

56:12-8.1

LEGISLATIVE HISTORY CHECKLIST

(Consumer contracts--"plain language"--
allow State regulatory agencies to
suspend requirements)

NJSA 56:12-8.1

LAWS 1981

CHAPTER 274

Bill No. A3474

Sponsor(s) Jackman

Date Introduced June 8, 1981

Committee: Assembly -----

Senate Labor, Industry and Professions

Amended during passage Yes No

Date of Passage: Assembly June 15, 1981

Senate June 29, 1981

Date of approval Aug. 24, 1981

Following statements are attached if available:

Sponsor statement Yes No (Below)

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto Message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

Sponsor's statement:

This bill would allow State agencies which license or regulate persons who engage in consumer contracts, when the public interest demands, to suspend the provisions of the "plain language" law as they apply to certain, selected contracts.

For recent modifications in Federal Reserve System Regulation Z (referred to in Senate statement) see:

12 CFR 226 (revised as of 4-1-81)

6/22/81

DO NOT WRITE IN THESE SPACES

ASSEMBLY, No. 3474

STATE OF NEW JERSEY

INTRODUCED JUNE 8, 1981

By Assemblyman JACKMAN

(Without Reference)

A SUPPLEMENT to "An Act concerning simple, clear, understandable and easily readable language in consumer contracts," approved October 16, 1980 (P. L. 1980, c. 125, C. 56:12-1 et seq.).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Notwithstanding any contrary provisions of the act to which
2 this act is a supplement, a primary State regulator may suspend the
3 provisions of that act requiring consumer contracts to be simple,
4 clear, understandable and readable as they apply to any consumer
5 contract with respect to which the primary State regulator deter-
6 mines it is in the public interest to so suspend for any period as he
7 deems advisable to insure that the public interest is protected.

8 The primary State regulator, as soon as is practicable, shall
9 establish a schedule of the dates upon which a consumer contract,
10 with respect to which the provisions of the act to which this act is
11 a supplement are suspended, shall be subject to the provisions of
12 that act. The schedule shall be submitted to the Governor and the
13 Legislature.

1 2. This act shall take effect immediately.

STATEMENT

This bill would allow State agencies which license or regulate persons who engage in consumer contracts, when the public interest demands, to suspend the provisions of the "plain language" law as they apply to certain, selected contracts.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3474

STATE OF NEW JERSEY

DATED: JUNE 25, 1981

This bill would authorize a primary State regulator to suspend the provisions of the "plain language" law requiring consumer contracts to be simple, clear, understandable and readable, when he determines that it is in the public interest to do so.

The primary State regulator would establish a date or dates on which the contract would again become subject to the "plain language" provisions of P. L. 1980, c. 125 (C. 56:12-1 et seq.).

This bill was occasioned by an impending problem, on the part of financial institutions, of compliance with both State law and Federal regulation. P. L. 1980, c. 125, the "plain language" law, requires that all consumer contracts (except contracts of insurance) comply with its provisions by October 16, 1981. Consumer installment loan contracts, however are also subject to a recent modification in the Federal Reserve System Regulation Z (truth-in-lending), the compliance date for which is April 1, 1982. The wording for the Federally required portion of consumer installment loan notes will not be available in time to be included in the new plain language contracts being submitted to the Commissioner of Banking for his approval. Plain language forms, without the Federally required truth-in-lending language, would be required to be in use as of October 16; these forms would have to be discarded and replaced by ones printed with the Federal language by April 1, 1982.

Assembly Bill No. 3474 would allow the continued use of existing forms until the Federal truth-in-lending language is available.

There may be other problems of dual compliance experienced by any of the numerous primary State regulators. The sponsor feels that Assembly Bill No. 3474 would facilitate a smooth phase-in of the "plain language" law.

8-24-81

A-2109, sponsored by Assemblyman Louis F. Kosco (R-Bergen), permitting municipalities to issue bonds to finance maintenance and overhauls of firefighting equipment, providing such expenditures will extend the life of the equipment by at least five years.

This bill will encourage the refurbishment of existing equipment, considered a far more economical alternative than buying new equipment. In addition, expenditures for overhauling or maintaining firefighting apparatus will be placed outside "cap" restrictions on local governments.

The bill restricts the maturity date on any issued bonds to five years.

A-3474, sponsored by Assembly Speaker Christopher J. Jackman (D-Hudson), permitting State agencies to suspend compliance with the "Plain Language Law" in certain individual cases.

A statement on this bill by the Governor is attached.

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Attachment (over)

STATEMENT

Assembly Bill No. 3474, sponsored by Speaker Jackman, which I am signing today, allows various State agencies to suspend enforcement of the "Plain Language Law" if to do so is in the public interest.

The Plain Language Law was a measure that captured the imagination of the Legislature last session. Buoyed by adoption of a similar measure in New York, many legislators enthusiastically felt that New Jersey should have a similar law. I was and still am in full accord that cleansing consumer contracts of legal gibberish will lead to a more intelligent and informed consumer. At the same time, however, I had great misgivings about the implementation of the Plain Language Law, and I urged the Legislature to allow for a two year phase-in period. They insisted on one year.

It now appears that the Legislature has recovered somewhat from its enthusiasm over plain language. I do recognize that the measure has created instances of specific difficulty and this is why I am signing the bill. Nevertheless, the legislative process creates a very bad image by passing a bill and then backing off from it. Our citizens have the right to expect that its government sticks by commitments it makes.