



Legal Alert: New Illinois Law Prohibits Use of Credit History in Hiring and Employment Decisions

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Effective January 1, 2011, a new law will prohibit many Illinois employers from basing hiring, promotion, and other employment decisions on an employee or job applicant's credit history.

The Employee Credit Privacy Act (HB 4658), which was signed into law by Governor Pat Quinn on August 10, 2010, also forbids employers from inquiring about or obtaining a copy of an applicant or employee's credit history or credit report. Employers will still be permitted to conduct background checks on applicants and employees, so long as that check does not include a credit history or report. Illinois joins Washington, Hawaii, Oregon, and Louisiana in prohibiting the use of credit histories in employment decisions.

There are limited exceptions to the law. For example, covered employers may still use credit history for employment decisions for managerial positions that involve setting the direction or control of the business and for positions that involve unsupervised access to more than \$2,500; signatory power over business assets of \$100 or more per transaction; or access to personal, financial, confidential, trade secret, or state/national security information.

Employers' Bottom Line:

Although the new Illinois law does not apply to banks, insurance companies, law enforcement, and many public sector jobs, it will apply to a broad swath of private employers in Illinois. Supporters of the new provision say the measure will stop employers from denying a job or promotion based on information that does not relate to a person's ability to perform a job, while opponents contend the law is yet another batch of red tape that will impede job creation in the state.

If you have any questions regarding the new law, please contact the author of this Alert, Steve Brenneman, sbrenneman@fordharrison.com, or the Ford & Harrison attorney with whom you usually work.