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REPRESENTATIVE KEELEY'S MEASURES TO END ANTICIPATED TAX RETURN PREDATORY LENDING

By Lauren McKown, Graduate Fellow



Representative Helene Keeley

With tax season well underway, state legislators are prioritizing new legislation aimed at improving the economic well being of their constituents during the critical tax refund process. Representative Helene M. Keeley of Delaware is fast at work doing just that. Her sponsorship of House Bill (H.B.) 303 focuses on curtailing the potentially predatory lending practices associated with anticipated tax refunds.

Anticipation lending involves a loan in which a taxpayer borrows money based on the estimated value of his or her annual tax return. Representative Keeley attributes the lack of legislative consumer protection safeguards as a principle reason why these loans have threatened the economic stability and well being of Delaware's residents. In fact, some of the percentage rates for refund anticipation loans range from 40 percent to 700 percent.

The regularity conditions required by H.B. 303 are aimed at tackling these predatory lending practices with several new initiatives. Representative Keeley's first priority is the bill's requirements

for loan companies. Each lender must be filed and registered with the State Department of Justice and have a valid certification on file. Secondly, the loan agreement must be provided in different languages, such as Spanish. This safeguards the full understanding of participants whose first language may not be English, before they enter into a loan contract. Thirdly, a non-negotiable for Representative Keeley is ensuring that the exact loan amount charge is in plain language, bold point font at least four times larger than the regular font of the contract. Lastly, people must confirm that they understand they are being charged a percentage rate in order to receive their tax refund moneys early.

H.B. 303 has been proposed twice before, but whereas in previous legislative cycles it has not passed, this year, Representative Keeley is more optimistic than ever that it will succeed. Unlike the past proposed bills, Representative Keeley and fellow legislators are working to revise outdated language and policies proposed in the previous drafts and aligning H.B. 303's policies in accordance with new federal legislation which has been enacted over the past few years. As a dedicated member of the State Poverty Task Force, Representative Keeley thinks the proposed legislation would signal a real accomplishment for amending anticipation loans and ensuring economic success for Delaware families. During this fiscal recession,

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REPRESENTATIVE LAURA HALL SPONSORS RESOLUTION ESTABLISHING EQUAL PAY COMMISSION

By Dionne Whetstone, Media Relations at State of Alabama House of Representatives

Montgomery, AL— Representative Laura Hall (D-Huntsville) is sponsoring House Joint Resolution 155 (H.J.R. 155) to create the Equal Pay Commission.

"It is no secret that there is great pay disparity among men, women, and minorities," said Hall.

"Even though there are laws against discrimination in employment and pay, it still occurs. The goal of establishing the commission is to find out why wage differentials are still happening and what we can do to prevent it," said Hall.

The proposed commission will conduct a study of wage disparities between men and women, and between minorities and non-minorities. The study will include factors that tend to cause the disparities and the consequences on the economy and families affected. They will then recommend legislation or other action to eliminate and prevent wage disparities.

The commission will include representatives from business, business organizations, trade associations, labor organizations, advocacy groups, and research experts. Membership on the commission will also be inclusive and reflect the racial, gender, geographic, and economic diversity of the state.

"Establishing the Equal Pay Commission is a great step forward in protecting the health and welfare of individuals while improving the overall labor environment," said Hall.

The House of Representatives passed the resolution. It now awaits action in the Senate. ■



Representative Laura Hall

SENATOR SUE ERRINGTON'S CREATIVE WORK ON THE COMMUNITY REVITALIZATION ENHANCEMENT DISTRICT

By Elise M. Shrock, Deputy Press Secretary – 26th IN Senate District

Across the nation, state governments are looking for ways to spur economic growth. Budgets are tight, businesses are leaving, and all the while, the most critical component for economic stability, full employment, is at stake.



Senator Sue Errington outside the BorgWarner Plant

This past legislative session, Indiana State Senator Sue Errington sought out creative ways to bring economic development dollars into her district. She pushed for a measure that includes an economic development tool to bring in a new business to make use of a former automotive plant in her hometown of Muncie, Indiana. The massive BorgWarner Plant takes up a quarter of a mile and employed around 4,000 workers at the height of its production in the 1950s and 60s. By the time they closed just one year ago, only 350 employees remained.

Errington's proposal, which was co-sponsored by fellow senators, approved by the state legislature and signed by the governor, allows for a new Community Revitalization Enhancement District (CRED) in Delaware County specifically for the now vacant BorgWarner Plant.

Errington felt that the former plant had potential to house a new or expanding business, but knew that it is easier to attract investments to an updated greenfield area that could be tailored to fit a new business's needs, rather than a large, outdated facility. CRED designations can encourage redevelopment efforts for facilities like

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SENATOR VINEHOUT'S LEGISLATION TO IMPROVE COLLEGE STUDENT FINANCIAL LITERACY

By Lauren McKown, Graduate Fellow

"From the day students walk on campus, they are inundated with credit card offers. Our bill helps students make their way through college with the tools they need to make sound financial decisions for the rest of their lives. The Student Credit Protection Bill emphasizes the importance of teaching financial literacy. It requires higher education institutions to teach financial literacy as part of student orientation and graduation requirements. The bill also prohibits predatory practices of credit card companies, including enticements used to seduce students."

-Senator Kathleen Vinehout – 31st Senate District WI

First proposed and sponsored by Women In Government State Director, Senator Kathleen Vinehout, The Student Credit Protection Bill (S.B. 525) is legislation intended to secure the future financial literacy of young adults. According to a recent national study, the average college student has 4.6 credit cards and seniors graduated with an average credit card debt of more than \$4,100 dollars in 2008.¹ Additionally, more than 75 percent of college students incurred finance charges by carrying a monthly balance, and 84 percent of undergraduates indicated they needed more education on financial management topics.²

The Student Credit Protection Bill is directly intended to educate students about credit card debt and assist them in avoiding potential predatory tactics from credit card companies. The first step in achieving this goal is restricting the access credit card companies have to students. As outlined in S.B. 525, the offering of any tangible item to induce a student to apply for or participate in an open-end credit plan is strictly prohibited. Additionally, companies

will be prohibited from engaging in any marketing of a credit card that involves the physical presence of an individual representing the credit card issuer on campus.³

The second important step is financial literacy for college students. A key component to the bill requires each institution of higher education to provide on its Website information about financial literacy. Also, "if an institution of higher education offers an on-campus orientation program to new students, the institution shall also provide the information to students during the course of the orientation."⁴ This will ensure that future generations of college graduates will not only be equipped with the academic knowledge to build a career, but the financial literacy to manage their earnings.

Currently, S.B. 525 is awaiting approval in the Senate Committee on Veterans and Military Affairs, Biotechnology, and Financial Institutions.

Senator Vinehout is the Wisconsin State Senator from the 31st Senate District and she chairs the Senate Committee on Agriculture and Higher Education.

A similar bill, A.B. 745 instituting financial literacy for college students has been proposed in the Wisconsin House of Representatives by Representative Jeff Smith, 93rd Assembly District. ■



Senator Kathleen Vinehout

1 Testimony by State Representative Jeff Smith on Assembly Bill 745

2 Testimony by State Representative Jeff Smith on Assembly Bill 745

3 Bill Text Report for S.B. 525, LexisNexis, <http://www.legis.state.wi.us/2009/data/SB-525.pdf>

4 Bill Text Report for S.B. 525, LexisNexis, <http://www.legis.state.wi.us/2009/data/SB-525.pdf>

A LOOK BACK AT THE 2010 LEGISLATIVE CYCLE THUS FAR

By Lauren McKown, Graduate Fellow

The legislative cycle has come to a close for many states. This year's policy agenda was heavily laden with initiatives aimed at safeguarding and promoting family economic issues during this trying fiscal time. Nationwide there was an effort to create policy options which ensured job stabilization. These efforts focused on establishing paid sick leave for employees, whom in the past might suffer unemployment if they or a loved one fell ill. Job loss is particularly stifling for women caring for children and women who are the head of household and sole income provider for their family. Ensuring and protecting paid sick leave for women in the workforce is one possible way state legislators can simultaneously solidify stability at home and potentially raise the quality of life for women who are both mothers and employees.

These goals are manifested in Alabama Representative Merika Coleman's proposed legislation: The Healthy and Safe Families and Workplaces Act. Proposed in February and currently in the House Committee on Commerce, this act boldly outlines accrual and use of paid sick leave as a protected right for all workers. Representative Coleman's bill recognizes that nationally only 52 percent of all private sector workers have paid sick time and only 30 percent of these workers may use that time to care for a sick family member.¹ Unique to Representative Coleman's proposed H.B. 557, is the further extension of paid sick leave in the case of domestic violence. Nearly one in three American women report physical or sexual abuse by a husband or boyfriend at some point in their lives.² Therefore, women disproportionately need time off to care for their health and find solutions and help. As the bill notes, the Centers for Disease Control and Prevention has estimated that the fiscal effects of domestic violence is over seven hundred million dollars annually, due to a victim's loss of employment and/or productivity.³

In similar form, Representative Patricia Smith of Louisiana, has sponsored H.B. 633 that increases the amount of paid sick leave received by school support workers. Currently, it is in the House Committee of Education for approval. The full fiscal benefits of nationally securing paid sick leave remain unknown, but women state legislators understand the connection between stable jobs and stable families.

Not only are women state legislators actively promoting policy which protects and establishes paid sick leave for all workers, but they are also committed to enforcing previous legislation, which protects a worker's right to receive a minimum

wage. Such is the mission of Assemblywoman Linda Greenstein of New Jersey. Her proposed legislation in A.B. 663 would enact penalties for the failure of businesses to make required wage payments to employees. The enforcement of minimum wage laws across the state is one of many legislative initiatives women legislators are taking to ensure the equal pay of all in the workforce.

Another resonating financial theme throughout this year's legislative cycle was an expansion of state programs aimed at securing and raising real estate sales and investments. Asset building is a primary tool for families seeking economic success, and this legislative cycle, women legislators took action to protect and promote Americans building financial assets. Home ownership is a pivotal way to build economic success, which is why New Jersey Senator Jennifer Beck proposed S.B. 754.

The proposed legislation is aimed at expanding home ownership opportunities by providing a gross state income tax credit of up to \$7,500 for qualified home purchases made by first-time homebuyers in the taxable year 2010, as well as the taxable year 2011. Currently, the bill is in the Senate Budget and Appropriations Committee awaiting action.

In a similar effort to re-build the economy and enable home asset building, Connecticut State Senator Antoinetta Boucher proposed S.B. 89. This legislation would allot up to a \$4,000 tax credit for first-time home buyers. Although its passage did not occur this legislative cycle, this timely legislation points at a growing trend – tax incentives for families seeking to purchase homes and add to economic stability.

Particularly helpful for military personnel and National Guard volunteers in New Jersey is Assemblywoman Nancy Munoz's bill A.B. 1783. This legislation creates a housing purchase matching grant program for members of United States Armed Forces and New Jersey National Guard. The bill is currently in the Military and Veterans' Affairs Committee awaiting approval.

The 2010 legislative cycle so far has proven to revolve around safeguarding and promoting family financial success – whether through establishing regulations for paid sick leave, or incentivizing home buying and asset building. There have been many successes on promoting the financial stability of families nationwide, and as this legislative cycle comes to a close, we look forward to supporting such efforts next year. ■



1 Bill Text Report for H.B. 557, LexisNexis, <https://web.lexis-nexis.com/stcapuniv>

2 Bill Text Report for H.B. 557, LexisNexis, <https://web.lexis-nexis.com/stcapuniv>

3 Bill Text Report for H.B. 557, LexisNexis, <https://web.lexis-nexis.com/stcapuniv>

Keeley, cont'd from pg. 1

Representative Keeley recognizes, as do her fellow representatives, this legislation as a high priority for the state.

Representative Keeley notes that in her conversations with constituents the topic of anticipation loans had been their number one talking point people wanted to discuss. As a representative of an entirely urban area, Representative Keeley recognizes the needs of her constituents and is enthusiastically working towards the passage of H.B. 303, which seeks to ameliorate the economic effects of predatory lending.

Errington, cont'd from pg. 2

BorgWarner by allowing participating businesses to qualify for a tax credit up to 25 percent of their investment.

The incentives are capped at \$1 million per year, but they last for 15 years, making this an attractive tool to level the playing field when a community's economic development team markets the facility. The beauty of the CRED for the state in this time of tight finances is that there is no financial impact to the state now because the incentives do not kick in until a company agrees to locate in the facility.

"This economic development tool will encourage redevelopment in the now vacant facility, bringing in new business and new jobs to the community," Errington said. "We want to attract a top notch company, but the facility needs to be updated to bring it in line with the needs of modern manufacturing practices."

In 2004 two CREDs were authorized in Delaware County for the former Delphi Battery site and the former Asea Brown Boveri (ABB) facility. The third CRED district in Delaware County will be limited to apply the benefits to two districts at one time, and local leaders will have the option of applying the designation to the ABB facility or the BorgWarner plant.

"This third option provides the area with more flexibility to make the tax credits available at the location where we see the most business investment interest," Errington said. "This will be a good first step to making East Central Indiana's manufacturing infrastructure a job-producing asset."

The CRED designation at the former Delphi site has been credited with helping to attract MPT-Muncie, known as Magna, to Muncie. Magna has made a \$73 million investment and brought 421 jobs to the area.

"The community revitalization enhancement designation is a great example of public-private partnerships, and it can help boost

If passed, the bill will become effective in June 2010, in plenty of time to be instituted and helpful to residents of Delaware filing a 2010 tax refund in January of next year. Representative Keeley is confident the bill will help her Delaware constituents manage their monetary tax refunds better and ultimately ensure economic stabilization. ■



The BorgWarner Plant

the economy of the entire East Central Indiana region," Errington added.

While the old manufacturing base is receding in many states, there is much potential in green manufacturing, which is on the rise. The workforce with the skill sets to make components for vehicles have the same skill sets for green manufacturing. Errington believes that the gearbox manufacturing facility could be re-tooled to produce green energy components or transitioned into other innovative technologies.

One day, sooner rather than later, Errington hopes to see a vibrant, repurposed facility instead of a deteriorating, vacant eyesore at the city's western gateway. ■

Women In Government Foundation, Inc. is a national, non-profit, bi-partisan organization of women state legislators providing leadership opportunities, networking, expert forums, and educational resources.



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