

2 HB 2944 - S COMM AMD

3 By Committee on Financial Institutions & Insurance

4 ADOPTED AS AMENDED 3/6/92

5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 63.14.130 and 1989 c 112 s 1 and 1989 c 14 s 5 are  
8 each reenacted and amended to read as follows:

9 The service charge shall be inclusive of all charges incident to  
10 investigating and making the retail installment contract or charge  
11 agreement and for the privilege of making the installment payments  
12 thereunder and no other fee, expense or charge whatsoever shall be  
13 taken, received, reserved or contracted therefor from the buyer.

14 ~~(1) ((Except as provided in subsections (2) and (3) of this~~  
15 ~~section,))~~ The service charge, in a retail installment contract, shall  
16 not exceed the ~~((highest of the following:~~

17 ~~(a) A rate on outstanding unpaid balances which exceeds six~~  
18 ~~percentage points above the average, rounded to the nearest one quarter~~  
19 ~~of one percent, of the equivalent coupon issue yields (as published by~~  
20 ~~the Board of Governors of the Federal Reserve System) of the bill rates~~  
21 ~~for twenty six week treasury bills for the last market auctions~~  
22 ~~conducted during February, May, August, and November of the year prior~~  
23 ~~to the year in which the retail installment contract is executed; or~~

24 ~~(b) Ten dollars.~~

25 ~~(2) The service charge in a retail installment contract for the~~  
26 ~~purchase of a motor vehicle shall not exceed the highest of the~~  
27 ~~following:~~

1       ~~(a) A rate on outstanding unpaid balances which exceeds six~~  
2 ~~percentage points above the average, rounded to the nearest one quarter~~  
3 ~~of one percent, of the equivalent coupon issue yield (as published by~~  
4 ~~the Board of Governors of the Federal Reserve System) of the bill rate~~  
5 ~~for twenty six week treasury bills for the last market auction~~  
6 ~~conducted during February, May, August, or November, as the case may~~  
7 ~~be, prior to the quarter in which the retail installment contract for~~  
8 ~~purchase of the motor vehicle is executed; or~~

9       ~~(b) Ten dollars.~~

10       ~~As used in this subsection, "motor vehicle" means every device~~  
11 ~~capable of being moved upon a public highway and in, upon, or by which~~  
12 ~~any person or property is or may be transported or drawn upon a public~~  
13 ~~highway, except for devices moved by human or animal power or used~~  
14 ~~exclusively upon stationary rails or tracks.~~

15       ~~(3) The service charge in a retail installment contract for the~~  
16 ~~purchase of a vessel shall not exceed the highest of the following:~~

17       ~~(a) A rate on outstanding balances which exceeds six percentage~~  
18 ~~points above the average, rounded to the nearest one quarter of one~~  
19 ~~percent, of the equivalent coupon issue yield, as published by the~~  
20 ~~federal reserve bank of San Francisco, of the bill rate for twenty six~~  
21 ~~week treasury bills for the last market auction conducted prior to the~~  
22 ~~quarter in which the retail installment contract for purchase of the~~  
23 ~~vessel is expected; or~~

24       ~~(b) Ten dollars.~~

25       ~~As used in this subsection, "vessel" means any watercraft used or~~  
26 ~~capable of being used as a means of transportation on the water, other~~  
27 ~~than a seaplane)) dollar amount or rate agreed to by contract and~~  
28 ~~disclosed under RCW 63.14.040(1)(7)(g).~~

29       ~~((4))~~ (2) The service charge in a retail charge agreement,  
30 revolving charge agreement, lender credit card agreement, or charge

1 agreement, shall not exceed (~~one and one-half percent per month on the~~  
2 ~~outstanding unpaid balances~~) the schedule or rate agreed to by  
3 contract and disclosed under RCW 63.14.120(1). If the service charge  
4 so computed is less than one dollar for any month, then one dollar may  
5 be charged.

6 (~~(5) A service charge may be computed on the median amount within~~  
7 ~~a range which does not exceed ten dollars and which is a part of a~~  
8 ~~published schedule of consecutive ranges applied to an outstanding~~  
9 ~~balance, provided the median amount is used in computing the service~~  
10 ~~charge for all balances within such range.))"~~

11 **"Sec. 2.** RCW 63.14.135 and 1989 c 112 s 2 are each amended to read  
12 as follows:

13 (1) On or before December 5th of each year the state treasurer  
14 shall compute the maximum service charge allowed under a retail  
15 installment contract or charge agreement under RCW 63.14.130(1)(a) for  
16 the succeeding calendar year. The treasurer shall file this charge  
17 with the state code reviser for publication in the first issue of the  
18 Washington State Register for the succeeding calendar year in  
19 compliance with RCW 34.08.020.

20 (2) On or before the first Wednesday of the last month of each  
21 calendar quarter the state treasurer shall compute the maximum service  
22 charge allowed for a retail installment contract for the purchase of a  
23 motor vehicle or vessel pursuant to RCW 63.14.130(2)(a) and (3)(a)  
24 respectively for the succeeding calendar quarter. The treasurer shall  
25 file this charge with the state code reviser for publication in the  
26 first issue of the Washington State Register for the succeeding  
27 calendar quarter in compliance with RCW 34.08.020.

28 (3) This section shall not apply from the effective date of this  
29 act until June 30, 1995."

1        "NEW SECTION. Sec. 3.        (1)        The joint select committee on  
2 consumer credit is created. Membership of the committee shall consist  
3 of four members from the senate, two from each caucus, appointed by the  
4 president of the senate, and four members from the house of  
5 representatives, two from each caucus, appointed by the speaker of the  
6 house of representatives.

7        (2)        The committee shall review state and federal statutes  
8 governing consumer credit transactions and shall prepare a report:

9        (a)        Summarizing federal and state statutes governing consumer  
10 credit transactions;

11        (b)        Identifying any state statutes preempted or superseded by  
12 federal law or judicial interpretation;

13        (c)        Identifying any duplication or inconsistency among federal and  
14 state laws;

15        (d)        Discussing the beneficial and detrimental effects of state  
16 interest rate regulation and deregulation upon the state consumer  
17 credit market; and

18        (e)        Containing legislation that to the greatest extent possible  
19 adopts a single, comprehensive statutory title regulating consumer  
20 credit transactions including any regulation of interest rates,  
21 services charges, and other fees on consumer credit.

22        (3)        The committee shall review the professional and academic  
23 literature addressing the impact of interest rate regulation on retail  
24 credit markets. The committee also shall consult with representatives  
25 of labor, consumer, retail, financial, and legal organizations  
26 possessing a working knowledge of consumer credit transactions.

27        (4)        The committee shall submit its report to the legislature by  
28 December 1, 1994."

