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LOVE/LAMPITT/WAGNER/EVANS BILL TO REGULATE CREDIT CARD SOLICITATION ON CAMPUSES CLEARS ASSEMBLY

Measure Would Require Credit Card Companies to Register with Colleges & Students to Complete Education Courses before Credit Cards Could be Issued

(TRENTON) – The Assembly today passed legislation Assemblywomen Sandi Love, Pamela R. Lampitt, Connie Wagner and Elease Evans sponsored to regulate how credit card companies solicit new customers on college campuses in New Jersey.

“When used properly, credit cards can be a great financial tool,” said Love (D-Camden). “Unfortunately, many college students do not understand how credit works and wind up getting themselves and their parents into financial trouble by spending more than they can possibly pay.”

According to a 2004 study conducted by Nellie Mae, a national student loan company, nearly 76 percent of college students hold at least one credit card. The study found that credit card possession and credit card usage drastically increases as students progress through college. Fifty-six percent of seniors reported that they possessed four or more cards and carry an average total debt of \$2,864.

“Casual, uninformed use of credit can have long-lasting financial implications,” said Lampitt (D-Camden). “Requiring credit card companies to ensure that college students understand how credit works before they apply for a credit card will go a long way toward making New Jersey undergraduates more savvy consumers.”

To help protect the credit ratings of students and parents and to ensure students understand how to be responsible users of credit, the bill (A-3003) would allow the state Division of Consumer Affairs to regulate how credit card companies solicit applications on college campuses.

(MORE)

Under the bill, credit card companies would register annually with colleges before being allowed to solicit students on campus. Before issuing a card to a student applicant, a credit card company would be required to provide an education program on the responsible use of credit. Student applicants would have to successfully complete the program.

The measure would further protect students by prohibiting credit card issuers from purchasing student mailing lists from colleges and offering gifts to entice students to apply for a card. Moreover, in the event a student incurs significant credit card debt, the card's issuer would be unable to initiate debt collection against the student's parents unless the parents had previously agreed, in writing, to be liable for the debt.

Credit card issuers refusing to comply would be found in violation of the state's consumer fraud act, which carries penalties of up to \$10,000 for a first offense and up to \$20,000 for all subsequent offenses.

"We must do more to ensure New Jersey's youth are truly informed about their financial options," said Wagner (D-Bergen). "With current credit markets tightening the world over, mistakes made now could haunt them for the rest of their lives."

"In a recessed economy we do not need our newest crop of consumers entering the market already in the red," said Evans (D-Passaic). "A basic understanding of credit and finance will help start the next generation on the right foot and help them to avoid some of the costly personal financial mistakes that contributed to the global financial meltdown."

The measure was passed by a vote of 58 to 18. It now heads to the Governor's desk for his signature to become law.

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