

(PRE-FILED)

By: **Delegate Boutin**
Requested: July 25, 2000
Introduced and read first time: January 10, 2001
Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Consumer Protection - Extensions of Credit to Students - Limitations**

3 FOR the purpose of limiting the total amount of credit that may be extended by credit
4 card issuers to certain students at institutions of higher education under certain
5 circumstances; prohibiting a credit card issuer from increasing the amount of
6 credit that may be extended to certain students at institutions of higher
7 education under certain circumstances; prohibiting a credit card issuer from
8 opening a credit card account for or issuing a credit card to certain students at
9 institutions of higher education under certain circumstances; providing for the
10 application of this Act; defining certain terms; and generally relating to
11 extensions of credit to students at institutions of higher education.

12 BY adding to
13 Article - Commercial Law
14 Section 13-319
15 Annotated Code of Maryland
16 (2000 Replacement Volume and 2000 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Commercial Law**

20 13-319.

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
22 INDICATED.

23 (2) "CREDIT CARD" MEANS A CARD OR DEVICE ISSUED UNDER AN
24 AGREEMENT BY WHICH THE CREDIT CARD ISSUER GIVES TO A CARDHOLDER
25 RESIDING IN THE STATE THE PRIVILEGE OF OBTAINING CREDIT FROM THE CREDIT
26 CARD ISSUER OR ANOTHER PERSON IN CONNECTION WITH THE PURCHASE OR LEASE
27 OF GOODS OR SERVICES PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD USE.

1 (3) "CREDIT CARD ISSUER" MEANS A FINANCIAL INSTITUTION, A
2 LENDER OTHER THAN A FINANCIAL INSTITUTION, OR A MERCHANT THAT RECEIVES
3 APPLICATIONS AND ISSUES CREDIT CARDS TO INDIVIDUALS.

4 (4) "INSTITUTION OF HIGHER EDUCATION" HAS THE MEANING STATED
5 IN § 10-101 OF THE EDUCATION ARTICLE.

6 (B) THIS SECTION APPLIES TO STUDENTS WHO ARE UNDER THE AGE OF 23
7 YEARS.

8 (C) UNLESS A PARENT OR LEGAL GUARDIAN OF A STUDENT AT AN
9 INSTITUTION OF HIGHER EDUCATION ASSUMES JOINT LIABILITY FOR THE
10 STUDENT'S CREDIT CARD DEBT, THE TOTAL AMOUNT OF CREDIT THAT A CREDIT
11 CARD ISSUER MAY EXTEND TO THE STUDENT MAY NOT EXCEED THE GREATER OF:

12 (1) 20% OF THE STUDENT'S ANNUAL GROSS INCOME IN THE MOST
13 RECENTLY COMPLETED CALENDAR YEAR; OR

14 (2) THE PRODUCT OF \$500 AND THE NUMBER OF FULL YEARS THAT
15 HAVE ELAPSED SINCE THE STUDENT'S CREDIT CARD ACCOUNT WAS OPENED, NOT TO
16 EXCEED \$2,000.

17 (C) IF A PARENT OR LEGAL GUARDIAN OF A STUDENT AT AN INSTITUTION OF
18 HIGHER EDUCATION HAS ASSUMED JOINT LIABILITY FOR THE STUDENT'S CREDIT
19 CARD DEBT, A CREDIT CARD ISSUER MAY NOT INCREASE THE AMOUNT OF CREDIT
20 AUTHORIZED TO BE EXTENDED TO THE STUDENT UNLESS THE PARENT OR LEGAL
21 GUARDIAN:

22 (1) APPROVES THE INCREASE IN WRITING; AND

23 (2) ASSUMES JOINT LIABILITY FOR THE INCREASE.

24 (D) A CREDIT CARD ISSUER MAY NOT OPEN A CREDIT CARD ACCOUNT FOR OR
25 ISSUE A CREDIT CARD TO A STUDENT AT AN INSTITUTION OF HIGHER EDUCATION IF
26 THE STUDENT:

27 (1) HAS NO ANNUAL GROSS INCOME; AND

28 (2) ALREADY MAINTAINS A CREDIT CARD ACCOUNT.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2001.