



New Connecticut Law Places Prohibitions on Most Employers Using Credit Checks in Employment Decisions – Effective October 1, 2011

The state of Connecticut recently passed new legislation (S.B. 361) which will greatly restrict your organization's ability to perform credit checks on candidates and employees. This legislation is becoming more common in the industry as these new requirements are similar to those in [Oregon](#), [Washington](#), [Hawaii](#), [Maryland](#) and [Illinois](#) with other states evaluating similar pending laws.

Who does this law affect?

This legislation applies to Connecticut employers with at least one employee however certain employers are excluded from the Act's provisions. Financial institutions, credit reports required to be obtained by employers by law; and credit reports "substantially related to the employee's current or potential job" are exempt from this Act's provisions.

When does this law go into effect?

The law goes into effect **October 1, 2011**.

What does this law prohibit?

This law prohibits employers from requiring employees or prospective employees to consent to a request for a credit report that includes employee's or prospective employee's credit score, credit account balances, payment history, savings or checking account balances or savings or checking account numbers as a condition of employment.

Are there examples of "substantially related to the employee's current or potential job"?

The bona fide purpose that is substantially job related applies generally to those positions involving money handling or other confidential job duties. For example, employers may use credit information for employees whose duties:

- Include a managerial position that involves setting the direction or control of a business, division, unit or an agency of a business
- Involves access to personal or financial information of customers, employees or the employer, other than information customarily provided in a retail transaction
- Involves a fiduciary responsibility to the employer, as defined under the law
- Provides an expense account or corporate debit or credit card
- Provides access to certain confidential or proprietary business information, as defined under the law
- Involves access to the employer's nonfinancial assets valued at \$2,005 or more, including, but not limited to, museum and library collections and to prescription drugs and other pharmaceuticals

Recommendations

If your organization does not meet one of the clear exceptions above, you should plan to discontinue use of credit reports prior to October 1, 2011 or until you are able to confer with your legal counsel for guidance. If you plan to use the "substantially related to employee's current or potential job" exception, it is recommended that you carefully examine each job position and the job responsibilities before continuing to use credit reports in a hiring decision or as part of any decision involving a current employee or job candidate. Also, job responsibilities that require handling company finances or access to company and customer financial data should be carefully considered for the "substantially related to the employee's current or potential job" exception.

Contact Accurate Background

Click [here](#) for more in-depth information from law firm Seyfarth Shaw regarding this new legislation. For additional questions, please contact Accurate Background at 800.784.3911.