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S.73

Introduced by Senators Mullin, Balint, Baruth, Campbell, Cummings, and

Doyle

Referred to Committee on Economic Development, Housing and General

Affairs

Date: February 10, 2015

Subject: Commerce and trade; rent-to-own; regulation

Statement of purpose of bill as introduced: This bill proposes to strengthen

State regulation of the rent-to-own industry.

~~An act relating to State regulation of rent to own agreements for
merchandise~~

An act relating to consumer protection laws

It is hereby enacted by the General Assembly of the State of Vermont:

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

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

~~(a) The attorney general shall adopt by rule standards for the full and
conspicuous disclosure to consumers of the terms of rent to own agreements.~~

~~For purposes of this section a rent to own agreement means an agreement for
the use of merchandise by a consumer for personal, family, or household
purposes, for an initial period of four months or less, that is renewable with
each payment after the initial period and that permits the lessee to become the
owner of the property. An agreement that complies with this article is not a~~

1 ~~retail installment sales contract, agreement or obligation as defined in this~~
2 ~~chapter or a security interest as defined in section 1-201(37) of Title 9A.~~

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

6 (a) Definitions. In this section:

7 (1) "Advertising" means a commercial message in any medium that
8 directly or indirectly promotes or assists a rent-to-own transaction.

9 Advertising includes newspapers, magazines, flyers, mailings, radio, and
10 television. Advertising does not include commercial messages to the extent
11 that they are displayed exclusively inside the premises where the merchandise
12 being offered is located.

13 (2) "Cash price" means:

14 (A) the bona fide retail price at which a merchant would sell the item
15 in question to the consumer for cash on the date of the rent-to-own transaction,
16 which price shall be representative of, and competitive with, the price at which
17 similar merchandise is currently available for purchase at other stores in the
18 area; or

19 (B) if the item is not offered for sale for cash, the estimated average
20 cash retail price of the item or a similar item in the market area.

1 ~~(3) "Clear and conspicuous" means that the statement or term being~~
2 disclosed is of such size, color, contrast, or audibility, and is so presented, as to
3 be readily apparent to the person to whom it is being disclosed.

4 (4) "Consumer" has the same meaning as in subsection 2451a(a) of
5 this title.

6 (5) "Effective annual percentage rate" means the annual percentage rate
7 of the merchandise subject to a rent-to-own transaction, calculated in the same
8 manner as an annual percentage rate under section 107 of the federal Truth in
9 Lending Act, 15 U.S.C. § 1606, except that:

10 (A) in place of the finance charge, there shall be substituted the
11 difference between the total of payments to acquire ownership and the cash
12 price, less any amounts specifically excluded from the finance charge under
13 the Truth in Lending Act;

14 (B) in place of the amount financed, there shall be substituted the
15 cash price less any down payment; and

16 (C) it shall be assumed that the consumer will pay the total of
17 payments to acquire ownership in the merchandise.

18 (6) "Merchant" means a person who offers, or contracts for, the use of
19 merchandise on a rent-to-own basis with a consumer.

1 ~~(7)(A) "Rent to own" refers to the use of merchandise under an~~
2 ~~agreement that is renewable with each payment after the initial period and~~
3 ~~where the consumer is permitted to become the owner of the property.~~

4 ~~(B) This section shall not apply to a transaction for the use of:~~

5 ~~(i) a musical instrument that is intended to be used in whole or in~~
6 ~~part in an elementary or secondary school; or~~

7 ~~(ii) a motor vehicle.~~

8 ~~(b) General disclosure requirements.~~

9 ~~(1)(A) A merchant shall make the disclosures required by this section~~
10 ~~clearly, conspicuously, in meaningful sequence, and in accordance with the~~
11 ~~further requirements of this section.~~

12 ~~(B) A merchant shall present numerical amounts and percentages as~~
13 ~~figures that shall be printed or legibly handwritten in not less than the~~
14 ~~equivalent of 10-point type.~~

15 ~~(2) A merchant may supply additional information with a disclosure~~
16 ~~required by this section, but shall not state or place the additional information~~
17 ~~in such a way as to cause the disclosures as a whole to be misleading or~~
18 ~~confusing, or to contradict, obscure, or detract attention from the required~~
19 ~~disclosures.~~

20 ~~(3) If a merchant and consumer renegotiate or modify an agreement in a~~
21 ~~substantial or material way after the effective date of this section, including~~

1 ~~any change that increases the consumer's payments or other obligations or~~
2 diminishes the consumer's rights, the renegotiated or modified agreement shall
3 be considered a new transaction subject to the disclosure requirements of
4 this section.

5 (4) Unless stated otherwise in a clear and conspicuous manner, all terms
6 and conditions required to be disclosed by this section shall be actually
7 available to all consumers.

8 (c) Disclosures in advertising. An advertisement for a rent-to-own
9 transaction that states or refers to the amount of a payment or the right to
10 acquire ownership of one or more specific items of merchandise shall state:

11 (1) that the transaction advertised is a rent-to-own transaction;

12 (2) that the consumer will not own the property until the consumer pays
13 the full amount required for ownership;

14 (3) for each specific item advertised, the total amount the consumer
15 must pay to acquire ownership, which a merchant shall designate as "total
16 cost"; and

17 (4) the effective annual percentage rate associated with the item, which
18 may be accompanied by a statement that this rate applies only if the consumer
19 acquires ownership by making all the payments.

1 ~~(d) Disclosures in proximity to merchandise.~~

2 (1) In the same general vicinity as any merchandise overtly displayed or
3 offered on a rent-to-own basis, a merchant shall disclose, with sufficient
4 prominence that a consumer inspecting the merchandise would be likely to see
5 the disclosure.

6 (A) that the transaction advertised is a rent-to-own transaction; and

7 (B) that the consumer will not own the property until the consumer
8 pays the full amount required for ownership.

9 (2) In immediate proximity to each specific item of merchandise overtly
10 displayed or offered on a rent-to-own basis a merchant shall disclose:

11 (A) the cash price of the item;

12 (B) the amount of the periodic payment and the total number of
13 periodic payments a consumer must make to acquire ownership;

14 (C) the total amount the consumer must pay to acquire ownership,
15 which a merchant shall designate as “total cost”;

16 (D) the effective annual percentage rate associated with the item,
17 which may be accompanied by a statement that this rate applies only if the
18 consumer acquires ownership by making all payments; and

19 (E) a statement as to whether the item is new or used.

20 (e) Disclosures in rent-to-own agreement.

1 ~~(1) Prior to executing a rent to own agreement, a merchant shall give~~
2 ~~the consumer the opportunity to review a written copy of the agreement.~~

3 ~~(2) The agreement shall include:~~

4 ~~(A) a heading in no less than 12-point, bold-face type, that reads:~~

5 ~~“IMPORTANT INFORMATION ABOUT THIS RENT-TO-OWN~~
6 ~~AGREEMENT. Do Not Sign this Agreement Before You Read It or If It~~
7 ~~Contains any Blank Spaces”; and~~

8 ~~(B) the following general disclosures on the front side of the~~
9 ~~agreement above the line for the consumer’s signature:~~

10 ~~(i) the name, address, and telephone number of the merchant;~~

11 ~~(ii) the name and address of the consumer;~~

12 ~~(iii) the date of the transaction;~~

13 ~~(iv) a description of the merchandise, including any applicable~~
14 ~~model and identification numbers;~~

15 ~~(v) a statement whether the merchandise is new or used; and~~

16 ~~(vi) a description of any damage to the merchandise.~~

17 ~~(3) A rent-to-own agreement shall at minimum include the following~~
18 ~~cost disclosures, printed and grouped as indicated below in no less than~~
19 ~~12-point, bold-face type on the front of the agreement above the line for the~~
20 ~~consumer’s signature:~~

21 ~~(A) Initial payment for rent-to-own merchandise: \$ _____~~

1 ~~(B) Subsequent regular payments:~~
2 ~~\$ _____ /week [month] × _____ weeks [months] \$ _____~~
3 ~~(C) Other charges or fees required to acquire ownership (itemize):~~
4 ~~_____ \$~~
5 ~~_____ \$~~
6 ~~_____ \$~~
7 ~~Total required charges or fees: \$ _____~~
8 ~~(D) Total payments to acquire ownership: (A) + (B) + (C) \$ _____~~
9 ~~(E) Cash price: \$ _____~~
10 ~~(F) Costs of ownership exceeding cash price: (D) – (E) \$ _____~~
11 ~~(G) Number of years of payments to acquire ownership: _____~~
12 ~~(H) Effective annual percentage rate (if you acquire ownership by~~
13 ~~making all rental payments): [(F) ÷ (G)] ÷ (E) _____ %~~
14 ~~(4) A rent-to-own agreement shall also include the following additional~~
15 ~~disclosures:~~
16 ~~(A) a line-item list of any other charges or fees the consumer could~~
17 ~~be charged or have the option of paying in the course of acquiring ownership~~
18 ~~or during or after the term of the contract;~~
19 ~~(B) that the consumer will not own the merchandise until all~~
20 ~~necessary payments have been made;~~

1 ~~(C) who is responsible for damage to the merchandise and the~~

2 maximum amount of the consumer's liability;

3 (D) who is responsible for servicing the merchandise;

4 (E) a description of any manufacturer's or other warranties on the

5 merchandise, if any, which may be in a separate document furnished to

6 the consumer;

7 (F) a description of any insurance required of the consumer, or a

8 statement that the consumer is not required to purchase insurance and a

9 description of any insurance purchased by the consumer;

10 (G) an explanation of all options to purchase, including any early

11 option to purchase;

12 (H) all deadlines for payments, and the nature and amount of all

13 charges for late payment, default, pickup of merchandise, reinstatement, and

14 any other contingency;

15 (I) an explanation of any right to repossess the merchandise; and

16 (J) an explanation of the right of any party to terminate the agreement

17 and to reinstate the agreement.

18 (f) Disclosure of age of merchandise. Upon the request of a consumer who

19 has entered into a rent-to-own agreement with respect to used merchandise, the

20 merchant shall, without unreasonable delay, disclose when the merchandise

21 was purchased new, if known.

1 ~~(g) Prohibited provisions of rent to own agreement. A rent to own~~
2 ~~agreement shall not contain a provision:~~
3 ~~(1) requiring a confession of judgment;~~
4 ~~(2) requiring a garnishment of wages;~~
5 ~~(3) authorizing a merchant or its agent to enter unlawfully upon the~~
6 ~~consumer's premises or to commit any breach of the peace in the repossession~~
7 ~~of property;~~
8 ~~(4) requiring the consumer to waive any defense, counterclaim, or right~~
9 ~~of action against the merchant or its agent in collection of payment under the~~
10 ~~agreement or in the repossession of property; or~~
11 ~~(5) requiring the consumer to purchase insurance from the merchant to~~
12 ~~cover the property.~~
13 ~~(h) Preservation of disclosures. A merchant shall preserve copies or~~
14 ~~facsimiles of all disclosures in advertising, and all rent-to-own agreements~~
15 ~~containing disclosures required by this section, for a period of not less than two~~
16 ~~years after the date the disclosures are made. In the case of a radio or~~
17 ~~television advertisement, it shall be sufficient to preserve a copy of the script~~
18 ~~or storyboard.~~
19 ~~(i) Reinstatement of agreement. A rent-to-own agreement shall include~~
20 ~~a provision:~~

1 ~~(1) Permitting a consumer who fails to make a timely lease payment to~~
2 ~~reinstate the agreement without losing any rights or options that exist under the~~
3 ~~agreement by the payment of all past-due lease charges, the reasonable costs of~~
4 ~~pickup, redelivery, and any refurbishing, and any applicable late fee within~~
5 ~~five business days of the renewal date of the agreement if the consumer pays~~
6 ~~monthly or within three business days of the renewal date of the agreement if~~
7 ~~the consumer pays more frequently than monthly.~~

8 (2) Permitting the consumer to reinstate the agreement during a period
9 of not less than 30 days after the date of the return of the property if the
10 consumer promptly returns or voluntarily surrenders the property upon request
11 by the lessor or its agent. In the event the consumer has paid at least
12 50 percent of the total of payments to acquire ownership, the reinstatement
13 period shall be extended to a total of 90 days after the date of the return of
14 the property.

15 (j) Effective annual percentage rate. The effective annual percentage rate
16 of a rent-to-own agreement subject to this section shall not exceed 24 percent.

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

20 (l) Prohibition on rent-to-own businesses and licensed lenders. A person
21 engaged in the business of selling merchandise under a rent-to-own agreement

1 ~~subject to this section shall not engage in any conduct or business at the same~~
2 ~~physical location that would require a license under 8 V.S.A. chapter 73~~
3 ~~(licensed lenders).~~

4 (m) Enforcement; remedies; damages

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

7 (2) The Attorney General shall have the same authority under this
8 section to make rules, conduct civil investigations, bring civil actions, and
9 enter into assurances of discontinuance as provided under chapter 63 of this
10 title. In an action brought by the Attorney General under this section, the court
11 may award or impose any relief available under chapter 63 of this title.

12 (3) This section shall not be construed to limit rights and remedies
13 available to the State of Vermont or to any person under chapter 63 of this title
14 or any other law and shall not alter or restrict the Attorney General's authority
15 under chapter 63 of this title with regard to conduct involving assertions of
16 violations of this section.

17 Sec. 2. EFFECTIVE DATE

18 ~~This act shall take effect on July 1, 2015.~~

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

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

~~(a) The attorney general shall adopt by rule standards for the full and
conspicuous disclosure to consumers of the terms of rent to own agreements.
For purposes of this section a rent to own agreement means an agreement for
the use of merchandise by a consumer for personal, family, or household~~

~~purposes, for an initial period of four months or less, that is renewable with each payment after the initial period and that permits the lessee to become the owner of the property. An agreement that complies with this article is not a retail installment sales contract, agreement or obligation as defined in this chapter or a security interest as defined in section 1-201(37) of Title 9A.~~

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

~~(a) Definitions. In this section:~~

~~(1) "Advertisement" means a commercial message that solicits a consumer to enter into a rent-to-own agreement for a specific item of merchandise that is conveyed:~~

~~(A) at a merchant's place of business;~~

~~(B) on a merchant's website;~~

~~(C) on television or radio.~~

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

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

~~(4) "Consumer" has the same meaning as in subsection 2451a(a) of this title.~~

~~(5) "Merchandise" means an item of a merchant's property that is available for use under a rent-to-own agreement. The term does not include:~~

~~(A) real property;~~

~~(B) a mobile home, as defined in section 2601 of this title;~~

~~(C) a motor vehicle, as defined in 23 V.S.A. § 4;~~

~~(D) an assistive device, as defined in section 41c of this title; or~~

~~(E) a musical instrument intended to be used primarily in an elementary or secondary school.~~

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

~~(7) "Merchant's cost" means the documented actual cost, including~~

~~actual freight charges, of merchandise to the merchant from a wholesaler, distributor, supplier, or manufacturer and net of any discounts, rebates, and incentives that are vested and calculable as to a specific item of merchandise at the time the merchant accepts delivery of the merchandise.~~

~~(8)(A) "Rent-to-own agreement" means a contract under which a consumer agrees to pay a merchant for the right to use merchandise until:~~

- ~~(i) the consumer returns the merchandise to the merchant;~~
- ~~(ii) the merchant retakes possession of the merchandise; or~~
- ~~(iii) the consumer pays the total cost and acquires ownership of the merchandise.~~

~~(B) A "rent-to-own agreement" as defined in subdivision (7)(A) of this subsection is not:~~

- ~~(i) a sale subject to 9A V.S.A. Article 2;~~
- ~~(ii) a lease subject to 9A V.S.A. Article 2A;~~
- ~~(iii) a security interest as defined in section 9A V.S.A. § 1-201(a)(35); or~~
- ~~(iv) a retail installment contract or retail charge agreement as defined in chapter 61 of this title.~~

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

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

~~(b) General requirements.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(1) the cash price of the item;~~

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

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

~~(4) the total cost for the item;~~

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

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

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

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

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

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

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

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

~~(A) a heading in bold-face type that reads: "IMPORTANT INFORMATION ABOUT THIS RENT-TO-OWN AGREEMENT. Do Not Sign this Agreement Before You Read It or If It Contains any Blank Spaces"; and~~

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

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

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

~~(iii) the date of the transaction;~~

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

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

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

~~(1) Cash Price: _____ \$ _____~~

~~(2) Payments required to become owner:~~

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

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

~~_____ \$ _____~~

~~_____ \$ _____~~

~~_____ \$ _____~~

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

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

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

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

~~(1) a statement of payment due dates;~~

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

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

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

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

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

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

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

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

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

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

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

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

~~(1) requiring a confession of judgment;~~

~~(2) requiring a garnishment of wages;~~

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

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

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

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

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

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

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

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

~~(4) ask someone, other than a spouse, to make a payment on behalf of a~~

~~consumer;~~

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

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

~~(7) engage in violence;~~

~~(8) trespass;~~

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

~~(10) impersonate others;~~

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

~~(12) threaten unwarranted legal action; or~~

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

~~(k) Reinstatement of agreement.~~

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

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

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

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

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

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

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

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

Sec. 2. EFFECTIVE DATE

~~This act shall take effect on July 1, 2015.~~

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

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

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

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

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

(a) Definitions. In this section:

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

(A) at a merchant's place of business;

(B) on a merchant's website; or

(C) on television or radio.

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

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

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

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

(A) real property;

(B) a mobile home, as defined in section 2601 of this title;

(C) a motor vehicle, as defined in 23 V.S.A. § 4;

(D) an assistive device, as defined in section 41c of this title; or

(E) a musical instrument intended to be used primarily in an elementary or secondary school.

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

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

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

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

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

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

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

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

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

(iii) a security interest as defined in subdivision 9A V.S.A. § 1-201(a)(35); or

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

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

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

(b) General requirements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Disclosures in advertising; prohibited disclosures.

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

(A) the cash price of the item;

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

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

(D) the total cost for the item;

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

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

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

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

(1) whether the item is new or used;

(2) when the merchant acquired the item; and

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

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

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

(A) a heading and clause in bold-face type that reads: "IMPORTANT INFORMATION ABOUT THIS RENT-TO-OWN AGREEMENT. Do Not Sign this Agreement Before You Read It or If It Contains any Blank Spaces. You have a Right to Review this Agreement or Compare Costs Away from the Store Before You Sign."; and

(B) the following information in the following order:

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

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

(iii) the date of the transaction;

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

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

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

(1) Cash Price: _____ \$

(2) Payments required to become owner:

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

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

		\$
		\$
		\$
<u>Total required fees and charges:</u>		\$
<u>(4) Total cost:</u>	<u>(2) + (3) =</u>	\$
<u>(5) Rent-to-Own Charge:</u>	<u>(4) - (1) =</u>	\$
<u>(6) Tax</u>	<u>=</u>	\$

(7) DO NOT SIGN BEFORE READING THIS AGREEMENT CAREFULLY

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

- (1) a statement of payment due dates;
- (2) a line-item list of any other charges or fees the consumer could be charged or have the option of paying in the course of acquiring ownership or during or after the term of the agreement;
- (3) that the consumer will not own the merchandise until he or she makes all of the required payments for ownership;
- (4) that the consumer has the right to receive a receipt for a payment and, upon reasonable notice, a written statement of account;
- (5) who is responsible for service, maintenance, and repair of an item of merchandise;
- (6) that, except in the case of the consumer's negligence or abuse, if the merchant, during the term of the agreement, must retake possession of the merchandise for maintenance, repair, or service, or the item cannot be repaired, the merchant is responsible for providing the consumer with a replacement item of equal quality and comparable design;
- (7) that the maximum amount of the consumer's liability for damage or loss to the merchandise is limited to an amount equal to the cash price multiplied by the ratio of:
 - (A) the number of payments remaining to acquire ownership under the agreement; to
 - (B) the total number of payments necessary to acquire ownership under the agreement.
- (8) a statement that if any part of a manufacturer's express warranty covers the merchandise at the time the consumer acquires ownership the

merchant shall transfer the warranty to the consumer if allowed by the terms of the warranty;

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

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

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

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

(h) Warranties.

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

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

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

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

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

(i) Maintenance and repairs.

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

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

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

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

(1) a provision requiring a confession of judgment;

(2) a provision requiring a garnishment of wages;

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) engage in violence;

(8) trespass;

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

(10) impersonate others;

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

(12) threaten unwarranted legal action; or

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

(n) Reinstatement of agreement.

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

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

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

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

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

(o) Reasonable charges and fees; late fees.

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

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

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

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

* * * Financial Literacy * * *

Sec. 2. FINDINGS

The General Assembly finds:

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

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

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

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

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

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

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

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

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

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

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

transition to adulthood had more financial education through personal finance or economics classes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER 151. VERMONT FINANCIAL LITERACY COMMISSION

§ 6001. DEFINITIONS

In this chapter:

(1) "Financial capability" means:

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

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

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

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

§ 6002. VERMONT FINANCIAL LITERACY COMMISSION

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

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

(1) the Vermont State Treasurer or designee;

(2) the Secretary of Education or designee;

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

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

(5) one representative of k-12 public school administration, currently serving as a school board member, superintendent, or principal, appointed by the Governor based on nominees submitted by the Vermont School Board Association, the Vermont Superintendents Association, and the Vermont Principals Association;

(6) two representatives focused on collegiate financial literacy issues:

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

(B) one representative appointed by the Governor from the Vermont State Colleges, the University of Vermont, or an independent college in Vermont;

(7) a representative from a nonprofit entity that provides financial literacy and related services to persons with low income;

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

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

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

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

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

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

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

§ 6003. POWERS AND DUTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) the Governor;

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

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

§ 6004. FINANCIAL LITERACY COMMISSION FUND

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

(b) The Fund shall consist of sums appropriated to the Fund and monies from any source accepted for the benefit of the Fund and interest earned from

the investment of Fund balances. Any interest earned and any remaining balance at the end of the fiscal year shall be carried forward in the Fund and shall not revert to the General Fund.

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

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

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

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

Sec. 3A. REPEAL

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

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

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

§ 2466b. DISCLOSURE OF FEE FOR AUTOMATIC DIALING SERVICE

(a) In this section:

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

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

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

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

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

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

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

**** Consumer Litigation Funding ****

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

§ 2246. CONSUMER LITIGATION FUNDING

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

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

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

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

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

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

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

Sec. 5A. REPEAL

Sec. 5 of this act (consumer litigation funding) shall be repealed on July 1, 2016.

Sec. 6. [Reserved.]

**** Discount Membership Programs ****

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

§ 2470hh. VIOLATIONS

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

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

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

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

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

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

(d) Subject to section 2452 of this title, a person who provides only incidental assistance, which does not further the sale of a discount membership program, to the seller of the program, or who does not receive a benefit from providing assistance to the seller of a discount membership, shall not be liable under this section unless the person receives notice, knows, or consciously

avoids knowing, pursuant to subdivision (c)(1), (2), or (3) of this section, that a discount membership program is in violation of this chapter.

* * * Security Breach Notice Act * * *

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 2452. LIMITATION

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

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

** * * Effective Dates * * **

Sec. 10. EFFECTIVE DATES

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

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