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New York City Bans Use of Consumer Credit History for Employment Purposes

New York City enacted legislation (Int. No. 261-A) on May 6, 2015, making it unlawful for a covered entity to use an applicant's or employee's consumer credit history in connection with that person's employment. The law takes effect on September 3, 2015 (120 days from enactment) and precludes an employer, labor organization, or employment agency from using or considering credit history, credit reports, credit scores, or any information regarding creditworthiness in connection with the decision to hire, fire, or promote individuals, as well as regarding other terms and conditions of employment. A consumer credit history includes credit reports, credit scores, and any information from a consumer reporting agency that relates to an individual's creditworthiness.

The legislation, with limited exceptions, generally applies to employers in New York City with four or more employees. Exceptions include employers required by state or federal law or regulation to use an employee's or applicant's credit history. Other exceptions include jobs for which the employee must be bonded; positions that require security clearance; nonclerical positions with access to trade secrets, intelligence information, or national security information; positions with fiduciary responsibility or signing authority of \$10,000 or more; and positions that work with digital security systems. Based on the language of the exceptions, their full scope will likely be tested by employers.

The bill, initially introduced in April 2014 and passed by the City Council on April 16, 2015, amends the New York City Human Rights Law to include this new prohibition. To view the legislation, [click here](#):

As with other New York City human rights laws, the new legislation provides applicants and employees with a private right of action and remedies for violations of the legislation.

Moving forward, New York City employers may wish to review their hiring and employment practices and policies to ensure compliance with the new legislation.

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