



SUPPORT [S.J.Res. 129](#) to Preserve States' Rights to Protect Consumers from Abusive Credit Reporting Practices

In 2022, the Consumer Financial Protection Bureau (CFPB) reinforced that states may enact their own laws to protect consumers from abusive credit reporting practices and set higher standards for certain protections, than federal statutes like the Fair Credit Reporting Act (FCRA). But in a rule submitted to Congress, the Trump CFPB rescinded that guidance, signaling to states that they should scale back their consumer protection efforts and signaling to bad actors that they may have more leeway to violate state laws without facing any real consequences.

Senator Cortez-Masto's joint resolution of disapproval (JRD) would undo the Trump CFPB decision and restore the earlier rule: "The Fair Credit Reporting Act's Limited Preemption of State Laws."

Endorsers: National Consumer Law Center (on behalf of its low-income clients), Consumer Federation of America, Center for Responsible Lending, Protect Borrowers, Americans for Financial Reform, National Community Reinvestment Coalition

Key Points

- **States play a key role in protecting consumers and often enact laws that go beyond federal protections.** For example, [fifteen states have laws](#) to ban medical debt on credit reports. A number of states have passed "clean slate" laws that include background check restrictions to help people with criminal records who have paid their debt to society access jobs and housing.
- **The Biden CFPB worked to reinforce states' abilities to protect consumers.** In 2022, the Biden CFPB issued an [interpretive rule](#) that encouraged states continue to regulate the contents of a credit report or background check (for example, by banning medical debt and non-conviction criminal records from credit reports) by clarifying that the Fair Credit Reporting Act (FCRA)'s preemption provisions have a narrow and targeted scope. As a result, states retain substantial authority to pass more protective consumer reporting laws.
- **Across a variety of issues, the Trump Administration and Republicans are trying to stop states from adopting stronger consumer protections using federal preemption.** Part of that effort to trample on states' rights was this withdrawal of the Biden CFPB's previous guidance.
- **The Trump Administration withdrew this rule, and this JRD seeks to restore it.** Although underlying statutes like the FCRA continue to bar certain anti-consumer credit reporting practices, the Trump Administration's rescission of this guidance infringes on states' rights to enact common-sense consumer-protection laws—and signals to bad actors that they may have more leeway to violate state laws without fear of facing any real consequences. This is particularly concerning at a time that the Trump Administration has sidelined the CFPB itself, making state enforcement even more important. It is critical for Congress to restore the earlier guidance.