

17:16G-1 to 17:16G-8

LEGISLATIVE HISTORY CHECKLIST

(Consumer credit - counseling agencies including social service agencies -- require licensing, auditing, open records)

NJSA 17:16G-1 to 17:16G-8

LAWS OF 1979 CHAPTER 16

Bill No. S1005

Sponsor(s) Feldman and Herbert

Date Introduced March 17, 1978

Committee: Assembly Commerce, Industry & Professions
Senate Labor, Industry & Professions

Amended during passage Yes XX Amendments during passage denoted by asterisks

Date of Passage: Assembly December 11, 1978
Senate June 1, 1978

Date of approval February 8, 1979

Following statements are attached if available:

Sponsor statement Yes XX (Below)
Committee Statement: Assembly Yes XX
Senate Yes XX
Fiscal Note XXX No
Veto message XXX No
Message on signing XXX Yes

Following were printed:

Reports XXX No
Hearings XXX No

Sponsor's statement:

P.L. 1977, c.391 allowed nonprofit social service agencies to engage in credit counseling and not be deemed debt adjusters for purposes of N.J.S.A. 2A:99A-1 et seq. In order to provide for greater public accountability on the part of such agencies, this bill would require their credit counseling records to be audited each year and make those records available for public inspection.

med 9/1/78

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LEGISLATIVE HISTORY

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SENATE, No. 1005

STATE OF NEW JERSEY

INTRODUCED MARCH 17, 1978

By Senators FELDMAN and HERBERT

Referred to Committee on Labor, Industry and Professions

AN ACT concerning certain nonprofit social service agencies *\*\*and nonprofit consumer credit counseling agencies\*\** in relation to *\*\*debt adjustment and\*\** credit *\*\*[and budget]\*\** counseling *\*and supplementing Title 17 of the Revised Statutes\**.

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

1 \***[1. A nonprofit social service agency which engages in credit**  
2 **counseling or budget counseling or otherwise provides assistance**  
3 **in debt adjustment or management shall have its financial records**  
4 **relating to said counseling and assistance annually audited by a**  
5 **certified public accountant. The agency shall remit a copy of said**  
6 **audit to the Department of Banking, which shall maintain and keep**  
7 **it as a public record.]\***

1 \*1. *As used in this act, "nonprofit social service agency" \*\*or*  
2 *"nonprofit consumer credit counseling agency"\*\*\* means any*  
3 *corporation duly organized under Title 15 of the Revised Statutes,*  
4 *no part of the assets, income or profit of which is distributable to,*  
5 *or enures to the benefit of its members, directors or officers, except*  
6 *to the extent permitted under this act, and which is \*\*[devoted*  
7 *entirely to debt and budget counseling and educational programs*  
8 *related thereto]\*\* \*\*engaged in debt adjustment\*\*.*

9 \*\*\**"Credit counseling" means any guidance or educational pro-*  
10 *gram or advice offered by a nonprofit social service agency or non-*  
11 *profit consumer credit counseling agency for the purpose of*  
12 *fostering the responsible use of credit and debt management.\*\**

1 2. *It shall be unlawful for any nonprofit social service agency*  
2 *\*\*or nonprofit consumer credit counseling agency\*\* deemed not*  
3 *to be a debt adjuster pursuant to P. L. 1960, c. 177 (C. 2A:99A-1*

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

4 *et seq.*) **\*\*or N. J. S. 2C:21-19\*\***, to engage in **\*\*[credit counseling**  
 5 *or budget counseling or otherwise provide assistance in debt*  
 6 *adjustment or management] **\*\*debt adjustment\*\*** without obtain-  
 7 *ing a license from the Commissioner of the Department of Banking*  
 8 *pursuant to this act. \*\*Any such licensed agency shall offer credit*  
 9 *counseling, but no fee may be charged for such a service.\*\***

1 3. *Application for said license shall be made on forms prescribed*  
 2 *by the commissioner, who shall be empowered to require informa-*  
 3 *tion deemed necessary to demonstrate that the applicant is qualified*  
 4 *to be licensed.*

1 4. *The commissioner shall promulgate procedures and standards*  
 2 *for the [examination of applicants, shall administer said exam-*  
 3 *inations]* **\*\*issuance or denial of licenses\*\***, shall promulgate  
 4 *grounds for and procedures under which licenses may be revoked,*  
 5 *suspended, or reinstated, and shall establish fees necessary to meet*  
 6 *administrative costs under this act.*

1 5. *Any social service agency or consumer credit counseling*  
 2 *agency licensed under this act shall be bonded to the satisfaction*  
 3 *of the commissioner and shall have its financial records relating to*  
 4 **\*\*[credit or budget counseling or debt adjustment or management**  
 4A *assistance]* **\*\*debt adjustment\*\*** audited annually by a cer-  
 5 *tified public accountant or a registered public accountant, which*  
 6 *audit shall be filed with the commissioner. Such an audit shall*  
 7 *certify that the salaries and expenses paid by the licensee are*  
 8 *reasonable compared to those incurred by comparable organiza-*  
 9 *tions providing similar services. \*\*After reviewing the annual*  
 10 *audit, the Commissioner of Banking may cause an examination of*  
 11 *the social service agency or consumer credit counseling agency to*  
 12 *be made, the actual expenses of such an examination shall be paid*  
 13 *by the social service agency or consumer credit counseling agency;*  
 14 *and the commissioner may maintain any action against any such*  
 15 *agency to recover the fees and expenses herein provided for.\*\**

1 6. *In order to cover [.] the cost to a licensee of providing*  
 2 **\*\*[credit or budget counseling or debt adjustment or management**  
 3 *assistance]* **\*\*debt adjustment\*\***, the licensee may charge a fee  
 4 *therefor of 1.0% of the gross monthly income of the person to*  
 5 *whom the service is rendered, but not more than \$15.00\*\* in any*  
 6 *one month, which may be waived in the discretion of the licensee\*\*.*

1 **\*\*7.** *Every nonprofit social service agency or nonprofit consumer*  
 2 *credit counseling agency licensed under this act shall establish a*  
 3 *board of directors whose function shall be to establish the policies*  
 4 *of such agency. No more than 40% of the members of the board of*

5 *directors shall have as their principal employer any corporation,*  
6 *association or institution which offers credit to the general public.*

1 *8. Any person who violates any provision of this act shall be*  
2 *subject to a penalty of \$500.00 to be collected by and in the name*  
3 *of the commissioner in a summary proceeding under the penalty*  
4 *enforcement law ( N. J. S. 2A:58-1 et seq.).\*\**

1 *\*[2.]\* \*\*[\*7.\*]\*\* \*9.\*\* This act shall take effect immediately\*,  
2 *but shall remain inoperative for 90 days after enactment\*.**

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SENATE, No. 1005

STATE OF NEW JERSEY

INTRODUCED MARCH 17, 1978

By Senators FELDMAN and HERBERT

Referred to Committee on Labor, Industry and Professions

AN ACT concerning certain nonprofit social service agencies in relation to credit and budget counseling.

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

1 1. A nonprofit social service agency which engages in credit  
2 counseling or budget counseling or otherwise provides assistance  
3 in debt adjustment or management shall have its financial records  
4 relating to said counseling and assistance annually audited by a  
5 certified public accountant. The agency shall remit a copy of said  
6 audit to the Department of Banking, which shall maintain and keep  
7 it as a public record.

1 2. This act shall take effect immediately.

STATEMENT

P. L. 1977, c. 391 allowed nonprofit social service agencies to engage in credit counseling and not be deemed debt adjusters for purposes of N. J. S. A. 2A:99A-1 et seq. In order to provide for greater public accountability on the part of such agencies, this bill would require their credit counseling records to be audited each year and make those records available for public inspection.

SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO  
**SENATE, No. 1005**

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**STATE OF NEW JERSEY**

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DATED: MAY 15, 1978

P. L. 1977, c. 391 allowed nonprofit social service agencies to engage in credit counseling and not be deemed debt adjusters for purposes of N. J. S. A. 2A:99A-1 et seq. In order to provide for greater public accountability on the part of such agencies, this bill would require their credit counseling records to be audited each year and make those records available for public inspection.

The committee amended the bill substantially to require that nonprofit social service agencies engaged in credit or budget counseling be licensed by the Commissioner of the Department of Banking. The amendments also set a maximum limit of \$15.00 monthly that such an agency can charge for its services.

ASSEMBLY COMMERCE, INDUSTRY AND PROFESSIONS  
COMMITTEE

STATEMENT TO

**SENATE, No. 1005**

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with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: DECEMBER 4, 1978

This bill provides for the licensing, bonding and auditing of nonprofit social service agencies and nonprofit consumer credit counseling agencies that are engaged in debt adjustment. A licensee may charge a fee for rendering such a service. The fee would be limited to 1.0% of the gross monthly income of the person to whom the service is rendered or \$15.00 in any one month, whichever is less. The State Department of Banking would administer the act.

The committee made five significant amendments to the bill. Nonprofit consumer credit counseling agencies were included under the provisions of the bill. P. L. 1977, c. 391, which amended P. L. 1960, c. 177, s. 4 (C. 2A:99A-4), authorized nonprofit social service agencies to act as debt adjusters. That amendment was inadvertently omitted from N. J. S. 2C:21-19 when the "New Jersey Code of Criminal Justice" was enacted. To correct this error, Senate Bill No. 1472, which would amend the new criminal code, has been introduced to allow nonprofit consumer credit counseling agencies to act as debt adjusters. The new criminal code goes into effect on September 1, 1979. Until that time, the present law allows nonprofit social service agencies to act as debt adjusters.

Another committee amendment provides that the agencies licensed under the bill would be required to offer credit counseling, but that no fee could be charged by them for such a service. The Commissioner of Banking was given the authority to examine the financial records of an agency after reviewing its annual audit. Also, every agency licensed under the act would be required to have a board of directors and no more than 40% of its members could be employed by corporations, associations or institutions offering credit to the general public. Lastly, a penalty provision, section 8, was added to the bill.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

FEBRUARY 8, 1979

KATHRYN FORSYTH

Governor Brendan Byrne today signed the following bills in a public ceremony in his office:

S-868, sponsored by Senator John Russo (D-Ocean), which permits the governing body of a county which has no hospital maintained by the county within its boundaries to make an annual appropriation of not more than \$800,000 to support and maintain indigent patients sent to any clinic maintained by a non-profit hospital as well as indigent patients sent to the non-profit hospital.

In counties with populations of over 300,000 the annual allowable appropriation is increased by \$1,500,000.

The money will be used for the benefit, comfort, treatment and maintenance of the patients and would be distributed among the non-profit clinics in the county according to the number of patients treated.

S-1005, sponsored by Senator Matthew Feldman (D-Bergen), which requires social service agencies and non-profit consumer credit counseling agencies which wish to engage in debt adjustment services to obtain a license from the Commissioner of Banking.

Under the bill, the Commissioner is required to promulgate regulations with respect to the granting, suspension or revocation of the licenses.

The bill also requires the agencies to post bonds in sums approved by the Commissioner and have their books audited annually by a certified or registered public accountant. The Commissioner will be able to examine the agencies after reviewing the annual audit.

The agencies are permitted to charge a monthly fee of 1.0 per cent of the clients gross monthly income, not to exceed \$15.00 for the debt adjustment service, but the agencies are required to give credit counseling without charge.

(more)



FEBRUARY 8, 1979 -2-

They are also required to establish boards of directors which could not have more than 40 per cent of the members affiliated with extenders of credit.

The bill will take effect immediately, but will remain inoperative for 90 days.

Violators of the act would be subject to a \$500 fine.

S-1054, sponsored by Senator John Gregorio (D-Union), which extends the probationary period of civil service for police and firemen.

Under the bill, the probationary period for state police and firemen in the classified civil service is increased from four months to 12 months and the probationary period for entry level county and municipal police and firemen is increased from three months to 12 months.

The bill also provides for written progress reports from the appointing authority for such appointments at six and nine months.

The purpose of the bill is to allow the appointing authority sufficient time to properly evaluate the ability of a new appointee to perform his duties and assimilate job-related information.

S-1371, sponsored by Senator Matthew Feldman (D-Bergen), which extends the reporting date of the Commission on Individual Liberties and Personal Privacy from January 15, 1979, to June 30, 1979, and appropriates \$10,000 for the work of the Commission.

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