CERTIFICATION OF ENROLLMENT

HOUSE BILL 2944

Chapter 193, Laws of 1992
(partial veto)

52nd Legislature
1992 Regular Session

CONSUMER CREDIT TRANSACTIONS--REVISIONS

EFFECTIVE DATE: 4/2/92

Passed by the House March 9, 1992
Yeas 77  Nays 20

JOE KING
Speaker of the House of Representatives

Passed by the Senate March 6, 1992
Yeas 35  Nays 13

JOEL PRITCHARD
President of the Senate

Approved April 2, 1992, with the exception of section 3, which is vetoed.

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is HOUSE BILL 2944 as passed by the House of Representatives and the Senate on the dates hereon set forth.

ALAN THOMPSON
Chief Clerk

BOOTH GARDNER
Governor of the State of Washington

FILED
April 2, 1992 - 11:25 a.m.

Secretary of State
State of Washington
AN ACT Relating to consumer credit transactions; amending RCW 63.14.135; reenacting and amending RCW 63.14.130; creating a new section; providing an expiration date; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

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

(1) ((Except as provided in subsections (2) and (3) of this section,)) The service charge, in a retail installment contract, shall not exceed the ((highest of the following:))
(a) A rate on outstanding unpaid balances which exceeds six percentage points above the average, rounded to the nearest one-quarter of one percent, of the equivalent coupon issue yield (as published by the Board of Governors of the Federal Reserve System) of the bill rate for twenty-six week treasury bills for the last market auction conducted during February, May, August, and November of the year prior to the year in which the retail installment contract is executed; or

(b) Ten dollars.

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

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

(b) Ten dollars.

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

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

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

(b) Ten dollars.
federal reserve bank of San Francisco, of the bill rate for twenty-six
week treasury bills for the last market auction conducted prior to the
quarter in which the retail installment contract for purchase of the
vessel is expected; or
(b) Ten dollars.

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

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

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

Sec. 2. RCW 63.14.135 and 1989 c 112 s 2 are each amended to read
as follows:
(1) On or before December 5th of each year the state treasurer
shall compute the maximum service charge allowed under a retail
installment contract or charge agreement under RCW 63.14.130(1)(a) for
the succeeding calendar year. The treasurer shall file this charge
with the state code reviser for publication in the first issue of the
Washington State Register for the succeeding calendar year in compliance with RCW 34.08.020.

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

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

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

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

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

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

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

(d) Discussing the beneficial and detrimental effects of state interest rate regulation and deregulation upon the state consumer credit market; and
(e) Containing legislation that to the greatest extent possible adopts a single, comprehensive statutory title regulating consumer credit transactions including any regulation of interest rates, services charges, and other fees on consumer credit.

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

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

*Sec. 3 was vetoed, see message at end of chapter.

NEW SECTION. Sec. 4. Section 1 of this act shall expire June 30, 1995.

NEW SECTION. Sec. 5. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately.
Passed the House March 9, 1992.
Passed the Senate March 6, 1992.
Approved by the Governor April 2, 1992, with the exception of certain items which were vetoed.
Filed in Office of Secretary of State April 2, 1992.

Note: Governor’s explanation of partial veto is as follows:

"I am returning herewith, without my approval as to section 3, House Bill No. 2944 entitled:

"AN ACT Relating to consumer credit transactions."

Section 3 of House Bill No. 2944 establishes a legislative joint select committee to study and make recommendations on the issue of consumer credit. I wholeheartedly concur with the need for such a study. However, the creation of such a committee does not require legislation. Rule 25 of the Joint Rules of the Senate and House of Representatives provides that such committee be created via concurrent resolution. Rule 24 gives broad discretionary authority to standing committees to undertake such studies.

For this reason, I have vetoed section 3 of House Bill No. 2944.

With the exception of section 3, House Bill No. 2944 is approved."