



New Illinois Law Bans Employee Credit Checks

On August 10, 2010, Illinois Governor Pat Quinn signed into a law a bill that prohibits Illinois employers from running credit checks on prospective or current employees. The Employee Credit Privacy Act is intended to prevent employers from turning away applicants based on poor credit ratings during the current economic crisis which has had a negative impact on so many individuals' credit histories. The new law will go into effect on January 1, 2011.

Under the law, employers will not be allowed to make employment decisions, including the decision to hire or fire an applicant or employee, based upon the individual's credit report. The law also forbids employers from inquiring about an individual's credit history or obtaining an individual's credit report. "Employer" is defined by the Act as any individual or entity that permits one or more individuals to work or that accepts applications for employment or is an agent of an employer. The Act excepts certain industries from this definition, including the banking and insurance industries, as well as any state law enforcement or investigative unit, any state or local government agency which otherwise requires use of the employee's or applicant's credit history or credit report, and any entity that is defined as a debt collector under federal or state statute. In addition, there are exceptions for positions which require a satisfactory credit history as a bona fide occupational requirement, such as positions that require bonding or where an employee has access to cash, assets, personal, financial or confidential information, trade secrets or national security information.

If you have questions regarding The Employee Credit Privacy Act, you may contact:

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