

Bill Would Restrict Use of Social Security Numbers

A House committee has approved broad legislation that would restrict the use of Social Security numbers despite warnings from NRF and other groups that the measure could interfere with legitimate business uses of the numbers and even backfire in its attempt to fight identity theft.

H.R. 3046, the Social Security Number Privacy and Identity Theft Protection Act of 2007, sponsored by Representative Michael McNulty, D-N.Y., was approved 41-0 by the Ways and Means Committee on July 18. The bill would prohibit businesses from selling or purchasing Social Security numbers except in limited cases such as tax purposes, credit reporting under the Fair Credit Reporting Act or ensuring the accuracy of insurance information. Violators would face fines of up to \$250,000 and prison terms up to five years.

While McNulty says the bill provides exemptions for legitimate businesses uses, NRF is concerned the bill is too broadly written.

"We are concerned that (this bill) would have significant detrimental effects on the economy, on anti-fraud and anti-identity theft efforts, on anti-terrorism efforts, and on consumers' ability to obtain credit and other services," NRF said in a letter to committee members. "Restrictions on the sale and use of Social Security numbers should be carefully considered, balanced and bounded so that restrictions on use do not interfere with legitimate business uses."

The letter was signed by NRF and organizations representing banks, the health care industry, human resources executives, the software industry and other business groups. Signers said their member companies support efforts to limit the public sale or display of Social Security numbers in principle, and do not engage in such activity.

The letter said that the use of Social Security numbers is already protected under a variety of state and federal laws, with terms and conditions that have been carefully worked out with a variety of government agencies. The bill's proposal to give the Social Security Administration -- which is not familiar with the operations of the various industries involved -- veto power over use of the numbers causes "very serious concern."

If any new federal law on the topic is passed, it should preempt state laws so that businesses can comply with a single national standard rather than conflicting state laws, the letter said.