

MEMORANDUM IN OPPOSITION

RE: A. 235 (Greene) AN ACT to amend the general business law, in relation to the disclosure of social security numbers

The New York Bankers Association **opposes** this legislation that would restrict the ability of any New York business to request social security numbers from any individuals and would prohibit the refusal to provide any service, privilege or right in whole or in part because the individual declines to furnish his or her social security number. This legislation is unnecessary, is overly broad and would make it impossible for businesses to provide their employees and customers with many of the services they have come to expect. We urge that the bill be **held**. Our Association is comprised of the community, regional and money center banks and thrifts doing business in New York State. Our members have assets in excess of \$9 trillion and more than 300,000 New York State employees.

This legislation would require every person to inform any individual from whom it requests a social security number whether federal or State law requires the request, whether furnishing the number is mandatory, and the principal purpose for which the social security number is intended to be used. It would also prohibit any person from requiring that a social security number be furnished, and from refusing to provide any services, rights or privilege in whole or in part because the number is not furnished, unless furnishing the number is required by State or federal law. The bill provides for enforcement by the attorney general and by private civil actions.

In recent years, New York State has been at the forefront in protecting the privacy of customers, employees and others who deal with the State's businesses. Last year alone, the State passed six chapter laws affecting individual privacy, including Chapter Law 279, the Governor's comprehensive identity theft bill, that included in sections 3, 4, 5 and 6 of the bill additional protection of social security numbers by both State agencies and non-governmental organizations, including businesses. These provisions expanded the already plenary protection of social security numbers contained in section 399-dd of the General Business Law and section 203-d of the Labor Law.

Our Association has not opposed this expansion of the State's privacy protections, because prior legislation affirming social security number confidentiality has been careful to protect the legitimate need of employers and businesses to use social security numbers in ways that enhance their service to their employees and customers without threatening the privacy of the numbers. For example, employers must request social security numbers of their employees not only for reasons required by law, such as income tax withholding, but also to provide such employee benefits as health, life and dental insurance, retirement plans and investment accounts. Banks and thrift institutions are required by law to request social security numbers to open new deposit accounts, but must also obtain SSNs to process requests for loans and furnish credit information to credit reporting agencies. Without these voluntary uses of social security numbers, the employment and credit-granting process would come to a halt.

This legislation provides no exceptions for any of the voluntary reasons individuals furnish their social security numbers. In addition, it prohibits businesses and other persons from withholding services, rights or privileges from individuals who fail to do so. New York State-chartered banks and thrift institutions, unlike their federally chartered counterparts who would not be subject to the restrictions in the bill, would be precluded from partaking in the national credit reporting networks and of providing to their employees the range of benefits they have come to expect. The bill will provide a strong, additional incentive for State-chartered banks and thrifts to convert to federal charter.

For these reasons, the New York Bankers Association **opposes** this legislation and urges that it be **held**.