



Ohio Legislative Service Commission

Bill Analysis

Daniel M. DeSantis

Am. Sub. H.B. 12 128th General Assembly (As Passed by the House)

Reps. Lundy and Schneider, Fende, Newcomb, Koziura, Dyer, Harris, Murray, DeGeeter, Phillips, B. Williams, DeBose, Hagan, Skindell, Okey, Luckie, Letson, S. Williams, Sykes, Boyd, Chandler, Foley, Garrison, Hackett, Harwood, Heard, Mallory, Pillich, Sayre, Szollosi, Ujvagi, Winburn, Yuko

BILL SUMMARY

- Requires the board of trustees of every private and state institution of higher education in Ohio to adopt and adhere to a policy regarding credit card marketing activities on campus.
- Requires the policy to prohibit certain credit card marketing activities and to require credit card marketers to register with the institution prior to engaging in marketing activities that are not prohibited and that the institution permits.
- Requires an institution to offer financial literacy education.
- Requires a state institution of higher education or its alumni organization to use a portion of funds received as part of a credit card marketing agreement to pay for the costs associated with providing financial literacy education.

CONTENT AND OPERATION

Credit card marketing on college campuses

(R.C. 3345.86(A) and (B)(2), (3), and (4))

The bill requires the Board of Trustees of every private and state institution of higher education,¹ or any alternative governing board of such an institution, to adopt

¹ "State institution of higher education" includes University of Akron, Bowling Green State University, Central State University, the University of Cincinnati, Cleveland State University, Kent State University, Miami University, Ohio University, Ohio State University, Shawnee State University, University of

and adhere to a policy regarding the marketing of credit cards on property owned or operated by the institution. The policy must (1) prohibit campus credit card marketing activities, and (2) require credit card marketers to register with the institution prior to engaging in any credit card marketing that is (a) exempted from being considered a campus credit card marketing activity (see "**Exempted activities**" below) and (b) permitted by the institution.

The bill defines "campus" as the land and buildings located in Ohio that a private or state institution of higher education uses for instruction or student services. The bill also provides that "campus credit card marketing activity" means any activity conducted by an agent or employee of a card issuer that is (1) designed to encourage and enable students to apply for a credit card, and (2) is conducted in this state on property owned or operated by, located on the campus of, or at an event sanctioned by a private or state institution of higher education.²

The bill stipulates that credit card marketing activities include the act of placing on campus a display or poster along with a form that can be returned to the card issuer as a credit card application. The credit issuer agent or employee need not be present at a display in order for the placement of the display to constitute a prohibited act under the bill.

Exempted activities

(R.C. 3345.86(B)(3))

The bill exempts the following from being considered credit card marketing activities: (1) activities that occur inside the office of a bank, savings and loan association, savings bank, or credit union, wherein money or its equivalent is received for public deposit and general business is conducted, (2) activities that occur at an automated teller machine that is owned, leased, or operated by a bank, savings and loan association, savings bank, or credit union, (3) displaying a company logo or otherwise advertising a business in a manner that does not encourage and enable students to

Toledo, Wright State University, Youngstown State University, and Northeastern Ohio Universities College of Medicine and includes its board of trustees, plus any community college, state community college, or university branch established under Chapter 3355. of the Revised Code, or technical college (R.C. 3345.86(B)(1)).

² "Credit card" and "card issuer" are defined per the federal "Truth in Lending Act," 82 Stat. 146 (1968), 15 U.S.C. 1601. In that Act, "credit card" means any card, plate, coupon book or other credit device existing for the purpose of obtaining money, property, labor, or services on credit. The term "card issuer" means any person who issues a credit card, or the agent of such person with respect to such card. The bill specifically excludes from the definition of "credit card" a debit card or other access device that is a means to withdraw funds or initiate an electronic funds transfer from a deposit account.



apply for a credit card (including television, radio, and print advertisements that are intended for the general public), (4) mailing a credit card offer or advertisement to any residence, even if the residence is located on property owned or operated by a private or state institution of higher education, and (5) marketing credit cards at athletic or entertainment events that are sanctioned by a private or state institution of higher education on property owned or operated by the institution, provided that the marketer does not knowingly accept a credit card application from an undergraduate student.³

Financial literacy education

(R.C. 3345.87)

The bill requires every private and state institution of higher education to offer financial literacy education to students enrolled in the institution, either as part of a student orientation or during the students' first grading period. Any state institution that receives funds from an agreement between the institution or its alumni organization, and another entity to market credit cards to current or former students of the institution must use a portion of those funds to pay for all or part of the costs associated with providing the required financial literacy education.

HISTORY

ACTION	DATE
Introduced	02-17-09
Reported, H. Consumer Affairs & Economic Protection	04-08-09
Passed House (70-25)	06-17-09

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³ Under the bill, the marketer may rely on the person's statement that the person is or is not an undergraduate student.

