



Illinois Legislation Limiting Credit Reports for Employment Screening Purposes Signed into Law

Illinois HB 4658 was signed into law by Governor Quin on August 10th. This law prohibits Illinois employers from discriminating based on an applicant's or employee's credit history and goes into effect on January 1, 2011.

This bill creates the Employee Credit Privacy Act which prohibits employers from inquiring about a person's credit history or obtaining a credit report and from using an applicant's or employee's credit history as a basis for employment, recruitment, discharge, or compensation with some exceptions.

The law does not apply to insurance companies or banks. Further, this law does not affect an employer's ability to conduct a thorough background investigation that does not contain a credit history or report. In addition, employers may access credit checks under limited circumstances:

1. State or federal law requires bonding or other security covering an individual holding the position.
2. The duties of the position include custody of or unsupervised access to cash or marketable assets valued at \$2,500 or more.
3. The duties of the position include signatory power over business assets of \$100 or more per transaction.
4. The position is a managerial position which involves setting the direction or control of the business.
5. The position involves access to personal or confidential information, financial information, trade secrets, or State or national security information.
6. The position meets criteria in administrative rules, if any, that the U.S. Department of Labor or the Illinois Department of Labor has promulgated to establish the circumstances in which a credit history is a bona fide occupational requirement.
7. The employee's or applicant's credit history is otherwise required by or exempt under federal or State law.

Employers should consult with their legal counsel for further guidance on compliance with the new law.

For more information, please visit

<http://www.ilga.gov/legislation/fulltext.asp?DocName=&SessionId=76&GA=96&DocTypeId=HB&DocNum=4658&GAID=10&LegID=48740&SpecSess=&Session>

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