
SENATE BILL 6258

State of Washington

56th Legislature

2000 Regular Session

By Senators Patterson, Prentice, Shin, Eide, Heavey, Costa, Gardner, Deccio, Brown, Kline, McAuliffe, Franklin, Goings, Bauer and Kohl-Welles

Read first time . Referred to Committee on .

1 AN ACT Relating to marketing credit cards to college students;
2 adding a new section to chapter 28B.10 RCW; adding a new chapter to
3 Title 19 RCW; and prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that credit card
6 issuers engage in vigorous marketing campaigns on college campuses in
7 this state that reach students who do not fully appreciate the perils
8 of abusing credit resources. The resulting burdensome debt often leads
9 to significant financial hardship on the part of the student and their
10 family, and sometimes causes a disruption or termination of their
11 academic career. These marketing campaigns often include gifts or
12 other incentives to obtain completed applications from students,
13 without providing information or counseling on the appropriate and
14 responsible use of credit.

15 The legislature further finds that some students and their families
16 depend on the convenience of credit cards to ensure the timely payment
17 of tuition and other scholastic necessities, and to provide financial
18 protection in the case of emergencies.

1 It is the intent of this chapter to encourage responsible credit
2 card marketing to students, and to make available to students and their
3 families information and counseling on responsible and prudent use of
4 credit.

5 NEW SECTION. **Sec. 2.** (1) Any credit card issuer that conducts a
6 credit card marketing activity on the campus of any institution of
7 higher education in this state must provide to students and their
8 families on that campus a program of education on the responsible use
9 of credit. This education program must be presented at a time
10 immediately prior to or contemporaneous with any on-campus credit card
11 marketing activity.

12 (2) No credit card may be issued to students enrolled in a college
13 or university located in this state unless the application submitted by
14 a student includes a certificate or other reasonable proof that the
15 applicant has attended the education program required by subsection (1)
16 of this section.

17 (3) Credit card issuers may not offer gifts in exchange for the
18 completion of a credit card application as part of a marketing program
19 conducted on any campus of a college or university located in this
20 state.

21 NEW SECTION. **Sec. 3.** For the purposes of this chapter, the
22 following terms have the meanings indicated:

23 (1) "Credit card" means a card or device issued under an agreement
24 by which the issuer gives to a cardholder residing in this state the
25 privilege of obtaining credit from the issuer or other persons, in
26 purchasing or leasing property or services, obtaining loans, or
27 otherwise.

28 (2) "Credit card issuer" means a financial institution, a lender
29 other than a financial institution, or a merchant that receives
30 applications and issues credit cards to individuals.

31 (3) "Credit card marketing activity" means any activity of an agent
32 or employee of the credit card issuer on a college or university campus
33 designed to encourage students to apply for a credit card. Credit card
34 marketing activity includes the act of placing a display or poster
35 together with credit card applications on a college or university
36 campus, whether or not an employee or agent of the credit card issuer
37 attends the display.

1 (4) "Institution of higher education," "college," or "university"
2 includes all postsecondary educational facilities, including public and
3 private four-year colleges and universities, graduate programs, and
4 community and technical colleges.

5 NEW SECTION. **Sec. 4.** A program of education on the responsible
6 use of credit that meets the requirements of section 2 of this act
7 shall include at a minimum:

8 (1) A full explanation of the financial consequences of not paying
9 off balances in full within the time specified by the billing statement
10 to avoid interest charges, including how the issuer computes interest
11 on unpaid balances;

12 (2) A full explanation of the impact of a shift from an
13 introductory or initial interest rate to an ongoing interest rate that
14 is higher, including the exact time when the higher ongoing interest
15 rate takes effect, and including a description of acts on the part of
16 the cardholder that will cause an immediate shift to the higher
17 interest rate;

18 (3) A full explanation with examples of how long it would take to
19 pay off various illustrative balance amounts by paying the minimum
20 monthly payment required under the credit card agreement at the
21 interest rate charged by the issuer;

22 (4) A full explanation of credit related terms, including fixed
23 rates, variable rates, introductory rates, balance transfers, grace
24 periods, annual fees, and other fees;

25 (5) A full discussion of the generally accepted prudent uses of
26 credit, and the perils of imprudent uses, as presented by recognized
27 consumer credit counseling agencies.

28 NEW SECTION. **Sec. 5.** It is unlawful to issue a credit card in
29 violation of this chapter. A violation is punishable under chapter
30 7.80 RCW as a civil infraction against any officer, employee, or agent
31 of the credit card issuer in violation of this chapter.

32 NEW SECTION. **Sec. 6.** The legislature finds that the practices
33 covered by this chapter are matters vitally affecting the public
34 interest for the purpose of applying the consumer protection act,
35 chapter 19.86 RCW. A violation of this chapter is not reasonable in
36 relation to the development and preservation of business and is an

1 unfair or deceptive act in trade or commerce and an unfair method of
2 competition for the purpose of applying the consumer protection act,
3 chapter 19.86 RCW.

4 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.10 RCW
5 to read as follows:

6 The sale or other transfer of lists of student names and addresses
7 or other identifiers by institutions of higher education to credit card
8 issuers or affiliates of credit card issuers is prohibited.

9 NEW SECTION. **Sec. 8.** Sections 1 through 6 of this act constitute
10 a new chapter in Title 19 RCW.

--- END ---