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[H.R. 601, the Eliminate Privacy Notice Confusion Act](#)

FLOOR SITUATION

On Monday, April 13, 2015, the House will consider [H.R. 601](#), the *Eliminate Privacy Notice Confusion Act*, under a suspension of the rules. The bill was introduced on January 28, 2015 by Rep. Blaine Luetkemeyer (R-MO) and was referred to the Committee on Financial Services, which ordered the bill reported by a vote of 57 to 0 on March 26, 2015.¹

SUMMARY

H.R. 601 amends the Gramm-Leach-Bliley Act to provide exemptions from annual privacy notice requirements for financial institutions that provide nonpublic personal information about consumers to unaffiliated third parties, only in accordance with exceptions under the Graham-Leach-Bliley Act, and only if such institution has not changed its disclosure policies and practices since the most recent disclosure was sent to consumers.

BACKGROUND

The Gramm-Leach-Bliley Act (GLBA) requires financial institutions to issue privacy disclosure notices to consumers that detail the institution's privacy policies, if it shares customers' non-public personal information with affiliates or third parties.² The law also requires institutions to notify existing and potential customers of their right to opt out of sharing non-public personal information with third parties. Such disclosures are required to occur when a customer relationship is first established with the institution and annually in written form as long as the relationship continues, even if no changes to the disclosure policies have occurred.³

According to the bill sponsor, requiring financial institutions to send annual notices even when no changes have been made is redundant, unnecessary, and can be confusing to consumers. Producing and mailing these notices cost institutions a substantial amount of money. Eliminating the requirement could save valuable staff resources and lower the cost of financial services.⁴

¹ <http://financialservices.house.gov/uploadedfiles/crpt-114-hmtg-ba00-fc014-20150326.pdf>

² [Public Law 106-102](#)

³ Id.

⁴ <http://luetkemeyer.house.gov/news/documentsingle.aspx?DocumentID=320273>

On October 20, 2014, the Consumer Financial Protection Bureau (CFPB) finalized a rule that allows financial institutions to post their annual privacy notices online instead of delivering them individually if they meet a series of conditions, including not sharing the customer's nonpublic personal information with nonaffiliated third parties.⁵ H.R. 601 expands on the CFPB rule, eliminating the annual privacy policy notice requirement for an institution that does not share information with non-affiliated third parties if their policies remain unchanged from the most recent disclosure statement that was sent to consumers.

An identical version of this bill, H.R. 749, passed the House by voice vote on March 12, 2013 (See [CR H1137](#)). The Senate did not act on the House-passed bill during the 113th Congress.

COST

[CBO estimates](#) that enacting H.R. 601 would increase direct spending; therefore, pay-as-you-go procedures apply. However, based on information from the CFPB, CBO estimates that enacting H.R. 601 would not significantly affect the workload of the agency and any additional costs would be insignificant. CBO estimates that enacting H.R. 601 would not affect revenues. Implementing the bill would not affect discretionary costs because the CFPB is permanently authorized to spend amounts transferred from the Federal Reserve System.

STAFF CONTACT

For questions or further information contact the House Republican Policy Committee at 6-5539.

⁵ See [CFPB Rule](#)