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H.B. No. 85

A BILL TO BE ENTITLED

AN ACT

relating to credit card marketing activities at postsecondary educational institutions; providing a civil penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 35, Business & Commerce Code, is amended by adding Subchapter L to read as follows:

SUBCHAPTER L. CREDIT CARD MARKETING AT POSTSECONDARY EDUCATIONAL INSTITUTIONS

Sec. 35.131. DEFINITIONS. In this subchapter:

(1) "Campus credit card marketing activity":

(A) means any activity:

(i) conducted by an agent or employee of a credit card issuer on the campus of a postsecondary educational institution; and

(ii) designed to encourage and enable students to apply for a credit card; and

(B) includes the act of placing on the campus a display or poster together with a form that can be returned to the credit card issuer as a credit card application, even if an employee or agent of the credit card issuer is not present at the display.

(2) "Credit card" means a card or device issued under an agreement by which the issuer gives to a cardholder the right to obtain credit from the issuer or another person.

(3) "Credit card issuer" means a lender, including a

1 financial institution, or a merchant that receives applications and
2 issues credit cards to individuals.

3 (4) "Governing board" means the body charged with
4 policy direction of any postsecondary educational institution,
5 including a board of directors, a board of regents, a board of
6 trustees, and an independent school district board that is charged
7 with policy direction of a public junior college.

8 (5) "Postsecondary educational institution" means:

9 (A) an institution of higher education as defined
10 by Section 61.003, Education Code;

11 (B) a private or independent institution of
12 higher education as defined by Section 61.003, Education Code; or

13 (C) a private postsecondary educational
14 institution as defined by Section 61.302, Education Code.

15 Sec. 35.132. CAMPUS CREDIT CARD MARKETING ACTIVITY OUTSIDE
16 DESIGNATED LOCATION OR TIME PROHIBITED. (a) A credit card issuer
17 may not engage in campus credit card marketing activities:

18 (1) outside of a campus location designated by the
19 governing board of the postsecondary educational institution for
20 that purpose in accordance with Subsection (b); or

21 (2) at a time other than a time designated by the
22 governing board in accordance with Subsection (b).

23 (b) The governing board of a postsecondary educational
24 institution may designate:

25 (1) one or more locations on campus where a credit card
26 issuer may engage in campus credit card marketing activities; and

27 (2) one or more times during which a credit card issuer

1 may engage in campus credit card marketing activities.

2 Sec. 35.133. CREDIT CARD ISSUER TO DEVELOP FINANCIAL
3 EDUCATIONAL MATERIAL. A credit card issuer who conducts campus
4 credit card marketing activities shall develop financial
5 educational material in consultation with or subject to approval by
6 the postsecondary educational institution. The financial
7 educational material must include a clear and practical explanation
8 of:

9 (1) effective money management skills, including how
10 to develop and maintain a budget;

11 (2) key financial terms and phrases related to credit
12 cards and personal debt management;

13 (3) credit educational materials and programs offered
14 by the credit card issuer that are available to student cardholders
15 after they have opened an account;

16 (4) resources to assist students in understanding
17 credit reports and credit scores and the consequences of
18 irresponsible credit card use; and

19 (5) the importance of responsible credit practices,
20 including timely paying the minimum amount due each month and
21 reducing costs by paying as much of the balance as possible.

22 Sec. 35.134. CREDIT CARD ISSUER TO PROVIDE FINANCIAL
23 EDUCATIONAL MATERIAL. A credit card issuer that conducts campus
24 credit card marketing activities shall:

25 (1) during the time that the credit card issuer
26 conducts the credit card marketing activity on the campus, make
27 available to students, on the campus, financial educational

1 material developed under Section 35.133;

2 (2) make financial educational material similar to
3 material developed under Section 35.133 available on the Internet;
4 and

5 (3) provide to a student to whom a credit card is
6 issued, at the time the credit card is provided to the student,
7 financial educational material developed under Section 35.133.

8 Sec. 35.135. RESTRICTION ON GIFTS OR INCENTIVES FOR
9 COMPLETING CREDIT CARD APPLICATION. A credit card issuer may not
10 offer a gift or other incentive in exchange for the completion of a
11 credit card application as part of a campus credit card marketing
12 activity unless the credit card issuer, at the time the credit card
13 issuer provides a credit card application to an individual,
14 provides financial educational material developed under Section
15 35.133 to the individual.

16 Sec. 35.136. CREDIT CARD AND DEBT EDUCATION AT NEW STUDENT
17 ORIENTATION. The governing board of a postsecondary educational
18 institution shall adopt a policy requiring a credit card and debt
19 education and counseling session to be included in any orientation
20 program for new students. The postsecondary educational
21 institution shall use existing educational materials prepared by
22 nonprofit entities for purposes of the credit card and debt
23 education and counseling session.

24 Sec. 35.137. CIVIL PENALTY. A person who intentionally
25 violates this subchapter is liable to the state for a civil penalty
26 in an amount not to exceed \$2,500 for each violation. The attorney
27 general or the prosecuting attorney in the county in which the

1 violation occurs may bring suit to recover the civil penalty
2 imposed under this section.

3 SECTION 2. This Act takes effect September 1, 2007.