

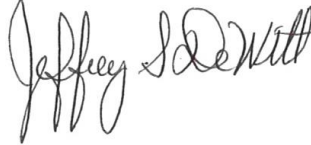
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** June 26, 2018

**SUBJECT:** Fiscal Impact Statement – Credit Protection Fee Waiver Emergency  
Amendment Act of 2018

**REFERENCE:** Draft Bill as shared with the Office of Revenue Analysis on June 22,  
2018

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**Conclusion**

Funds are sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill's requirement for credit reporting agencies to provide free security freezes to District residents may reduce these firms' incomes and the corporate income taxes paid to the District. However, the impact on revenue included in the District's budget and financial plan is expected to be de minimis and temporary.

**Background**

If an individual believes that his or her identity has been stolen or would like to protect against the risk of theft, he or she can request a security freeze from a credit reporting agency, including the three major reporting agencies: Equifax, TransUnion, and Experian. The security freeze will prevent the agencies from reporting a resident's credit report to a third party and is permanent, unless temporarily relieved or permanently rescinded by the individual who requested the freeze. In the District, the fees a credit reporting agency can charge for the security freeze are limited to \$10 unless a police report alleging identity theft has been filed.<sup>1</sup>

The Credit Protection Fee Waiver Temporary Amendment Act of 2017<sup>2</sup> prohibits a credit agency from charging the \$10 fee through August 30, 2018. These Emergency and Temporary bills will continue the prohibition for an additional 30 and 225 days, respectively.

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<sup>1</sup> Consumer Security Freeze Act of 2006, effective March 8, 2007 (D.C. Law 16-238; D.C. Official Code § 28-3862(o)).

<sup>2</sup> Effective January 17, 2018 (D.C. Law 22-39).

The Honorable Phil Mendelson

FIS: "Credit Protection Fee Waiver Emergency Amendment Act of 2018," Draft Bill as shared with the Office of Revenue Analysis on June 22, 2018

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2018 budget and the proposed fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the proposed resolution. Credit reporting agencies that operate in the District can charge \$10 for a security freeze. The bill temporarily prohibits credit agencies from charging this fee, thus reducing their potential corporate income from District sources. This will reduce corporate income taxes, but the Office of Revenue Analysis expects the impact to be de minimis given the historical limited estimated use of security freezes and the limited timeframe of the prohibition.