



SUPPORT [S.J.Res. 155](#) to Preserve States' Rights to Protect Consumers from Abusive Credit Reporting Practices

In 2022, the Consumer Financial Protection Bureau (CFPB) reinforced states' abilities to enact laws that protect consumers from abusive credit reporting practices. Not only did the Trump CFPB rescind this rule, it replaced it with a rule asserting that the Fair Credit Reporting Act (FCRA) preempts more protective state-level laws.

Senator Whitehouse's joint resolution of congressional disapproval (JRD) would rescind the Trump CFPB's new interpretive rule: "Fair Credit Reporting Act; 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.** This includes replacing the Biden CFPB's previous guidance limiting preemption with a new [interpretive rule](#) claiming that the FCRA preempts all state laws that regulate the contents of consumer reports, as well as laws that limit what creditors and others can report to consumer reporting companies.
- **This JRD seeks to rescind the Trump CFPB's rule to preempt more protective state credit reporting laws.** Although underlying statutes like the FCRA continue to protect consumers from certain predatory credit reporting practices, the Trump CFPB's interpretive rule threatens to dampen state efforts to pass laws to protect their consumers 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.