

HB 1469-FN - AS INTRODUCED

2022 SESSION

22-2580  
07/08

HOUSE BILL ***1469-FN***

AN ACT prohibiting banks or businesses from using social credit scores.

SPONSORS: Rep. Bernardy, Rock. 16; Rep. Vose, Rock. 9; Rep. Hobson, Rock. 35; Rep. Ammon, Hills. 40; Rep. Notter, Hills. 21; Rep. Greeson, Graf. 16; Rep. Greene, Hills. 37

COMMITTEE: Commerce and Consumer Affairs

ANALYSIS

This bill prohibits banks and other financial institutions from engaging in discriminatory practices.

Explanation: Matter added to current law appears in ***bold italics***.  
Matter removed from current law appears ~~in brackets and struck through.~~  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.  
22-2580  
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STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty Two*

AN ACT prohibiting banks or businesses from using social credit scores.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 Declaration of Purpose. The General Court hereby finds and declares that practice of discrimination against any New Hampshire inhabitants (individuals, associations and companies) through use of their social credit or environmental, social justice, and governmental score is a matter of state concern, that discrimination based on such scores not only threatens the rights and proper privileges of New Hampshire inhabitants but menaces the institutions and foundation of a free democratic state and threatens the peace, order, health, safety and general welfare of the state and its inhabitants.

2 New Subparagraph; Bank and Credit Union Regulatory and Enforcement; Prohibited Acts. Amend RSA 383-A:7-701 by inserting after subparagraph (f) the following new subparagraph:

(g)(1) All banks and other financial institutions doing business in the state of New Hampshire, either directly or through the use of an outside contractor, shall not discriminate against, nor advocate for or cause adverse treatment of, any citizen or business in their business practices based on subjective or arbitrary standards such as social media posts; participation or membership in any clubs, associations, or unions, etc.; political affiliation; employer; or other social credit, environmental, social, and governance, or similar values-based or impact criteria. No provision of this law shall interfere with a bank's or other financial institution's ability to discontinue or refuse to conduct business with an

individual account holder or potential customer when such action is necessary for the physical safety of its employees.

(2) Notwithstanding paragraph (g)(1), banks and other financial institutions may offer customers investments, products, and services that include subjective standards, provided that the standards are fully disclosed and explained to any potential customer or investor prior to entering into a contract for such products and services.

(3) Notwithstanding subparagraph (f) any bank or credit union who violates subparagraph (g)(1) or (g)(2) shall, for a first offense be subject to a \$50,000 fine; and for a second and each subsequent offense be subject to a \$250,000 fine. If the bank or credit union has 5 or more offenses, criminal prosecution may be included along with any fines assessed under RSA 651:2.

3 New Subparagraph; Regulation of Business Practices for Consumer Protection; Acts Unlawful. Amend RSA 358-A:2 by inserting after subparagraph XVII the following new subparagraph:

XVIII. Discriminate against, advocate for, or cause adverse treatment of any citizen or business in their business practices based on subjective or arbitrary standards such as social media posts; participation or membership in any clubs, associations, or unions, etc.; political affiliation; employer; or other social credit, environmental, social, and governance, or similar values-based or impact criteria unless the practice is fully disclosed to the potential consumer before the consumer and business enter into any business transaction. No provision of this law shall interfere with a person or business' ability to discontinue or refuse to conduct business with a customer when such action is necessary for the physical safety of the person, the business, or the business' employees.

4 New Paragraph; Regulation of Business Practices for Consumer Protection; Penalties; Fines for Social Credit Score Discrimination Established. Amend RSA 358-A:6 by inserting after paragraph I the following new paragraph:

I-a. Notwithstanding RSA 358-A:6, I, any person or business who violates RSA 358-A:2, XVIII shall, for a first offense be subject to a \$50,000 fine; and for a second and each subsequent offense be subject to a \$250,000 fine. If the person or business has 5 or more offenses, the penalties of RSA 358-A:6, I shall apply.

5 Effective Date. This act shall take effect January 1, 2023.

LBA  
22-2580  
Redraft 11/17/21

## HB 1469-FN- FISCAL NOTE AS INTRODUCED

AN ACT prohibiting banks or businesses from using social credit scores.

**FISCAL IMPACT:**    ☒ State                      ☐ County                      ☐ Local                      ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2022	FY 2023	FY 2024	FY 2025
<b>Appropriation</b>	\$0	\$0	\$0	\$0
<b>Revenue</b>	\$0	Indeterminable	Indeterminable	Indeterminable
<b>Expenditures</b>	\$0	Indeterminable	Indeterminable	Indeterminable
<b>Funding Source:</b>	<input type="checkbox"/> General <input type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Fines and Banking Department Assessment			

**METHODOLOGY:**

This bill prohibits banks and other financial institutions from engaging in discriminatory practices.

The Banking Department indicates this bill introduces an additional prohibited act which the Bank Commissioner shall enforce against all banks and other financial institutions doing business in the state. If any bank or other financial institution is found to have violated the proposed legislation, the entity shall be subject to varying fine levels depending on the number of offenses. The amount of additional revenue is indeterminable, as the Banking Department cannot reasonably calculate whether such violations will occur. In addition, the bill may increase the number of consumer complaints received. The Department may require additional staff or staff time to handle such complaints, investigations and related enforcement actions. The amount of any potential increase cannot be determined.

The Department states any revenue from fines would reduce dollar for dollar, the annual assessment imposed in accordance with RSA 383:11,II. Also any increase in Department expenses would increase the Department costs charged to the regulated and licensed entities by way of the annual assessment. In years in which an assessment is imposed, there would be no net gain in total revenue to the Department. If in any given year no assessment is imposed, any revenue generated that is not be needed to cover Banking Department's expenses related to the regulation of chartered entities and licensees in that year, would then be held in the dedicated fund and carried forward as restricted revenue to reduce possible assessment in the next year. It is impossible to anticipate whether assessments in Fiscal Years 2022-2025 will be impacted since the assessment is based on revenue from all examination fees, fines and penalties which vary from year to year.

**AGENCIES CONTACTED:**

Banking Department