

HB 5834

PA 774

1971

senate -

3403

house -

4962

general law -

144,152,189,208

S-82
CONNECTICUT
GENERAL ASSEMBLY

SENATE

PROCEEDINGS
1971

VOL. 14
PART 7
2874-3413

June 9, 1971

Page 74

File 1186; Cal. 643, House Bill 6904, File 1582; Cal. 1150, House Bill 7901
File 1342; Cal. 1192, House Bill 7148, File 1334; Cal. 1204, House Bill 7256
File 1393; Cal. 1214, House Bill 7014, File 1423; Cal. 1226, House Bill 8914
File 1073; Cal. 1257, House Bill 7048, File 1464; Cal. 1262, House Bill 8271
File 1474; Cal. 1267, House Bill 9020, File 1457; Cal. 1271, House Bill 5049
File 1628; Cal. 1272, House Bill 5415, File 1632; Cal. 1273, House Bill 5627
File 1616; Cal. 1274, House Bill 5709, File 1630; Cal. 1275, House Bill 5714
File 1575; Cal. 1276, House Bill 5834, File 1569; Cal. 1277, House Bill 5938
File 1585; Cal. 1278, House Bill 6210, File 1627; Cal. 1279, House Bill 6367
File 1565; Cal. 1280, House Bill 6561, File 1555; Cal. 1281, House Bill 6674
File 1586; Cal. 1285, House Bill 7077, File 1556; Cal. 1287, House Bill 8272
File 1566; Cal. 1289, House Bill 8578, File 1579; Cal. 1290, House Bill 8799
File 1640; Cal. 1293, House Bill 9246, File 1638; Cal. 1294, House Bill 9256
File 1637; Cal. 1295, House Bill 9001, File 737; Cal. 629, House Bill 7642
File 638; Cal. 721, House Bill 7802, File 1127; Cal. 755, House Bill 8761
File 773; Cal. 802, House Bill 8658, File 906; Cal. 964, House Bill 6197
File 1359; Cal. 975, House Bill 7609, File 876; Cal. 990, House Bill 8561
File 1172; Cal. 1041, House Bill 9196, File 1232.

Mr. President, I move for the adoption of all those bills, I move for suspension of the rules, first of all, for consideration of those which were not single starred or were not double starred rather.

THE CHAIR:

All those in favor of suspension of the rules indicate by saying, "aye"
All those opposed? Suspension is granted.

SENATOR CALDWELL:

H-118

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 11
4831-5162**

Saturday, June 5, 1971

12

ad

Mr. Speaker, prior to moving the Consent Calendar, I'd like to remove two items.

MR. SPEAKER:

Please proceed.

MR. SARASIN:

Calendar no. 1414 - Substitute for House Bill 6647 - An Act Concerning Debt Pooling. File 1631.

Calendar no. 1465 - Substitute for House Bill 9220, File 1635. I ask that these be removed?

MR. SPEAKER:

Objections should note that the two items be removed from the Consent Calendar.

MR. SARASIN:

I move adoption of the Joint Committee Favorable Reports Passage of the two star items of the Consent Calendar.

MR. SPEAKER:

Please proceed.

MR. SARASIN:

Calendar no. 200 - Subatitute for House Bill 5834 - An Act Concerning Forfeiture of Consumer Credit Charges. File 1569

Calendar no. 1361 - House Bill 6561 - An Act Concerning Grants-In-Aid as Part of the Aggregate Indebtedness of a Town. File 1555.

Calendar no. 1362 - Substitute for House Bill 7077 - An Act Concerning the Admission of Electors. File 1556.

**JOINT
STANDING
COMMITTEE
HEARINGS**

**GENERAL
LAW**

**PART 1
1-296**

**1971
Index**

its on your charge plan, you receive your bill on the next billing date which in all probability could be 15 or 20 days after the purchase, and if on that billing date it says Feb. 10th, there is already in small print or whatever, it says that there will be a service charge on ~~1 1/2%~~ on the unpaid balance, so therefore what would happen is that if this bill is paid ten or eleven days after the time allotted to you, now your bill would be \$101.50 which is equivalent to ~~1 1/2%~~ or \$102. In essence, what is happening is this, that the consumer himself...the retail operator has made a legitimate profit, yet the consumer is not only paying for the profit that was made on the product, but also is paying an exorbitant amount in order to have it on the charge card. I would like to see a maximum of 1% either after 30 days or after 60 days, and I think that in doing this, the people would be served a lot better.

Rep. Yedziniak: I understand the mechanics of it, Representative, but my question was, should there be any additional service charge above that 1%?

Rep. LaRosa: No, because see it is my impression that many of the retail outfits in the state, who have Master Charge Cards and what have you...if a purchase is made on this particular card, what is happening is that the store who receives the money, they discount the money, lets say, at 5% or what have you, so that I think the consumer is really paying in more ways than one, and I think that we should at least put some ceiling on it.

Rep. Yedziniak: May I summarize once more? That 1% charge is the maximum amount that can be charged for any given sum for any one month. Thank you.

Senator Strada: Thank you. The next bill is Bill.....Is anybody in favor, is anybody in opposition to that first bill? The next bill is #5073, AN ACT CONCERNING OPEN END CONSUMER CREDIT PLANS. Anyone wish to testify either for or against?

Mr. Larry Portell, Director of the Consumer Credit Division of the Banking Department: My remarks are not intended to indicate a position either for or against the....the Banking Department of the State of Connecticut...the question that comes to our mind is that how this bill, and I don't know whether I would be out of order in identifying my remarks not only to this bill but to....well, they might have to be identified with 5073, 6486, and 5834. Effective August 1, 1970, Connecticut received from the Federal Reserve Board an exemption, certain classes of transactions in the area of disclosure and revision were exempted from the provisions of the Federal Truth and Lending Law....

Rep. Webber: We requested that, didn't we? Isn't it a fact that our Truth in Lending bill in that particular area, in that particular section, is more stringent and more meaningful?

Mr. Portell: Our laws actually are substantially similar, and it is because they were substantially similar that we were able to get our exemption, in fact our regulations are substantially similar and the interpretations of our regulations are considered to be completely consistent with those of the Federal. Now, without taking a position either for or against the aims of these bills, the first question comes to mind that if these ...if the Truth in Lending Law were amended, it would disturb this consistency and could jeopardize our exemption. It could be considered

10
RSW
THURSDAY

GENERAL LAW

152
FEBRUARY 25, 1971
10:30 A.M.

Mr. Mastoni: Certainly. Well this is the same thing...the stores cannot offer free charge accounts. If they do offer them, they are going to have no alternative now.....

Rep. Webber: But they were very successful 15 or 20 years ago when they offered free charge accounts....this is my point.....many of our charge account.....find it more profitable to operate a charge account business based on the profit they make on that interest rate because of their merchandise?

Mr. Mastoni: Yes, right.

Rep. Webber: So its a new kind of a business.

Mr. Mastoni: But are you going to go back fifteen years, how can you go back in time fifteen years? This is the day and age right now.....

Rep. Webber: That may be a fact, but I want someone to testify to me how they were able to do it fifteen years ago and they can't do it today.

Mr. Mastoni: Well, that was fifteen years ago. I'm saying the cost was still built into this merchandise. Thank you, I thank the Committee.

Rep. Webber: Alright, thank you very much. Anyone else on either of these bills? Anyone here on #6004, 5073, 6486? 5834? 5228?

Mr. James Stapleton, Bridgeport: I appear on behalf of the Connecticut Bankers Association, and we would just like to offer comments on a couple of these bills that you just mentioned. #5834: We are not in opposition to it, we believe that the language could be improved, specifically in the bill under B, sub-paragraph 2, it refers to a creditor who fails to reply in clear and definitive terms to an inquiry. Really to protect everyone involved, I think to put an obligation on the person to whom the inquiry is made, it should be in writing. It should be a written inquiry, and I think the question of clear and definitive terms might be worded a little bit simpler. That's a suggestion as to language. On Bill #5228: We would urge...this again gets into federal legislation as you heard earlier from someone in the Banking Department, and we would urge on this bill that the Banking Department and the Attorney General's Office review the bill in light of the federal legislation in this area and perhaps they might want to recommend a substitute bill which wouldn't raise any questions of possible conflict. We think it would be worth having them review this.

Rep. Webber: On 5228? What is there specifically about the bill that raises the question of constitutionality?

Mr. Stapleton: No, not constitutionality...federal legislation, recent federal legislation in this area. Thank you very much.

Mr. Robert Nadrecky, New Haven: I represent the Southern N.E. Telephone Company. Bill #5228 is a bill entitled AN ACT PROHIBITING THE DISTRIBUTION OF UNSOLICITED CREDIT CARDS. The present law prohibits the distribution

9
RSW
THURSDAY

STAMFORD, CONN.
FEBRUARY 25, 1971
7:30 P.M.

GENERAL LAW

and variety of bills submitted to the Legislature this year under consumer affairs indicates the movement is coming into its own. The legislation which most interests me deals with the consumer's right to know as much as he needs to know in order to make sensible purchases. The concept of full disclosure must extend from ingredients to prices and things. No longer should the burden rest on the consumer to figure out the actual cost of each item. We should go to unit pricing where indicated. I support Rep. Mettler's bill #5062 which would have the unit price posted on tag or label, rather than bills which would have the label specifically carry the per unit measure. This is where the wise shopper benefits by the fluctuation of prices, and unit prices on labels themselves might tend to inhibit such fluctuations.....

inaudible.....I carry a little chart around now that helps me figure it out.....inaudible.....I also support S.B. 352 by Senator Gunther which deals with the dating as well as the labelling of food and food products. The consumer needs to know either the date of manufacture and preparation of packaging, or at least the date beyond which the package cannot be sold. I understand that Commissioner Gill of the Department of Agriculture and Natural Resources feels that such products as milk need only have it if they can now code a date which a store manager understands. I disagree, such products are among the worst offenders in.....particularly. Such an arrangement favors the seller, and our concern should always be with the consumer who is after all all of us. Another aspect of the right to know a consumer should have is the right to know is that the under side of the package of meat she is buying is as good as the top side. Therefore I support the bills.....inaudible.....which would require meat to be packaged with the same transparency on all sides. The same right to know covers H.B. 6483, or bills similar to that which would have prescription drugs labelled by both the generic and the brand names. The consumer of such items should be able to know what the ingredients are in order to evaluate whether or not to purchase by brand or not. In the supermarket one can always try out the non-brand item and decide whether or not it measures up or whether to pay more for the brand name for other reasons, comfort, or reliability, or something else. The shopper for aspirin enters the decision process with a full range of petty brand advertising.....can be purchased, but if he reads carefully, he can at least discover that aspirin is aspirin and buy accordingly. When it comes to prescription drugs, the consumer frequentlymay invest the brand name with value it does not deserve. Let's at least give the consumer an option to decide with full knowledge about what drug is being prescribed. Last year, 359 prescription and non-prescription drugs were declared ineffective by the Federal...Food and Drug Administration. No wonder we are suspicious that the customer is being had in this area.because I've had an expensive drug problem with one of my children, and my family had a pharmacist who has gone out of his way to do what needed to be done, so it doesn't come from personal experience but from other.....inaudible. In a completely different area, I support Senator Ives' S.B. 715 which would try to protect consumers from unscrupulous repairmen. Unfortunately all of us have had experience in this area and there seems no place to turn for real action. I also support Rep. Spiegel's H.B. 5034 which would attempt to alleviate the frustrations of consumers in their correspondence with computers, which actually.....by providing for

28
RSW
THURSDAY

GENERAL LAW

STAMFORD, CONN.
FEBRUARY 25, 1971
7:30 P.M.

out, takes out the word "verbally". It will now make it mandatory for one to write, send a written request. Now, there is a strong possibility that this bill is not applicable in other states as it relates to Connecticut citizens. This I don't know, but the fact that we have a Connecticut law, I don't know how we could prevent somebody in Ohio from sending you a credit card, but Connecticut firms cannot send credit cards in the state unless they receive a written request.

Mr. Blount: I would like to ask you whether there are any other bills, I only have one I got written in this here newspaper in regards to protection to manufactured products, such as a warrantee.

Rep. Webber: I think that....Mr. Neigher, isn't that part of the Uniform Code? Yeah....in terms of warrantee?

Mr. Blount: Well, this came up to me the last couple of days. You have to be very careful with these warrantees, you have to read between the lines, you know, and this is true. You buy something, you buy a..... well, the reason why I bring this up there are a lot of foreign products coming into the United States, especially from Japan, Hong Kong, Italy, you name it, its coming. Now, a lot of these...especially radio products from Japan, they got warrantees on it. I suggest you all read that warrantee very carefully, very carefully, because if you look at it, there is always a gimmick in some way they'll guarantee if for a certain time but you have to pay for the labor, or you might have to....its good for 30 days and maybe in about six months you'll have to pay 25% of the parts, 50% of the labor, etc. In other words, the consumer thinks he's got a guarantee for six months, that he won't have to pay for the parts or anything, but what I am trying to bring out is the flood of foreign products coming in, especially the electronics products, radios, T.V.s and so on. Some of these sets, you have to look, you might have to.....your nearest place to have it fixed might be out in Ohio.....

Rep. Webber: Mr. Blount, excuse me, I don't want to appear discourteous but what you're alluding to now, I would suggest you write your Congressman or your Senator, this is not within our province. No, we can't control or pass laws for international purchases.....

Mr. Sandahl:inaudible.....the Federal Trade Commission is also developing a new set of warrantee regulations.....inaudible.....

Mr. Blount: I just want to say, to go on and make it brief, that I want to go on record as supporting H.B. 5834, S.B. 715, and H.B. 6486. that's it. Thank you.

Senator Strada: Thank you very much, Mr. Blount. That concludes the list of speakers. Is there anyone else here this evening that would like to testify. Yes, Sir, come right up.

Rep. Webber: A very unfortunate thing, Senator Strada and myself were part of a radio program this afternoon in which we taped an entire program on consumer matters, it goes on the air in 5 minutes, but he tells us we can't get WTIC here in Stamford.