

SENATE BILL REPORT

ESSB 5506

As Passed Senate, March 3, 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: Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Kohl-Welles, Fairley, Regala and Thibaudeau).

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 1/26/05, 2/1/05[DPS].

Passed Senate: 3/3/05, 49-0.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5506 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benson, Brandland, Delvin, Franklin, Keiser, Prentice, Schmidt and Spanel.

Staff: Joanne Conrad (786-7472)

Background: According to many national studies, college students may develop problems with money management and the overuse of credit cards. Some believe that this is partially the result of aggressive marketing practices aimed at students. College students have expressed interest in having a more active role in decisions regarding the type and extent of credit card marketing on their campuses.

Summary of Bill: State institutions of higher education are each required to develop policies regarding the on-campus marketing of student credit cards. Each school is responsible for developing its own official policy, which must include the consideration of student comments. The policies are required to consider (but not required to regulate) the registration of credit card marketers, limitations on the times and locations of marketing, and prohibitions on material inducements to complete credit card applications, unless the student has been provided credit card debt education literature.

The policies must include a requirement that marketers inform students about good credit management practices, through programs developed in concert with the institution. The institution's official credit card marketing policy is made available to all students upon request.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Students are "bombed" with credit card offers, without adequate financial literacy education to prevent abuse. When credit card marketers do business on campus, the fees they pay go to useful "student life" programs. There is value in having credit card information on campus, but students want input regarding the marketing, and want more educational information.

Testimony Against: None.

Who Testified: PRO: Senator Jeanne Kohl-Welles, prime sponsor; James V. Evans, WSU Director of Legislative Affairs; Erin Walker, MBNA; John Buller, Exec. Dir. UW Alumni.