



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 12 of the 128th G.A.

**Date:** March 4, 2009

**Status:** As Introduced

**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	- 0 -		
<b>General Revenue Fund – Board of Regents</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase in administrative expenses for creation of report		- 0 -

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 student directory information. State institutions of higher education will lose any revenues generated from these activities.
- 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.

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## Detailed Fiscal Analysis

The bill prohibits credit card issuers from 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 for use in a profit-making activity;
- Entering into, renewing, or rolling over a contract or agreement to market credit cards to students;
- Allowing a credit card company to promote or distribute credit cards on the institution's campus; 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. The article specifically mentions The Ohio State University's alumni association as receiving revenue from credit card royalties. As mentioned in the article, the university itself receives revenue through payments the alumni association makes to it for the right to use trademarks and other assets of the school.

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.

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