
A BILL FOR AN ACT

RELATING TO CREDIT CARD MARKETING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Title 26, Hawaii Revised Statutes, is amended
2 by adding a new chapter to be appropriately designated and to
3 read as follows:

4 "CHAPTER

5 CREDIT CARD MARKETING THROUGH INSTITUTIONS OF HIGHER EDUCATION

6 § -1 Definitions. As used in this chapter:

7 "Credit card" has the same meaning as provided in section
8 478-1.

9 "Credit card issuer" means a financial institution, a
10 lender other than a financial institution, or a merchant that
11 receives applications and issues credit cards to individuals.

12 "Credit card marketing activity":

13 (1) Means any action designed to promote the completion of
14 an application by a student pursuing an undergraduate
15 education to qualify to receive a credit card. Credit
16 card marketing activity includes, but is not limited
17 to, the act of placing a display or poster together
18 with credit card applications on a campus of an



1 institution of higher education in the State, whether
2 or not an employee or agent of the credit card issuer
3 attends the display; and

- 4 (2) Does not include promotional activity of a credit card
5 issuer in a newspaper, magazine, or other similar
6 publication or within the physical location of a
7 financial services business located on the campus of
8 an institution of higher education, when that activity
9 is conducted as a part of the financial services
10 business's regular course of business.

11 "Institution of higher education" means any publicly or
12 privately operated university, college, community college,
13 junior college, business, technical or vocational school, or
14 other educational institution offering degrees and instruction
15 beyond the secondary school level.

16 "Tangible personal property" means personal property that
17 can be seen, weighed, measured, or touched, or that is in any
18 other matter perceptible to the senses, including, but not
19 limited to, gift cards, t-shirts, and other giveaways.

20 "Undergraduate student" means any individual admitted to,
21 attending, or applying for admission to an institution of higher
22 education, or enrolled on a full or part time basis in a course



1 or program of academic, business, or vocational instruction
2 offered by or through an institution of higher education, where
3 credits earned could be applied toward the earning of a
4 bachelors or associates degree.

5 § -2 **Financial education.** Any institution of higher
6 education that enters into an agreement to market credit cards
7 to undergraduate students, or that allows its student groups,
8 alumni associations, or affiliates to enter into such marketing
9 agreements, shall make a financial education program available
10 to all undergraduate students. Additionally, an institution of
11 higher education shall make available to all undergraduate
12 students by posting, in a conspicuous location on its web pages,
13 the financial education information required under this section.
14 The financial education program shall include, at a minimum, the
15 following requirements:

- 16 (1) An explanation of the consequences of not paying
17 credit card balances in full within the time specified
18 by the billing statement;
- 19 (2) An explanation of common industry practices that have
20 a negative impact on consumer credit card holders;



- 1 (3) Examples illustrating the length of time to pay off
- 2 various balance amounts if only the minimum monthly
- 3 payment required under the agreement is paid;
- 4 (4) An explanation of credit related terms;
- 5 (5) Information concerning the federal government's opt-
- 6 out program to limit credit card solicitations, and
- 7 how students may participate in it; and
- 8 (6) An explanation of the impact of and potential
- 9 consequences that could result from using a debit card
- 10 for purchases that exceed the deposits in the account
- 11 tied to the debit card.

12 § -3 **Disclosure of agreements with credit card issuers.**

- 13 (a) Any institution of higher education, including its agents,
- 14 employees, or student or alumni organizations, or affiliates
- 15 that receives any funds or items of value based upon the
- 16 institution's distribution of applications for credit cards to
- 17 undergraduate students, or whose student groups, alumni
- 18 associations or affiliates, or both, receive funds or items of
- 19 value from the distribution, shall disclose the following:
- 20 (1) The name of the credit card issuer that has entered
- 21 into any agreement with the institution of higher
- 22 education;



1 (2) The nature of the institution of higher education's
2 relationship with the credit card issuer; and

3 (3) The way in which any funds received by the institution
4 of higher education that are related to credit card
5 marketing were expended during the previous school
6 year.

7 (b) Disclosures shall appear in a conspicuous location on
8 the webpages of the institution of higher education and in any
9 notices mailed to undergraduate students marketing or promoting
10 the credit card.

11 (c) Any institution of higher education that receives
12 public funds shall disclose all agreements with credit card
13 issuers to any requester, pursuant to chapter 92F.

14 § -4 **Gifts and inducements.** No institution of higher
15 education shall allow on its campus credit card marketing
16 activity that involves the offer of gifts, coupons, or other
17 tangible personal property to undergraduate students to induce
18 students to complete an application for a credit card. All
19 institutions of higher education shall prohibit undergraduate
20 students, student groups, alumni associations, or affiliates
21 from providing gifts, coupons, or other tangible personal



1 property to undergraduate students to induce students to
2 complete an application for a credit card.

3 § -5 **Provision of student information prohibited.** No
4 institution of higher education, including their agents,
5 employees, student groups, alumni organizations, or any
6 affiliates shall provide to a business organization or financial
7 institution for purposes of marketing credit cards the following
8 information for any undergraduate student:

- 9 (1) Name;
- 10 (2) Address;
- 11 (3) Telephone number;
- 12 (4) Social security number;
- 13 (5) E-mail address; or
- 14 (6) Other personally identifying information.

15 § -6 **Enforcement; violations.** Whenever the attorney
16 general has reason to believe that any institution of higher
17 education is using, has used, or is about to use any method,
18 act, or practice in violation of this chapter, or knows or
19 should have reason to know that agents, employees, students,
20 student groups, alumni associations, or affiliates used or are
21 about to use any method, act, or practice in violation of this
22 chapter, the attorney general may bring an action in the name of



1 the State against any institution of higher education to
2 restrain and prevent any violation of this chapter and seek a
3 penalty of up to \$1,000 per incident.

4 § -7 **Attorney general; investigations; issuance of**
5 **subpoenas.** (a) The attorney general, in addition to the powers
6 conferred by section 28-2.5, may conduct any investigation
7 deemed necessary to determine any violation of this chapter
8 including the issuance of subpoenas to:

9 (1) Require the filing of a statement or report or answer
10 interrogatories in writing as to all information
11 relevant to the alleged violations;

12 (2) Examine under oath any person who possesses knowledge
13 or information directly related to the alleged
14 violations; and

15 (3) Examine any record, book, document, account, or paper
16 necessary to investigate the alleged violation.

17 (b) Service by the attorney general of any notice
18 requiring a person to file a statement or report, or of a
19 subpoena upon any person, shall be made:

20 (1) Personally by delivery of a duly executed copy thereof
21 to the person to be served; or



1 (2) By mailing by certified mail a duly executed copy
2 thereof to the person to be served at the person's
3 last known abode or principal place of business within
4 the State.

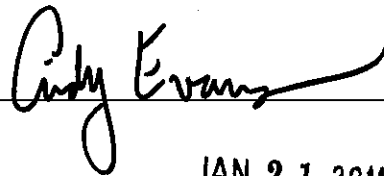
5 (c) If any person fails or refuses to file any statement
6 or report, or obey any subpoena issued by the attorney general,
7 the attorney general may file a complaint in the circuit court
8 for the granting of injunctive relief, restraining the sale or
9 advertisement of any merchandise by those persons, or the
10 conduct of any trade or commerce that is involved."

11 SECTION 2. This Act does not affect rights and duties that
12 matured, penalties that were incurred, and proceedings that were
13 begun before its effective date.

14 SECTION 3. This Act shall take effect upon its approval.

15

INTRODUCED BY:



JAN 21 2011



Report Title:

Credit Card Marketing

Description:

Requires any institution of higher education that market credit cards to its undergraduate students to offer financial education to those undergraduate students. Requires disclosure of agreements with credit card issuers. Prohibits gifts or other marketing inducements. Provides penalties.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

