

borrowed repayable in twelve months, or its equivalent for longer or shorter durations, be included as part of the finance charge. Another way of expressing this would be to include the total insurance premium in the finance charge and then to allow a deduction of $\frac{1}{2}\%$ for the credit life insurance.

It seems to me that such a measure would be very easy administratively and would do justice to Governor Robertson's point.

It might also have a beneficial effect on excessive rates charged for this kind of life insurance in many of our states.

The rate of 50¢ mentioned is the maximum rate permitted for credit life insurance in the small loan acts of at least two states—Massachusetts and Connecticut. Most creditors can obtain the insurance for their customers at less than this rate.

If there is any room for compromise at all on this matter it should lie along these lines. If you feel that there is any merit to the suggestion, I would certainly be glad to discuss it further with you.

Sincerely,

JAMES H. HUNT,
Commissioner.

AMERICAN BOOK PUBLISHERS COUNCIL, INC., AND
AMERICAN TEXTBOOK PUBLISHERS INSTITUTE,
Washington, D.C., August 17, 1967.

HON. LEONOR K. SULLIVAN,
*House of Representatives,
Rayburn House Office Building,
Washington, D.C.*

DEAR MRS. SULLIVAN: At the request of the Reference Book Section of the American Textbook Publishers Institute, I am writing you concerning Section 205 of H.R. 11601, the truth-in-lending act. We believe that Section 205 of the bill should be modified to discourage the states from enacting their own versions of truth-in-lending laws. Subsection 205 (a) now provides that the Federal act shall not be construed to annul or exempt any creditor from complying with any state law relating to disclosures in connection with credit transactions, except where such laws are inconsistent with the provisions of the Federal act. Subsection 205 (b) allows the Federal Reserve Board by regulation to exempt from the act any credit transactions which it determines are effectively regulated by state laws. By implication, these two subsections seem to encourage the several states to enact their own credit disclosure requirements.

Most publishing firms do business in many other states other than the one in which they are principally housed. We seriously doubt that Congress would want to incur a multiplicity of requirements that would constitute a restraint of trade in interstate commerce. We would strongly recommend, therefore, that Section 205 be amended to discourage the states from enacting 50 different credit disclosure requirements. It should be made clear that compliance with the Federal act concerning credit disclosure would preempt the states in this area.

We agree with Mr. Robertson, Vice Chairman of the Board of Governors of the Federal Reserve System, that the Federal implementing agency should not be called upon to judge how effectively state laws in this field are enforced. But we also feel strongly that Congress should not be encouraging the states to enact 50 different requirements for industry to satisfy. Simple reason, we think, should dictate that a properly worded Federal act resulting in a more effective disclosure of credit costs to consumers should be sufficient to satisfy the needs of all consumers, irrespective of the state in which the consumer lives; and we believe that the states should be preempted from further regulations. Placed in a national perspective, firms shipping goods across state lines ought not to have 50 contractual barriers to satisfy if they want to do business on a national level.

Sincerely,

CLIFFORD P. GRECK,
Director, Washington Office.