

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Branch, Giddings, Solomons,  
Howard of Travis, Chavez, et al.

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.

ADOPTED

MAY 03 2007

*Atty. Gen.*  
Secretary of the Senate

By: *Letitia Vandeputte*

H.B. No. 85

Substitute the following for H.B. No. 85:

By: *Letitia Vandeputte*

C.S.H.B. No. 85

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

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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 that has designated a location for campus credit card  
19 marketing activities under Section 35.132(b) shall also adopt a  
20 policy requiring a credit card and debt education and counseling  
21 session to be included in any orientation program for new students.  
22 The postsecondary educational institution may use existing  
23 educational materials prepared by nonprofit entities for purposes  
24 of the credit card and debt education and counseling session.

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

1 general or the prosecuting attorney in the county in which the  
2 violation occurs may bring suit to recover the civil penalty  
3 imposed under this section.

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

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 25, 2007**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB85** by Branch (Relating to credit card marketing activities at postsecondary educational institutions; providing a civil penalty. ), **Committee Report 2nd House, Substituted**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 466 Office of Consumer Credit Commissioner, 781 Higher Education Coordinating Board

**LBB Staff:** JOB, CL, JRO, MW, TGI



**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 19, 2007**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB85** by Branch (Relating to credit card marketing activities at postsecondary educational institutions; providing a civil penalty.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 466 Office of Consumer Credit Commissioner, 781 Higher Education Coordinating Board

**LBB Staff:** JOB, CL, JRO, MW, TGI



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 22, 2007**

**TO:** Honorable Helen Giddings, Chair, House Committee on Business & Industry

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB85** by Branch (Relating to credit card marketing activities at postsecondary educational institutions; providing a civil penalty.), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 466 Office of Consumer Credit Commissioner, 781 Higher Education Coordinating Board

**LBB Staff:** JOB, JRO, MW, TGI





**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**February 26, 2007**

**TO:** Honorable Helen Giddings, Chair, House Committee on Business & Industry

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB85** by Branch (Relating to credit card marketing activities at postsecondary educational institutions; providing a civil penalty.), **As Introduced**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 466 Office of Consumer Credit Commissioner, 781 Higher Education Coordinating Board

**LBB Staff:** JOB, JRO, MW, TGI

