

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was
3 referred Senate Bill No. 73 entitled "An act relating to rent-to-own agreements
4 for merchandise" respectfully reports that it has considered the same and
5 recommends that the House propose to the Senate that the bill be amended by
6 striking out all after the enacting clause and inserting in lieu thereof the
7 following:

8 * * * Consumer Rent-to-Own Agreements * * *

9 Sec. 1. 9 V.S.A. § 41b is amended to read:

10 § 41b. RENT-TO-OWN AGREEMENTS; DISCLOSURE OF TERMS

11 (a) The attorney general shall adopt by rule standards for the full and
12 conspicuous disclosure to consumers of the terms of rent-to-own agreements.
13 For purposes of this section a rent-to-own agreement means an agreement for
14 the use of merchandise by a consumer for personal, family, or household
15 purposes, for an initial period of four months or less, that is renewable with
16 each payment after the initial period and that permits the lessee to become the
17 owner of the property. An agreement that complies with this article is not a
18 retail installment sales contract, agreement or obligation as defined in this
19 chapter or a security interest as defined in section 1-201(37) of Title 9A.

1 (b) ~~The attorney general, or an aggrieved person, may enforce a violation~~
2 ~~of the rules adopted pursuant to this section as an unfair or deceptive act or~~
3 ~~practice in commerce under section 2453 of this title.~~

4 (a) Definitions. In this section:

5 (1) “Advertisement” means a commercial message that solicits a
6 consumer to enter into a rent-to-own agreement for a specific item of
7 merchandise that is conveyed:

8 (A) at a merchant’s place of business;
9 (B) on a merchant’s website; or
10 (C) on television or radio.

11 (2) “Cash price” means the price of merchandise available under a
12 rent-to-own agreement that the consumer may pay in cash to the merchant at
13 the inception of the agreement to acquire ownership of the merchandise.

14 (3) “Clear and conspicuous” means that the statement or term being
15 disclosed is of such size, color, contrast, or audibility, as applicable, so that the
16 nature, content, and significance of the statement or term is reasonably
17 apparent to the person to whom it is disclosed.

18 (4) “Consumer” has the same meaning as in subsection 2451a(a) of this
19 title.

20 (5) “Merchandise” means an item of a merchant’s property that is
21 available for use under a rent-to-own agreement. The term does not include:

1 (A) real property;
2 (B) a mobile home, as defined in section 2601 of this title;
3 (C) a motor vehicle, as defined in 23 V.S.A. § 4;
4 (D) an assistive device, as defined in section 41c of this title; or
5 (E) a musical instrument intended to be used primarily in an
6 elementary or secondary school.

7 (6) “Merchant” means a person who offers, or contracts for, the use of
8 merchandise under a rent-to-own agreement.

9 (7) “Merchant’s cost” means the documented actual cost, including
10 actual freight charges, of merchandise to the merchant from a wholesaler,
11 distributor, supplier, or manufacturer and net of any discounts, rebates, and
12 incentives that are vested and calculable as to a specific item of merchandise at
13 the time the merchant accepts delivery of the merchandise.

14 (8)(A) “Rent-to-own agreement” means a contract under which a
15 consumer agrees to pay a merchant for the right to use merchandise and
16 acquire ownership, which is renewable with each payment after the initial
17 period, and which remains in effect until:

18 (i) the consumer returns the merchandise to the merchant;
19 (ii) the merchant retakes possession of the merchandise; or
20 (iii) the consumer pays the total cost and acquires ownership of
21 the merchandise.

1 (B) A “rent-to-own agreement” as defined in subdivision (7)(A) of

2 this subsection is not:

3 (i) a sale subject to 9A V.S.A. Article 2;

4 (ii) a lease subject to 9A V.S.A. Article 2A;

5 (iii) a security interest as defined in subdivision 9A V.S.A.

6 § 1-201(a)(35); or

7 (iv) a retail installment contract or retail charge agreement as

8 defined in chapter 61 of this title.

9 (9) “Rent-to-own charge” means the difference between the total cost
10 and the cash price of an item of merchandise.

11 (10) “Total cost” means the sum of all payments, charges, and fees that
12 a consumer must pay to acquire ownership of merchandise under a rent-to-own
13 agreement. The term does not include charges or fees for optional services or
14 charges or fees due only upon the occurrence of a contingency specified in the
15 agreement.

16 (b) General requirements.

17 (1) Prior to execution, a merchant shall give a consumer the opportunity
18 to review a written copy of a rent-to-own agreement that includes all of the
19 information required by this section for each item of merchandise covered by
20 the agreement and shall not refuse a consumer’s request to review the

1 agreement with a third party, either inside the merchant's place of business or
2 at another location.

3 (2) A disclosure required by this section shall be clear and conspicuous.
4 (3) In a rent-to-own agreement, a merchant shall state a numerical
5 amount or percentage as a figure and shall print or legibly handwrite the figure
6 in the equivalent of 12-point type or greater.

7 (4) A merchant may supply information not required by this section with
8 the disclosures required by this section, but shall not state or place additional
9 information in such a way as to cause the required disclosures to be misleading
10 or confusing, or to contradict, obscure, or detract attention from the required
11 disclosures.

12 (5) Except for price cards on site, a merchant shall preserve an
13 advertisement, or a digital copy of the advertisement, for not less than two
14 years after the date the advertisement appeared. In the case of a radio,
15 television, or Internet advertisement, a merchant may preserve a copy of the
16 script or storyboard.

17 (6) Subject to availability, a merchant shall make merchandise that is
18 advertised available to all consumers on the terms and conditions that appear in
19 the advertisement.

20 (7) A rent-to-own agreement that is substantially modified, including a
21 change that increases the consumer's payments or other obligations or

1 diminishes the consumer's rights, shall be considered a new agreement subject
2 to the requirements of this chapter.

3 (8) For each rent-to-own agreement, a merchant shall keep the following
4 information in an electronic or hard copy for a period of four years following
5 the date the agreement ends:

6 (A) the rent-to-own agreement covering the item; and
7 (B) a record that establishes the merchant's cost for the item.

8 (9) A rent-to-own agreement executed by a merchant doing business in
9 Vermont and a resident of Vermont shall be governed by Vermont law.

10 (c) Cash price; reduction for used merchandise; maximum limits.

11 (1) Except as otherwise provided in subdivision (2) of this subsection,
12 the maximum cash price for an item of merchandise shall not exceed:

13 (A) for an appliance, 1.75 times the merchant's cost;
14 (B) for an item of electronics that has a merchant's cost of less than
15 \$150.00, 1.75 times the merchant's cost;

16 (C) for an item of electronics that has a merchant's cost of \$150.00 or
17 more, 2.00 times the merchant's cost;

18 (D) for an item of furniture or jewelry, 2.50 times the merchant's
19 cost; and
20 (E) for any other item, 2.00 times the merchant's cost.

1 (2)(A) The cash price for an item of merchandise that has been
2 previously used by a consumer shall be at least 10 percent less than the cash
3 price calculated under subdivision (1) of this subsection.

4 (B) The merchant shall reduce the amount of the periodic payment in
5 a rent-to-own agreement by the percentage of the cash price reduction for
6 previously used merchandise established by the merchant.

7 (3) The total cost for an item of merchandise shall not exceed two times
8 the maximum cash price for the item.

9 (d) Disclosures in advertising; prohibited disclosures.

10 (1) An advertisement that refers to or states the dollar amount of any
11 payment for merchandise shall state:

12 (A) the cash price of the item;
13 (B) that the merchandise is available under a rent-to-own agreement;
14 (C) the amount, frequency, and total number of payments required
15 for ownership;

16 (D) the total cost for the item;
17 (E) the rent-to-own charge for the item; and
18 (F) that the consumer will not own the merchandise until the
19 consumer pays the total cost for ownership.

1 (2) A merchant shall not advertise that no credit check is required or
2 performed, or that all consumers are approved for transactions, if the merchant
3 subjects the consumer to a credit check.

4 (e) Disclosures on site. In addition to the information required in
5 subsection (d) of this section, an advertisement at a merchant's place of
6 business shall include:

7 (1) whether the item is new or used; and
8 (2) when the merchant acquired the item.

9 (f) Disclosures in rent-to-own agreement.

10 (1) The first page of a rent-to-own agreement shall include:
11 (A) a heading and clause in bold-face type that reads: "IMPORTANT
12 INFORMATION ABOUT THIS RENT-TO-OWN AGREEMENT.
13 Do Not Sign this Agreement Before You Read It or If It Contains any Blank
14 Spaces. You have a Right to Review this Agreement or Compare Costs Away
15 from the Store Before You Sign."; and

16 (B) the following information in the following order:
17 (i) the name, address, and contact information of the merchant;
18 (ii) the name, address, and contact information of the consumer;
19 (iii) the date of the transaction;

4 (v) a statement whether the merchandise is new or used, and in the
5 case of used merchandise, a statement that the merchandise is in good working
6 order, is clean, and is free of any infestation.

7 (2) A rent-to-own agreement shall include the following cost

disclosures, printed and grouped as indicated below, immediately preceding
the signature lines:

10 (1) Cash Price: \$

11 (2) Payments required to become owner:

12 \$ / (weekly)(biweekly)(monthly) × (# of payments) = \$

13 (3) Mandatory charges and fees required to become owner (itemize):

14

 \$

15 \$

16

 \$

17 Total required fees and charges: \$

19 (5) Rent-to-Own Charge: (4) - (1) = \$

(7) DO NOT SIGN BEFORE READING THIS AGREEMENT CAREFULLY

1 (g) Required provisions of rent-to-own agreement. A rent-to-own
2 agreement shall provide:
3 (1) a statement of payment due dates;
4 (2) a line-item list of any other charges or fees the consumer could be
5 charged or have the option of paying in the course of acquiring ownership or
6 during or after the term of the agreement;
7 (3) that the consumer will not own the merchandise until he or she
8 makes all of the required payments for ownership;
9 (4) that the consumer has the right to receive a receipt for a payment
10 and, upon reasonable notice, a written statement of account;
11 (5) who is responsible for service, maintenance, and repair of an item of
12 merchandise;
13 (6) that, except in the case of the consumer's negligence or abuse, if the
14 merchant, during the term of the agreement, must retake possession of the
15 merchandise for maintenance, repair, or service, or the item cannot be repaired,
16 the merchant is responsible for providing the consumer with a replacement
17 item of equal quality and comparable design;
18 (7) that the maximum amount of the consumer's liability for damage or
19 loss to the merchandise is limited to an amount equal to the cash price
20 multiplied by the ratio of:

1 (A) the number of payments remaining to acquire ownership under

2 the agreement; to

3 (B) the total number of payments necessary to acquire ownership
4 under the agreement.

5 (8) a statement that if any part of a manufacturer's express warranty
6 covers the merchandise at the time the consumer acquires ownership the
7 merchant shall transfer the warranty to the consumer if allowed by the terms of
8 the warranty;

9 (9) a description of any damage waiver or insurance purchased by the
10 consumer, or a statement that the consumer is not required to purchase any
11 damage waiver or insurance;

12 (10) an explanation of the consumer's options to purchase the
13 merchandise;

14 (11) an explanation of the merchant's right to repossess the
15 merchandise; and

16 (12) an explanation of the parties' respective rights to terminate the
17 agreement, and to reinstate the agreement.

18 (h) Warranties.

19 (1) Upon transfer of ownership of merchandise to a consumer, a
20 merchant shall transfer to the consumer any manufacturer's or other warranty
21 on the merchandise.

- 1 (2) A merchant creates an implied warranty to a consumer, which may
2 not be waived, in the following circumstances:
3 (A) an affirmation of fact or promise made by the merchant to the
4 consumer which relates to merchandise creates an implied warranty that the
5 merchandise will substantially conform to the affirmation or promise;
6 (B) a description of the merchandise by the merchant creates an
7 implied warranty that the merchandise will substantially conform to the
8 description; and
9 (C) a sample or model exhibited to the consumer by the merchant
10 creates an implied warranty that the merchandise actually delivered to the
11 consumer will substantially conform to the sample or model.
12 (i) Maintenance and repairs.
13 (1) During the term of a rent-to-own agreement, the merchant shall
14 maintain the merchandise in good working condition.
15 (2) If a repair cannot be completed within three days, the merchant shall
16 provide a replacement to the consumer to use until the original merchandise is
17 repaired. Replacement merchandise shall be at least comparable in quality,
18 age, condition, and warranty coverage to the replaced original merchandise.
19 (3) A merchant is not required to repair or replace merchandise that has
20 been damaged as a result of negligence or an intentional act by the consumer.

1 (j) Prohibited provisions of rent-to-own agreement. A rent-to-own
2 agreement shall not include any of the following provisions, which shall be
3 void and unenforceable:

4 (1) a provision requiring a confession of judgment;
5 (2) a provision requiring a garnishment of wages;
6 (3) a provision requiring arbitration or mediation of a claim that
7 otherwise meets the jurisdictional requirements of a small claims proceeding
8 under 12 V.S.A. chapter 187;

9 (4) a provision authorizing a merchant or its agent to enter unlawfully
10 upon the consumer's premises or to commit any breach of the peace in the
11 repossession of property;

12 (5) a provision requiring the consumer to waive any defense,
13 counterclaim, or right of action against the merchant or its agent in collection
14 of payment under the agreement or in the repossession of property; or
15 (6) a provision requiring the consumer to purchase a damage waiver or
16 insurance from the merchant to cover the property.

17 (k) Option to purchase. Notwithstanding any other provision of this
18 section, at any time after the first payment a consumer who is not in violation
19 of a rent-to-own agreement may acquire ownership of the merchandise covered
20 by the agreement by paying an amount equal to the cash price of the

1 merchandise minus 50 percent of the value of the consumer's previous
2 payments.

3 (l) Payment; notice of default. If a consumer fails to make a timely
4 payment required in a rent-to-own agreement, the merchant shall deliver to the
5 consumer a notice of default and right to reinstate the agreement at least
6 14 days before the merchant commences a civil action to collect amounts the
7 consumer owes under the agreement.

8 (m) Collections; repossession of merchandise; prohibited acts. When
9 attempting to collect a debt or enforce an obligation under a rent-to-own
10 agreement, a merchant shall not:

11 (1) call or visit a consumer's workplace after a request by the consumer
12 or his or her employer not to do so;

13 (2) use profanity or any language to abuse, ridicule, or degrade a
14 consumer;

15 (3) repeatedly call, leave messages, knock on doors, or ring doorbells;
16 (4) ask someone, other than a spouse, to make a payment on behalf of a
17 consumer;

18 (5) obtain payment through a consumer's bank, credit card, or other
19 account without authorization;

20 (6) speak with a consumer more than six times per week to discuss an
21 overdue account;

1 (7) engage in violence;
2 (8) trespass;
3 (9) call or visit a consumer at home or work after receiving legal notice
4 that the consumer has filed for bankruptcy;
5 (10) impersonate others;
6 (11) discuss a consumer's account with anyone other than a spouse of
7 the consumer;
8 (12) threaten unwarranted legal action; or
9 (13) leave a recorded message for a consumer that includes anything
10 other than the caller's name, contact information, and a courteous request that
11 the consumer return the call.

12 (n) Reinstatement of agreement.

13 (1) A consumer who fails to make a timely payment may reinstate a
14 rent-to-own agreement without losing any rights or options that exist under the
15 agreement by paying all past-due charges, the reasonable costs of pickup,
16 redelivery, and any refurbishing, and any applicable late fee:

17 (A) within five business days of the renewal date of the agreement if
18 the consumer pays monthly; or
19 (B) within three business days of the renewal date of the agreement if
20 the consumer pays more frequently than monthly.

1 (2) If a consumer promptly returns or voluntarily surrenders
2 merchandise upon a merchant's request, the consumer may reinstate a
3 rent-to-own agreement during a period of not less than 180 days after the date
4 the merchant retakes possession of the merchandise.

5 (3) In the case of a rent-to-own agreement that is reinstated pursuant to
6 this subsection, the merchant is not required to provide the consumer with the
7 identical item of merchandise and may provide the consumer with a
8 replacement item of equal quality and comparable design.

9 (o) Reasonable charges and fees; late fees.

10 (1) A charge or fee assessed under a rent-to-own agreement shall be
11 reasonably related to the actual cost to the merchant of the service or hardship
12 for which it is charged.

13 (2) A merchant may assess only one late fee for each payment
14 regardless of how long the payment remains due.

15 (p) Prohibition on rent-to-own businesses and licensed lenders. A person
16 engaged in the business of selling merchandise under a rent-to-own agreement
17 subject to this section shall not engage in any conduct or business at the same
18 physical location that would require a license under 8 V.S.A. chapter 73
19 (licensed lenders).

(q) Enforcement; remedies; damages. A person who violates this section
commits an unfair and deceptive act in commerce in violation of section 2453
of this title.

4 * * * Financial Literacy * * *

5 Sec. 2. FINDINGS

The General Assembly finds:

7 (1) Many Vermonters are not learning the basics of personal finance in
8 school or in life and their lack of knowledge and skill can have severe and
9 negative consequences to themselves and Vermont's economy. Financial
10 illiteracy affects everyone—men and women, young and old, and crosses all
11 racial and socio-economic boundaries.

(2) Financial literacy is an essential 21st century life skill that young people need to succeed, yet recent studies and surveys show that our youth have not mastered these topics. For example, a 2013 report by Vermont Works for Women indicated that young women believe that a lack of personal finance training was a major deficiency in their education. Without improved financial literacy, the next generation of Vermont leaders, job creators, entrepreneurs, and taxpayers will lack skills they need to survive and to thrive in this increasingly complex financial world.

20 (3) The following are some facts about the lack of financial literacy in
21 Vermont's k-12 schools:

1 (A) Vermont received a “D” grade in a national report card on State
2 efforts to improve financial literacy in high schools, but more than one-half of
3 the states received a grade of A, B, or C;

4 (B) in an Organisation for Economic Co-operation and Development
5 (OECD) Programme for International Student Assessment (PISA) international
6 financial literacy test of 15-year-olds, the United States ranked 9th out of
7 13 countries participating in the exam—statistically tied with the Russian
8 Federation and behind China, Estonia, Czech Republic, Poland, and Latvia;

9 (C) only 10 percent of high schools in Vermont (7 out of 65) have a
10 financial literacy graduation requirement;

11 (D) a 2011 survey shows that as many as 30 percent of Vermont high
12 schools may not even offer a personal finance elective course for their students
13 to take; and

14 (E) the same survey indicates that Vermont high school
15 administrators estimate that more than two-thirds of the students graduate
16 without achieving competence in financial literacy topics.

17 (4) Most students are not financially literate when they enter college and
18 we know that many students leave college for “financial reasons.” Too few
19 Vermont college students have received personal finance education in k-12
20 school or at home. In fact, a Schwab survey indicated that parents are nearly
21 as uncomfortable talking to their children about money as they are discussing

1 sex. Except in some targeted programs and occasional courses, most college
2 students in Vermont are not offered much in the way of financial literacy
3 education. Personal finance education often consists of brief mandatory
4 entrance and exit counseling for students with federal loans, along with
5 reminders to Vermont students to repay their loans. Today's college graduates
6 need to be financially sophisticated because they face greater challenges than
7 previous generations experienced. As a result of the recent recession, many
8 are worse off than their parents were at the same age, with more debt and
9 stagnant or lower incomes. They have higher unemployment rates than older
10 citizens, more live at home with their parents, while fewer own a home, have
11 children or are married. A lack of financial skills is clearly a factor in the
12 failure of many in this generation to launch, and is having a substantial impact
13 on our overall economy.

14 (5) A more financially sophisticated collegiate student body can be
15 expected to yield a corresponding increase in retention and persistence rates,
16 fewer student loans, and lower student loan default rates and greater alumni
17 giving.

18 (6) Several studies show that financially sophisticated college students
19 have better outcomes. For example, three University of Arizona longitudinal
20 studies that followed students through college and into the workforce clearly
21 demonstrated that achieving financial self-sufficiency, a key developmental

1 challenge of young adulthood, appears to be driven by financial behaviors
2 practiced during emerging adulthood. The study indicated that college
3 students who exhibited responsible early financial practices experienced
4 smoother transitions to adulthood than students who had poor behaviors. The
5 studies also found that those students who were most successful with this
6 transition to adulthood had more financial education through personal finance
7 or economics classes.

8 (7) Some troubling facts about college students lack of financial literacy
9 include:

10 (A) 63 percent of Vermont four-year college students that graduated
11 in 2012 had student loan debt that averaged \$28,299.00;
12 (B) nationally, nearly 11 percent of all student loan borrowers were
13 delinquent in their payments by more than 90 days as of June 2014; and
14 (C) only 27 percent of parents in Vermont have set aside funds for
15 their child's college education.

16 (8) Many of Vermont's adults struggle financially. The recent recession
17 demonstrated that our citizens have trouble making complex financial
18 decisions that are critical to their well-being. Nearly one-half of Vermont
19 adults have subprime credit ratings, and thus pay more interest on auto and
20 home loans and credit card debt; nearly two-thirds have not planned for

1 retirement; and less than one-half of Vermont adults participate in an
2 employment-based retirement plan.

3 (9) Personal economic stress results in lost productivity, increased
4 absenteeism, employee turnover, and increased medical, legal, and insurance
5 costs. Employers in Vermont and our overall economy will benefit from a
6 decrease in personal economic stress that can result from more adult financial
7 education.

8 (10) Some troubling facts about Vermont adults' lack of financial
9 literacy:

10 (A) in a 2014 survey, 41 percent of U.S. adults gave themselves a
11 grade of C, D, or F on their personal finance knowledge;
12 (B) nationally, 34 percent of adults indicated that they have no
13 retirement savings;

14 (C) as of the third quarter of 2014, among those Vermonters owing
15 money in revolving debt, including credit cards, private label cards, and lines
16 of credit, the average balance was \$9,822.00 per borrower;

17 (D) 62 percent of Vermont adults do not have a rainy-day fund, a
18 liquid emergency fund that would cover three months of life's necessities;

19 (E) nearly 20 percent of adult Vermonters are unbanked or
20 underbanked; and

1 (F) 22 percent of Vermont adults used one or more nonbank
2 borrowing methods in the past five years, including an auto title loan, payday
3 loan, advance on tax refund, pawn shop, and rent-to-own.

4 (11) Vermonters need the skills and tools to take control of their
5 financial lives. Studies have shown that financial literacy is linked to positive
6 outcomes like wealth accumulation, stock market participation, retirement
7 planning, and avoidance of high cost alternative financial products.

8 (12) When they graduate, Vermont high school students should, at a
9 minimum, understand how credit works, how to budget, and how to save and
10 invest. College graduates should understand those concepts in addition to the
11 connection between income and careers, and how student loans work.
12 Vermont adults need to understand the critical importance of rainy-day and
13 retirement funds, and the amounts they will need in those funds.

14 (13) All Vermonters should have access to content and training that will
15 help them increase their personal finance knowledge. Vermont students and
16 adults need a clear path to building their personal finance knowledge and
17 skills. Vermont needs to increase its focus on helping Vermonters become
18 wiser consumers, savers, and investors. Financial literacy education is a
19 helping hand that gives individuals knowledge and skills that can lift them out
20 of a financial problem, or prevent difficulties from occurring.

1 (14) A more financially sophisticated and capable citizenry will help
2 improve Vermont's economy and overall prosperity.

3 (15) In 2014, a Vermont Financial Literacy Task Force convened by the
4 Center for Financial Literacy at Champlain College, recommended as one of
5 its 13 action items that a Vermont Financial Literacy Commission be created to
6 help improve the financial literacy and capability of all Vermonters.

7 Sec. 3. 9 V.S.A. chapter 151 is added to read:

8 **CHAPTER 151. VERMONT FINANCIAL LITERACY COMMISSION**
9 **§ 6001. DEFINITIONS**

10 In this chapter:

11 (1) “Financial capability” means:
12 (A) financial literacy and access to appropriate financial
13 products; and
14 (B)(i) the ability to act, including knowledge, skills, confidence, and
15 motivation; and
16 (ii) the opportunity to act, through access to beneficial financial
17 products and institutions.

18 (2) “Financial literacy” means the ability to use knowledge and skills to
19 manage financial resources effectively for a lifetime of financial well-being.

1 § 6002. VERMONT FINANCIAL LITERACY COMMISSION

2 (a) There is created a Vermont Financial Literacy Commission to

3 measurably improve the financial literacy and financial capability of

4 Vermont's citizens.

5 (b) The Commission shall be composed of the following members:

6 (1) the Vermont State Treasurer or designee;

7 (2) the Secretary of Education or designee;

8 (3) one representative of the Executive Branch, appointed by the

9 Governor, who is an employee of an agency or department that conducts

10 financial literacy education outreach efforts in Vermont, including the

11 Department of Children and Families, Agency of Commerce and Community

12 Development, Department of Financial Regulation, Department of Labor,

13 Department of Libraries, or the Commission on Women, but not including the

14 Agency of Education;

15 (4) a member of the Vermont House of Representatives appointed by the

16 Speaker of the House and a member of the Vermont Senate appointed by the

17 President Pro Tempore of the Senate;

18 (5) a k–12 public school financial literacy educator appointed by the

19 Vermont-NEA;

20 (6) one representative of k–12 public school administration, currently

21 serving as a school board member, superintendent, or principal, appointed by

1 the Governor based on nominees submitted by the Vermont School Board
2 Association, the Vermont Superintendents Association, and the Vermont
3 Principals Association;

4 (7) three representatives focused on collegiate financial literacy issues:
5 (A) the President of the Vermont Student Assistance Corporation or
6 designee;
7 (B) one representative appointed by the Governor from either
8 Vermont State Colleges or the University of Vermont; and
9 (C) one representative appointed by the Governor from an
10 independent college in Vermont;

11 (8) two representatives from nonprofit entities engaged in providing
12 financial literacy education to Vermont adults appointed by the Governor, one
13 of which entities shall be a nonprofit that provides financial literacy and related
14 services to persons with low income;

15 (9) one representative from Vermont's banking industry appointed by
16 the Vermont Bankers Association, and one representative from Vermont's
17 credit union industry appointed by the Association of Vermont Credit Unions;
18 and

19 (10) one member of the public, appointed by the Governor.

1 (c) The Treasurer or designee and another member of the Commission,
2 appointed by the Governor, who is not an employee of the State of Vermont,
3 shall serve as co-chairs of the Commission.

4 (d)(1) Each member shall serve for a three-year term, provided that the
5 Treasurer shall have the authority to designate whether an initial term for each
6 appointee shall be for a one, two, or three-year initial term in order to ensure
7 that no more than one-third of the terms expire in any given year.

8 (2) A vacancy shall be filled by the appointing authority as provided in
9 subsection (a) of this section for the remainder of the term.

10 (e) The Commission may request from any branch, division, department,
11 board, commission, or other agency of the State or any entity that receives
12 State funds, such information as will enable the Commission to perform its
13 duties as required in this chapter.

14 **§ 6003. POWERS AND DUTIES**

15 The Vermont Financial Literacy Commission established by section 6002 of
16 this title shall have the following powers and duties necessary and appropriate
17 to achieve the purposes of this chapter:

18 (1) collaborate with relevant State agencies and departments, private
19 enterprise, and nonprofit organizations;

- 1 (2) incentivize Vermont's k–16 educational system, businesses,
- 2 community organizations, and governmental agencies to implement financial
- 3 literacy and capability programs;
- 4 (3) advise the administration, governmental agencies and departments,
- 5 and the General Assembly on the current status of our citizens' financial
- 6 literacy and capability;
- 7 (4) create and maintain a current inventory of all financial literacy and
- 8 capability initiatives available in the State, and in particular identify trusted
- 9 options that will benefit our citizens;
- 10 (5) identify ways to equip Vermonters with the training, information,
- 11 skills, and tools they need to make sound financial decisions throughout their
- 12 lives and ways to help individuals with low income get access to needed
- 13 financial products and services;
- 14 (6) identify ways to help Vermonters with low income save and build
- 15 assets;
- 16 (7) identify ways to help increase the percentage of Vermont employees
- 17 saving for retirement;
- 18 (8) recommend actions that can be taken by the public and private sector
- 19 to achieve the goal of increasing the financial literacy and capability of all
- 20 Vermonters;

1 (9) promote and raise the awareness in our State about the importance of
2 financial literacy and capability;

3 (10) identify key indicators to be tracked regarding financial literacy and
4 capability in Vermont;

5 (11) analyze data to monitor the progress in achieving an increase in the
6 financial literacy and capability of Vermont's citizens;

7 (12) pursue and accept funding for, and direct the administration of, the
8 Financial Literacy Commission Fund created in section 6004 of this title;

9 (13) consider and implement research and policy initiatives that provide
10 effective and meaningful results; and

11 (14) issue a report during the first month of each legislative biennium on
12 the Commission's progress and recommendations for increasing the financial
13 literacy and capability of Vermont's citizens, including an accounting of
14 receipts, disbursements, and earnings of the Financial Literacy Commission
15 Fund, and whether the Commission should be retired or reconfigured, to:

16 (A) the Governor;

17 (B) the House Committees on Commerce and Economic
18 Development, on Education, on Government Operations, and on Human
19 Services; and

1 (C) the Senate Committees on Economic Development, Housing and
2 General Affairs, on Education, on Government Operations, and on Health and
3 Welfare.

4 § 6004. FINANCIAL LITERACY COMMISSION FUND

5 (a) There is created within the Office of the State Treasurer the Financial
6 Literacy Commission Fund, a special fund created pursuant to 32 V.S.A.
7 chapter 7, subchapter 5 that shall be administered by the Treasurer under the
8 direction of the Financial Literacy Commission.

9 (b) The Fund shall consist of sums appropriated to the Fund and monies
10 from any source accepted for the benefit of the Fund and interest earned from
11 the investment of Fund balances. Any interest earned and any remaining
12 balance at the end of the fiscal year shall be carried forward in the Fund and
13 shall not revert to the General Fund.

14 (c) The purpose of the Fund shall be to enable the Commission to pursue
15 and accept funding from diverse sources outside of State government in the
16 form of gifts, grants, federal funding, or from any other sources public or
17 private, consistent with this chapter, in order to support financial literacy
18 projects.

19 (d) The Treasurer, under the supervision of the Commission, shall have the
20 authority:

(1) to expend monies from the Fund for financial literacy projects in accordance with 32 V.S.A. § 462; and

(2) to invest monies in the Fund in accordance with 32 V.S.A. § 434.

4 * * * Fees for Automatic Dialing Service * * *

5 Sec. 4. 9 V.S.A. § 2466b is added to read:

§ 2466b. DISCLOSURE OF FEE FOR AUTOMATIC DIALING

7

SERVICE

8 (a) In this section:

9 (1) “Automatic dialing service” means a service of a home or business
10 security, monitoring, alarm, or similar system, by which the system
11 automatically initiates a call or connection to an emergency service provider,
12 either directly or through a third person, upon the occurrence of an action
13 specified within the system to initiate a call or connection.

14 (2) “Emergency functions” include services provided by the department
15 of public safety, firefighting services, police services, sheriff’s department
16 services, medical and health services, rescue, engineering, emergency warning
17 services, communications, evacuation of persons, emergency welfare services,
18 protection of critical infrastructure, emergency transportation, temporary
19 restoration of public utility services, other functions related to civilian
20 protection and all other activities necessary or incidental to the preparation for
21 and carrying out of these functions.

(3) “Emergency service provider” means a person that performs emergency functions.

3 (b) Before executing a contract for the sale or lease of a security,
4 monitoring, alarm, or similar system that includes an automatic dialing service,
5 the seller or lessor of the system shall disclose in writing:

6 (1) any fee or charge the seller or lessor charges to the buyer or lessee
7 for the service; and

(2) that the buyer or lessor may be subject to additional fees or charges imposed by another person for use of the service.

10 (c) A person who fails to provide the disclosure required by subsection (b)
11 of this section commits an unfair and deceptive act in commerce in violation of
12 section 2453 of this title.

13 * * * Consumer Litigation Funding * * *

14 Sec. 5. 8 V.S.A. § 2246 is added to read:

§ 2246. CONSUMER LITIGATION FUNDING

16 (a) Findings. The General Assembly finds that the relatively new business
17 of consumer litigation funding, as defined in subsection (b) of this section,
18 raises concerns about whether and, if so, to what extent such transactions
19 should be regulated by the Commissioner of Financial Regulation. Concerns
20 include: finance charges and fees; terms and conditions of contracts; rescission
21 rights; licensure or registration; disclosure requirements; enforcement and

1 penalties; and any other standards and practices the Commissioner deems
2 relevant.

3 (b) Definition. As used in this section, “consumer litigation funding”
4 means a nonrecourse transaction in which a person provides personal expense
5 funds to a consumer to cover personal expenses while the consumer is a party
6 to a civil action or legal claim and, in return, the consumer assigns to such
7 person a contingent right to receive an amount of the proceeds of a settlement
8 or judgment obtained from the consumer’s action or claim. If no such
9 proceeds are obtained, the consumer is not required to repay the person the
10 funded amount, any fees or charges, or any other sums.

11 (c) Recommendation. On or before December 1, 2015, the Commissioner
12 of Financial Regulation and the Attorney General shall submit a
13 recommendation or draft legislation to the General Assembly reflecting an
14 appropriate balance between:

15 (1) providing a consumer access to funds for personal expenses while
16 the consumer is a party to a civil action or legal claim; and
17 (2) protecting the consumer from any predatory practices by a person
18 who provides consumer litigation funding.

19 (d) Moratorium. A person shall not offer or enter into a consumer litigation
20 funding contract on or after July 1, 2015 unless authorized to do so by further
21 enactment of the General Assembly.

1 (e) Enforcement. A person who violates subsection (d) of this section shall
2 be subject to the powers and penalties of the Commissioner of Financial
3 Regulation under sections 13 (subpoenas and examinations) and 2215 (licensed
4 lender penalties) of this title.

5 * * * Internet Dating Services * * *

6 Sec. 6. 9 V.S.A. chapter 63, subchapter 8 is added to read:

7 Subch

9 In this chapter:

10 (1) “Account change” means a change to the password, e-mail address,
11 age, identified gender, gender of members seeking to meet, primary photo
12 unless it has previously been approved by the Internet dating service, or other
13 conspicuous change to a member’s account or profile with or on an Internet
14 dating service.

15 (2) “Banned member” means the member whose account or profile is
16 the subject of a fraud ban

17 (3) “Fraud ban” means barring a member’s account or profile from an
18 Internet dating service because, in the judgment of the service, the member
19 poses a significant risk of attempting to obtain money from other members
20 through fraudulent means.

1 (4) “Internet dating service” means a person or entity that is in the
2 business of providing dating services principally on or through the Internet.

3 (5) ”Member” means a person who submits to an Internet dating service
4 information required to access the service and who obtains access to the
5 service.

6 (6) “Vermont member” means a member who provides a Vermont
7 residential or billing address or zip code when registering with the Internet
8 dating service.

9 § 2482b. REQUIREMENTS FOR INTERNET DATING SERVICES

10 (a) An Internet dating service shall disclose to all of its Vermont members
11 known to have previously received and responded to an on-site message from a
12 banned member:

13 (1) the user name, identification number, or other profile identifier of the
14 banned member;

15 (2) the fact that the banned member was banned because in the
16 judgment of the Internet dating service the banned member may have been
17 using a false identity or may pose a significant risk of attempting to obtain
18 money from other members through fraudulent means;

19 (3) that a member should never send money or personal financial
20 information to another member; and

1 (4) a hyperlink to online information that clearly and conspicuously
2 addresses the subject of how to avoid being defrauded by another member of
3 an Internet dating service.

4 (b) The notification required by subsection (a) of this section shall be:

5 (1) clear and conspicuous;

6 (2) by e-mail, text message, or other appropriate means of
7 communication; and

8 (3) sent within 24 hours after the fraud ban, or at a later time if the
9 service has determined based on an analysis of effective messaging that a
10 different time is more effective, but in no event later than three days after the
11 fraud ban.

12 (c) An Internet dating service shall disclose in an e-mail, text message, or
13 other appropriate means of communication, in a clear and conspicuous manner,
14 within 24 hours after discovery of any account change to a Vermont member's
15 account or profile:

16 (1) the fact that information on the member's account or personal profile
17 has been changed;

18 (2) a brief description of the change; and

19 (3) if applicable, how the member may obtain further information on the
20 change.

§ 2482c. IMMUNITY

2 (a) An Internet dating service shall not be liable to any person, other than
3 the State of Vermont, or any agency, department, or subdivision of the State,
4 for disclosing to any member that it has banned a member, the user name or
5 identifying information of the banned member, or the reasons for the Internet
6 dating service's decision to ban such member.

7 (b) An Internet dating service shall not be liable to any person, other than
8 the State of Vermont, or any agency, department, or subdivision of the State,
9 for the decisions regarding whether to ban a member, or how or when to notify
10 a member pursuant to section 2482b of this title.

11 (c) This subchapter does not diminish or adversely affect the protections
12 for Internet dating services that are afforded in 47 U.S.C. § 230 (Federal
13 Communications Decency Act).

14 § 2482d. VIOLATIONS

15 (a) A person who violates this subchapter commits an unfair and deceptive
16 act in trade and commerce in violation of section 2453 of this title.

17 (b) The Attorney General has the same authority to make rules, conduct
18 civil investigations, and enter into assurances of discontinuance as is provided
19 under subchapter 1 of this chapter.

20 * * * Discount Membership Programs * * *

21 Sec. 7. 9 V.S.A. § 2470hh is amended to read:

1 § 2470hh. VIOLATIONS

2 (a) ~~A violation of this subchapter is deemed to be a violation of section~~
3 2453 of this title A person who violates this subchapter commits an unfair and
4 deceptive act in trade and commerce in violation of section 2453 of this title.

5 (b) The Attorney General has the same authority to make rules, conduct
6 civil investigations, enter into assurances of discontinuance, and bring civil
7 actions as is provided under subchapter 1 of this chapter.

8 (c) It is an unfair and deceptive act and practice in commerce for any
9 person to provide substantial assistance to the seller of a discount membership
10 program that has engaged or is engaging in an unfair or deceptive act or
11 practice in commerce, when the person or the person's authorized agent:

12 (1) receives notice from a regulatory, law enforcement, or similar
13 governmental authority that the seller of the discount membership program is
14 in violation of this subchapter;

15 (2) knows from information received or in its possession that the seller
16 of the discount membership program is in violation of this subchapter; or

17 (3) consciously avoids knowing that the seller of the discount
18 membership program is in violation of this subchapter.

19 (d) Subject to section 2452 of this title, a person who provides only
20 incidental assistance, which does not further the sale of a discount membership
21 program, to the seller of the program, or who does not receive a benefit from

providing assistance to the seller of a discount membership, shall not be liable
under this section unless the person receives notice, knows, or consciously
avoids knowing, pursuant to subdivision (c)(1), (2), or (3) of this section, that a
discount membership program is in violation of this chapter.

5 * * * Security Breach Notice Act * * *

6 Sec. 8. 9 V.S.A. § 2435(b)(6) is amended to read:

(6) For purposes of this subsection, notice to consumers may be provided A data collector may provide notice of a security breach to a consumer by one or more of the following methods:

10 (A) Direct notice to consumers, which may be by one of the
11 following methods:

(i) **Written** written notice mailed to the consumer's residence;

1 (II) the notice ~~provided~~ is consistent with the provisions
2 regarding electronic records and signatures for notices ~~as set forth~~ in 15 U.S.C.
3 § 7001; or
4 (iii) ~~Telephonic telephonic~~ notice, provided that telephonic contact
5 is made directly with each affected consumer, and ~~the telephonic contact is not~~
6 through a prerecorded message.

7 (B)(i) Substitute notice, if:
8 (I) the data collector demonstrates that the cost of providing
9 written or telephonic notice, ~~pursuant to subdivision (A)(i) or (iii) of this~~
10 ~~subdivision (6)~~, to affected consumers would exceed \$5,000.00; ~~or that~~
11 (II) the ~~affected~~ class of affected consumers to be provided
12 written or telephonic notice, ~~pursuant to subdivision (A)(i) or (iii) of this~~
13 ~~subdivision (6)~~, exceeds 5,000; or
14 (III) the data collector does not have sufficient contact
15 information.

16 (ii) ~~Substitute notice shall consist of all of the following A data~~
17 ~~collector shall provide substitute notice by:~~
18 (i)(I) ~~conspicuous conspicuously~~ posting ~~of~~ the notice on the
19 data collector's website ~~page~~ if the data collector maintains one; and
20 (ii)(II) ~~notification to notifying~~ major statewide and regional
21 media.

1 * * * Limitation of Liability for Advertisers * * *

2 Sec. 9. V.S.A. § 2452 is amended to read:

3 § 2452. LIMITATION

4 (a) Nothing in this chapter shall apply to the owner or publisher of a
5 newspaper, magazine, publication, or printed matter, or to a provider of an
6 interactive computer service, wherein an advertisement or offer to sell appears,
7 or to the owner or operator of a radio or television station which disseminates
8 an advertisement or offer to sell, when the owner, publisher or, operator, or
9 provider has no knowledge of the fraudulent intent, design, or purpose of the
10 advertiser or operator offeror, and is not responsible, in whole or in part, for
11 the creation or development of the advertisement or offer to sell.

12 (b) In this section, “interactive computer service” has the same meaning as
13 in 47 U.S.C. § 230(f)(2).

14 * * * Effective Dates * * *

15 Sec. 10. EFFECTIVE DATES

16 (a) This section, Secs. 2–5, and 7–9 shall take effect on July 1, 2015.

17 (b) Sec. 1 shall take effect on September 1, 2015.

18 (c) In Sec. 6:

(1) 9 V.S.A. §§ 2482a, 2482c, and 2482d shall take effect on passage.

20 (2) 9 V.S.A. § 2482b shall take effect on January 1, 2016.

1

2

3 (Committee vote: _____)

4 _____

5 Representative _____

6 FOR THE COMMITTEE