

Nevada Prohibits Employer Use of Credit Reports

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Recently, Nevada Governor Brian Sandoval signed legislation making it unlawful for employers to use consumer credit reports. Under S.B. 127, employers also may not require a consumer credit report as a condition of employment or discharge or discipline any employee or job applicant for failure to submit to a credit report. There are exceptions to the law for employers required or authorized by law to use a credit report or where the employer reasonably believes that the individual has engaged in illegal activity. Additionally, employers may obtain a credit report where the information in the report is reasonably related to the employee or job applicant's position, such as where the job duties include responsibility for money or other assets, access to trade secrets, managerial or supervisory responsibility, access to or responsibility for the personal information of another person, including personal financial information, or where the employer is a financial institution or licensed gaming establishment. The law goes into effect on October 1, 2013. The law applies only to credit information, and does not prohibit employers from conducting criminal background checks on employees or job applicants.

TIP: Employers should be aware of laws regulating access to credit reports, including state law and the federal Fair Credit Reporting Act. Employers should consult with counsel when promulgating policies regarding credit reports.

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