

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2944

52nd Legislature
1992 Regular Session

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

**Speaker of the
House of Representatives**

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

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

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.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 2944

AS AMENDED BY THE SENATE

Passed Legislature - 1992 Regular Session

State of Washington 52nd Legislature 1992 Regular Session

By Representatives Dellwo, Broback, Zellinsky, R. Johnson, Winsley, Mielke, Paris, Anderson, Dorn and Schmidt

Read first time 02/03/92. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to consumer credit transactions; amending RCW
2 63.14.135; reenacting and amending RCW 63.14.130; creating a new
3 section; providing an expiration date; and declaring an emergency.

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

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

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

12 (1) (~~Except as provided in subsections (2) and (3) of this~~
13 ~~section,~~) The service charge, in a retail installment contract, shall
14 not exceed the (~~highest of the 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 yields (as published by~~
4 ~~the Board of Governors of the Federal Reserve System) of the bill rates~~
5 ~~for twenty six week treasury bills for the last market auctions~~
6 ~~conducted during February, May, August, and November of the year prior~~
7 ~~to the year in which the retail installment contract is executed; or~~

8 ~~(b) Ten dollars.~~

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

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

20 ~~(b) Ten dollars.~~

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

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

28 ~~(a) A rate on outstanding balances which exceeds six percentage~~
29 ~~points above the average, rounded to the nearest one quarter of one~~
30 ~~percent, of the equivalent coupon issue yield, as published by the~~

1 ~~federal reserve bank of San Francisco, of the bill rate for twenty-six~~
2 ~~week treasury bills for the last market auction conducted prior to the~~
3 ~~quarter in which the retail installment contract for purchase of the~~
4 ~~vessel is expected; or~~

5 (b) ~~Ten dollars.~~

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

10 ((~~(4)~~)) (2) The service charge in a retail charge agreement,
11 revolving charge agreement, lender credit card agreement, or charge
12 agreement, shall not exceed ((~~one and one-half percent per month on the~~
13 ~~outstanding unpaid balances~~)) the schedule or rate agreed to by
14 contract and disclosed under RCW 63.14.120(1). If the service charge
15 so computed is less than one dollar for any month, then one dollar may
16 be charged.

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

22 **Sec. 2.** RCW 63.14.135 and 1989 c 112 s 2 are each amended to read
23 as follows:

24 (1) On or before December 5th of each year the state treasurer
25 shall compute the maximum service charge allowed under a retail
26 installment contract or charge agreement under RCW 63.14.130(1)(a) for
27 the succeeding calendar year. The treasurer shall file this charge
28 with the state code reviser for publication in the first issue of the

1 Washington State Register for the succeeding calendar year in
2 compliance with RCW 34.08.020.

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

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

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

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

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

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

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

27 (d) Discussing the beneficial and detrimental effects of state
28 interest rate regulation and deregulation upon the state consumer
29 credit market; and

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

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

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

12 NEW SECTION. **Sec. 4.** Section 1 of this act shall expire June
13 30, 1995.

14 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of the
16 state government and its existing public institutions, and shall take
17 effect immediately.