

YEAR 2000 CITIZENS' PROTECTION ACT

House Bill 4965

Sponsor: Rep. Paul Gieleghem

Committee: Family and Civil Law

Complete to 12-1-99

A SUMMARY OF HOUSE BILL 4965 AS INTRODUCED 10-7-99

House Bill 4965 would create the Year 2000 Citizens' Protection Act. The act would apply to foreclosure proceedings, remedies of defaults, other actions, or late charges or similar penalties related to a mortgage, contract, lease, consumer credit obligation, utility bill, banking transaction, or any other type of agreement or obligation. It would prohibit individuals, corporations, and other legal entities from enforcing such penalties against an individual (natural person) under certain circumstances.

A legal entity could not enforce such penalties against an individual who was in default or breach of an agreement or obligation due to either an improper or incorrect transmission of data or other information, or due to the failure of a financial transaction to occur in a timely manner, when the transmission or failure was caused in whole or in part by a computer date failure. A computer date failure would be defined as a malfunction of an electronic or mechanical device or the inability of a computer, a computer network, computer program, computer software, embedded chip, or a computer system to accurately or properly recognize, calculate, display, sort, or otherwise process dates or times in the years 1999 and 2000 and beyond.

However, this protection would only be temporary and an action that would otherwise be prohibited under the act could be initiated after a reasonable period of time following the full restoration of the individual's ability to regularly transact business relative to his or her obligations. Furthermore, the act's prohibitions would not apply to agreements or obligations where the default or breach occurred before any disruption of financial or data transfer operation attributable to the computer date failure.

In addition, the act would prohibit a consumer reporting agency (as defined in the Fair Credit Reporting Act) from making a negative credit report about an individual if all or part of the information resulted from a computer date failure or from the individual's failure or inability to transact financial business or to make a payment due to a computer date failure.

The Year 2000 Citizens' Protection Act would be controlling in conflicts between the act and other state law and the act would be repealed automatically on January 1, 2007.

Analyst: W. Flory

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.