

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 until:

16 (i) the consumer returns the merchandise to the merchant;

17 (ii) the merchant retakes possession of the merchandise; or

18 (iii) the consumer pays the total cost and acquires ownership of
19 the merchandise.

20 (B) A “rent-to-own agreement” as defined in subdivision (7)(A) of
21 this subsection is not:

- 1 (i) a sale subject to 9A V.S.A. Article 2;
2 (ii) a lease subject to 9A V.S.A. Article 2A;
3 (iii) a security interest as defined in subdivision 9A V.S.A.
4 § 1-201(a)(35); or

- 5 (iv) a retail installment contract or retail charge agreement as
6 defined in chapter 61 of this title.

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

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

14 (b) General requirements.

15 (1) Prior to execution, a merchant shall give a consumer the opportunity
16 to review a written copy of a rent-to-own agreement that includes all of the
17 information required by this section for each item of merchandise covered by
18 the agreement and shall not refuse a consumer’s reasonable request to review
19 the agreement with a third party, either inside the merchant’s place of business
20 or at another location.

21 (2) A disclosure required by this section shall be clear and conspicuous.

1 (3) In an advertisement or rent-to-own agreement, a merchant shall state
2 a numerical amount or percentage as a figure and shall print or legibly
3 handwrite the figure in the equivalent of 12-point type or greater.

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

9 (5) A merchant shall preserve an advertisement, or a digital copy of the
10 advertisement, for not less than two years after the date the advertisement
11 appeared. In the case of a radio, television, or Internet advertisement, a
12 merchant may preserve a copy of the script or storyboard.

13 (6) A merchant shall make merchandise available to all consumers on
14 the terms and conditions that appear in the advertisement.

15 (7) A rent-to-own agreement that is substantially modified, including a
16 change that increases the consumer's payments or other obligations or
17 diminishes the consumer's rights, shall be considered a new agreement subject
18 to the requirements of this chapter.

19 (8) For each item of merchandise available under a rent-to-own
20 agreement, a merchant shall keep [for a period of six years following the date
21 the merchant ceases to own the merchandise] an electronic or hard copy of:

1 (A) each rent-to-own agreement covering the item; and

2 (B) a record that establishes the merchant's cost for the item.

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

5 (10) If a rent-to-own agreement includes a provision requiring mediation
6 or arbitration in the event of a dispute, the mediation or arbitration shall occur
7 within Vermont.

8 (c) Cash price; total cost; maximum limits.

9 (1) The maximum cash price for an item of merchandise shall not
10 exceed:

11 (A) for an appliance, 1.75 times the merchant's cost;

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

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

16 (D) for an item of furniture or jewelry, 2.50 times the merchant's
17 cost; and

18 (E) for any other item, 2.00 times the merchant's cost.

19 (2) The total cost for an item of merchandise shall not exceed two times
20 the maximum cash price for the item.

1 (d) Disclosures in advertising. An advertisement shall state:

2 (1) the cash price of the item;

3 (2) that the merchandise is available under a rent-to-own agreement;

4 (3) the amount, frequency, and total number of payments required for
5 ownership;

6 (4) the total cost for the item;

7 (5) the rent-to-own charge for the item; and

8 (6) that the consumer will not own the merchandise until the consumer
9 pays the total cost for ownership.

10 (e) Disclosures on site. In addition to the information required in

11 subsection (d) of this section, an advertisement at a merchant's place of
12 business shall include:

13 (1) whether the item is new or used;

14 (2) when the merchant acquired the item; and

15 (3) the number of times a consumer has taken possession of the item
16 under a rent-to-own agreement.

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

18 (1) The first page of a rent-to-own agreement shall include:

19 (A) a heading in bold-face type that reads: "IMPORTANT
20 INFORMATION ABOUT THIS RENT-TO-OWN AGREEMENT.

1 Do Not Sign this Agreement Before You Read It or If It Contains any Blank
2 Spaces”; and

3 (B) the following information in the following order:

4 (i) the name, address, and contact information of the merchant;

5 (ii) the name, address, and contact information of the consumer;

6 (iii) the date of the transaction;

7 (iv) a description of the merchandise sufficient to identify the
8 merchandise to the consumer and the merchant, including any applicable
9 model and identification numbers;

10 (v) a statement whether the merchandise is new or used, and in the
11 case of used merchandise, a description of the condition of, and any damage to,
12 the merchandise.

13 (2) A rent-to-own agreement shall include the following cost
14 disclosures, printed and grouped as indicated below, immediately preceding
15 the signature lines:

16 (1) Cash Price: _____ \$ _____

17 (2) Payments required to become owner:

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

19 (3) Mandatory charges, fees, and taxes required to become owner (itemize):

20 _____ \$ _____

21 _____ \$ _____

1 _____ \$

2 Total required taxes, fees, and charges: _____ \$

3 (4) Total cost: _____ (2) + (3) = \$

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

5 (g) Required provisions of rent-to-own agreement. A rent-to-own
6 agreement shall provide:

7 (1) a statement of payment due dates;

8 (2) a line-item list of any other charges or fees the consumer could be
9 charged or have the option of paying in the course of acquiring ownership or
10 during or after the term of the agreement;

11 (3) that the consumer will not own the merchandise until he or she
12 makes all of the required payments for ownership;

13 (4) that the consumer has the right to receive a receipt for a payment
14 and, upon reasonable notice, a written statement of account;

15 (5) who is responsible for service, maintenance, and repair of an item of
16 merchandise;

17 (6) that, except in the case of the consumer's negligence or abuse, if the
18 merchant must retake possession of the merchandise for maintenance, repair,
19 or service, or the item cannot be repaired, the merchant is responsible for
20 providing the consumer with a replacement item of equal quality and
21 comparable design;

1 (7) the maximum amount of the consumer’s liability for damage or loss
2 to the merchandise in the case of the consumer’s negligence or abuse;

3 (8) a description of a manufacturer’s warranty or other warranty on the
4 merchandise, which may be in a separate document furnished to the consumer;

5 (9) a description of any insurance required of the consumer, or a
6 statement that the consumer is not required to purchase insurance and a
7 description of any insurance purchased by the consumer;

8 (10) an explanation of the consumer’s options to purchase the
9 merchandise;

10 (11) an explanation of the merchant’s right to repossess the
11 merchandise; and

12 (12) an explanation of the parties’ respective rights to terminate the
13 agreement, and to reinstate the agreement.

14 (h) Prohibited provisions of rent-to-own agreement. A rent-to-own
15 agreement shall not contain a provision:

16 (1) requiring a confession of judgment;

17 (2) requiring a garnishment of wages;

18 (3) authorizing a merchant or its agent to enter unlawfully upon the
19 consumer’s premises or to commit any breach of the peace in the repossession
20 of property;

1 (4) requiring the consumer to waive any defense, counterclaim, or right
2 of action against the merchant or its agent in collection of payment under the
3 agreement or in the repossession of property; or

4 (5) requiring the consumer to purchase insurance from the merchant to
5 cover the property.

6 (i) Option to purchase. Notwithstanding any other provision of this
7 section, at any time after the first payment a consumer who is not in violation
8 of a rent-to-own agreement may acquire ownership of the merchandise covered
9 by the agreement by paying an amount equal to the cash price of the
10 merchandise minus 50 percent of the value of the consumer's previous
11 payments.

12 (j) Collections; repossession of merchandise; prohibited acts. When
13 attempting to collect a debt or enforce an obligation under a rent-to-own
14 agreement, a merchant shall not:

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

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

19 (3) repeatedly call, leave messages, knock on doors, or ring doorbells;

20 (4) ask someone, other than a spouse, to make a payment on behalf of a
21 consumer;

1 (5) obtain payment through a consumer’s bank, credit card, or other
2 account without authorization;

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

5 (7) engage in violence;

6 (8) trespass;

7 (9) call or visit a consumer at home or work after receiving legal notice
8 that the consumer has filed for bankruptcy;

9 (10) impersonate others;

10 (11) discuss a consumer’s account with anyone other than a spouse of
11 the consumer;

12 (12) threaten unwarranted legal action; or

13 (13) leave a recorded message for a consumer that includes anything
14 other than the caller’s name, contact information, and a courteous request that
15 the consumer return the call.

16 (k) Reinstatement of agreement.

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

1 (A) within five business days of the renewal date of the agreement if
2 the consumer pays monthly; or

3 (B) within three business days of the renewal date of the agreement if
4 the consumer pays more frequently than monthly.

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

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

13 (l) Reasonable charges and fees. Any charge or fee assessed under a
14 rent-to-own agreement shall be reasonably related to the actual cost to the
15 merchant of the service or hardship for which it is charged.

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

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

4 * * * Financial Literacy * * *

5 Sec. 2. FINDINGS

6 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.

12 (2) Financial literacy is an essential 21st century life skill that young
13 people need to succeed, yet recent studies and surveys show that our youth
14 have not mastered these topics. For example, a 2013 report by Vermont Works
15 for Women indicated that young women believe that a lack of personal finance
16 training was a major deficiency in their education. Without improved financial
17 literacy, the next generation of Vermont leaders, job creators, entrepreneurs,
18 and taxpayers will lack skills they need to survive and to thrive in this
19 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 half of Vermont adults
19 have subprime credit ratings, and thus pay more interest on auto and home
20 loans and credit card debt; nearly two-thirds have not planned for retirement;

1 and less than one-half of Vermont adults participate in an employment-based
2 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) Vermonters have an average credit card debt of \$9,667.00;

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

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

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

13 (9) two representatives from the Vermont's financial services business
14 community that actively promote financial literacy education to Vermont
15 adults, appointed by the Governor.

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

19 (d)(1) Each member shall serve for a three-year term, provided that the
20 Treasurer shall have the authority to designate whether an initial term for each

1 appointee shall be for a one, two, or three-year initial term in order to ensure
2 that no more than one-third of the terms expire in any given year.

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

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

9 ~~(f) The Commission shall function as a private-public partnership with the~~
10 ~~ability to raise and disburse funds.~~

11 § 6003. POWERS AND DUTIES

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

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

17 (2) incentivize Vermont's k-16 educational system, businesses,
18 community organizations, and governmental agencies to implement financial
19 literacy and capability programs;

1 (3) advise the administration, governmental agencies and departments,
2 and the General Assembly on the current status of our citizens' financial
3 literacy and capability;

4 (4) create and maintain a current inventory of all financial literacy and
5 capability initiatives available in the State, and in particular identify trusted
6 options that will benefit our citizens;

7 (5) identify ways to equip Vermonters with the training, information,
8 skills, and tools they need to make sound financial decisions throughout their
9 lives and ways to help individuals with low income get access to needed
10 financial products and services;

11 (6) identify ways to help Vermonters with low income save and build
12 assets;

13 (7) identify ways to help increase the percentage of Vermont employees
14 saving for retirement;

15 (8) recommend actions that can be taken by the public and private sector
16 to achieve the goal of increasing the financial literacy and capability of all
17 Vermonters;

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

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

1 (11) analyze data to monitor the progress in achieving an increase in the
2 financial literacy and capability of Vermont’s citizens;

3 (12) pursue and accept funding from diverse sources outside State
4 government to launch, sustain, expand, and enhance financial literacy and
5 capability efforts in the State;

6 (13) disburse funds raised through fund development activities in
7 accordance with the priorities set forth by this chapter and by the Commission;

8 (14) consider and implement research and policy initiatives that provide
9 effective and meaningful results; and

10 (15) issue a report on the Commission’s progress and recommendations
11 for increasing the financial literacy and capability of our citizens to the
12 Governor and the legislative committees of jurisdiction during the first month
13 of each legislative biennium.

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

16 (13) consider and implement research and policy initiatives that provide
17 effective and meaningful results; and

18 (14) issue a report to the Governor and the legislative committees of
19 jurisdiction during the first month of each legislative biennium on the
20 Commission’s progress and recommendations for increasing the financial
21 literacy and capability of Vermont’s citizens, including an accounting of

1 receipts, disbursements, and earnings of the Financial Literacy Commission
2 Fund and whether the Commission should be retired or reconfigured.

3 § 6004. FINANCIAL LITERACY COMMISSION FUND

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

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

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

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

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

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

2 * * * Fees for Automatic Dialing Service * * *

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

4 § 2466b. DISCLOSURE OF FEE FOR AUTOMATIC DIALING

5 SERVICE

6 (a) In this section:

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

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

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

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

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

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

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

11 * * * Consumer Litigation Funding * * *

12 Sec. 5. 8 V.S.A. § 2201(a) is amended to read:

13 (a) ~~No person shall without~~ Without first obtaining a license under this
14 chapter from the Commissioner, a person shall not:

15 (1) engage in the business of making loans of money, credit, goods, or
16 things in action and charge, contract for, or receive on any such loan interest, a
17 finance charge, discount, or consideration therefor;

18 (2) act as a mortgage broker;

19 (3) engage in the business of a mortgage loan originator; ~~or~~

20 (4) act as a sales finance company; or

1 (5) act as a consumer litigation funding company, as defined in section
2 2201a of this chapter.

3 Sec. 6. 8 V.S.A. § 2201a is added to read:

4 § 2201a. CONSUMER LITIGATION FUNDING

5 (a) Purpose. In an effort to promote consumer protections related to
6 consumer litigation funding transactions, consumer litigation funding
7 companies are subject to State regulations like other licensed lenders subject to
8 this chapter, except as otherwise provided in this section.

9 (b) Definitions. As used in this section:

10 (1) “Consumer” means a natural person who is seeking or has obtained
11 consumer litigation funding for a pending legal claim, provided:

12 (A) the claim is in Vermont; or

13 (B) the person resides or is domiciled in Vermont.

14 (2) “Consumer litigation funding” or “funding” means a nonrecourse
15 transaction in which a consumer litigation funding company purchases and a
16 consumer assigns to the company a contingent right to receive an amount of
17 the proceeds of a settlement or judgment obtained from the consumer’s legal
18 claim. If no proceeds are obtained, the consumer is not required to repay the
19 company the funded amount, any fees or charges, or any other sums.

20 (c) Requirements. Except as otherwise provided in this section, a company
21 is subject to the requirements of this chapter. A company shall pay to the

1 Commissioner the application, investigation, and renewal fees specified in
2 subdivisions 2202(b)(1) and 2209(a)(1) of this chapter. A company is not
3 subject to the provisions of this chapter that apply only to a mortgage broker or
4 mortgage loan originator, or both, but do not apply to other lenders licensed
5 under this chapter.

6 (d) Rate of interest. Notwithstanding any other provision of law to the
7 contrary, consumer litigation funding is not subject to an interest rate cap
8 established by State law or rule.

9 (e) Attorney prohibitions. An attorney or law firm retained by a consumer
10 shall not have a financial interest in the company offering funding to the
11 consumer, nor shall the attorney or law firm receive a referral fee or other
12 consideration from the company in connection with such funding.

13 * * * Internet Dating Services * * *

14 Sec. 7. 9 V.S.A. chapter 63, subchapter 8 is added to read:

15 Subchapter 8. Internet Dating Services

16 § 2482a. DEFINITIONS

17 In this chapter:

18 (1) “Account change” means a change to the password, email address,
19 age, identified gender, gender of members seeking to meet, primary photo
20 unless it has previously been approved by the Internet dating service, or other

1 conspicuous change to a member’s account or profile with or on an Internet
2 dating service.

3 (2) “Banned member” means the member whose account or profile is
4 the subject of a fraud ban.

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

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

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

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

17 § 2482b. REQUIREMENTS FOR INTERNET DATING SERVICES

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

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

3 (2) the fact that the banned member was banned because in the
4 judgment of the Internet dating service the banned member may have been
5 using a false identify or may pose a significant risk of attempting to obtain
6 money from other members through fraudulent means;

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

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

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

13 (1) clear and conspicuous;

14 (2) by email, text message, or other appropriate means of
15 communication; and

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

20 (c) An Internet dating service shall disclose in an email, text message, or
21 other appropriate means of communication, in a clear and conspicuous manner,

1 within 24 hours after discovery of any account change to a Vermont member's
2 account or profile:

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

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

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

8 § 2482c. IMMUNITY

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

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

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

21 § 2482d. VIOLATIONS

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

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

6 * * * Discount Membership Programs * * *

7 Sec. 8. 9 V.S.A. § 2470hh is amended to read:

8 § 2470hh. VIOLATIONS

9 ~~(a) A violation of this subchapter is deemed to be a violation of section~~
10 ~~2453 of this title~~ A person who violates this subchapter commits an unfair and
11 deceptive act in trade and commerce in violation of section 2453 of this title.

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

15 (c) It is an unfair and deceptive act and practice in commerce for any
16 person to provide substantial assistance to the seller of a discount membership
17 program that has engaged or is engaging in an unfair or deceptive act or
18 practice in commerce, when the person or the person’s authorized agent:

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

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

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

5 (d) Subject to section 2452 of this title, a person who provides only
6 incidental assistance, which does not further the sale of a discount membership
7 program, to the seller of the program, or who does not receive a benefit from
8 providing assistance to the seller of a discount membership, shall not be liable
9 under this section unless the person receives notice, knows, or consciously
10 avoids knowing, pursuant to subdivision (c)(1), (2), or (3) of this section, that a
11 discount membership program is in violation of this chapter.

12 * * * Security Breach Notice Act * * *

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

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

17 (A) Direct notice ~~to consumers~~, which may be by one of the
18 following methods:

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

20 (ii) ~~Electronic~~ electronic notice, for those consumers for whom the
21 data collector has a valid e-mail address if:

1 (I) ~~the data collector does not have contact information set forth~~
2 ~~in subdivisions (i) and (iii) of this subdivision (6)(A)~~; the data collector's
3 primary method of communication with the consumer is by electronic means,
4 the electronic notice does not request or contain a hypertext link to a request
5 that the consumer provide personal information, and the electronic notice
6 conspicuously warns consumers not to provide personal information in
7 response to electronic communications regarding security breaches; or

8 (II) the notice ~~provided~~ is consistent with the provisions
9 regarding electronic records and signatures for notices ~~as set forth~~ in 15 U.S.C.
10 § 7001; or

11 (iii) ~~Telephonic~~ telephonic notice, provided that telephonic contact
12 is made directly with each affected consumer; and ~~the telephonic contact is not~~
13 through a prerecorded message.

14 (B)(i) Substitute notice, if:

15 (I) the data collector demonstrates that the cost of providing
16 written or telephonic notice, ~~pursuant to subdivision (A)(i) or (iii) of this~~
17 ~~subdivision (6)~~, to affected consumers would exceed \$5,000.00; ~~or that~~

18 (II) the ~~affected~~ class of affected consumers to be provided
19 written or telephonic notice, ~~pursuant to subdivision (A)(i) or (iii) of this~~
20 ~~subdivision (6)~~, exceeds 5,000; ~~or~~

1 (III) the data collector does not have sufficient contact
2 information.

3 (ii) ~~Substitute notice shall consist of all of the following~~ A data
4 collector shall provide substitute notice by:

5 ~~(i)(I)~~ conspicuous conspicuously posting of the notice on the
6 data collector’s website ~~page~~ if the data collector maintains one; and

7 ~~(ii)(II)~~ notification to notifying major statewide and regional
8 media.

9 * * * Limitation of Liability for Advertisers * * *

10 Sec. 10. 9 V.S.A. § 2452 is amended to read:

11 § 2452. LIMITATION

12 (a) Nothing in this chapter shall apply to the owner or publisher of a
13 newspaper, magazine, publication, or printed matter, or to a provider of an
14 interactive computer service, wherein an advertisement or offer to sell appears,
15 or to the owner or operator of a radio or television station which disseminates
16 an advertisement or offer to sell, when the owner, publisher, ~~or~~ operator, or
17 provider has no knowledge of the fraudulent intent, design, or purpose of the
18 advertiser or ~~operator~~ offeror, and is not responsible, in whole or in part, for
19 the creation or development of the advertisement or offer to sell.

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

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* * * Effective Dates * * *

Sec. 11. EFFECTIVE DATES

(a) This section, Secs. 1–6, and Secs. 8–10 shall take effect on July 1, 2015.

(b) In Sec. 7:

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

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

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE