



# Ohio Legislative Service Commission

Mary E. Morris

## Fiscal Note & Local Impact Statement

**Bill:** Sub. H.B. 12 of the 128th G.A.      **Date:** April 21, 2009  
**Status:** As Reported by House Consumer Affairs and Economic Protection      **Sponsor:** Rep. Lundy

**Local Impact Statement Procedure Required:** No — Minimal cost

**Contents:** Credit card marketing on college campuses

### State Fiscal Highlights

STATE FUND	FY 2010	FY 2011	FUTURE YEARS
<b>State-assisted Institutions of Higher Education</b>			
Revenues	Potential decrease from loss of contracts and agreements with credit card companies		
Expenditures	Potential increase from administration and oversight of credit card marketing at athletic events Potential increase for implementation of financial literacy education		
<b>General Revenue Fund – Board of Regents</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase in administrative expenses for creation of report		

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill prohibits campus and on-line credit card marketing and sale of current student directory information. State institutions of higher education will lose any revenues generated from these activities.
- State institutions of higher education may incur minimal expenses for the required oversight and enforcement of credit card marketing at athletic events.
- The development and implementation of required financial literacy education during student orientation may increase expenditures for institutions of higher education.
- The Board of Regents may incur minimal administrative expenses for the creation of a report containing details of all of the contracts and agreements between state-assisted institutions or their affiliates and credit card companies or marketers.

# Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2010	FY 2011	FUTURE YEARS
<b>Local County Prosecutors</b>			
Revenues	Potential increase from \$2,500 fine		
Expenditures	Potential increase for enforcement of campus credit card marketing prohibition		

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Under the bill, a credit card issuer who violates the prohibition on campus credit card marketing activities is liable to pay a \$2,500 fine for each violation. Presumably, enforcement of the bill's prohibition is the responsibility of local county prosecutors, but any additional expenditure for these county prosecutors will likely be offset by revenue from the \$2,500 fine.

---

## Detailed Fiscal Analysis

The bill prohibits credit card issuers from most credit card marketing activities on the campuses of state or private institutions of higher education in Ohio. Furthermore, the bill prohibits any Ohio state or private institution of higher education or people or organizations affiliated with such institutions from:

- Releasing student directory information of currently enrolled students for use in a profit-making activity;
- Entering into, renewing, or rolling over a contract or agreement to market credit cards to currently enrolled students;
- Allowing a credit card company to promote or distribute credit cards on the institution's campus, except through on-campus banking facilities, company logo displays, and certain sanctioned marketing at athletic events; and
- Promoting a credit card company or linking to a credit card web site on the institution's official web site.

As a result of the bill's prohibitions, state institutions of higher education will forgo potential revenues from these activities. A list of all contracts and marketing agreements between Ohio's state-assisted institutions and credit card companies is not available. However, an article in *Business Week*<sup>1</sup> reports that large universities can earn several hundred thousand dollars to several million dollars over multiple years for contracts with credit card companies.

Revenues received from royalty agreements through alumni groups are not included in restrictions on credit card contracts and agreements. Alumni groups may contract with credit card companies to use an institution's name, image, and likeness; however, the alumni group must provide the institution with a full copy of the contract for use as public record. Any state institution that receives royalty payments for use of the institutions' name, image, or likeness in an agreement between an alumni group and a credit card company must use a portion of those funds to offset the expense of administering financial literacy education programs. The bill requires all institutions to provide financial literacy education as part of student orientation. The development and implementation of financial literacy education could increase administrative expenses if an institution does not have an existing financial literacy education program.

The bill requires state-assisted institutions of higher education to adopt and adhere to policies, oversight, and enforcement of credit card marketing at athletic

---

<sup>1</sup> *Business Week*, "The College Credit-Card Hustle," July 18, 2008.

events. Institutions could incur minimal expense in the development and oversight of rules for credit card marketing at athletic events.

Under the bill, a credit card issuer who violates the prohibition on campus credit card marketing activities is liable to pay a \$2,500 fine for each violation. Presumably, enforcement of this prohibition is the responsibility of local county prosecutors and any additional expenditure for these county prosecutors will be offset by revenue from the \$2,500 fine.

The bill also requires the Board of Regents to compile a list of all contracts and agreements to market credit cards or to release student directory information for profit-making activities that involve an Ohio state institution of higher education or people or organizations affiliated with such an institution. The Board of Regents may incur minimal administrative expenditures for creation of the report.

*HB0012HR.docx / th*