

2009 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB745)

Received: 03/10/2010

Received By: **mkunkel**

Wanted: **As time permits**

Companion to LRB:

For: **Jeff Smith (608) 266-0660**

By/Representing: **Noah Seligman**

May Contact:

Drafter: **mkunkel**

Subject: **Fin. Inst. - miscellaneous**

Addl. Drafters:

Extra Copies: **ARd**

Submit via email: **YES**

Requester's email: **Rep.Smith@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Credit card marketing on higher education campuses

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mkunkel 03/15/2010	kfollett 03/19/2010		_____			
/1			rschluet 03/22/2010	_____	sbasford 03/22/2010	sbasford 03/22/2010	

FE Sent For:

<END>

2009 DRAFTING REQUEST

Assembly Substitute Amendment (ASA-AB745)

Received: 03/10/2010

Received By: **mkunkel**

Wanted: **As time permits**

Identical to LRB:

For: **Jeff Smith (608) 266-0660**

By/Representing: **Noah Seligman**

This file may be shown to any legislator: **NO**

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See attached

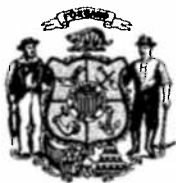
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/?	mkunkel	11kf 3/4/9					
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FE Sent For:

<END>



State of Wisconsin
2009-2010 LEGISLATURE

CORRECTIONS IN:

2009 ASSEMBLY BILL 745

Prepared by the Legislative Reference Bureau
(February 24, 2010)

~~1.~~ Page 3, line 2: on lines ~~2, 13~~ and ~~23~~, delete "give" and substitute "given".

~~2.~~ Page 4, line 16: delete that line.

~~3.~~ Page 4, line 19: after that line insert:

~~"(dm) "Customer" has the meaning given in s. 421.301 (17)."~~

~~****NOTE: Items 2 and 3 move the definition of "Customer" to the correct alphabetical order in the section.~~

~~4.~~ Page 4, line 21: delete "(3) (a)" and substitute "(a) (3)".

(END)

Kunkel, Mark

From: Seligman, Noah
Sent: Wednesday, March 03, 2010 5:20 PM
To: Kunkel, Mark
Cc: Vander Meer, John
Subject: Substitute Amendment AB 745

Attachments: Memo to Mark Kunkel on AB 745 Substitute Amdt.doc

Mr. Kunkel:

Thanks for your work on the Student Credit Protection Act. Attached please find a memo outlining provisions for a substitute amendment. Please let myself or John know if you have questions or would like clarification as to our intent on any portion.

Thank you.



Memo to Mark
Kunkel on AB 745 ...

Noah A Seligman
Legislative Assistant
Office of Representative Jeff Smith
93rd Assembly District
608-266-0660 (Office)

To: Mark Kunkel
From: Noah Seligman
Cc: John Vander Meer
Date: March 3, 2010
RE: Substitute Amendment to Assembly Bill 745

Below are notes for a substitute amendment we would like drafted on Assembly Bill 745 (AB 745).

I. BILL LANGUAGE

SECTION 1. 36.11 (56) of the statutes is created to read:

1. "Credit card issuer" has the meaning give in s. 224.50 (1) (d).

I. SUBSTITUTE AMENDMENT

We would like the amendment to distinguish how Bankers and Credit Unions are treated under this bill. Essentially, we would like to exclude credit unions from the definition of credit card issuer. We would like the exclusion to provide to the following:

- 1) credit unions chartered only by the state of Wisconsin;
- 2) credit unions chartered by other states;
- 3) credit unions chartered under federal law;

II. BILL LANGUAGE

SECTION 1. 36.11 (56) of the statutes is created to read:

(b) The board may not do any of the following, and shall ensure that each institution and college campus does not do any of the following:

1. Sell or otherwise provide to a credit card issuer the names, postal addresses, or electronic mail addresses of students.
2. Engage in any marketing on behalf of a credit card issuer that is directed at students.

II. SUBSTITUTE AMENDMENT

#1 Above: We would like to clarify that, notwithstanding s. 19.35 (1) (i), the UW may ascertain whether a requester is or is not a credit card issuer. If a requester says, no, we understand that's all the UW can ask, and they have maintained consistency with the open records law for requesters who aren't credit card issuers. If a requester says yes, then the open records law no longer applies.

#2 Above: If needed, we would like to clarify that bank ATM or branches located on college campuses would not be impacted by this legislation.

III. BILL LANGUAGE

SECTION 5. 224.50 of the statutes is created to read:

(b) No institution of higher education may allow a student enrolled at the institution to enroll in a subsequent semester, quarter, or term, unless the student completes an online tutorial on financial literacy that the institution makes available on an Internet Web site of the institution.

III. SUBSTITUTE AMENDMENT

We would like to change the section above to remove the above mandate and instead require that DFI thru rule-making consult with relevant stakeholders (i.e. UW System, WAICU, Wis Bankers Assoc. etc.) to develop a financial literacy program that is provided to students and can certify their completion of a financial literacy tutorial. We would also like to clarify that only **students** 21 and younger be required to complete the financial literacy tutorial once during their undergraduate studies.

IV. BILL LANGUAGE

SECTION 8. Effective date.

(1) This act takes effect on the first day of the 4th month beginning after publication.

IV. SUBSTITTUE AMENDMENT

We would like to delay the effective date so it would take effect as soon as possible following the rule-making (the subsequent academic semester following the completion of rule-making).

See subsequent amendment

V. BILL LANGUAGE

SECTION 5. 224.50 of the statutes is created to read:

(2) EXTENSIONS OF CREDIT TO UNDERAGE CUSTOMERS. (a) No credit card may be issued to, or open-end credit plan established by or on behalf of, a customer who has not attained the age of 21, unless the customer has submitted a written application to the credit card issuer that meets the requirements of par. (b).

(b) An application to open a credit card account by a customer who has not attained the age of 21 as of the date of submission of the application shall require one of the following:

1. The signature of a cosigner, including the parent, legal guardian, spouse, or any other individual, who has attained the age of 21 having a means to repay debts incurred by the customer in connection with the account, indicating joint liability for debts incurred by the customer in connection with the account before the customer has attained the age of 21.

2. Submission by the customer of financial information, including through an application, indicating an independent means of repaying any obligation arising

from the proposed extension of credit in connection with the account.
(c) The department shall promulgate rules providing standards that, if met, would satisfy the requirements of par. (b) 2. The rules shall be consistent with the regulations of the Board of Governors of the Federal Reserve System under 15 USC 1637 (c) (8) (C).
(d) No increase may be made in the amount of credit authorized to be extended under a credit card account for which a parent, legal guardian, or spouse of the customer, or any other individual has assumed joint liability for debts incurred by the customer in connection with the account before the customer attains the age of 21, unless that parent, guardian, or spouse approves in writing, and assumes joint liability for, such increase.

V. SUBSTITUTE AMENDMENT

We know from your drafter's note that you took care to keep in mind new federal requirements when drafting AB 745. We just want to make sure that in this section in particular we are not replicating any federal requirements. I've listed a section of the federal CARD legislation below that took effect on February 22, 2010:

okay to keep in per subsequent email

SEC. 301. EXTENSIONS OF CREDIT TO UNDERAGE CONSUMERS.

Section 127(c) of the Truth in Lending Act (15 U.S.C. 1637(c)) is amended by adding at the end the following:

“(8) APPLICATIONS FROM UNDERAGE CONSUMERS.—

“(A) PROHIBITION ON ISSUANCE.—No credit card may be issued to, or open end consumer credit plan established by or on behalf of, a consumer who has not attained the age of 21, unless the consumer has submitted a written application to the card issuer that meets the requirements of subparagraph (B). 224.50 (2) (a)

“(B) APPLICATION REQUIREMENTS.—An application to open a credit card account by a consumer who has not attained the age of 21 as of the date of submission of the application shall require—

“(i) the signature of a cosigner, including the parent, legal guardian, spouse, or any other individual who has attained the age of 21 having a means to repay debts incurred by the consumer in connection with the account, indicating joint liability for debts incurred by the consumer in connection with the account before the consumer has attained the age of 21; or “(ii) submission by the consumer of financial information, including through an application, indicating an independent means of repaying any obligation arising from the proposed extension of credit in connection with the account. ✓

“(C) SAFE HARBOR.—The Board shall promulgate regulations providing standards that, if met, would satisfy the requirements of subparagraph (B)(ii).” 224.50 (2) (c)

SEC. 302. PROTECTION OF YOUNG CONSUMERS FROM PRESCREENED CREDIT OFFERS.

Section 604(c)(1)(B) of the Fair Credit Reporting Act (15 U.S.C. 1681b(c)(1)(B)) is amended—

(1) in clause (ii), by striking "and" at the end; and (2) in clause (iii), by striking the period at the end and inserting the following: "; and "(iv) the consumer report does not contain a date of birth that shows that the consumer has not attained the age of 21, or, if the date of birth on the consumer report shows that the consumer has not attained the age of 21, such consumer consents to the consumer reporting agency to such furnishing."

SEC. 303. ISSUANCE OF CREDIT CARDS TO CERTAIN COLLEGE STUDENTS.

Section 127 of the Truth in Lending Act (15 U.S.C. 1637) is amended by adding at the end the following new subsection:

"(p) PARENTAL APPROVAL REQUIRED TO INCREASE CREDIT LINES FOR ACCOUNTS FOR WHICH PARENT IS JOINTLY LIABLE.—

No increase may be made in the amount of credit authorized to be extended under a credit card account for which a parent, legal guardian, or spouse of the consumer, or any other individual has assumed joint liability for debts incurred by the consumer in connection with the account before the consumer attains the age of 21, unless that parent, guardian, or spouse approves in writing, and assumes joint liability for, such increase."

224.50 (a) (d)

VI. BILL LANGUAGE

SECTION 5. 224.50 of the statutes is created to read:

(3) CERTAIN MARKETING AND COMPENSATION PROHIBITED. (a) The department shall promulgate rules prohibiting a credit card issuer from doing any of the following:

1. Offering to a student at an institution of higher education any tangible item to induce the student to apply for or participate in an open-end credit plan offered by the credit card issuer.

2. Engaging in any marketing of a credit card that involves the physical presence of an individual representing the credit card issuer on the campus of an institution of higher education.

(b) The department shall promulgate rules that prohibit an institution of higher education or a department or other division of such an institution from receiving any direct or indirect payment or compensation, monetary or otherwise, for credit card marketing activity on a campus of the institution that is directed at the institution's students.

(c) Before promulgating rules under pars. (a) and (b), the department shall consult with the Board of Regents of the University of Wisconsin System, the technical college system board, the educational approval board, and persons whom the department determines represent the interests of private institutions of higher education.

VI. SUBSTITUTE AMENDMENT

We want to clarify (if necessary) that schools like UW-Whitewater that they have an agreement with Bank of America whereby they solicit alumni for credit cards could continue to do so. The school gets royalties based on the purchase alumni make with the card. The intent of the bill is not to restrict "affinity" cards.

Kunkel, Mark

From: Seligman, Noah
Sent: Friday, March 12, 2010 12:57 PM
To: Kunkel, Mark
Subject: RE: Substitute Amendment AB 745

Let's leave it in the bill then.

Thanks.

Noah A Seligman
Legislative Assistant
Office of Representative Jeff Smith
93rd Assembly District
608-266-0660 (Office)

From: Kunkel, Mark
Sent: Thursday, March 11, 2010 2:07 PM
To: Seligman, Noah
Subject: RE: Substitute Amendment AB 745

From: Seligman, Noah
Sent: Thursday, March 11, 2010 1:21 PM
To: Kunkel, Mark
Cc: Vander Meer, John
Subject: RE: Substitute Amendment AB 745

Please see my responses below in **BOLD**

Thank you.

Noah A Seligman
Legislative Assistant
Office of Representative Jeff Smith
93rd Assembly District
608-266-0660 (Office)

From: Kunkel, Mark
Sent: Thursday, March 11, 2010 11:32 AM
To: Seligman, Noah
Cc: Vander Meer, John
Subject: RE: Substitute Amendment AB 745

I'm almost done with this, but I have a few questions:

1. In section V of the memo, I take it that you want me to delete the provisions of the bill that do in fact replicate the federal law. If that is correct, I will delete all of s. 224.50 (2) (extensions of credit to young consumers) as I drafted that section to replicate federal law. There are 2 sides to federal law replication in state law. You might want to replicate federal law to allow the state to enforce the same requirements as the feds. On the flipside, you might decide it is unnecessary to replicate the federal law. I take it that you think it isn't necessary to replicate federal law on this point.

QUESTION: Can you explain the upside of replicating federal requirements? Would this increase any protections for Wisconsin students? You indicated this would allow the state to enforce the same requirements. Can you explain how that would work? Essentially how would this section authorize state enforcement in a way not afforded the state by the federal legislation?

The upside of replicating the federal law as a state law would be that the state can enforce the state law. So, you'd have dual enforcement authority. A federal agency would enforce the federal law, and the state (i.e., DFI) would enforce the state law. So, if the feds neglected to enforce the federal law in Wisconsin, or had different enforcement priorities and declined to pursue an enforcement matter in this state, DFI could rely on its authority under the state law to enforce the state law. ✓

2. In section IV of the memo, you say you want the sub. amend. to take effect as soon as possible after the rule-making, so that it applies to the first semester after the rules are completed. Note that, as revised, the sub. amend. will require 3 sets of rules by DFI: 1) rules prohibiting certain marketing on campus; 2) rules prohibiting institutions of higher education from receiving compensation for marketing; and 3) rules requiring financial literacy tutorials for undergrads who are 21 or younger.

Unfortunately, there are problems in delaying an effective date based on the promulgation of rules. The reason is that the legislature reviews rules and may prevent a rule from taking effect. If the legislature prevents a rule from taking effect, the statute would not go into effect. In addition, if the legislature did not prevent the rule from taking effect, it would be a bit cumbersome to describe the effective date of the statute based on the rule's effective date.

Perhaps I could satisfy your intent by maintaining the 4-month delayed effective date, but require that DFI's 3rd set of rules (i.e. financial tutorials) must specify that the rules first apply to undergrads enrolled at an institution of higher education in the semester, quarter, or term beginning after the effective date of the rules. I'm not so sure that the same approach works for the 1st and 2nd sets of rules. Those rules will go into effect under normal rulemaking procedures. In addition, the statutory requirements won't apply to anybody until the rules go into effect, since the statute requires rules to implement the requirements.

Rep. Smith thinks that your suggestion would work well. ✓

Please let me know how you want to proceed.

-- Mark

From: Seligman, Noah
Sent: Wednesday, March 03, 2010 5:20 PM
To: Kunkel, Mark
Cc: Vander Meer, John
Subject: Substitute Amendment AB 745

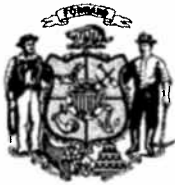
Mr. Kunkel:

Thanks for your work on the Student Credit Protection Act. Attached please find a memo outlining provisions for a substitute amendment. Please let myself or John know if you have questions or would like clarification as to our intent on any portion.

Thank you.

<< File: Memo to Mark Kunkel on AB 745 Substitute Amdt.doc >>

Noah A Seligman
Legislative Assistant
Office of Representative Jeff Smith
93rd Assembly District
608-266-0660 (Office)



State of Wisconsin
2009 - 2010 LEGISLATURE

LPS:
* * * bill to a sub

LRB-4274/1
MDK:kjf:ph

ASA to

2009 ASSEMBLY BILL 745

SOON
IN 3-15

S0332/11
RM has been
NOT been
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February 12, 2010 - Introduced by Representatives SMITH, HIXSON, VRUWINK, PASCH, POCAN, GRIGSBY, FIELDS, BENEDICT, RICHARDS, TURNER, SINICKI, YOUNG, HEBL, BERCEAU and A WILLIAMS, cosponsored by Senators VINEHOUT, LEHMAN, LASSA, TAYLOR and WIRCH. Referred to Committee on Colleges and Universities.

gen cat

IN 1-5

1 AN ACT to create 36.11 (56), 38.04 (32), 38.12 (14), 165.25 (4) (aw) and 224.50 of
2 the statutes; relating to: prohibiting institutions of higher education from
3 engaging in certain activity regarding student credit cards, requiring such
4 institutions to provide financial literacy information to students, creating
5 requirements for credit cards issued to underage customers, granting
6 rule-making authority, and providing a penalty.

other than federal or state credit unions

Analysis by the Legislative Reference Bureau

This bill requires the Department of Financial Institutions (DFI) to promulgate rules prohibiting credit card issuers from doing the following: 1) offering a student at an institution of higher education (institution) any tangible item to induce the student to apply for a credit card or participate in an open-end credit plan offered by the issuer; or 2) engaging in marketing of a credit card involving the physical presence of a representative of the issuer on the campus of an institution. Under the bill, "institution" has the same meaning as under a federal law dealing with similar issues as the bill, which includes public universities, private nonprofit universities, postsecondary proprietary schools, and postsecondary vocational schools.

The bill also requires DFI to promulgate rules prohibiting an institution or department or other division of an institution, from receiving any payment or compensation for credit card marketing activity on a campus of the institution that is directed at the institution's students. The bill defines "campus" as the buildings,

Substitute amendment

of higher education

IN SC 7
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of higher education

ASSEMBLY BILL 745

use 8 times
Substitute amendment

INSERT 2A

substitute amendment

facilities, and grounds under the control of an institution that are primarily related to the institution's operation and related services and activities. Before promulgating any of the foregoing rules, the bill requires DFI to consult with the Board of Regents of the University of Wisconsin (UW) System, the Technical College System Board, the Educational Approval Board, and ~~representatives of private institutions.~~ The bill also prohibits the UW System and technical colleges from selling to or otherwise providing a credit card issuer the names, postal addresses, or electronic mail addresses of students, or engaging in any marketing on behalf of a credit card issuer that is directed at students. The bill defines "student" as an individual enrolled on a full-time or part-time basis. ~~As a result, the bill's requirements do not apply to former students.~~ INSERT 2B

In addition, the bill requires each institution to provide information about financial literacy to its students on its Internet Web site and, if the institution offers an on-campus orientation program to new students, to provide the information to students during the orientation. Also, the bill requires an institution ~~to complete an online tutorial on financial literacy. The bill does so by prohibiting an institution from allowing an enrolled student from enrolling in a subsequent semester, quarter, or term unless the student completes the tutorial.~~ of higher education

INSERT 2C

The bill also creates requirements for extending credit to individuals who are less than 21 years old. Under the bill a credit card may not be issued to, or an open-end credit plan established by or on behalf of, such an individual unless one of the following options is satisfied: 1) the application for the card or plan is cosigned by a parent, legal guardian, spouse, or other individual, who is 21 or older, has the means to repay debts, and indicates that he or she is jointly liable for debts incurred before the applicant turns 21; or 2) the applicant submits financial information indicating an independent means to repay debts. The bill requires DFI to promulgate rules for satisfying the second option. The rules must be consistent with regulations that the Board of Governors of the Federal Reserve System is required to promulgate under federal law. Also, if a cosigner described in the first option is jointly liable for credit card debt incurred by an individual who is not 21 years old, the bill prohibits credit increases unless the cosigner approves of the increase in writing and assumes joint liability for the increase.

use 3 times
Substitute amendment

Finally, except for the prohibitions regarding student information and credit card marketing that apply to the UW System and the technical colleges, the bill provides that a person who violates the bill or a rule promulgated by DFI under the bill is subject to a civil forfeiture of up to \$5,000.

For further information see the ~~state and local~~ fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

✓

1 SECTION 1. 36.11 (56) of the statutes is created to read:

ASSEMBLY BILL 745

given

1 36.11 (56) STUDENT CREDIT CARDS. (a) In this subsection:

2 1. "Credit card issuer" has the meaning ~~give~~ in s. 224.50 (1) (f). *C*

3 2. "Student" means an individual who is enrolled on a full-time or part-time
4 basis in the system.

5 (b) The board may not do any of the following, and shall ensure that each
6 institution and college campus does not do any of the following:

7 1. Sell or otherwise provide to a credit card issuer the names, postal addresses,
8 or electronic mail addresses of students.

9 2. Engage in any marketing on behalf of a credit card issuer that is directed at
10 students.

INSERT 3-11

11 SECTION 2. 38.04 (32) of the statutes is created to read:

12 38.04 (32) STUDENT CREDIT CARDS. (a) In this subsection:

given

13 1. "Credit card issuer" has the meaning ~~give~~ in s. 224.50 (1) (f). *C*

14 2. "Student" means an individual who is enrolled on a full-time or part-time
15 basis in a district.

16 (b) The board may not do any of the following:

17 1. Sell or otherwise provide to a credit card issuer the names, postal addresses,
18 or electronic mail addresses of students.

19 2. Engage in any marketing on behalf of a credit card issuer that is directed at
20 students.

21 SECTION 3. 38.12 (14) of the statutes is created to read:

given

22 38.12 (14) STUDENT CREDIT CARDS. (a) In this subsection:

23 1. "Credit card issuer" has the meaning ~~give~~ in s. 224.50 (1) (f). *C*

24 2. "Student" has the meaning given in s. 38.04 (32) (a) 2.

25 (b) Each district board may not do any of the following:

INSERT 3-22-1

ASSEMBLY BILL 745

INSERT 4-~~5~~

1 1. Sell or otherwise provide to a credit card issuer the names, postal addresses,
2 or electronic mail addresses of students.

3 2. Engage in any marketing on behalf of a credit card issuer that is directed at
4 students.

5 SECTION 4. 165.25 (4) (aw) of the statutes is created to read:

6 165.25 (4) (aw) The department of justice shall furnish all legal services
7 required by the department of financial institutions relating to the enforcement of
8 s. 224.50, together with any other services as are necessarily connected to the legal
9 services.

10 SECTION 5. 224.50 of the statutes is created to read:

11 224.50 Credit card protections for young customers. (1) DEFINITIONS.

12 In this section:

13 (a) "Campus" means buildings, facilities, and grounds under the control of an
14 institution of higher education that are primarily related to the operation of the
15 institution and its related services and activities.

16 ~~(b)~~ (b) "Customer" has the meaning given in s. 421.301 (17).

17 ~~(c)~~ (c) "Credit card" has the meaning given in s. 421.301 (15).

18 ~~(d)~~ (d) "Credit card issuer" means any person who issues a credit card, or the agent
19 of such a person with respect to such card.

20 ~~(e)~~ (e) "Institution of higher education" means an institution of higher education,
21 as defined in 15 USC 1650 ~~(a)~~ (a), but not including an institution that is not located
22 in this state.

23 (f) "Open-end credit plan" has the meaning given in s. 421.301 (27) (a).

24 (g) "Student" means an individual who is enrolled on a full-time or part-time
25 basis in an institution of higher education.

federal or state chartered
other than a credit union

dm
(3)

ASSEMBLY BILL 745

1 (2) EXTENSIONS OF CREDIT TO UNDERAGE CUSTOMERS. (a) No credit card may be
2 issued to, or open-end credit plan established by or on behalf of, a customer who has
3 not attained the age of 21, unless the customer has submitted a written application
4 to the credit card issuer that meets the requirements of par. (b).

5 (b) An application to open a credit card account by a customer who has not
6 attained the age of 21 as of the date of submission of the application shall require one
7 of the following:

8 1. The signature of a cosigner, including the parent, legal guardian, spouse, or
9 any other individual, who has attained the age of 21 having a means to repay debts
10 incurred by the customer in connection with the account, indicating joint liability for
11 debts incurred by the customer in connection with the account before the customer
12 has attained the age of 21.

13 2. Submission by the customer of financial information, including through an
14 application, indicating an independent means of repaying any obligation arising
15 from the proposed extension of credit in connection with the account.

16 (c) The department shall promulgate rules providing standards that, if met,
17 would satisfy the requirements of par. (b) 2. The rules shall be consistent with the
18 regulations of the Board of Governors of the Federal Reserve System under 15 USC
19 1637 (c) (8) (C).

20 (d) No increase may be made in the amount of credit authorized to be extended
21 under a credit card account for which a parent, legal guardian, or spouse of the
22 customer, or any other individual has assumed joint liability for debts incurred by
23 the customer in connection with the account before the customer attains the age of
24 21, unless that parent, guardian, or spouse approves in writing, and assumes joint
25 liability for, such increase.

ASSEMBLY BILL 745

1 (3) CERTAIN MARKETING AND COMPENSATION PROHIBITED. (a) The department
2 shall promulgate rules prohibiting a credit card issuer from doing any of the
3 following:

4 1. Offering to a student at an institution of higher education any tangible item
5 to induce the student to apply for or participate in an open-end credit plan offered
6 by the credit card issuer.

7 2. Engaging in any marketing of a credit card that involves the physical
8 presence of an individual representing the credit card issuer on the campus of
9 institution of higher education

of an institution of higher education

directed at the students

the

INSEPT 6-9

10 (b) The department shall promulgate rules that prohibit an institution of
11 higher education or a department or other division of such an institution from
12 receiving any direct or indirect payment or compensation, monetary or otherwise, for
13 credit card marketing activity on a campus of the institution that is directed at the
14 institution's students.

15 (c) Before promulgating rules under pars. (a) and (b), the department shall
16 consult with the Board of Regents of the University of Wisconsin System, the
17 technical college system board, the educational approval board, and persons whom
18 the department determines represent the interests of private institutions of higher
19 education.

INSEPT 6-19

20 (4) FINANCIAL LITERACY. (a) Each institution of higher education shall provide
21 to students on its Internet Web site information about financial literacy. If an
22 institution of higher education offers an on-campus orientation program to new
23 students, the institution shall also provide the information to students during the
24 course of the orientation.

ASSEMBLY BILL 745

INSERT 7-1

1 (b) ~~No institution of higher education may allow a student enrolled at the~~
2 ~~institution to enroll in a subsequent semester, quarter, or term, unless the student~~
3 ~~completes an online tutorial on financial literacy that the institution makes~~
4 ~~available on an Internet Web site of the institution.~~

5 (5) PENALTY. Any person who violates this section or a rule promulgated under
6 this section shall be required to forfeit not more than \$5,000.

7 **SECTION 6. Nonstatutory provisions.**

8 (1) EFFECT ON CERTAIN CONTRACTS. If any of the following is subject to a contract
9 that is in effect on the effective date of this subsection, and that contains provisions
10 that are inconsistent with sections 36.11 (56) (b), 38.04 (32), or 38.12 (14) (b) of the
11 statutes, as created by this act, then, notwithstanding sections 36.11 (56) (b), 38.04
12 (32), or 38.12 (14) (b) of the statutes, as created by this act, the following may perform
13 its obligations, and exercise its rights, under that contract until the contract expires,
14 is extended, modified, or renewed, whichever occurs first:

15 (a) The Board of Regents of the University of Wisconsin System.

16 (b) The technical college system board.

17 (c) A district board, as defined in section 38.01 (6) of the statutes.

18 (2) EMERGENCY RULES. Using the procedure under section 227.24 of the statutes,
19 the department of financial institutions may promulgate the rules required under
20 section 224.50 (2) (c) of the statutes, as created by this act, for the period before the
21 permanent rules become effective, but not to exceed the period authorized under
22 section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24 (1) (a),
23 (2) (b), and (3) of the statutes, the department is not required to provide evidence that
24 promulgating a rule under this subsection as an emergency rule is necessary for the

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1 preservation of the public peace, health, safety, or welfare and is not required to
2 provide a finding of emergency for the rules promulgated under this subsection.

SECTION 7. Initial applicability.

4 (1) The treatment of section 224.50 (2) of the statutes first applies to credit
5 cards issued and open-end credit plans established on the effective date of this
6 subsection.

7 ~~(2) The treatment of section 224.50 (4) (b) of the statutes first applies to~~
8 ~~students enrolled at an institution of higher education in the semester, quarter, or~~
9 ~~term beginning after the effective date of this subsection.~~

SECTION 8. Effective date.

11 (1) This act takes effect on the first day of the 4th month beginning after
12 publication.

13 (END)

2009-2010 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0332/lins
MDK:.....

1

INSERT 1-5:

2

~~no #~~, providing an exemption from emergency rule procedures,

INSERT 1A:

3

~~no #~~, except for marketing that takes place solely within a branch office of a financial institution

INSERT 2A:

4

~~no #~~ the Wisconsin Association of Independent Colleges and Universities

INSERT 2B:

5

~~no #~~ The bill also provides that it does not prohibit the UW System or technical colleges from engaging in marketing directed at alumni, nor does it prohibit the maintenance or operation of financial institution branch offices or automated teller machines on UW System or technical college campuses.

INSERT 2C:

6

~~no #~~ of higher education to require undergraduate students who are 21 or younger to complete once during the course of the their undergraduate studies a financial literacy tutorial established under rules promulgated by DFI. Before promulgating the rules, DFI must consult with same persons with which it must consult for the rules described above.

INSERT 3-11:

7

(c) Notwithstanding s. 19.35 (1) (i), and only for the purpose of complying with

8

with par. (b) 1., a person acting on behalf of the board may ascertain whether a person

9

making a request under s. 19.35 (1) is a credit card issuer.

10

(d) This subsection does not prohibit the board or an institution or college

11

campus from doing any of the following:

12

1. Allowing a financial institution, as defined in s. 710.05 (1) (c), to maintain

13

or operate a branch office or automated teller machine on the campus of an

14

institution or college campus.

15

2. Engaging in marketing activity directed at alumni.

16

INSERT 3-21:

1 (c) Notwithstanding s. 19.35 (1) (i), and only for the purpose of complying with
2 with par. (b) 1., a person acting on behalf of the board may ascertain whether a person
3 making a request under s. 19.35 (1) is a credit card issuer.

4 (d) This subsection does not prohibit the board from doing any of the following:

- 5 1. Allowing a financial institution, as defined in s. 710.05 (1) (c), to maintain
- 6 or operate a branch office or automated teller machine on a college campus.
- 7 2. Engaging in marketing activity directed at alumni.

8 **INSERT 4-5:**

9 (c) Notwithstanding s. 19.35 (1) (i), and only for the purpose of complying with
10 with par. (b) 1., a person acting on behalf of a district board may ascertain whether
11 a person making a request under s. 19.35 (1) is a credit card issuer.

12 (d) This subsection does not prohibit a district board from doing any of the
13 following:

- 14 1. Allowing a financial institution, as defined in s. 710.05 (1) (c), to maintain
- 15 or operate a branch office or automated teller machine on a college campus.
- 16 2. Engaging in marketing activity directed at alumni.

17 **INSERT 6-9:**

18 This subdivision does not apply to any marketing that occurs solely within the
19 branch office of a financial institution, as defined in s. 710.05 (1) (c), that is located
20 on the campus of an institution of higher education.

21 **INSERT 6-19:**

22 the Wisconsin Association of Independent Colleges and Universities

23 **INSERT 7-1:**

1 ~~1~~ 1. Each institution of higher education shall require each undergraduate student
2 who is 21 years or younger to complete once during the course of the student's
3 undergraduate studies a financial literacy tutorial established under subd. 2.

4 2. The department shall promulgate rules establishing a financial literacy
5 tutorial. Before promulgating the rules, the department shall consult with persons
6 whom the department determines have an interest in the rules, including the Board
7 of Regents of the University of Wisconsin System, the technical college system board,
8 the educational approval board, the Wisconsin Association of Independent Colleges
9 and Universities, and persons representing the interests of credit card issuers.

10 3. The rules promulgated under subd. 2. shall provide that the rules first apply
11 to undergraduate students enrolled at an institution of higher education in the
12 semester, quarter, or term beginning after the effective date of the rules.