

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, and  
12 taxes that a consumer must pay to acquire ownership of merchandise under a  
13 rent-to-own agreement. The term does not include charges or fees for optional  
14 services or charges or fees due only upon the occurrence of a contingency  
15 specified in the 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 reasonable request to review

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

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

4 (3) In an ~~advertisement or~~ rent-to-own agreement, a merchant shall state  
5 a numerical amount or percentage as a figure and shall print or legibly  
6 handwrite the figure 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 ~~item of merchandise available under a~~ rent-to-own  
4 agreement, a merchant shall keep ~~the following information in an electronic or~~  
5 ~~hard copy~~ for a period of ~~six~~ four years following the date the ~~merchant ceases~~  
6 ~~to own the merchandise an electronic or hard copy of the agreement ends:~~

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

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

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

11 ~~(10) If a rent to own agreement includes a provision requiring mediation~~  
12 ~~or arbitration in the event of a dispute, the mediation or arbitration shall occur~~  
13 ~~within Vermont.~~

14 (c) Cash price; ~~total cost~~ reduction for used merchandise; maximum limits.

15 (1) The maximum cash price for ~~an a new~~ item of merchandise shall not  
16 exceed:

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

18 (B) for an item of electronics that has a merchant's cost of less than  
19 \$150.00, 1.75 times the merchant's cost;

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

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

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

4           (2)(A) The cash price for used merchandise shall be at least 10 percent  
5 less than the cash price when new.

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

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

11           (d) Disclosures in advertising; prohibited disclosures.

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

14           (A) the cash price of the item;

15           (B) that the merchandise is available under a rent-to-own agreement;

16           (C) the amount, frequency, and total number of payments required  
17 for ownership;

18           (D) the total cost for the item;

19           (E) the rent-to-own charge for the item; and

20           (F) that the consumer will not own the merchandise until the  
21 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; and

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

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

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

13                           (A) a heading and clause in bold-face type that reads: “IMPORTANT  
14           INFORMATION ABOUT THIS RENT-TO-OWN AGREEMENT.

15           Do Not Sign this Agreement Before You Read It or If It Contains any Blank  
16           Spaces. You have a Right to Review this Agreement or Compare Costs Away  
17           from the Store Before You Sign.”; and

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

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

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

21                                   (iii) the date of the transaction;



1                    (iv) a description of the merchandise sufficient to identify the  
2                    merchandise to the consumer and the merchant, including any applicable  
3                    model and identification numbers;

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

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

11                   (1) Cash Price: \_\_\_\_\_ \$ \_\_\_\_\_

12                   (2) Payments required to become owner:

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

14                   (3) Mandatory charges ~~and fees and taxes~~ required to become owner (itemize):

15                   \_\_\_\_\_ \$ \_\_\_\_\_

16                   \_\_\_\_\_ \$ \_\_\_\_\_

17                   \_\_\_\_\_ \$ \_\_\_\_\_

18                   Total required ~~taxes,~~ fees and charges: \$ \_\_\_\_\_

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

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

21                   (6) Tax \_\_\_\_\_ = \$ \_\_\_\_\_

1 (7) DO NOT SIGN BEFORE READING THIS AGREEMENT CAREFULLY

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

4 (1) a statement of payment due dates;

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

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

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

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

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

19 (7) that the maximum amount of the consumer's liability for damage or  
20 loss to the merchandise in the case of the consumer's negligence or abuse is  
21 limited to an amount equal to the cash price 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 description of a manufacturer's warranty or other warranty on the  
6 merchandise, which may be in a separate document furnished to the consumer  
7 a statement that if any part of a manufacturer's express warranty covers the  
8 merchandise at the time the consumer acquires ownership the merchant shall  
9 transfer the warranty to the consumer if allowed by the terms of the warranty;

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

14           (10) an explanation of the consumer's options to purchase the  
15 merchandise;

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

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

20           (h) Warranties.

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

4           (2) A merchant creates an implied warranty to a consumer, which may  
5           not be waived, in the following circumstances:

6                   (A) an affirmation of fact or promise made by the merchant to the  
7                   consumer which relates to merchandise creates an implied warranty that the  
8                   merchandise will substantially conform to the affirmation or promise;

9                   (B) a description of the merchandise by the merchant creates an  
10                  implied warranty that the merchandise will substantially conform to the  
11                  description; and

12                  (C) a sample or model exhibited to the consumer by the merchant  
13                  creates an implied warranty that the merchandise actually delivered to the  
14                  consumer will substantially conform to the sample or model.

15           (i) Maintenance and repairs.

16                   (1) During the term of a rent-to-own agreement the merchant shall  
17                   maintain the merchandise in good working condition.

18                   (2) If a repair cannot be completed within three days, the merchant shall  
19                   provide a replacement to the consumer to use until the original merchandise is  
20                   repaired. Replacement merchandise shall be at least comparable in quality, age,  
21                   condition, and warranty coverage to the replaced original merchandise.

1           (3) A merchant is not required to repair or replace merchandise that has  
2           been damaged as a result of negligence or an intentional act by the consumer.

3           (j) ~~Prohibited Unenforceable~~ provisions of rent-to-own agreement. The  
4           following provisions in a rent-to-own agreement shall ~~not contain a provision~~  
5           be void and unenforceable:

6           (1) a provision requiring a confession of judgment;

7           (2) a provision requiring a garnishment of wages;

8           (3) a provision requiring arbitration or mediation of a claim that  
9           otherwise meets the jurisdictional requirements of a small claims proceeding  
10           under 12 V.S.A. chapter 187;

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

14           (5) a provision requiring the consumer to waive any defense,  
15           counterclaim, or right of action against the merchant or its agent in collection  
16           of payment under the agreement or in the repossession of property; or

17           (6) a provision requiring the consumer to purchase a damage waiver or  
18           insurance from the merchant to cover the property.

19           (k) Option to purchase. Notwithstanding any other provision of this  
20           section, at any time after the first payment a consumer who is not in violation  
21           of a rent-to-own agreement may acquire ownership of the merchandise covered

1 by the agreement by paying an amount equal to the cash price of the  
2 merchandise minus 50 percent of the value of the consumer's previous  
3 payments.

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

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

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

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

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

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

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

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

3           (7) engage in violence;

4           (8) trespass;

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

7           (10) impersonate others;

8           (11) discuss a consumer's account with anyone other than a spouse of  
9           the consumer;

10           (12) threaten unwarranted legal action; or

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

14           (n) Reinstatement of agreement.

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

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

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

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

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

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

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

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

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





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

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

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

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

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

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

13       § 6003. POWERS AND DUTIES

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

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

19       (2) incentivize Vermont's k-16 educational system, businesses,  
20       community organizations, and governmental agencies to implement financial  
21       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           (1) providing a consumer access to a funding source that allows the  
2           consumer to pursue a legal claim; and

3           (2) protecting the consumer from any predatory practices by a consumer  
4           litigation funding company.

5           (b) As used in this section:

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

8                   (A) the claim is in Vermont; or

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

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

16           (3) “Consumer litigation funding company” or “company” means a  
17           person engaged in the business of consumer litigation funding.

18                           \*\*\* Internet Dating Services \*\*\*

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

20                           Subchapter 8. Internet Dating Services

21           § 2482a. DEFINITIONS



1        In this chapter:

2            (1) “Account change” means a change to the password, email address,  
3 age, identified gender, gender of members seeking to meet, primary photo  
4 unless it has previously been approved by the Internet dating service, or other  
5 conspicuous change to a member’s account or profile with or on an Internet  
6 dating service.

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

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

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

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

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

21        § 2482b. REQUIREMENTS FOR INTERNET DATING SERVICES

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

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

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

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

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

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

16           (1) clear and conspicuous;

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

19           (3) sent within 24 hours after the fraud ban, or at a later time if the  
20       service has determined based on an analysis of effective messaging that a

1 different time is more effective, but in no event later than three days after the  
2 fraud ban.

3 (c) An Internet dating service shall disclose in an email, text message, or  
4 other appropriate means of communication, in a clear and conspicuous manner,  
5 within 24 hours after discovery of any account change to a Vermont member's  
6 account or profile:

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

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

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

12 § 2482c. IMMUNITY

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

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

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

4        § 2482d. VIOLATIONS

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

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

10                                \* \* \* Discount Membership Programs \* \* \*

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

12        § 2470hh. VIOLATIONS

13        ~~(a) A violation of this subchapter is deemed to be a violation of section~~  
14        ~~2453 of this title~~ A person who violates this subchapter commits an unfair and  
15        deceptive act in trade and commerce in violation of section 2453 of this title.

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

19        (c) It is an unfair and deceptive act and practice in commerce for any  
20        person to provide substantial assistance to the seller of a discount membership

1 program that has engaged or is engaging in an unfair or deceptive act or  
2 practice in commerce, when the person or the person's authorized agent:

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

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

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

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

17 \* \* \* Security Breach Notice Act \* \* \*

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

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

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

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

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

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

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

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

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

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

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

7                   (III) the data collector does not have sufficient contact  
8 information.

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

11                   ~~(i)(I) conspicuous~~ conspicuously posting of the notice on the  
12 data collector's website ~~page~~ if the data collector maintains one; and

13                   ~~(ii)(II) notification to~~ notifying major statewide and regional  
14 media.

15                   \* \* \* Limitation of Liability for Advertisers \* \* \*

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

17                   § 2452. LIMITATION

18                   (a) Nothing in this chapter shall apply to the owner or publisher of a  
19 newspaper, magazine, publication, or printed matter, or to a provider of an  
20 interactive computer service, wherein an advertisement or offer to sell appears,  
21 or to the owner or operator of a radio or television station which disseminates

1 an advertisement or offer to sell, when the owner, publisher, ~~or~~ operator, or  
2 provider has no knowledge of the fraudulent intent, design, or purpose of the  
3 advertiser or ~~operator~~ offeror, and is not responsible, in whole or in part, for  
4 the creation or development of the advertisement or offer to sell.

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

7 \* \* \* Effective Dates \* \* \*

8 Sec. 10. EFFECTIVE DATES

9 (a) This section, Secs. 2–5, and Secs. 8–10 shall take effect on July 1, 2015.

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

11 (c) In Sec. 6:

12 (1) 9 V.S.A. §§ 2482a, 2482c, and 2482d shall take effect on passage.

13 (2) 9 V.S.A. § 2482b shall take effect on January 1, 2016.

14

15

16 (Committee vote: \_\_\_\_\_)

17

\_\_\_\_\_

18

Representative \_\_\_\_\_

19

FOR THE COMMITTEE