

By: Howard of Travis

H.B. No. 1783

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the marketing of credit cards to students at a
3 postsecondary institution and to certain young persons; providing
4 a civil penalty.

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

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

8 SUBCHAPTER L. CREDIT CARD MARKETING AT POSTSECONDARY
9 INSTITUTIONS AND TO CERTAIN YOUNG PERSONS

10 Sec. 35.131. DEFINITIONS. In this subchapter:

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

14 (2) "Credit card issuer" means a lender, including a
15 financial institution, or a merchant that receives applications and
16 issues credit cards to individuals.

17 (3) "Postsecondary educational institution" means:

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

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

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

24 Sec. 35.132. PROHIBITED PRACTICES. (a) A credit card

1 issuer that mails an unsolicited application for a credit card to a
2 person who is at least 18 years of age and not more than 23 years of
3 age may not include in the mailing:

- 4 (1) a sample credit card;
- 5 (2) the word "pre-approved";
- 6 (3) a blank check; or
- 7 (4) an offer of a gift or other incentive in exchange
8 for the completion of the credit card application.

9 (b) A credit card issuer that conducts activities on the
10 campus of a postsecondary educational institution that are designed
11 to encourage students to apply for a credit card may not as part of
12 those activities provide to a student:

- 13 (1) a sample credit card;
- 14 (2) a document containing the word "pre-approved";
- 15 (3) a blank check; or
- 16 (4) an offer of a gift or other incentive in exchange
17 for the completion of a credit card application.

18 Sec. 35.133. DISCLOSURE REQUIRED. A credit card issuer
19 that mails an unsolicited application for a credit card to a person
20 who is at least 18 years of age and not more than 23 years of age or
21 that provides an application to a student on the campus of a
22 postsecondary educational institution shall also provide, in a
23 table format that is easy to read and understand, information about
24 the credit card's:

- 25 (1) annual percentage rate;
- 26 (2) variable rate index and spread;
- 27 (3) annual membership fee;

1 (4) grace period for purchases;

2 (5) cash advance fee;

3 (6) transaction fee;

4 (7) late fee; and

5 (8) overlimit fee.

6 Sec. 35.134. CIVIL PENALTY. A person who violates this
7 subchapter is liable to the state for a civil penalty in an amount
8 not to exceed \$1,000 for each violation. The attorney general may
9 bring suit to recover the civil penalty imposed under this section.

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