

AMENDED IN ASSEMBLY APRIL 22, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## Assembly Joint Resolution

No. 18

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Introduced by ~~Assembly Member Lieu~~ *Assembly Members Lieu and Feuer*  
(Coauthor: Senator Pavley)

May 18, 2009

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Assembly Joint Resolution No. 18—Relative to ~~credit card reform~~  
*social security benefits*.

### LEGISLATIVE COUNSEL'S DIGEST

AJR 18, as amended, Lieu. ~~Credit card reform. Social security: benefits for same-sex couples.~~

*This measure would support federal legislative efforts to reduce or eliminate discrimination against same-sex couples in social security benefits.*

~~This measure would call on Congress and the President of the United States to work together in enacting credit card reforms to protect consumers from unfair credit card practices.~~

Fiscal committee: no.

- 1     WHEREAS, *Despite calls for equality in benefits from a broad*
- 2     *cross section of government leaders and the American public,*
- 3     *there remain policies embedded in the Social Security*
- 4     *Administration that result in harsh and consequential*
- 5     *discrimination against America's same-sex couples; and*
- 6     WHEREAS, *With an estimated one million same-sex couples in*
- 7     *the United States, countless taxpayers are cheated by this unfair*
- 8     *system every day; and*

1     WHEREAS, Social security benefits are denied to same-sex  
2 couples who fall into one of four basic categories; and

3     WHEREAS, First, under social security law, the spousal  
4 retirement benefits policy allows a lower income spouse to be  
5 eligible for either his or her own benefit, or an amount equal to  
6 one-half of the higher earning spouse's benefit. This benefit is not  
7 available to a similarly situated spouse in a same-sex partnership;  
8 and

9     WHEREAS, Second, under social security disability insurance  
10 law, if the spouse earning social security becomes disabled, he or  
11 she is eligible to receive disabled worker's benefits under current  
12 law, and can also qualify to receive benefits paid to his or her  
13 spouse's disabled worker's earnings record in the form of his or  
14 her own benefit or an amount equal to one-half of the higher  
15 earning spouse's benefit. This benefit is not available for same-sex  
16 couples, and the benefit as it pertains to children of same-sex  
17 couples is legally undefined to date; and

18     WHEREAS, Third, under social security law, survivor benefits  
19 allow a widow or widower to be eligible to claim his or her own  
20 social security benefit, or an amount equal to the benefit to which  
21 his or her deceased spouse was eligible, whichever is greater. This  
22 benefit is not available for same-sex couples; and

23     WHEREAS, Fourth, under social security law upon the death  
24 of a spouse, the government provides a modest benefit of two  
25 hundred fifty-five dollars (\$255) for burial expenses. This benefit  
26 is not available for same-sex couples; and

27     WHEREAS, Social security was created to protect all Americans  
28 from financial insecurity in their retirement years; and

29     WHEREAS, This discrimination directly affects an untold  
30 number of individuals in California and nationwide; now,  
31 therefore, be it

32     RESOLVED BY THE ASSEMBLY AND THE SENATE OF  
33 THE STATE OF CALIFORNIA, JOINTLY, That the Legislature  
34 supports federal legislative efforts that result in the reduction or,  
35 optimally, the elimination of discriminatory policy embedded in  
36 social security as it pertains to same-sex couples; and be it further

37     RESOLVED, That the Chief Clerk of the Assembly transmit  
38 copies of this resolution to the President and Vice President of the  
39 United States, to the Speaker of the House of Representatives, to  
40 the Majority Leader of the Senate, and to each Senator and

1 *Representative from California in the Congress of the United*  
2 *States.*

3 WHEREAS, Consumers have become reliant on credit cards as  
4 a critical vehicle in facilitating purchases with almost 80 percent  
5 of United States families currently holding a credit card; and

6 WHEREAS, In the midst of an extraordinarily difficult economic  
7 climate, in which the California unemployment rate reached 11.2  
8 percent in March 2009 and the colossal wave of home foreclosures  
9 is diminishing homeowners' equity, credit card companies should  
10 not implement unfair and deceptive practices that further weaken  
11 the purchasing power of consumers and their ability to survive;  
12 and

13 WHEREAS, Based on a March 31, 2009, study of over 400  
14 credit cards, Pew Charitable Trusts found that all of those credit  
15 cards included one or more practices that are considered unfair or  
16 deceptive under Federal Reserve guidelines. For example, the  
17 terms and conditions of 93 percent of the cards allowed the card  
18 issuer to increase the interest rate at any time by modifying the  
19 account agreement and 87 percent of cards permitted an automatic  
20 penalty interest rate increase on all balances less than 30 days past  
21 due, with the median allowable penalty interest at a 27.99 percent  
22 annual percentage rate; and

23 WHEREAS, Universal default permits increases in the interest  
24 rate of a credit card user based on reasons unrelated to the user's  
25 performance on that credit card, such as failure to pay a utility bill  
26 or obtaining new credit on a car or home loan; and

27 WHEREAS, Under a double-cycling or two-cycling billing  
28 method, a credit card company may calculate the interest payment  
29 due on a credit card balance by averaging the balance over two  
30 billing cycles thereby charging cardholders interest on previously  
31 paid balances; and

32 WHEREAS, For a credit card account with multiple balances  
33 at different interest rates, credit card companies may automatically  
34 allocate the card user's payment to the balance subject to the lowest  
35 rate and, according to the Center for Responsible Lending, this  
36 type of payment allocation can increase credit card rates by as  
37 much as seven percentage points; and

38 WHEREAS, According to the United States Government  
39 Accountability Office, 13 percent of active credit accounts were  
40 assessed over-limit fees with most charges ranging from thirty-five

1 dollars (\$35) to thirty-nine dollars (\$39) in 2005. These over-limit  
2 fees, like other deceptive practices, have produced an undue  
3 financial burden to consumers; and

4 WHEREAS, In addition to over-limit fees, credit card companies  
5 participate in late fee traps that punish consumers with weekend  
6 and holiday deadlines. These wrongful practices combined with  
7 the current economic recession warrant that credit card companies  
8 provide sufficient notice, at least 21 days, prior to the due date of  
9 a credit card bill to users; and

10 WHEREAS, Credit card companies can harm consumers by  
11 increasing a nonpromotional interest rate on existing, outstanding  
12 balances, and the effect of this increase on an existing, outstanding  
13 balance can negatively affect a household's financial stability; and

14 WHEREAS, The Federal Reserve System, the Department of  
15 the Treasury, and the National Credit Union Administration has  
16 acknowledged some of the unfair practices credit card companies  
17 use in their report "Unfair or Deceptive Acts or Practices" and  
18 have adopted rules to mitigate the negative effects of these  
19 practices, which will become effective July 2010; and

20 WHEREAS, Although the Legislature acknowledges that federal  
21 agencies have conducted extensive studies and enacted some  
22 appropriate regulations that will protect credit card users from  
23 credit card companies' abusive practices, it is the intent of the  
24 Legislature to support Congressional legislation to eliminate  
25 payment allocation to the lowest rate balance first and interest  
26 payment abuses connected with double-cycling; to provide that  
27 payment notices are sent at least 21 days prior to the due date; and  
28 to address the issue of universal default, over-limit fees, and  
29 nonpromotional interest rate increases on existing, outstanding  
30 balances; and

31 WHEREAS, In the worst economic decline since the Great  
32 Depression, it is even more imperative to ensure that credit card  
33 companies with fair card practices are not at a competitive  
34 disadvantage and that consumers are not adversely affected by the  
35 hidden fees that credit card companies have profited from over the  
36 years; now, therefore, be it

37 *Resolved by the Assembly and the Senate of the State of*  
38 *California, jointly,* That the Legislature of the State of California  
39 respectfully urges the Congress and President of the United States

1 ~~to work together in enacting credit card reforms to protect~~  
2 ~~consumers from unfair credit card practices; and be it further~~  
3 ~~*Resolved*, That the Chief Clerk of the Assembly transmit copies~~  
4 ~~of this resolution to the President and Vice President of the United~~  
5 ~~States, to the Speaker of the House of Representatives, and to each~~  
6 ~~Senator and Representative from California in the Congress of the~~  
7 ~~United States.~~

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