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.

BOOTH GARDNER

Governor of the State of Washington

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HOUSE BILL 2944

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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))~~ <u>dollar amount or rate agreed to by contract and</u>

9 <u>disclosed under RCW 63.14.040(1)(7)(g).</u>

10 ((~~(4)~~)) <u>(2)</u> 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~~)) <u>the schedule or rate agreed to by</u>

14 <u>contract and disclosed under RCW 63.14.120(1)</u>. 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.

14 *NEW SECTION. Sec. 3.   (1)   The joint select committee on

15 consumer credit is created. Membership of the committee shall consist

16 of four members from the senate, two from each caucus, appointed by the

17 president of the senate, and four members from the house of

18 representatives, two from each caucus, appointed by the speaker of the

19 house of representatives.

20   (2)   The committee shall review state and federal statutes

21 governing consumer credit transactions and shall prepare a report:

22   (a)   Summarizing federal and state statutes governing consumer

23 credit transactions;

24   (b)   Identifying any state statutes preempted or superseded by

25 federal law or judicial interpretation;

26   (c) Identifying any duplication or inconsistency among federal and

27 state laws;

28   (d) Discussing the beneficial and detrimental effects of state

29 interest rate regulation and deregulation upon the state consumer

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

13   <u>NEW SECTION.</u> **Sec. 4.**   Section 1 of this act shall expire June

14   30, 1995.

15   <u>NEW SECTION.</u> **Sec. 5.**   This act is necessary for the immediate

16   preservation of the public peace, health, or safety, or support of the

17   state government and its existing public institutions, and shall take

18   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."