

# HOUSE BILL REPORT

## ESSB 5506

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### As Passed House:

April 6, 2005

**Title:** An act relating to the development of policies regarding the marketing or merchandising of credit cards to students at the state's institutions of higher education.

**Brief Description:** Placing restrictions on the marketing or merchandising of credit cards to students at the state's institutions of higher education.

**Sponsors:** By Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Kohl-Welles, Fairley, Regala and Thibaudeau).

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 3/17/05, 3/22/05 [DP].

#### Floor Activity:

Passed House: 4/6/05, 59-39.

### Brief Summary of Engrossed Substitute Bill

- Requires state institutions of higher education to develop policies regarding the marketing or merchandising of credit cards to students.
- Requires that an institution consider registering credit card marketers, limiting the times and locations of marketing, and prohibiting material inducements to complete credit card applications.
- Requires the policies inform students about good credit management practices.
- Requires that the policies are made available to all students upon request.

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## HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 9 members: Representatives Kirby, Chair; Ericks, Vice Chair; Roach, Ranking Minority Member; Newhouse, Santos, Serben, Simpson, Strow and Williams.

**Minority Report:** Do not pass. Signed by 1 member: Representative Tom, Assistant Ranking Minority Member.

**Staff:** Jon Hedegard (786-7127).

**Background:**

Current law does not restrict the marketing of credit cards on the campuses of institutions of higher education.

Current law defines "institutions of higher education" as "the state universities, the regional universities, The Evergreen State College, the community colleges, and the technical colleges."

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**Summary of Bill:**

Each state institution of higher education is required to develop policies regarding the marketing or merchandising of credit cards to students on their campus or property. Each school is responsible for developing its own official policies. In developing the policies, an institution must consider student comments.

The policies must consider and make decisions regarding:

- the registration of credit card marketers;
- limitations on the times and locations of marketing; and
- prohibitions on material inducements to complete credit card applications.

The policies must include:

- a requirement that marketers inform students about good credit management practices through programs developed in concert with the institution; and
- a requirement that makes the institution's official credit card marketing policy available to all students upon request.

The provisions do not apply:

- to newspapers, magazines or other similar publications; and
  - within a financial services business regularly doing business on the institution's property.
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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** The bill provides important consumer protections. All parties worked to get to a mutually agreeable outcome including financial institutions, students, and alumni associations.

**Testimony Against:** None.

**Persons Testifying:** Senator Kohl-Welles, prime sponsor; James Evans, students of Washington State University; and Erin Walker, MBNA Corporation.

**Persons Signed In To Testify But Not Testifying: None.**