
Higher Education Committee

HB 2163

Brief Description: Regulating credit card marketing on college campuses.

Sponsors: Representative McCoy.

Brief Summary of Bill

- Makes certain legislative findings regarding college students and credit card debt.
- Requires registration with an institution of higher education in order to market credit cards to students on college campuses.
- Requires an institution to prohibit credit card marketers from engaging in certain marketing activities.
- Requires an institution to provide procedures for students to opt out of credit card marketing contact lists.
- Prohibits an institution from selling student information for the purposes of credit card marketing.
- Requires on-campus credit card marketers to provide free financial management seminars to students.
- Provides certain exemption for a bank or credit union operating a branch location on campus.
- Incorporates a definition for "campus" corresponding to the institution's definition for purposes of crime statistics reporting.

Hearing Date: 3/5/03

Staff: Sydney Forrester (786-7120).

Background:

The House Higher Education Committee heard HB 1934 on February 25, 2003. This bill is intended to replace the approach taken in HB 1934.

Attempts by credit card companies to solicit business from college students are gaining increased attention. In response to concerns about college students' credit card debt, more than 300 college campuses across the nation have passed resolutions banning credit card companies from marketing on their campuses. Various state proposals regulating credit card marketing on college campuses also have been introduced over the past three years. The approaches contained in state proposals range from an absolute ban against credit card marketing on campuses, to prohibiting credit card companies from offering free gifts and requiring the companies to provide free credit education seminars, to requiring parental approval and evidence of means of support for a student under 21 years of age applying for a credit card.

Federal proposals also were introduced in 1999 and 2001. Most recently Senate Resolution 48 designates April 2003 as Financial Literacy for Youth Month and makes the following findings related to college students and credit cards:

- Fifty-five percent of college students acquire their first credit card during their freshman year in college;
- Eighty-three percent of college students have at least one credit card;
- Forty-five percent of college students are in credit card debt with the average debt being \$3,066; and
- Twenty-six percent of students 13 to 21 years old reported their parents actively taught them how to manage money.

Summary of Bill:

Prior to marketing credit cards to students on the campus of an institution of higher education, a company must register with the institution. An institution that permits a company to solicit business from students on campus may not permit the company to offer free merchandise and incentives to students or to solicit students directly in residence facilities or dining facilities operated by the institution.

Except for a bank or credit union operating a branch location on an institution's campus, a credit card marketer is required to provide financial management seminars to students at no charge. A bank or credit union is authorized to extend credit card offers to students on campus in the normal course of banking business conducted in the branch office.

Institutions of higher education are prohibited from selling student information to credit card companies and are required to maintain a no contact list for students' voluntary participation. A no contact list must be incorporated into any contract or agreement with a bank or credit card company for the solicitation of students on campus.

Appropriation: None.

Fiscal Note: Requested on February 28, 2003.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.