

Daily Privacy & Consumer Regulatory Alert

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FEDERAL DEVELOPMENTS

CFPB Prepaid Card Rule

On April 1st, the Consumer Financial Protection Bureau (CFPB) [prepaid card rule](#) took effect. On November 22nd, 2016, the CFPB published the final rule in the [Federal Register](#), which created consumer protections for prepaid accounts. The CFPB also established a [webpage](#) with educational resources for consumers about prepaid accounts. The rule was initially set to take effect in October 2017, but the effective date was delayed by 18 months. Specifically, the rule requires financial institutions to:

- Issue short and long form disclosures before the consumer acquires the prepaid account;
- Provide periodic statements to consumers for prepaid accounts; and
- Comply with Regulation E limited liability and error resolution requirements, unless the financial institution has concluded the consumer identification and verification process.

Taxpayer First Act

On March 28th, Senate Finance Committee Chairman Chuck Grassley (R-IA) and Ranking Member Ron Wyden (D-OR) [announced](#) that they will introduce the Taxpayer First Act, which would modernize operations of the Internal Revenue Service (IRS) and strengthen taxpayer protections. Specifically, the bill would:

- Require the IRS to submit to Congress plans to enhance cybersecurity at the agency;
- Provide taxpayers the ability to request an identity protection personal identification number;
- Increase the penalty for improper disclosure of a taxpayer's personally identifiable information (PII) by a tax preparer; and
- Modify the private debt collection program to exclude low-income taxpayers from referral to private debt collection agencies.

STATE DEVELOPMENTS

State Background Screening Legislation

The following states passed or enacted legislation regarding background screening:

- On March 30th, the Montana House of Representatives passed H.B. 566, which would require background checks for employees of assisted living facilities ([MT Legislature](#));
- On March 28th, the New Hampshire Senate passed S.B. 100, which would prohibit discrimination in employment-based on criminal background checks ([NH General Court](#));
- On March 28th, Tennessee enacted S.B. 789, which authorizes a state and national criminal history background check of all Department of Human Services employees and contractors who have access to individuals with disabilities ([TN General Assembly](#));
- On March 27th, Utah enacted H.B. 457, which requires background checks be processed through the Bureau of Criminal Identification ([UT Legislature](#)); and

- On March 26th, the Colorado Senate passed H.B. 1186, which would authorize fingerprints for background checks to be taken by an authorized school or school district employee ([CO General Assembly](#)).
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OTHER DEVELOPMENTS

Criminal Record Expungement

On April 2nd, *Nextgov* published an [article](#) about the expungement of criminal records. A recent [study](#) at the University of Michigan found that 6.5 percent of eligible individuals in Michigan apply to have their criminal records expunged within five years. The study found that individuals who have their records expunged have improved economic outcomes, including a 25 percent increase in wages and improved housing opportunities. The researchers hypothesized that the low percentage of individuals applying for expungement may be due to administrative challenges, application fees, and the lack of clear information about the expungement process.

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