

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) Except as otherwise provided in subdivision (2) of this subsection,~~
16 ~~the maximum cash price for an item of merchandise shall not 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 an item of merchandise that has been~~
5 ~~previously used by a consumer shall be at least 10 percent less than the cash~~
6 ~~price calculated under subdivision (1) of this subsection.~~

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

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

12 (d) Disclosures in advertising; prohibited disclosures.

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

15 (A) the cash price of the item;

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

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

19 (D) the total cost for the item;

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

1 (F) that the consumer will not own the merchandise until the
2 consumer pays the total cost for ownership.

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

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

9 (1) whether the item is new or used; and

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

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

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

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

15 (A) a heading and clause in bold-face type that reads: “IMPORTANT

16 INFORMATION ABOUT THIS RENT-TO-OWN AGREEMENT.

17 Do Not Sign this Agreement Before You Read It or If It Contains any Blank

18 Spaces. You have a Right to Review this Agreement or Compare Costs Away

19 from the Store Before You Sign.”; and

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

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

- 1 (ii) the name, address, and contact information of the consumer;
- 2 (iii) the date of the transaction;
- 3 (iv) a description of the merchandise sufficient to identify the
4 merchandise to the consumer and the merchant, including any applicable
5 model and identification numbers;
- 6 (v) a statement whether the merchandise is new or used, and in the
7 case of used merchandise, a description of the condition of, and any damage to,
8 the merchandise statement that the merchandise is in good working order, is
9 clean, and is free of any infestation.

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

13 (1) Cash Price: _____ \$ _____

14 (2) Payments required to become owner:
15 \$ ____/(weekly)(biweekly)(monthly) × (# of payments) = \$ _____

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

17 _____ \$ _____

18 _____ \$ _____

19 _____ \$ _____

20 Total required ~~taxes,~~ fees and charges: \$ _____

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

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

2 (6) Tax _____ = \$ _____

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

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

6 (1) a statement of payment due dates;

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

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

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

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

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

1 (7) that the maximum amount of the consumer's liability for damage or
2 loss to the merchandise in the case of the consumer's negligence or abuse is
3 limited to an amount equal to the cash price multiplied by the ratio of:

4 (A) the number of payments remaining to acquire ownership under
5 the agreement; to

6 (B) the total number of payments necessary to acquire ownership
7 under the agreement.

8 (8) a description of a manufacturer's warranty or other warranty on the
9 merchandise, which may be in a separate document furnished to the consumer
10 a statement that if any part of a manufacturer's express warranty covers the
11 merchandise at the time the consumer acquires ownership the merchant shall
12 transfer the warranty to the consumer if allowed by the terms of the warranty;

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

17 (10) an explanation of the consumer's options to purchase the
18 merchandise;

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

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

3 (h) Warranties.

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

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

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

12 (B) a description of the merchandise by the merchant creates an
13 implied warranty that the merchandise will substantially conform to the
14 description; and

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

18 (i) Maintenance and repairs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (7) engage in violence;

8 (8) trespass;

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

11 (10) impersonate others;

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

14 (12) threaten unwarranted legal action; or

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

18 (n) Reinstatement of agreement.

19 (1) A consumer who fails to make a timely payment may reinstate a
20 rent-to-own agreement without losing any rights or options that exist under the

1 agreement by paying all past-due charges, the reasonable costs of pickup,
2 redelivery, and any refurbishing, and any applicable late fee:

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

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

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

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

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

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

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

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

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

9 * * * Financial Literacy * * *

10 Sec. 2. FINDINGS

11 The General Assembly finds:

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

17 (2) Financial literacy is an essential 21st century life skill that young
18 people need to succeed, yet recent studies and surveys show that our youth
19 have not mastered these topics. For example, a 2013 report by Vermont Works
20 for Women indicated that young women believe that a lack of personal finance
21 training was a major deficiency in their education. Without improved financial

1 literacy, the next generation of Vermont leaders, job creators, entrepreneurs,
2 and taxpayers will lack skills they need to survive and to thrive in this
3 increasingly complex financial world.

4 (3) The following are some facts about the lack of financial literacy in
5 Vermont’s k–12 schools:

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

9 (B) in an Organisation for Economic Co-operation and Development
10 (OECD) Programme for International Student Assessment (PISA) international
11 financial literacy test of 15-year-olds, the United States ranked 9th out of
12 13 countries participating in the exam—statistically tied with the Russian
13 Federation and behind China, Estonia, Czech Republic, Poland, and Latvia;

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

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

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

1 (4) Most students are not financially literate when they enter college and
2 we know that many students leave college for “financial reasons.” Too few
3 Vermont college students have received personal finance education in k–12
4 school or at home. In fact, a Schwab survey indicated that parents are nearly
5 as uncomfortable talking to their children about money as they are discussing
6 sex. Except in some targeted programs and occasional courses, most college
7 students in Vermont are not offered much in the way of financial literacy
8 education. Personal finance education often consists of brief mandatory
9 entrance and exit counseling for students with federal loans, along with
10 reminders to Vermont students to repay their loans. Today’s college graduates
11 need to be financially sophisticated because they face greater challenges than
12 previous generations experienced. As a result of the recent recession, many
13 are worse off than their parents were at the same age, with more debt and
14 stagnant or lower incomes. They have higher unemployment rates than older
15 citizens, more live at home with their parents, while fewer own a home, have
16 children or are married. A lack of financial skills is clearly a factor in the
17 failure of many in this generation to launch, and is having a substantial impact
18 on our overall economy.

19 (5) A more financially sophisticated collegiate student body can be
20 expected to yield a corresponding increase in retention and persistence rates,

1 fewer student loans, and lower student loan default rates and greater alumni
2 giving.

3 (6) Several studies show that financially sophisticated college students
4 have better outcomes. For example, three University of Arizona longitudinal
5 studies that followed students through college and into the workforce clearly
6 demonstrated that achieving financial self-sufficiency, a key developmental
7 challenge of young adulthood, appears to be driven by financial behaviors
8 practiced during emerging adulthood. The study indicated that college
9 students who exhibited responsible early financial practices experienced
10 smoother transitions to adulthood than students who had poor behaviors. The
11 studies also found that those students who were most successful with this
12 transition to adulthood had more financial education through personal finance
13 or economics classes.

14 (7) Some troubling facts about college students lack of financial literacy
15 include:

16 (A) 63 percent of Vermont four-year college students that graduated
17 in 2012 had student loan debt that averaged \$28,299.00;

18 (B) nationally, nearly 11 percent of all student loan borrowers were
19 delinquent in their payments by more than 90 days as of June 2014; and

20 (C) only 27 percent of parents in Vermont have set aside funds for
21 their child's college education.

1 (8) Many of Vermont’s adults struggle financially. The recent recession
2 demonstrated that our citizens have trouble making complex financial
3 decisions that are critical to their well-being. Nearly one-half of Vermont
4 adults have subprime credit ratings, and thus pay more interest on auto and
5 home loans and credit card debt; nearly two-thirds have not planned for
6 retirement; and less than one-half of Vermont adults participate in an
7 employment-based retirement plan.

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

13 (10) Some troubling facts about Vermont adults’ lack of financial
14 literacy:

15 (A) in a 2014 survey, 41 percent of U.S. adults gave themselves a
16 grade of C, D, or F on their personal finance knowledge;

17 (B) nationally, 34 percent of adults indicated that they have no
18 retirement savings;

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

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

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

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

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

12 (12) When they graduate, Vermont high school students should, at a
13 minimum, understand how credit works, how to budget, and how to save and
14 invest. College graduates should understand those concepts in addition to the
15 connection between income and careers, and how student loans work.

16 Vermont adults need to understand the critical importance of rainy-day and
17 retirement funds, and the amounts they will need in those funds.

18 (13) All Vermonters should have access to content and training that will
19 help them increase their personal finance knowledge. Vermont students and
20 adults need a clear path to building their personal finance knowledge and
21 skills. Vermont needs to increase its focus on helping Vermonters become

1 wiser consumers, savers, and investors. Financial literacy education is a
2 helping hand that gives individuals knowledge and skills that can lift them out
3 of a financial problem, or prevent difficulties from occurring.

4 (14) A more financially sophisticated and capable citizenry will help
5 improve Vermont’s economy and overall prosperity.

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

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

11 CHAPTER 151. VERMONT FINANCIAL LITERACY COMMISSION

12 § 6001. DEFINITIONS

13 In this chapter:

14 (1) “Financial capability” means:

15 (A) financial literacy and access to appropriate financial
16 products; and

17 (B)(i) the ability to act, including knowledge, skills, confidence, and
18 motivation; and

19 (ii) the opportunity to act, through access to beneficial financial
20 products and institutions.

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

3 § 6002. VERMONT FINANCIAL LITERACY COMMISSION

4 (a) There is created a Vermont Financial Literacy Commission to
5 measurably improve the financial literacy and financial capability of
6 Vermont’s citizens.

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

8 (1) the Vermont State Treasurer or designee;

9 (2) the Secretary of Education or designee;

10 (3) one representative of the Executive Branch, appointed by the
11 Governor, who is an employee of an agency or department that conducts
12 financial literacy education outreach efforts in Vermont, including the
13 Department of Children and Families, Agency of Commerce and Community
14 Development, Department of Financial Regulation, Department of Labor,
15 Department of Libraries, or the Commission on Women, but not including the
16 Agency of Education;

17 (4) a k–12 public school financial literacy educator appointed by the
18 Vermont-NEA;

19 (5) one representative of k–12 public school administration, currently
20 serving as a school board member, superintendent, or principal, appointed by
21 the Governor based on nominees submitted by the Vermont School Board

1 Association, the Vermont Superintendents Association, and the Vermont
2 Principals Association;

3 (6) three representatives focused on collegiate financial literacy issues:

4 (A) the President of the Vermont Student Assistance Corporation or
5 designee;

6 (B) one representative appointed by the Governor from either
7 Vermont State Colleges or the University of Vermont; and

8 (C) one representative appointed by the Governor from an
9 independent college in Vermont;

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

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

18 (9) one member of the public, appointed by the Governor.

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 (3) A member of the Commission who is not an employee of the State
8 of Vermont and who is not otherwise compensated or reimbursed for his or her
9 attendance at a meeting of the Commission shall be entitled to per diem
10 compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010.

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

15 § 6003. POWERS AND DUTIES

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

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

1 (2) incentivize Vermont’s k–16 educational system, businesses,
2 community organizations, and governmental agencies to implement financial
3 literacy and capability programs;

4 (3) advise the administration, governmental agencies and departments,
5 and the General Assembly on the current status of our citizens’ financial
6 literacy and capability;

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

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

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

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

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

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

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

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

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

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

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

16 (A) the Governor;

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

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

4 § 6004. FINANCIAL LITERACY COMMISSION FUND

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

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

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

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

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

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

4 Sec. 3A. REPEAL

5 9 V.S.A. chapter 151 (Vermont Financial Literacy Commission) shall be
6 repealed on July 1, 2018.

7 * * * Fees for Automatic Dialing Service * * *

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

9 § 2466b. DISCLOSURE OF FEE FOR AUTOMATIC DIALING

10 SERVICE

11 (a) In this section:

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

17 (2) “Emergency functions” include services provided by the department
18 of public safety, firefighting services, police services, sheriff’s department
19 services, medical and health services, rescue, engineering, emergency warning
20 services, communications, evacuation of persons, emergency welfare services,
21 protection of critical infrastructure, emergency transportation, temporary

1 restoration of public utility services, other functions related to civilian
2 protection and all other activities necessary or incidental to the preparation for
3 and carrying out of these functions.

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

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

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

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

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

16 * * * Consumer Litigation Funding * * *

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

18 § 2246. CONSUMER LITIGATION FUNDING

19 (a) Findings. The General Assembly finds that the relatively new business
20 of consumer litigation funding, as defined in subsection (b) of this section,
21 raises concerns about whether and, if so, to what extent such transactions

1 should be regulated by the Commissioner of Financial Regulation. Concerns
2 include: finance charges and fees; terms and conditions of contracts; rescission
3 rights; licensure or registration; disclosure requirements; enforcement and
4 penalties; and any other standards and practices the Commissioner deems
5 relevant.

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

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

18 (1) providing a consumer access to funds for personal expenses while
19 the consumer is a party to a civil action or legal claim; and

20 (2) protecting the consumer from any predatory practices by a person
21 who provides consumer litigation funding.

1 poses a significant risk of attempting to obtain money from other members
2 through fraudulent means.

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

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

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

11 § 2482b. REQUIREMENTS FOR INTERNET DATING SERVICES

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

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

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

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

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

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

7 (1) clear and conspicuous;

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

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

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

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

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

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

3 § 2482c. IMMUNITY

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

9 (b) 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 the decisions regarding whether to ban a member, or how or when to notify
12 a member pursuant to section 2482b of this title.

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

16 § 2482d. VIOLATIONS

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

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

1 that the consumer provide personal information, and the electronic notice
2 conspicuously warns consumers not to provide personal information in
3 response to electronic communications regarding security breaches; or

4 (II) the notice ~~provided~~ is consistent with the provisions
5 regarding electronic records and signatures for notices ~~as set forth~~ in 15 U.S.C.
6 § 7001; or

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

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

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

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

17 (III) the data collector does not have sufficient contact
18 information.

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

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

3 ~~(ii)(II) notification to~~ notifying major statewide and regional
4 media.

5 * * * Limitation of Liability for Advertisers * * *

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

7 § 2452. LIMITATION

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

16 (b) In this section, "interactive computer service" has the same meaning as
17 in 47 U.S.C. § 230(f)(2).

18 * * * Effective Dates * * *

19 Sec. 10. EFFECTIVE DATES

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

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

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(c) In Sec. 6:

(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