

**SENATE BILL REPORT**

**SB 5190**

**AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, MARCH 2, 1993**

**Brief Description:** Requiring timely credit of payments on a credit card account.

**SPONSORS:** Senators Loveland and Moore

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** Do pass as amended.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Fraser, Pelz, Sutherland, Vognild, and Wojahn.

**Staff:** Benson Porter (786-7470)

**Hearing Dates:** February 2, 1993; March 2, 1993

**BACKGROUND:**

The Federal Truth in Lending regulations require a creditor to credit a consumer's account as of the date payment is received. A creditor does not have to comply with this requirement if a consumer fails to follow any payment procedures established by the creditor. But, if the creditor accepts a payment that does not conform to the procedures, the payment must be credited within five days of receipt.

Concern has been raised that some consumers may still experience finance or late charges on credit card accounts. For instance, the crediting of payments made to the financial institution that issued the credit card may not occur upon the date payment is received because that institution does not service the account.

**SUMMARY:**

All financial institutions operated in Washington are required to credit a credit card account on the same day payment is received if: (1) the financial institution issued the credit card, and (2) the cardholder pays by a readily negotiable instrument. A readily negotiable instrument is either cash, a Postal Service money order, cashier's check, or a personal check drawn on an account that is with the same institution and that contains sufficient funds.

A violation of this act is an unfair or deceptive act for purposes of applying the Consumer Protection Act.

**SUMMARY OF PROPOSED COMMITTEE AMENDMENT:**

A financial institution is required to credit a credit card account or cause such account to be credited if the requirements of the bill are met.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**TESTIMONY FOR:** None

**TESTIMONY AGAINST:**

Current federal law requires same day posting of payments received by a creditor. The specific provisions in the proposal will create a hardship on some institutions that do not currently have the ability to meet the proposal's requirements.

**TESTIFIED:** Trevor Sandison, Washington Bankers Association (con);  
Dave Adams, Washington Credit Union League (con)