

1-1 By: Branch, et al. (Senate Sponsor - Van de Putte) H.B. No. 85  
1-2 (In the Senate - Received from the House April 10, 2007;  
1-3 April 11, 2007, read first time and referred to Committee on  
1-4 Business and Commerce; April 26, 2007, reported adversely, with  
1-5 favorable Committee Substitute by the following vote: Yeas 8,  
1-6 Nays 0; April 26, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 85 By: Van de Putte

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to credit card marketing activities at postsecondary  
1-11 educational institutions; providing a civil penalty.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Chapter 35, Business & Commerce Code, is amended  
1-14 by adding Subchapter L to read as follows:

1-15 SUBCHAPTER L. CREDIT CARD MARKETING AT POSTSECONDARY EDUCATIONAL  
1-16 INSTITUTIONS

1-17 Sec. 35.131. DEFINITIONS. In this subchapter:

1-18 (1) "Campus credit card marketing activity":

1-19 (A) means any activity:

1-20 (i) conducted by an agent or employee of a  
1-21 credit card issuer on the campus of a postsecondary educational  
1-22 institution; and

1-23 (ii) designed to encourage and enable  
1-24 students to apply for a credit card; and

1-25 (B) includes the act of placing on the campus a  
1-26 display or poster together with a form that can be returned to the  
1-27 credit card issuer as a credit card application, even if an employee  
1-28 or agent of the credit card issuer is not present at the display.

1-29 (2) "Credit card" means a card or device issued under  
1-30 an agreement by which the issuer gives to a cardholder the right to  
1-31 obtain credit from the issuer or another person.

1-32 (3) "Credit card issuer" means a lender, including a  
1-33 financial institution, or a merchant that receives applications and  
1-34 issues credit cards to individuals.

1-35 (4) "Governing board" means the body charged with  
1-36 policy direction of any postsecondary educational institution,  
1-37 including a board of directors, a board of regents, a board of  
1-38 trustees, and an independent school district board that is charged  
1-39 with policy direction of a public junior college.

1-40 (5) "Postsecondary educational institution" means:

1-41 (A) an institution of higher education as defined  
1-42 by Section 61.003, Education Code;

1-43 (B) a private or independent institution of  
1-44 higher education as defined by Section 61.003, Education Code; or

1-45 (C) a private postsecondary educational  
1-46 institution as defined by Section 61.302, Education Code.

1-47 Sec. 35.132. CAMPUS CREDIT CARD MARKETING ACTIVITY OUTSIDE  
1-48 DESIGNATED LOCATION OR TIME PROHIBITED. (a) A credit card issuer  
1-49 may not engage in campus credit card marketing activities:

1-50 (1) outside of a campus location designated by the  
1-51 governing board of the postsecondary educational institution for  
1-52 that purpose in accordance with Subsection (b); or

1-53 (2) at a time other than a time designated by the  
1-54 governing board in accordance with Subsection (b).

1-55 (b) The governing board of a postsecondary educational  
1-56 institution may designate:

1-57 (1) one or more locations on campus where a credit card  
1-58 issuer may engage in campus credit card marketing activities; and

1-59 (2) one or more times during which a credit card issuer  
1-60 may engage in campus credit card marketing activities.

1-61 Sec. 35.133. CREDIT CARD ISSUER TO DEVELOP FINANCIAL  
1-62 EDUCATIONAL MATERIAL. A credit card issuer who conducts campus  
1-63 credit card marketing activities shall develop financial

2-1 educational material in consultation with or subject to approval by  
2-2 the postsecondary educational institution. The financial  
2-3 educational material must include a clear and practical explanation  
2-4 of:

2-5 (1) effective money management skills, including how  
2-6 to develop and maintain a budget;

2-7 (2) key financial terms and phrases related to credit  
2-8 cards and personal debt management;

2-9 (3) credit educational materials and programs offered  
2-10 by the credit card issuer that are available to student cardholders  
2-11 after they have opened an account;

2-12 (4) resources to assist students in understanding  
2-13 credit reports and credit scores and the consequences of  
2-14 irresponsible credit card use; and

2-15 (5) the importance of responsible credit practices,  
2-16 including timely paying the minimum amount due each month and  
2-17 reducing costs by paying as much of the balance as possible.

2-18 Sec. 35.134. CREDIT CARD ISSUER TO PROVIDE FINANCIAL  
2-19 EDUCATIONAL MATERIAL. A credit card issuer that conducts campus  
2-20 credit card marketing activities shall:

2-21 (1) during the time that the credit card issuer  
2-22 conducts the credit card marketing activity on the campus, make  
2-23 available to students, on the campus, financial educational  
2-24 material developed under Section 35.133;

2-25 (2) make financial educational material similar to  
2-26 material developed under Section 35.133 available on the Internet;  
2-27 and

2-28 (3) provide to a student to whom a credit card is  
2-29 issued, at the time the credit card is provided to the student,  
2-30 financial educational material developed under Section 35.133.

2-31 Sec. 35.135. RESTRICTION ON GIFTS OR INCENTIVES FOR  
2-32 COMPLETING CREDIT CARD APPLICATION. A credit card issuer may not  
2-33 offer a gift or other incentive in exchange for the completion of a  
2-34 credit card application as part of a campus credit card marketing  
2-35 activity unless the credit card issuer, at the time the credit card  
2-36 issuer provides a credit card application to an individual,  
2-37 provides financial educational material developed under Section  
2-38 35.133 to the individual.

2-39 Sec. 35.136. CREDIT CARD AND DEBT EDUCATION AT NEW STUDENT  
2-40 ORIENTATION. The governing board of a postsecondary educational  
2-41 institution that has designated a location for campus credit card  
2-42 marketing activities under Section 35.132(b) shall also adopt a  
2-43 policy requiring a credit card and debt education and counseling  
2-44 session to be included in any orientation program for new students.  
2-45 The postsecondary educational institution may use existing  
2-46 educational materials prepared by nonprofit entities for purposes  
2-47 of the credit card and debt education and counseling session.

2-48 Sec. 35.137. CIVIL PENALTY. A person who intentionally  
2-49 violates this subchapter is liable to the state for a civil penalty  
2-50 in an amount not to exceed \$2,500 for each violation. The attorney  
2-51 general or the prosecuting attorney in the county in which the  
2-52 violation occurs may bring suit to recover the civil penalty  
2-53 imposed under this section.

2-54 SECTION 2. This Act takes effect September 1, 2007.

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