



Maine Credit Union League

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In Support of LD 1224
An Act to Comprehensively Protect Consumer Privacy
Joint Committee on Judiciary
May 5, 2025

Good morning, Senator Carney, Representative Kuhn, and distinguished members of the Joint Committee on Judiciary,

My name is Ellen Parent, I serve as the Director of Compliance at the Maine Credit Union League and I am here to submit testimony on behalf of the League. The Maine Credit Union League is the trade association for Maine's 48 credit unions and over 750,000 members statewide. We respectfully submit the following testimony **in favor of LD 1224**.

For many years the League, and indeed, credit union leagues and associations across the country have blanket opposed new state privacy laws. For organizations working with individuals across the country, a patchwork of laws varying state to state harms consumers and poses a compliance quagmire for cross state enterprises, for this reason we have generally supported a federal approach to privacy and security. Unfortunately, Congress has not seen fit to act and the protection of individuals has fallen to the states.

Because of this, we chose to support a comprehensive privacy bill that is in line with the majority of states that have passed legislation. This bill is substantially similar to the data privacy bills passed in 18 other states of the 20 that have enacted comprehensive privacy bills. The interoperability and consistency of law protects consumer information across industries and would make Maine a leader by protecting consumers while supporting our essential industries. For credit unions, clear and consistent privacy laws across state lines allow us to better serve those Mainers who may have left the state but wish to maintain a connection to their home. Data freely flows across jurisdictions, having disparate laws creates a high burden for compliance and leaves individuals and their data vulnerable. A comprehensive bill that is substantially similar to laws in other states would make Maine well positioned to protect consumers and allow businesses to operate successfully in Maine.

There are two exceptions in the bill that impact credit unions. Both are based on consumer interests and allow financial institutions to protect consumers under federal law. Credit unions are supervised financial institutions and are regularly examined. Depending on their size, a credit union is examined by the National Credit Union Administration, the Bureau of Financial Institutions, or both, on an annual or eighteen-month cycle. One of the aspects examined is the security and protection of nonpublic personal information and compliance with the federal laws. Regulators have procedures in place to ensure that credit unions are treating their consumers' data with the proper care and security. In addition, credit union regulators have a number of enforcement options at the ready, including, in dire cases,

closing down a credit union. Removing these exceptions will necessitate the creation of new examination procedures at the state and federal level.

Credit unions are subject to the federal Gramm-Leach-Bliley Act which imposes strict requirements of confidentiality for financial institutions. In general, a financial institution may not share nonprivate personal information with unaffiliated parties. There are a few exceptions to this, but even in those cases, the recipients may not disclose the information they receive except subject to an exception, such as to law enforcement subject to an authorized subpoena, to process transactions, or at the customer's request. Financial institutions must provide initial, annual, and any revised privacy policy notices and must provide consumers with a notice about how to opt out of any sharing that the institution may do under one of the limited exceptions.

Institutions governed by GLBA are required to inform customers and consumers of any third-party sharing and give them the right to opt out of third-party information sharing by the financial institution. In addition, GLBA generally prohibits the sharing of nonpublic personal information to any nonaffiliated third parties.¹ This prohibition includes the sharing of account numbers and similar numbers for marketing purposes.² There are exemptions for financial institutions for the sharing of information at the bequest of the consumer or with affiliated third parties who may act as vendors, for example, financial institutions may use a third-party vendor to print and distribute periodic account statements, in which case, some nonpublic personal information may be shared for the purposes of mailing the statements.

In addition, financial institutions are furnishers and users under the Fair Credit Reporting Act (FCRA). There is significant societal value to having a full picture of a consumer's credit history, a more complete credit report allows credit to be more available and to reduce risk. Furnishers are required under federal law to report certain personal information. Without an exemption for personal information shared under FCRA, the credit reporting system would be subject to the same right of deletion and restrictions on sharing as all other personal information, making it extremely difficult to rely on the information in a credit report. Furthermore, the organizations that are obligated under federal law to furnish accurate information to credit reporting agencies would be placed in the unfortunate situation of being in violation of either state or federal law. All of the states that have adopted comprehensive privacy laws have an exemption for FCRA information.

The League would like to thank Representative Roberts for bringing forward this bill and we thank the Judiciary Committee for taking on this extensive but important issue. We appreciate the opportunity to offer testimony on this topic. If the League can be of any assistance during the deliberations of this bill or others similar, please do not hesitate to contact us.

¹ 15 U.S.C. § 6802(a).

² 15 U.S.C. § 6802(d).