

Act Number:	09-167	
Bill Number:	6483	
Senate Pages:	5670-5671, 5701-5703	5
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so ordered, sir.

SENATOR LOONEY:

Yes. Thank you, Mr. President. Continuing
Calendar Page 9, Calendar 629, House Bill 6232.

Mr. President, move to place that item on the Consent
Calendar.

THE CHAIR:

Motion on the floor to place Calendar Number 629
on the Consent Calendar. Without objection, so
ordered.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, moving
to Calendar Page 10, Calendar 634, House Bill 6544,
Mr. President, move to place that item on the Consent
Calendar.

THE CHAIR:

There's a motion on the floor to place Calendar
Number 634 on the Consent Calendar. Without
objection, so ordered, sir.

SENATOR LOONEY:

Yes, Mr. President. Thank you. Continuing
Calendar Page 10, Calendar 636, House Bill 6483, I
would move to place that item on the Consent Calendar.

THE CHAIR:

Motion on the floor to place Calendar Number 636

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on the Consent Calendar. Without objection, so
ordered.

SENATOR LOONEY:

Yes. Thank you, Mr. President. Continuing
Calendar Page 10, Calendar 653, House Bill 6426 is
marked go.

THE CHAIR:

Senator Looney, is that Calendar 635, sir?

SENATOR LOONEY:

Yes.

THE CHAIR:

(Inaudible) --

SENATOR LOONEY:

The Calendar Page 10; 635.

THE CHAIR:

Thank you, sir.

SENATOR LOONEY:

Yes, Mr. President. Moving to Calendar Page 11,
Calendar 649, House Bill 6466. Mr. President, move to
place that item on the Consent Calendar.

THE CHAIR:

There is a motion on the floor to place Calendar
Number 649 on the Consent Calendar. Without
objection, so ordered.

SENATOR LOONEY:

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Mr. Clerk, please call Consent Calendar.

THE CLERK:

Immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the chamber.

Mr. President, those items placed on the Second Consent Calendar --

THE CHAIR:

Mr. Clerk, please hold for a second.

I'm trying to hear the Clerk call the Consent Calendar and I'm sure you don't want to miss that vote either, so if I could have your attention and quiet, please.

Mr. Clerk.

THE CLERK:

The items placed on the Second Consent Calendar begin on Senate Agenda 1, substitute for House Bill 6486, substitute for House Bill 6649. Senate Agenda Number 3, House Bill 6394. Today's Calendar, Calendar Page 3, Calendar 317, Senate Bill 586; Calendar Page 4, Calendar 455, House Bill 5018; Calendar Page 7, Calendar Number 593, Substitute House Bill 5286; Calendar Page 8, Calendar 606, substitute

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for House Bill 5883; Calendar Page 9, Calendar 619,
House Bill 6343; Calendar 626, House Bill 6476;
Calendar 629, substitute for House Bill 6232; Calendar
Page 10, Calendar 634, House Bill 6544; Calendar 636,
substitute for House Bill 6483; Calendar Page 11,
Calendar 649, substitute for House Bill 6466; Calendar
Page 13, Calendar 663, substitute for House Bill 5254;
Calendar Page 15, Calendar 680, substitute for House
Bill 5821; Calendar Page 16, Calendar 684, House
Bill 6231; Calendar Page 17, Calendar 689, substitute
for House Bill 5421; Calendar Page 18, Calendar 695,
substitute for House Bill 6419; Calendar Page 19,
Calendar 699, substitute for House Bill 6284; Calendar
Page 21, Calendar 711, House Bill 5099; Calendar 712,
substitute for House Bill 6025; Calendar Page 22,
Calendar 718, substitute for House Bill 5861; Calendar
Page 23, Calendar 720, substitute for House Bill 5108;
Calendar Page 32, Calendar 450, House Bill 6233;
Calendar 467, substitute for Senate Bill 1031; and,
Calendar Page 35, Calendar 205, substitute for Senate
Bill 948. Mr. President, that completes the items
placed on the Second Consent Calendar.

THE CHAIR:

Will you please call the Consent Calendar? The
machine will be open.

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THE CLERK:

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the chamber. The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the chamber.

THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote. The machine will be closed. The Clerk will call the tally.

THE CLERK:

Motion is on adoption of Consent Calendar
Number 2:

Total Number Voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar Number 2 passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, would move for immediate transmittal to the House of Representatives of any items voted on, on Consent Calendar Number 2, requiring additional action by the

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SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the board to make sure your votes were properly cast? If all the members have voted, the machine will be locked and the Clerk will please take a tally.

Will the Clerk please announce the tally?

THE CLERK:

House Bill 6489 as amended by House A

Total number voting 143

Necessary for passage 72

Those voting yea 142

Those voting nay 1

Those absent and not voting 8

SPEAKER DONOVAN:

The bill, as amended, is passed.

Clerk, please call Calendar 195.

THE CLERK:

On page 33, Calendar 195, Substitute for House Bill Number 6483, an Act Concerning Credit Card Offers on College Campuses, favorable report of the Committee on Higher Education and Employment Advancement.

SPEAKER DONOVAN:

Representative Ryan Barry.

REP. BARRY (12th):

Thank you very much, Mr. Speaker.

I move for acceptance of the Joint Committee's favorable report and passage of the bill.

SPEAKER DONOVAN:

Question is acceptance of the Joint Committee's favorable report and passage of the bill.

You have the floor, sir.

REP. BARRY (12th):

Thank you very much, Mr. Speaker.

This bill is a bill that requires the Board of Governors of Higher Education to establish policies to regulate marketing practices of credit card issuers at campuses and public institutions in the state of Connecticut. And the bill sets forth a number of policies that the Legislature is asking the Board of Governors to adopt, such as, requiring credit card issuers to register with the -- with the institution of Higher Education before conducting any marketing activities on campus; requiring the credit card issuers to at least once a year hold a seminar on debt management; also, prohibiting credit card issuers from marketing to undergraduate students during certain times of year, like during orientation and during registration periods; requiring credit card issuers that engage in marketing practices at public

institutions of higher education to distribute credit card management materials to -- alongside of the marketing materials; and a few other things including prohibiting the use of gifts and incentives in marketing.

And the second -- actually -- the second part of the bill that's important is that this bill also prohibits credit card issuers from taking debt collection actions against parents or guardians of students who did not cosign the credit cards.

And I would ask the Clerk to please call -- or -- I'm sorry -- Mr. Speaker, the Clerk has amendment LCO 6839, and I would ask the Clerk to please call the amendment, and I be granted leave of the chamber to summarize?

SPEAKER DONOVAN:

Will the Clerk please call LCO 6839 which will be designated House Amendment Schedule A?

THE CLERK:

LCO Number 6839, House A offered by
Representative Barry, Senator Duff, et al.

SPEAKER DONOVAN:

Representative seeks leave of the chamber to summarize the amendment. Is there an objection to summarization?

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Hearing none, Representative Barry, you may proceed with summarization.

REP. BARRY (12th):

This amendment just clarifies that we're talking about undergraduate students here, and also it's -- clarifies that we're prohibiting use of gifts and incentives in marketing at intercollegiate athletic events and also defines the term "marketing." And I urge adoption.

SPEAKER DONOVAN:

Question before the chamber's adoption House Amendment Schedule A.

Will you remark on the amendment?

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker.

I rise in support of the amendment. I think it's -- I there's some reasonable conditions that credit card marketers will have to take if they're marketing credit cards on campus. Also I think the second part of the amendment is also very reasonable. If there's a credit card in a student's name, this would prohibit the credit card company from pursuing the parents of that student, which I think is reasonable and would urge adoption.

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SPEAKER DONOVAN:

Representative Sawyer?

REP. SAWYER (55th):

Thank you, madam -- Mr. Speaker.

In the case of our own public universities, what has been found has been a preponderance of -- amazing number of credit card companies that have come in to offer these services to the students. When they come in, they will offer a hat. They'll offer a t-shirt. They'll offer other types of incentives for the students to sign up for just a credit card. The problem is that.

And so many times the students who do not have a basis for personal finance, the students who do not understand they should really read the back of the credit card information, they should find out what the interest rates are, what the terms are that go along with the credit card, it has caused a problem.

I spoke to one superintendent of schools in our state and his son had not one but he came home from his first year with five credit cards from campus. One of the other students that we heard about was -- president of the UConn Parent's Association was a student that had \$23,000 on multiple credit cards when they got out of college, and it had nothing to do with

their debt for just school loans.

We also found that we had the issue of credit cards that were being given to students once they were 21 at the casinos and the students were obtaining gambling debt or they were using their credit cards that they obtained on campus for gambling so that's another whole issue for another day, but it is something that has been a longstanding concern that there has been this -- preying -- I don't know if that's quite the right word -- but a financial preying on people who really don't have a basis of understanding what credit really is. And then, of course, when there are these exorbitantly high fees parents who these children are -- long since emancipated, however, but the parents are providing for their education. The parents are then being approached to be responsible for this incredible debt.

So, though I'm a firm believer, Mr. Speaker, that in the future we need to really seriously find a way to provide personal financial information education for our young people before they get to the college level, Mr. Speaker, this is the first step in trying to protect students when they go on campus by using existing means, and I lend my full support to this. Thank you, Mr. Speaker.

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SPEAKER DONOVAN:

Thank you, Representative.

Representative Kirkley-Bey.

REP. KIRKLEY-BEY (5th):

Thank you, Mr. Speaker.

Through you, I just have a question for Representative Barry.

SPEAKER DONOVAN:

Please proceed, madam.

REP. KIRKLEY-BEY (5th):

Representative Barry, there's been a lot of discussion of late, and I think they're doing something at the national level of freezing the interest rate that can be charged on these cards. Would that also apply to the cards that are being issued to youngsters in colleges?

SPEAKER DONOVAN:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, to Representative Kirkley-Bey, as far as I know, I don't have the federal legislation in front of me but what I've read about it, that's not the intent of this, and I would believe that anything they would do at the federal level would apply to the cards that we're talking

about here. Yeah.

REP. KIRKLEY-BEY (5th):

I, like you, believe they would augment it and to those -- to anyone who gets a credit card that those rules would be applicable, and we wanted to make sure that students would also -- mine -- I do. I've got two grandsons getting ready to go to college -- they couldn't abuse the right. Thank you so much, and thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Roberta Willis.

REP. WILLIS (64th):

Thank you very much, Mr. Speaker.

I, too, want to rise in support of this bill and amendment. This Higher Education Committee has been concerned about student debt -- rising student debt for some time. Students are now facing incredible increased tuition costs, and they are leaving college with record high amounts of debt. In fact, a bachelor's degree -- 60 percent of our bachelor degree recipients had borrowed at least \$12,400 so that's what they're leaving with on average from their student loans. When you add to that what they're now -- we're now learning, credit card debt, which is

increasing the amount of debt that they're going into upon graduation.

In 2008, 84 percent of our college students had at least one credit cards, and half of them have more than four credit cards. Sadly, 90 percent of them are using these to charge books and supplies, but one-third of them are now using them for tuition.

The ease in which they can get these credit cards, the way in which they're marketed, including marketing on campuses, is really quite disturbing. And I think while this doesn't address all the concerns or -- will greatly curb what's going on, I'm hopeful that at least this will bring some awareness out there, that parents will start paying more attention and maybe offering more in terms of advising their children and the students on personal finance.

So I congratulate Senator -- Representative Barry for working on this. The Higher Education Committee had the bill before us, and I think we combined to put together something that makes some sense.

I also want to say -- add, that one of the things that was briefly touched upon is the interest rates that are on these student credit cards. They really range in anywhere from 26 to 32 percent interest. And, frequently, what's happening is when students

don't make those payments, not only are they added to in terms of overcharge cost, but their interest rates continue to climb. And, you know, it -- really when you get up to 32 percent, it's almost like they're dealing with a loan shark.

So, again, I hope that this can bring more awareness and that we can curb some of the marketing and promotion on campuses so thank you very much

SPEAKER DONOVAN:

Thank you, madam.

Representative Steve Mikutel.

REP. MIKUTEL (45th):

Yes. Thank you, Mr. Speaker.

Mr. Speaker, this bill is a good start, but it -- it really doesn't go far enough. The issue of credit card debt for college students is a very serious problem. The trouble is that credit card marketers see the college student as fresh meat. They're not really savvy in the world of money management, but they have all kinds of temptation to spend things -- to buy things. The problem is they have no income to pay off the bill. Most college students are there on student loans and grants. They have no independent source of income.

So when they get these credit cards, and the way

they get them is troubling because many times they are solicited by aggressive credit card marketers who come and offer them free goods if they complete the credit card application. So they complete the application and a week later they get a piece of plastic in the mail with a zero percent introductory offer. So it sounds good to them so they start running it up until a few months later the introductory offer is all gone and it's now 20 percent or 25 percent interest and they have no way to pay it back.

What we have here is a serious problem. These college students, many of them getting in over their head financially, getting depression, losing sleep over it, dropping out of school over it. It's not -- it's not a good situation. The problem is the university is -- the public universities in Connecticut have not really protected the college students in the way they should have.

So I hope in the future that we can incorporate some personal finance management, maybe into freshman orientation classes, or maybe we could restrict the number of marketers that are actually on campus. There are many things we can do, and I hope that the next time we address this issue we provide greater protection to our college students.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker.

To the proponent, if I may, I -- I applaud this effort, it's certainly in order. However, I wonder about Section 2. We have made efforts in the past in this Legislature to restrict abuses by credit card companies. And we continually run against -- up against the wall that these are matters in interstate commerce and we cannot -- we cannot do such things that deny the access to our courts because of a credit card's high interest rates or whatever.

And I'm just wondering if any opinion has been issued by the Attorney General or anyone else to the effect that we can enforce Section 2 and, in fact, deny a credit card company the opportunity to try to recover a debt which it might make a case for if the student is a minor -- from -- recover from the parents a debt when the student is a minor.

So I just would like to know if we've gotten any assurance that we are all right on that.

This question to the proponent, to Representative

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Barry.

SPEAKER DONOVAN:

Representative Barry.

REPRESENTATIVE BARRY (12th):

Thank you, Mr. Speaker, through you to Representative Hetherington. We have not gotten an opinion from the Attorney General on that.

SPEAKER DONAVAN:

Representative Hetherington.

REPRESENTATIVE HETHERINGTON (125th):

I see. Well, I'm going to support this because I -- I, you know -- cheer on the effort. But I just would flag this for caution because this is not a new problem, and we may not to be able to implement everything we want here. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Dillon.

REPRESENTATIVE DILLON (92nd):

Thank you, Mr. Speaker, in support of the bill. I do, however, would like to frame a question to the chair of the Banks Committee, through you, Mr. Speaker.

SPEAKER DONOVAN:

Please proceed, madam.

REPRESENTATIVE DILLON (92nd):

Yes, thank you.

It's very common that -- that a credit card company would brand their credit card with the name of an institution on it and that the institution of higher education would get a cut. I have been in default in responding to Ohio State, which I think I can say on this floor because I've never seen Ohio State in any serious competition with UConn on the basketball court, or with anyone else actually.

So I just wonder does this particular legislation or did your committee, as opposed to necessarily Higher Education, address the issue of marketing arrangements between institutions of higher education and credit card companies.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REPRESENTATIVE BARRY (12th):

Through you, Mr. Speaker, to Representative Dillon. This bill doesn't -- I -- can you please frame your question, again.

SPEAKER DONOVAN:

Representative Dillon.

REPRESENTATIVE DILLON (92nd):

Thank you. I'll leave out the part about Ohio State's basketball.

Through you, Mr. Speaker, did your committee at any point take up the issue of cobranding practices between credit card companies and institutions of higher education where you would get a credit card that might say Husky on it and let's say that UConn would get a cut of it? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REPRESENTATIVE BARRY (12th):

Not that I am aware of in that the -- my understanding is that -- that you're talking about UConn. UConn doesn't even offer credit cards with their insignia or a husky dog, Jonathan, husky dog on it to undergraduate students. And the focus of this bill is on undergraduate students.

SPEAKER DONOVAN:

Representative Dillon.

REPRESENTATIVE DILLON (92nd):

Thank you, Mr. Speaker, through you, and I think this is a very important step and it focuses really on public institutions and going forward. It may temporarily be something the institutions -- the Board of Higher Ed may look at, but it isn't really -- I

think it's a problem in Connecticut, but it's ironic to a certain extent that in some states the institutions of higher education are themselves implicated in some of these marketing efforts toward the student because they do get a cut, and I haven't seen that in Connecticut. I hope to the extent that they pay attention to legislative history. It might be something that the higher Ed folks are mindful of as they go forward.

But thank you very much, it's a very positive bill.

SPEAKER DONOVAN:

Thank you, madam.

Representative Alberts.

REPRESENTATIVE ALBERTS (50th):

Thank you, Mr. Speaker, through you, a question to the proponent of the bill if I may.

SPEAKER DONOVAN:

Representative Barry please prepare yourself for a questioning.

Please continue

REPRESENTATIVE ALBERTS (50th):

Thank you, Mr. Speaker.

Section 1 deals with some exceptions in terms of activities or merchandising conducted within the

physical bodies of a financial service business located on or within a campus of a public institution of higher education. As I read this, I believe it's designed to provide an exemption for such facilities; is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REPRESENTATIVE BARRY (12th):

Through you, Mr. Speaker, yes.

SPEAKER DONOVAN:

Representative Alberts.

REPRESENTATIVE ALBERTS (50th):

Thank you, Mr. Speaker, and through you, I believe that the intent here is to exempt those financial institutions that may have a branch on a campus of a college within the state; is that not correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REPRESENTATIVE BARRY (12th):

Through you, Mr. Speaker, Representative Alberts, yes.

SPEAKER DONOVAN:

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Representative Alberts.

REPRESENTATIVE ALBERTS (50th):

Thank you, Mr. Speaker

Now, in addition to having branches, many of the campuses in our state have ATM facilities. These are standalone facilities that are accessible in some cases to the general public but in some cases it's really inconvenient for the general public to access that facility.

And, for purposes of legislative intent, would it be the proponent's belief that if an ATM was on the campus and it was offered by a particular financial institution and as part of the appearance of the ATM they featured credit card advertising scrolling through the screen, would that be considered one of the exemptions?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REPRESENTATIVE BARRY (12th):

I think that type of marketing would be subject to the policy set forth in this bill.

SPEAKER DONOVAN:

Representative Alberts.

REPRESENTATIVE ALBERTS (50th):

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Thank you, Mr. Speaker.

So let me make sure I understand this, if there's purely incidental credit card merchandising appearing on a scrolled display at an ATM, that would be considered, subject to this -- these provisions?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REPRESENTATIVE BARRY (12th):

Through you, Mr. Speaker.

Can you just point out the lines that you're referring to?

SPEAKER DONOVAN:

Representative Alberts.

REPRESENTATIVE ALBERTS (50th):

Thank you, Mr. Speaker.

I'm referring to the Section 1a under Item 2, "activities or merchandising conducted within the physical boundaries of a financial services business located on/or within a campus," and, as I understand this, I can understand the plain language seems to appeal to branches that are located, but, again, many of the campuses of universities, including the University of Connecticut and our state universities, have ATMs and advertising does appear, incidental

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scrolling on those screens. And I just want to make sure that for purposes of legislative intent, it's the proponent's belief that this would be excluded.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REPRESENTATIVE BARRY (12th):

Through you, Mr. Speaker, yes, it would be excluded.

SPEAKER DONOVAN:

Representative Alberts.

REPRESENTATIVE ALBERTS (50th):

Thank you, Mr. Speaker.

I did support this bill in Higher Education. I think it's a very worthy bill, and I think we should support it now. Thank you.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, sir.

Will you remark further on House Amendment A?

Representative Hovey of 112th, you have the floor, madam.

REP. HOVEY (112th):

Thank you, Mr. Speaker.

Mr. Speaker, I rise in support of this amendment but, through you, a question to the proponent.

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DEPUTY SPEAKER MCCLUSKEY:

Please prepare yourself, Representative Barry.

REP. HOVEY (112th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, when talking about undergraduates, we have a lot of nontraditional students these days on our different campuses so while you may be an undergraduate student, you could be anywhere from, let's say, 16 to 55. And so I'm wondering if the proponent of the amendment considered an age-specific with regards to that concept?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, no.

DEPUTY SPEAKER MCCLUSKEY:

Representative Hovey.

REP. HOVEY (112th):

Thank you, Mr. Speaker.

Mr. Speaker, I would suggest -- since I was elected, I've -- I put -- initiated legislation that has to do with predatory lending on young people under the age of 25. For this very reason that they garner way too much debt before they get out of school and

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find themselves in circumstances that are really detrimental to their positive futures. And I would suggest that -- I am going to support this legislation, and I think it's great legislation and a great start.

I have been told consistently that though this kind of legislation was not able to be tolerated because of the interstate commerce laws, and so I'm glad to have this be a trial for that. I would suggest that in going forward that we need to seriously consider an actual age and that age probably needs to be, kind of, prior to full-time employment so that when people are looking at establishing a credit card that they are assured that the individual who is getting that credit card does have a constant income or supposed constant income.

And so the age that I have, kind of arbitrarily picked, was 25 because that seemed to be kind of the age of where young people tend to get through school, get their feet under them and are working and going to school or whatever. So, with regards to the term "undergraduate," I would like to see more parameters put around that, but I think this is a great start in legislation, and I hope that we're able to find that it has a positive impact on our young people in this

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state.

Thank you.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, madam.

Will you remark further?

The distinguished gentleman from Greenwich of 151st, Representative Camillo, you have the floor, sir.

REP. CAMILLO (151st):

Thank you, Mr. Speaker.

I certainly rise to support this bill. But to parrot some of our other colleagues here that this is really a stop-gap measure. It doesn't really attack the root of problem. This deals with kids already in college, but we really need to get to them before they get to college. And I know that several of us wanted to introduce some legislation this year but because there was a fiscal note, we didn't.

One such bill would have dealt with financial literacy. And, just last year, we spent -- the first federal stimulus package spent about \$220 million for debt counseling. So that would be money if these kids were aware of credit cards, their credit -- credit scores, how to build their credit, how to maintain it, how do avoid pitfalls, we wouldn't really be debating

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things. So it is a good start, I ask everyone else to support it, too, but hopefully we can attack the root of it next time.

Thank you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, sir, for your remarks.

Will you remark further on House Amendment Schedule A?

The distinguished ranking member of the Planning and Development Committee, Representative Aman, you have the floor, sir.

REP. AMAN (14th):

Thank you very much, Mr. Speaker.

Like the rest of the speakers, I believe that having our state universities protect our children and our students from predatory lending makes sense, but, to the proponent of the bill, I do have a couple of questions.

DEPUTY SPEAKER MCCLUSKEY:

Please prepare yourself, Representative Barry.

Please continue, sir.

REP. AMAN (14th):

Yes. I'm wondering from reading this since everybody is saying this legislation makes sense. Could our universities currently do that without us

passing a law saying -- basically, forcing them to do it?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER MCCLUSKEY:

Representative Aman.

REP. AMAN (14th):

So, my follow-up question, again, since everybody is saying this is such a good idea, and, on the surface, I believe it is, and our schools not only educate our children in many forms but also serve to protect the students in many different ways, through you, Mr. Speaker, why haven't the colleges and universities taken this obvious step to protect their students?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, to Representative Aman. You know the testimony that was submitted to us in the committee -- some of the testimony I can point to

from, like David Carr, the chancellor of the Connecticut State University System did indicate that Central, Eastern, Southern, and Western does not permit solicitation of credit cards on campus. Some of our community colleges don't either. But there are colleges and universities throughout the state that do and engage in -- allow the marketing activities that we are trying to regulate here. And I don't -- I don't know why they wouldn't, but they certainly, some of them certainly don't.

DEPUTY SPEAKER MCCLUSKEY:

Representative Aman.

REP. AMAN (14th):

Thank you. To the proponent of the bill, again, I will be supporting the bill, but I'm looking at this as one of the multitude of pieces of legislation that we seem to be passing that says to people, do your job. We're writing a law that says to the universities, you are not taking care of the students in a proper manner and most of the universities seem to be doing it already. A few are not. And, I guess, I find this type of legislation unnecessary. I think there are other ways we could have accomplished it and not filled the blue statute books with this type of law.

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Thank you very much, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, sir, for your remarks.

The distinguished chairman of the Executive and Legislative Nominations Committee, Representative Janowski, you have the floor, madam.

REP. JANOWSKI (56th):

Thank you, Mr. Speaker.

I rise in support of the bill, strong support of the bill, and I would just like to comment that several bills were introduced on the subject, and I want to thank the Banks Committee chairs, as well as the chairs of the Higher Education Committee, for coming up with this compromise bill, and I urge your favorable vote on this bill.

Thank you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, madam, for your remarks.

Will you remark further on House Amendment Schedule A?

The distinguished chair of the Housing Committee, Representative Green, you have the floor.

REP. GREEN (1st):

Thank you, Mr. Speaker.

Mr. Speaker, just a couple of questions for some

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clarification. In the language of the amendment, it talks about this marketing and the practices are public institutions. Through you, Mr. Chair, does that also include private colleges?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, to Representative Green, no.

DEPUTY SPEAKER MCCLUSKEY:

Representative Green.

REP. GREEN (1st):

Thank you. So credit card companies can market on private colleges without these protections. But, on public colleges, that may be a good way to start. I don't know why we have that distinction.

And, through you, Mr. Chair, I was trying to read what happens if one of these credit card companies violates some of the conditions of marketing, when they should do it, how they should it, what's the penalty? I didn't see anywhere in here a penalty phase.

Through you, Mr. Chair.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, to Representative Green, it would be up to the Board of Governors of Higher Education that adopts the policies to determine the penalties.

DEPUTY SPEAKER MCCLUSKEY:

Representative Green.

REP. GREEN (1st):

Thank you, Mr. Chair.

Usually, when we have legislation, there's usually outlined what the penalty would be based on the violation of whatever the statute says, and I'm not sure if a department can adopt penalties without it being reviewed by the Legislature just to make sure those penalties, one, what is the type of -- a penalty is the penalty for action for a violation of the statute, which is a violation of the law, which is what we set, not Department set.

It seems to me that this needs further review in terms of the penalty phase. And it sounds like a referral to Judicial. That's just my thought.

Thank you, Mr. Chair.

DEPUTY SPEAKER MCCLUSKEY:

Will you remark further on House Amendment

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Schedule A?

The distinguished ranking member of the Appropriation Committee, Representative Miner, you have the floor, sir.

REP. MINER (66th):

Thank you -- thank you, Mr. Speaker, and good afternoon. If I might just a few questions to the proponent of the amendment, please, through you.

DEPUTY SPEAKER MCCLUSKEY:

Please proceed, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

I wanted to try and get at the marketing just a minute and be sure I understood it. In section 1, it talks about not being able to market to individual students who are enrolled in a public institution of higher education in this state.

Through you, if I could, how would -- how would a credit card company know that an individual is actually enrolled in that way?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, they would know by

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getting a directory information through FERPA.

DEPUTY SPEAKER MCCLUSKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

The gentleman could tell me, I'm not familiar with what that acronym means.

Please, through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Under the Family Education -- Educational Records and Privacy Acts which is 20 USC 1232g. Under there, at the beginning of a term when students matriculate at a school a directory of information is put together. And the credit card issuers would know who is enrolled at the school.

DEPUTY SPEAKER MCCLUSKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And so is that -- that an occurrence that occurs continuously throughout the four or five years that a student is enrolled in college?

Through you, Mr. Speaker.

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DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER MCCLUSKEY:

Representative Miner.

REP. MINER (66th):

And, again, just to be sure. Once they've made that determination, if a student drops out, is there a period during which the credit card company would be not able to contact that person even though they had originally enrolled, let's say, as a junior and they decided they wanted to not finish after that?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

My understanding is that the directory information would be -- gets modified as the status of the students -- the student's status changes.

DEPUTY SPEAKER MCCLUSKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And so, in terms of the content, if one of our

residents attended an institution of higher education outside the state, they would not be protected underneath this legislation as I read it; is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER MCCLUSKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And I thank the gentleman for his answers. If I could just quickly to Section 2. I was listening to just some conversation between Representative Hetherington and the Chairman, and I think he was trying to get to whether or not the language in Section 2 might actually be binding. And it, kind of, raised a question in my mind, if I could.

Through you, at what age is it lawful in the state of Connecticut for an individual to extend credit and for an individual to accept that obligation?

Through you, Mr. Speaker.

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DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, to Representative Miner.

My understanding is that it would be age 18.

This section was added -- this bill originated in the Banks Committee and then this section was added in the Higher Education Committee so there may be an answer that I'm not aware of that Representative Willis would have.

DEPUTY SPEAKER MCCLUSKEY:

You still have the floor, sir.

Representative Miner.

REP. MINER (66th):

Thank -- thank you, Mr. Speaker.

And if the gentleman could tell me in terms of the age of 18, is there any circumstance under which a parent or guardian would be obligated for the debt of an individual that's 18 years or older in the case of a credit card or some other debt obligation?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, to Representative Miner.

I believe a parent or a legal guardian of someone who is age 18 or older would be liable for a debt of that individual if, for instance, the parent or legal guardian cosigned on the loan, the note, the debt, or acted as a guarantor and signed a guarantee.

DEPUTY SPEAKER MCCLUSKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

So, in the case of a credit card, if the parent didn't know, didn't sign, wasn't a guarantor, under our current law, they're not obligated to pay this debt. But, under the bill, I guess, what we're trying to do is to create a clear -- send a clear message to credit card companies that they're not responsible and you can't call; is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, that's a fair summary of what we're trying to do, yeah.

DEPUTY SPEAKER MCCLUSKEY:

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Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, I appreciate the answers given by the gentleman and I, having had a number of children that have gone through various phases of higher education, would be quite honest and tell the chamber that I am no stranger to this issue. I wish they were just t-shirt and hats, but my recollection was that it usually came as the form of voucher for \$500 and somebody signed the back of the voucher and made the deposit and then somebody realized that somebody had to pay that bill, and so my children spent long hours during the summer doing many things to try and clear up that issue. And I think they learned from that situation.

I am a little bit concerned here that we've kind of limited the scope of this. I was in the car business a long, long time ago, and it wasn't uncommon for me to tell a young couple, you know, you can maybe afford this car but I'm not going to sell it to you because you really can't pay for it over four years or five years.

And what this does is carves out a very small population of our children, our students and gives

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them some protection, theoretically, but there are an awful lot of other people that are going to get the same information that this small group got and they're not going to be protected.

I -- I also have the other side of me that says, maybe a lesson learned at an early age for \$1,000 is a good lesson learned, rather than one for \$20,000 a little bit later. So I do have some mixed emotions about this, but I understand why it's here. And I'm not sure if there are any other people that have questions or comments, but I'll listen and then make a decision at the end.

Thank you.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, sir for your remarks.

Will you remark further on House Amendment Schedule A? Will you remark further? If not, let me try your minds.

All those in favor of House Amendment Schedule A signify by saying aye.

All those opposed nay.

They ayes have it. The amendment's adopted.

Will you remark further on the bill as amended?

Will you remark further on the bill as amended?

Representative Hetherington of the 125th, you

have the floor, sir.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker.

I'm going to support this bill because I believe that it's headed in the right direction, and I certainly appreciate the concern that gives rise to it.

I am a little concerned about Section 2 because we talk about limiting debt collection action against a parent or guardian, and, first of all, I'm concerned that we may not be able to do that under the Interstate Commerce Clause, but, second, is, I don't think we understand whether the parent would be liable or not. And, so if the parent is not liable -- if the parent would not be liable for the debts of a child or the guardian would not be liable for the debts of the student who is over 18, then I don't know what this is supposed to accomplish, and I think it's unfortunate we really haven't resolved that more clearly.

I would notice in -- just note in passing that when we adopt a piece of legislation like this, we often think about how we broadly view young people. It used to be the view that an institution of higher learning was in the loco parentis, the position of a parent, to look out for those who are under its

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tutelage. However, now we don't permit institutions to send grades or other personal matters home to the guardian or parent. We are lowering the voting age to 17, but we don't let people drink even at 18, not until they're 21. So, you know, we have an ambivalent view of what -- of what youth is and at what age you become all grown up. And this is a good opportunity maybe to focus some of our thoughts on that and maybe to try to arrive at some common understanding of when, in our society, someone reaches maturity.

Through you, Mr. Speaker.

DEPUTY SPEAKER MCCLUSKEY:

Thank you, sir for your remarks.

Will you remark further on the bill as amended?
Will you remark further on the bill as amended? If not, will staff and guests please come to the well of the House, will the members please take your seats?
The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call, members to the chamber. The House is voting by roll call, members to the chamber, please.

DEPUTY SPEAKER MCCLUSKEY:

Have all the members voted? Have all the members voted?

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Will the members please check the board to determine whether your vote has been properly cast. If all the members have voted, the machine will be locked and the Clerk will please take a tally.

Will the Clerk please announce that tally?

THE CLERK:

House Bill 6483 as amended by House A

Total number voting 143

Necessary for passage 72

Those voting yea 143

Those voting nay 0

Those absent and not voting 8

DEPUTY SPEAKER MCCLUSKEY:

Bill, as amended, is passed.

Will the Clerk please call Calendar 418?

THE CLERK:

On page 13, Calendar 418, House Bill Number 6684, an Act Establishing a Correctional Safe Health and Safety Subcommittee -- I'm sorry, Staff Health and safety Subcommittee of the Criminal Justice Policy Advisory Commission, favorable report of the Committee on Judiciary.

DEPUTY SPEAKER MCCLUSKEY:

The distinguished representative from the 59th District, Representative Jarmoc.

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February 24, 2009
10:00 A.M.

RICHARD BLUMENTHAL: Morning, Senator,
Representative Barry, and members of the
committee.

I'm very pleased to be here on a number of
proposals, and I want to emphasize two in
particular or three, the first is House Bill
6483, An Act Concerning Credit Card Offers On
College Campuses And Financial Literacy For
High School Students.

SB953

Credit card debt is an increasing problem in
our country and our state, and this proposal
would provide not only education but also some
sensible and rational limits on the kinds of
marketing that can be done of credit cards.
And I think particularly education is an
important facet of this proposal.

I want to emphasize the importance of House
Bill 5907, An Act Concerning Foreclosure
Rescue And Debt Rescuers. Most recently, just
last week, we encountered claims and
allegations regarding very significant damages
to consumers in Connecticut from a company
called "Hope Alliance," which sounds a lot
like "Hope Now," that according to these
allegations, it masqueraded as Hope Now; it
took advanced fees of \$1500 from Connecticut
consumers and gave them advice that has very
severely harmed and jeopardized them, again,
according to these allegations. It advised
people who were current on their mortgages to
stop paying the lenders. As a consequence,
these people are now in the midst of
foreclosure. So not only did it take advanced
fees but it also gave very harmful advice.
And in microcosm, that is the problem that we
encounter whenever there are these so-called
foreclosure rescue operations that take
advance fees and operate as profit-making
companies. We advise consumers, never pay an
upfront amount, never pay an advance fee, deal

with nonprofits only. And this legislation -- and I want to thank the committee Chairmen for their leadership on this issue -- would accomplish a number of the objectives that I think we all recognize are important; namely, it would ban those fees. It would permit only nonprofit organizations to engage in this activity. It would provide for a three-day right of cancellation and other kinds of disclosures and contract conditions that are very much in the public interest, and particularly at this point in our state and nation's history.

I also want to emphasize the opportunity that we have -- and it's really a historic opportunity -- with Senate Bill 953, Concerning Hedge Funds. I think the opportunity is really to lead the nation because there will be new measures in Washington, a new regulatory system there with provisions that require hedge fund registration at the federal level. I believe and I hope that will happen. But Connecticut can help to lead that process through this bill in imposing some requirements for greater transparency and accountability; for example, the risk disclosure and risk control elements that are included in this bill, but maybe most important the requirement for registration and the exception for hedge funds that voluntarily choose to register at the federal level.

This incentive, as much as any other provision of the bill for hedge fund registration with the Securities and Exchange Commission under the Investment Advisor Act of 1940, I think will help spur registration at the national level by giving those hedge funds an exemption from our law. And I think the more that is done to incentivize that registration, the better and stronger the federal measures will

be. This legislation limits investors in hedge funds to the ones that were -- that are permitted under the federal law, currently \$2.5 million in investment assets for individual investors, 5 million for institutional investors.

And I would just close by saying, you know, there was a time when I advocated hedge fund regulation and said that hedge funds are in a regulatory black hole. And I testified before Congressional committees as well as before this committee, and many people said to me we don't really need to do anything for these investors, they're by nature smart and sophisticated. They can fend for themselves. They can protect their own financial well-being. If we've learned nothing else in the last six months, speaking not only about Madoff and Stanford and the Ponzi schemes and financial frauds but about the day-to-day hedge fund losses, the hedge funds going out of existence because of financial failure, we have learned that those so-called smart and sophisticated investors are maybe not as smart and sophisticated as they thought they were or we thought they were and that they can have an impact well beyond their own investments, because the failures of these hedge funds that do so much trading and control so many assets has a ripple effect on our entire economic well-being.

And so I -- I would suggest that the State of Connecticut can lead the nation. I'd prefer strongly that the federal government take the lead and provide uniform national standards. I would do nothing that disadvantages our state hedge funds, but we can give them strong protections and an incentive to register nationally with modest cost if we adopt this bill.

SENATOR DUFF: Thank you, Mr. Attorney General.

Thanks for your testimony on a number of different pieces of legislation.

If I can just -- before I get to the Hedge Fund Bill and the Debt Reducers' Bill, on the bill that you have written some testimony for, House Bill 6366 -- I'm sorry, that's not the one -- House Bill 6483, Concerning Credit Card Offers, do we -- we have -- sometimes we run into jurisdictional issues based on whether it's a state charter or federally-chartered. Do you feel comfortable that that's something we can -- since this is on state property or -- or not, that we can -- we can regulate this one way or the other?

RICHARD BLUMENTHAL: I feel that we can. And I -- and your question is very well taken about jurisdiction. Obviously we're concerned about preemption by federal law, but this bill applies to obviously the Board of Governors of Higher Education, which are authorized under this bill to adopt policies regulating credit card company marketing practices on-campus, within the state system to, in effect, students and others within that sort of environment. And I think that we can prohibit credit card companies, for example, from soliciting undergraduate students during the class registration period. As we do here, we can control the marketing and promotion practices in our state university system and thereby provide a model of protection for other campuses as well.

SENATOR DUFF: Great. Thank you, very much, for that answer. I think that helps -- helps us out quite a bit on what we're trying to do.

On the -- on the bill about, House Bill 5907, on the Debt Reducers, you -- you had

even before there's a requirement. But certainly whatever the federal government does in terms of its new regulatory structure might well preempt state -- the state bill that we adopt. The -- the question may be why should we adopt something if the feds are going to do something? And the answer is we can help move the feds toward that end if we pass this bill. We can lead them. We can suggest, strongly, provisions that should be adopted. I think there are no givens as to what will happen at the federal level either as to whether there will be registration or what it will be.

SENATOR DUFF: Thank you.

And that's why we had some concerns about, with CHFA and money that may come from a -- from -- from funds from Congress, because we're not sure what will happen. And I think at this instance, two years ago when we proposed this legislation, many people said to us, well, just wait, because Congress is acting. And we're -- we're kind of at the same point as where we were two years ago.

RICHARD BLUMENTHAL: Exactly.

SENATOR DUFF: So, thank you.

Any questions from members of the committee?

Representative Barry.

REP. BARRY: Thanks, Senator Duff.

Thanks, a lot Representative -- Attorney General Blumenthal. Thanks for all your help, also, gearing up for this session, too, backing really good measures to protect consumers that -- that are under the cognizance of this committee.

HB6483

I appreciate -- especially appreciate your support of the -- of House Bill 648 -- 83, Concerning Credit Card Offers On College Campuses And Financial Literacy For High School Students.

We had an informational forum a few months ago and it was expressed to us by the presidents of various universities and the Chancellor of CSU and the Department of Higher Education's Commissioner that there is possibility of tightening of credit for student loans, also the possibility of increased costs of higher education or the inevitability of that. And -- and then also what's happening when people who -- when they -- when they come out of -- when kids -- kids come out of college and they enter the workforce and they're saddled with a lot of debt and a lot of student loans and also credit card debt coupled with that.

And this bill, I think has kind of addressed what Senator Duff was asking about before. When we looked at -- unsolicited research looked at what other states have been doing, this bill really takes all the best things out of a lot of other states, what California has been doing, New York, West Virginia, Texas, a number of other states and kind of puts them all together, synthesizes them. And we put them in this bill for starters, and we think that, you know, certain things like requiring schools to adopt policies regarding marketing activities is like just -- is so -- it's common sense.

And I -- and I do understand. I think David Carter submitted some testimony -- he won't be here today -- but he did say that, you know, they do do that kind of already and they, at freshmen orientation, they dedicate some time to that, and I think other schools do as well. And I think your, you being behind this is

going to be very helpful to us, because we're trying to ascertain information from other schools too that have not yet responded to our inquiries from -- from our nonpartisan staff. So -- and I appreciate you -- you coming here to -- to talk about that high priority of ours.

RICHARD BLUMENTHAL: Thank you.

REP. BARRY: Thanks, very much.

RICHARD BLUMENTHAL: Thank you, very much. And I -- I want to thank you and co-Chairman Duff for your leadership on this issue as well as on the hedge fund issue and obviously the mortgage rescue issue where you have been very out front on it. And I think it's -- it's, for all the reasons that you say, it's very important.

Thank you.

SENATOR DUFF: Representative Widlitz.

REP. WIDLITZ: Thank you, Mr. Chairman.

I also just would like to thank you, very much, especially for your support of House Bill 6483.

A few years ago, Senator Harp and I proposed a bill before the Education Committee to require personal financial management to be taught in the public schools. It took us two years to get a bill passed that would just require the State Board of Education to have that curriculum available for K through 12s. And, you know, it's very difficult to -- to change high school requirements or public school requirements involving the curriculum, so I especially -- that -- that's been on file with the State Board of Education. I don't know if anyone ever uses it, but certainly having your

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influence behind this to get people to really move on that, it just -- it's -- it's such -- it's such an obvious, important part of our curriculum that -- that kids -- kids 12 and 13-years-old have the use of credit cards now. It's -- it's unbelievable to me, sometimes what goes on. So I think it's -- it needs to be an educational effort long before we get to the college level. So I really appreciate your --

RICHARD BLUMENTHAL: Well --

REP. WIDLITZ: -- efforts behind this.

RICHARD BLUMENTHAL: -- thank you.

And I was aware of the measure that you sponsored and fought for some years ago on education.

You know, we see all the kind of tragedies of people overusing credit cards or even misusing them, and it really is a very avoidable kind of financial disaster that education is key to preventing. And so the more we can do to prevent these kinds of tragedies -- you know, it's the old story, an ounce of prevention is worth a pound of cure; the better off we will be and the fewer of these financial tragedies we'll see.

SENATOR DUFF: Thank you.

Representative Wright.

REP. WRIGHT: Thank you, Mr. Chairman.

And thank you, Attorney General Blumenthal, for -- for your extraordinary leadership on all of these issues and many others.

With regard to the -- the debt reduction and debt settlement measure, at least in the -- in the consumer credit settlement area, some

HB5907

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2009

RICHARD BLUMENTHAL
ATTORNEY GENERAL



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Office of The Attorney General
State of Connecticut

**TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE BANKS COMMITTEE
FEBRUARY 24, 2009**

I appreciate the opportunity to support House Bill 6483, An Act Concerning Credit Card Offers on College Campuses and Financial Literacy for High School Students.

This legislation requires the Board of Governors of Higher Education to regulate the marketing of credit cards on college campuses. In particular, the Board shall prohibit our public universities and colleges from selling student names and addresses to credit card companies and from marketing particular credit cards -- affinity cards with the college logo -- to students. In addition, the Board shall restrict the amount of interaction between the credit card companies and students and require the dissemination of debt management information to students.

Too many students graduate from college mired in credit card debt and student loan obligations. Currently, numerous school programs seek to raise awareness and provide information about financial responsibility. Even so, parents and schools must do more to better educate students about the perils and pitfalls of credit card debt.

Ironically, some colleges and universities aid and abet this credit card crisis by supplying student names and addresses to credit card companies and profiting from student use of credit cards, earning thousands of dollars while students sink deeper into debt.

House Bill 6483 reestablishes the correct priorities for these colleges and universities -- the welfare of their students rather than profit.

I urge the committee's favorable consideration of House Bill 6483.

Steering Committee Officers:
 Jacqueline Kozin, *Co-Chair*
 Michelle Noehren, *Co-Chair*
 Christa Allard, *Outreach*
 Jillian Gilchrist, *Legislative*
 Kristen Pavlik, *Training/Development*



Steering Committee Members:
 Sara Barczak
 Michelle Dixon
 Anna Doroghazi
 Lauren Donais
 Shoshanna Silverberg
 Nicole Terry

Written Testimony of
 The Young Women's Leadership Program
 Before the Banks Committee
 Tuesday, February 24, 2009

In Support of:

H.B. 6483, AAC Credit Card Offers on College Campuses and Financial Literacy for High School Students

Senator Duff, Representative Barry and members of the committee, thank you for this opportunity to provide written testimony on behalf of the Young Women's Leadership Program (YWLP), which is dedicated to understanding and voicing the needs of Connecticut's young women, ages 18-35.

The YWLP strongly supports the above referenced bill because it requires schools to teach students about financial literacy and creates regulations for credit card companies that are soliciting on public college campuses.

Studies have shown that 47% of women in the United States ages 21 to 34 carry unpaid credit card balances at an average of \$2000.¹ If we consider that this statistic is most likely being continuously compounded by our current economic situation, it is a safe presumption that the average amount of debt carried by those ages 21-34 just two years, one year, or even six months ago has swelled dramatically in the past months, and will continue to inflate at a rapid pace in the coming months, and potentially years.

As the cost of living has been rapidly increasing, more and more Americans, particularly those without sizeable or steady income, such as students, are using credit cards to cover the costs of staples such as food, utilities and many of the expenses associated with receiving higher education. In fact, a national survey of college students found that 23% use credit cards to pay for tuition and fees and 52% for textbooks and school supplies.² This means that in order for students to graduate from college, many must absorb an increasingly inflated price of debt, which inhibits their ability to pay off educational debt, limits their ability to succeed at *ever* paying off their debt, obtaining satisfactory credit ratings, acquiring property and providing for their families' essential needs down the line.

Alarming, 55% of college students say they have never taken a course about personal finance or economics.³ When credit card companies have unfettered access on college

¹ <<http://www.newswise.com/articles/view/28248/>, <http://www.soundinvesting.org/justforwomen.asp>>

² Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005

³ Ibid

campuses to students who, due to a lack of financial education, often do not fully understand how the concept of 'credit' works, these companies are being enabled to prey on a particularly vulnerable segment of our population.

The YWLP applauds the committee for your attention to this matter and looks forward to working with you on this important issue.

Connecticut General Assembly



PCSW

Permanent Commission on the Status of Women
The State's leading force for women's equality

Research Brief

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Young Women and Financial Literacy

Financial literacy is an invaluable educational tool that can help young women gain financial independence and long-term economic security. Unfortunately, in part because of a lack of financial literacy education, many young women are not saving aggressively and are carrying high amounts of debt. Below are some key facts about young women and finance.

Young Women and Debt

- Studies have shown that 47% of women ages 21 to 34 carry unpaid credit card balances at an average of \$2000.ⁱ
- A national survey of college students found 23% use credit cards to pay for tuition and fees and 52% for textbooks and school supplies.ⁱⁱ
- Women college graduates have an average student loan debt of \$19,360.ⁱⁱⁱ
- Among workers aged 25 to 34, 23 percent of women with bachelor's degrees spent over 10 percent of their earnings repaying student loans, versus 16 percent of men.^{iv}
- 54% of people between ages 18-34 have gone without health insurance at some point in the last five years and 28% are carrying medical debt.^v
- Young women have more credit cards, are more likely than men to have credit card debt over \$5,000, pay late and not pay their balances in full.^{vi}

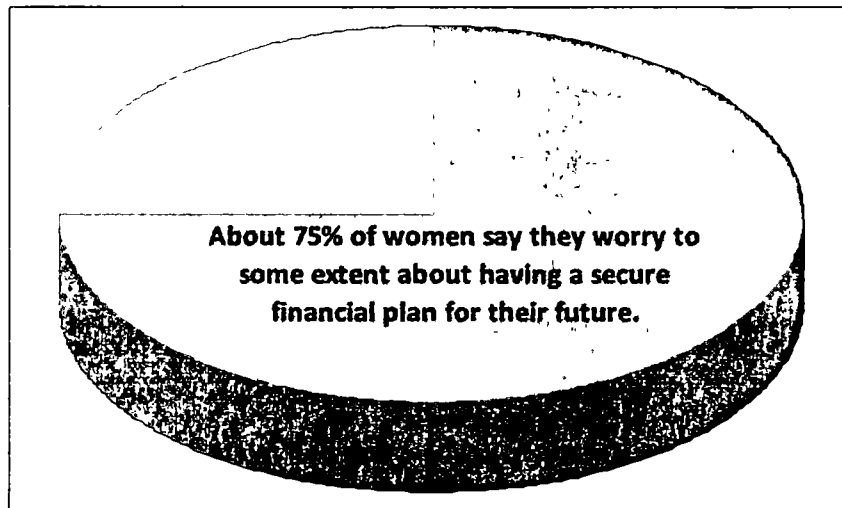
Young Women and Savings

- Probably because they are closer to retirement, workers age 35 and older are more likely than those ages 25-34 to say they (and/or their spouse) have saved for retirement.^{vi}
- Women are more likely to work in part-time jobs that don't qualify for a retirement plan. And working women are more likely than men to interrupt their careers to take care of family members; therefore, they work fewer years and contribute less toward their retirement.^{viii}
- Women are more likely than men to have no savings at all. 25% of women have neither retirement savings nor other savings, compared with 18% of men.^x
- Workers ages 25-34 are less confident than workers of similar ages were 10 years ago about their ability to have a financially secure retirement. In particular, they are less confident about having enough money for a comfortable retirement and having enough to pay for basic expenses.^x



Young Women and Financial Education

- 55% of college students say they have never taken a course about personal finance or economics.^{xi}
- About 75% of women say they worry to some extent about having a secure financial plan for their future.^{xii}
- While a lack of progress in savings could be the result of other financial strains, such as income limitations or family demands, data suggests that progress may also be dependent on financial education and preparedness. Knowing what and how to do it is as important as having the means to do it.^{xiii}



Recommendations

The Young Women's Leadership Program supports proposals to provide education and programming about financial literacy.

^{xi} <http://www.news.wisc.edu/articles/news/28248/>, <http://www.soundinvesting.org/nstformen.asp>
^{xii} Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005
^{xiii} The Project on Student Debt
^{xi} <http://www.creditcards.com/credit-card-news/young-women-suffer-from-greater-debt.php>
^{xii} Investment News, America's Under 35 Piling Up Debt, 8/11/2008
^{xiii} Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005
^{xiv} Employee Benefit Research Institute: 2008 Retirement Confidence Survey
^{xv} U.S. Department of Labor: Women and Retirement Savings, 2008
^{xvi} Employee Benefit Research Institute: 2008 Retirement Confidence Survey
^{xvii} Employee Benefit Research Institute: 2008 Retirement Confidence Survey
^{xviii} Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005
^{xix} http://www.prudential.com/media/managed/2006WomenBrochure_FINAL.pdf
^{xx} http://www.prudential.com/media/managed/2006WomenBrochure_FINAL.pdf



Written Testimony Submitted by
Chancellor David G. Carter
Connecticut State University System
Before the Banks Committee
Tuesday, February 24, 2009

Due to previous commitments, I am unable to appear before you today, but I wanted to submit comments for your consideration on House Bill 6483, *An Act Concerning Credit Card Offers on College Campuses and Financial Literacy for High School Students*.

The bill requires the Board of Governors of Higher Education adopt policies regulating credit card company marketing practices on campuses within the state system of higher education by January 1, 2010. The policies must: (1) require credit card companies to register with the public institution of higher education before conducting any marketing activities on the campus of such institution; (2) prohibit credit card companies from soliciting undergraduate students during the class registration period; (3) require credit card companies to distribute debt education materials; (4) prohibit public institutions of higher education from selling student information to credit card companies; (5) prohibit employees of such institution from marketing credit cards to students; (6) restrict the time and place in which credit card marketing may occur; and (7) prohibit the use of gifts and incentives in such marketing.

The Connecticut State University System (CSUS) is committed to ensuring that the students attending our four universities do not fall victim to the lure of credit card companies. Each of the universities has been taking steps consistent with many of the elements included in this proposed legislation and provides some form of personal financial education to students, in some cases working with professional organizations, such as the Connecticut Society of Certified Public Accountants, to further educate students on these issues. Efforts to increase understanding and awareness of credit card issues is increasingly becoming part of freshman orientation, or first year experience programs which help to acclimate new students to campus life.

Central Connecticut State University, Eastern Connecticut State University, Southern Connecticut State University and Western Connecticut State University do not permit solicitation of credit cards on campus. Furthermore, they do not sell student names and addresses to credit card companies. We would welcome the opportunity to work with the legislature and other interested parties on this important issue.

Your consideration of this testimony is greatly appreciated. Please feel free to contact Jill E. Ferraiolo, Associate Vice Chancellor for Government Relations/Communications, should you require any additional information or have any questions regarding these matters.



CONNECTICUT BANKERS ASSOCIATION

To: Members of the Banks Committee

February 24, 2009

Fr: Connecticut Bankers Association
Contacts: Tom Mongellow, Fritz Conway

Re: Testimony on Various Bills Before the Committee

SB 617, AN ACT CONCERNING BRANCHING AND AUTHORITY TO IMPLEMENT THE NATIONAL DEFENSE AUTHORIZATION ACT

HB6479
HB6481
HB6483
HB6484

Position: Support

The CBA supports this legislation. In particular, we applaud the elimination of a requirement to file a costly CRA plan in connection with certain applications (unless the Commissioner otherwise deems it necessary). Those plans are rarely reviewed by outside individuals and, as such, it represents an unnecessary expense during difficult economic times for all businesses.

SB 951, AN ACT CONCERNING NEIGHBORHOOD PROTECTION

Position: Oppose

We strongly oppose this bill. It unfairly and unreasonably places burdens on lenders who take title to property through foreclosure. The bill seems to imply that foreclosing lenders should have the resources and ability to cure the problems of neighborhood blight, health and safety in ways that goes far beyond the laws that would be applicable to any existing borrower and owner of the property. If enacted, lenders would likely not take possession of troubled properties because it would be economically and logistically be impossible for them to comply with the provisions of the bill. This bill would actually increase the problem this bill seeks to cure. Foreclosures spiked in the early 1990's, during the last period of declining housing values, and many times when a negative equity situation arose, the borrower simply abandoned the property without notifying the lender.

Foreclosure relief programs, such as the successful Judicial Mediation program, the Federal Modification programs just announced last week, and numerous other State programs are the appropriate way to reach borrowers and assist them wherever possible. Keeping the owner in the property or smoothly transitioning them to a new housing solution is a better way to maintain the condition of the State's housing stock.

H.B. No. 6478 AN ACT CONCERNING THE USE OF STATE GUARANTEES TO ENCOURAGE LENDING TO SMALL AND MEDIUM-SIZED BUSINESSES

Position: Support with Revisions

This bill seeks to create a State backed guarantee, for Trust Preferred Securities (TPS), issued by Connecticut domiciled banks. This is needed, because community banks have lost an important means of raising equity capital through the issuance of this type of security, due to the problems in the capital markets. Equity

product. In today's economic environment, which has led to the highest unemployment levels in years, this bill would add the totally unnecessary expense of *maintaining a dual payroll system*, and hurt those businesses utilizing a paycard solution.

With regards to the disclosure concept, with all the different ways and places to access cash, there is no way for an employer to know whether or not a fee would be charged, or how much that fee would be. We urge your opposition to this expensive and problematic approach.

HB 6481, AN ACT CONCERNING THE EMERGENCY MORTGAGE ASSISTANCE PROGRAM

In general, we support the provisions of HB 6481 and we value the goals and contributions of the EMAP program and hope that the additional borrowers will be helped through these amendments.

However, we do have concerns on several provisions in the Bill. One provision would make it impossible to commence a foreclosure action until *after* the EMAP waiting periods have run their course and we oppose that provision. As a reminder, many foreclosures do not actually involve applications being submitted to CHFA. In addition, even if an application were submitted, regrettably, many borrowers simply do not qualify for assistance. It would be unreasonable in these instances to delay the filing of the foreclosure papers. Indeed, it is the commencement of the foreclosure action that makes the *mediation* process available (because it is a judicial process). The availability of that important program should not be delayed while waiting for the EMAP process to run its course. Lenders should be permitted to file papers after providing notice of the availability of the two programs (which is the current law). If success is achieved under one or both programs, the foreclosure action can be withdrawn. If success is not achieved, the lender will not have been needlessly exposed to the risks of delay (mounting debt, deteriorating property, etc).

Another provision would expand the circumstances under which a borrower becomes eligible to submit an application (to include anyone who is 60 days delinquent). We do not object to that provision (indeed we support it), but we note that the required notice lenders must give borrowers would be rendered inaccurate by that amendment. In order to avoid confusion, the content of the notice would have to change. We would be happy to submit suggestions for new notice content.

Finally, we note that the existing provisions would be amended to allow for a borrower to apply or reapply for EMAP assistance at any time if referred by the mediation program. We understand the rationale for that provision, but are concerned that there are no controls to ensure that those referrals are limited to referrals with reasonable prospects for success (and the mechanism is not just used to delay foreclosures—recognizing that the borrower has already been given notice and an opportunity to participate in EMAP). We would be happy to submit suggestions for addressing this concern in a balanced manner.

H. B. 6483, AAC CREDIT CARD OFFERS ON COLLEGE CAMPUSES AND FINANCIAL LITERACY FOR HIGH SCHOOL STUDENTS

This Bill seeks to create a system of controls and restrictions during the soliciting of credit cards to students on college campuses and importantly, would create a personal financial skills curriculum at the high school level.

We strongly support the concept of instituting statewide "personal financial skills" curricula, to be implemented at a high school level. This would result in graduates who would be able to adequately manage, plan and make informed financial and credit decisions.

We do however, have concerns with regards to the restrictions proposed in the Bill on the offering of credit cards to students. Those restrictions may negatively impact the availability of credit that many students rely upon. There are many responsible college students that have legitimate needs for credit, particularly, a credit card. Numerous students are employed and have the means to repay any charges each month. Credit cards allow convenient access to cash, electronic payment at stores, access to ATMs and are accepted at more than 24 million locations around the world. They have become a near-necessity in today's marketplace, and they are usually needed to rent a car, reserve a room or to make purchases over the Internet.

Additionally, it is safer to carry a credit card versus a large amount of cash. This is one of the primary reasons the City of New Haven's Resident ID card, has a cash-loading feature (called a smart card). Also, credit cards come with many anti-fraud features, such as a built in fifty-dollar limit against any unauthorized usage, in case they are lost or stolen. These features may not be available on other types of cash access cards.

Importantly, in today's economic and financial climate, a credit history is critical in order to be approved for a loan. Having a credit card is typically one of the first and best opportunities for a person to establish their credit rating. Many college students want to establish that rating as soon as possible and for a variety of reasons, such as the purchase of a car, furniture or a house.

Competition among credit card companies has given consumers and students more choices of different types of credit cards. For instance, secured credit cards, commonly used among people establishing credit for the first time, must be tied to a savings account. These cards typically provide a lower interest rate and credit line, but nonetheless these cards allow for the establishment of a credit history.

We would welcome the opportunity to work with the committee to create a viable financial skills curriculum and to explore the ramifications of the marketing restrictions proposed in the Bill.

H.B. 6484, AN ACT CONCERNING EMERGENCY MORTGAGE RELIEF

Position: Strongly Oppose

This Bill, although well intentioned, is ill advised and would have disastrous long term consequences for Connecticut banking institutions and the businesses and consumers who are served by those institutions.

This Bill, if enacted, would allow any party to a mortgage foreclosure action (e.g., the borrower, a tenant, a junior lien holder, etc) to petition to have the Court *void a legitimate mortgage loan contract* entered into by a lender in good faith and replace it with a revised payment obligation. That process would, in many cases, force the lender to absorb significant losses that might otherwise be avoided. The Bill would also have very harmful consequences for junior debt holders (essentially wiping out the monthly payment obligation plus forgiving all interest).

Banks in Connecticut have a natural vested interest in avoiding foreclosures that are preventable. They truly want to keep borrowers in their homes. Consistent with that vested interest, current banking rules require a "net present value analysis" on each troubled loan to determine whether a loan modification or other strategy