRENT RESOLUTION** respectfully urging the United States
2 Congress to amend the federal “Fair Credit Reporting Act.”

3
4 **WHEREAS**, The federal “Fair Credit Reporting Act,” (FCRA) 15
5 U.S.C. s.1681 et seq., was enacted in 1970 to promote the
6 accuracy, fairness, and privacy of information contained in
7 consumer credit reports; and

8 **WHEREAS**, Credit reporting agencies that collect and maintain
9 information on individual consumer credit reports use that
10 information in a credit scoring model to create a credit score that
11 rates an individual’s capacity to repay a loan; and

12 **WHEREAS**, Having a good credit score can positively affect a
13 consumer’s ability to get a mortgage, rent an apartment, and
14 qualify for a job; and

15 **WHEREAS**, Nearly 20 percent of consumers in the United States
16 have either no credit history to report or have a thin credit report
17 that is unscorable by credit scoring models; and

18 **WHEREAS**, African American and Latino consumers are more likely
19 to have no credit history or to have an unscored credit report; and

20 **WHEREAS**, Financial information not commonly reported to a credit
21 reporting agency, such as a rent or utility payment, can be
22 included to create a credit report that is scorable; and

23 **WHEREAS**, The New York City Comptroller’s Office conducted a
24 study in 2017 that found that the inclusion of uncommonly
25 reported information in consumer credit reports, also known as
26 alternative data, created new credit scores for a third of
27 participants without a credit score previously; and

28 **WHEREAS**, Certain credit reporting agencies, such as Experian and
29 Equifax, offer the option of including alternative data in a
30 consumer’s credit report; and

31 **WHEREAS**, Amending the FCRA to require a credit reporting
32 agency to include alternative data in the credit report of a
33 consumer would create credit scores for millions of consumers
34 that have either no credit history to report or who have an
35 unscored credit report; now, therefore,

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37 **BE IT RESOLVED** *by the Senate of the State of New Jersey (the*
38 *General Assembly concurring):*

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40 1. The Legislature of the State of New Jersey respectfully urges
41 the United States Congress to amend the federal “Fair Credit
42 Reporting Act” to require credit reporting agencies to include
43 alternative data into consumer credit reports.

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45 2. Copies of this resolution, as filed with the Secretary of State,
46 shall be transmitted by the Secretary of the Senate or the Clerk of
47 the General Assembly to the Majority and Minority Leaders of the
48 United States Senate, the Speaker and Majority and Minority

1 Leaders of the United States House of Representatives, and each
2 member of the United States Congress elected from this State.

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STATEMENT

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7 This resolution respectfully urges the United States Congress to
8 amend the federal “Fair Credit Reporting Act” (FCRA) to require
9 credit reporting agencies to include alternative data into consumer
10 credit reports.

11 The federal FCRA was enacted in 1970 to promote the accuracy,
12 fairness, and privacy of information contained in consumer credit
13 reports. Credit reporting agencies, which collect and maintain these
14 reports, also use this information in credit scoring models to create
15 a credit score, which rates a consumer’s capacity to repay a loan.
16 Having a good score can positively affect a consumer’s ability to
17 obtain a mortgage, rent an apartment, and qualify for a job.
18 Unfortunately, nearly 20 percent of consumers in the United States
19 have either no credit history to report or have a thin credit report
20 that is unscorable by credit scoring models, with African Americans
21 and Latinos more likely to fall under these categories.

22 In recent years, certain credit reporting agencies, such as
23 Experian and Equifax, have been offering the consumer the option
24 of including alternative data, which expands a consumer’s credit
25 report by including information not commonly shown in a credit
26 report, such as a rent or utility payment. Use of alternative data has
27 been shown to be useful in expanding the number of people with
28 access to a credit score, with a 2017 study by the New York City
29 Comptroller’s office finding that the inclusion of alternative data in
30 consumer credit reports created new credit scores for a third of
31 participants. By amending the FCRA to require a credit reporting
32 agency to include alternative data into the credit reports of
33 consumers, millions of individuals will be able to obtain credits
34 scores and access the benefits that having a credit score can offer.