

See Small Business 3/19

FILED MAR 2 1984

SENATE FILE 2291

BY COMMITTEE ON COMMERCE
Approved 3/2 (p. 642)
(FORMERLY SSB 2156)

Passed Senate, Date 3-15-84 (p. 834) Passed House, Date _____
Vote: Ayes 39 Nays 8 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the finance charges permitted in open-end
2 credit accounts including credit cards.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S. 2291

1 Section 1. Section 537.2402, Code 1983, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 5. Notwithstanding any other provision
4 of this chapter or chapter 535, a creditor may contract for
5 and receive a finance charge without limitation as to amount
6 or rate with respect to a loan pursuant to open end credit
7 obtained pursuant to a credit card issued by the creditor
8 which entitles the cardholder to purchase or lease goods or
9 services from at least one hundred persons not related to
10 the card issuer.

11 Sec. 2. Section 537.3205, subsection 2, Code 1983, is
12 amended to read as follows:

13 2. Unless authorized by ~~a provision of~~ this chapter or
14 unless agreed to by the consumer, ~~no~~ a creditor shall not
15 change the terms of an open end credit account, with respect
16 to ~~any~~ a balance incurred before the effective date of the
17 change, which results in an increase of the rate of the finance
18 charge or other charge or an increase in the amount of a
19 periodic payment due, or which otherwise adversely affects
20 the interests of the consumer with respect to ~~such~~ the balance.
21 The use by the consumer of an open-end account after the
22 effective date of the change constitutes the agreement of
23 the consumer if the consumer is notified as provided in
24 subsection 1 that the use will constitute the agreement of
25 the consumer.

26 EXPLANATION

27 This bill provides that if a creditor issues a credit card
28 which entitles the cardholder to purchase or lease goods or
29 services from at least one hundred persons not related to
30 the card issuer, then the creditor may contract and receive
31 any finance charge on the account.

32 The bill also provides that a consumer who uses an open-
33 end credit account shall be deemed to have agreed to a change
34 of terms on the account if the consumer has been notified
35 of the change and the use will constitute agreement to the

1 change.

2 This bill becomes effective July 1 following enactment.

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SENATE FILE 2291

S-5409

- 1 Amend Senate File 2291 as follows:
2 1. Page 1, line 10, by inserting after the
3 word "issuer." the following: "However, a creditor
4 operating under this subsection shall not charge
5 an annual charge pursuant to section 537.2501,
6 subsection 1, paragraph "d" on cards with a credit
7 limit of \$5,000 or less."

S-5409 FILED & LOST
MARCH 15, 1984 (p. 831)

BY CHARLES BRUNER
JACK RIFE

SENATE FILE 2291

S-5410

- 1 Amend Senate File 2291 as follows:
2 1. Page 1, line 2, by striking the word
3 "subsection" and inserting in lieu thereof the
4 word "subsections".
5 2. Page 1, by inserting after line 10 the following:
6 "NEW SUBSECTION. 6. If the differential treatment
7 of this section based on the number of persons honoring
8 a credit card is found to be unconstitutional, a
9 creditor may contract for and receive a finance charge
10 not to exceed twenty-two percent per year for a loan
11 pursuant to open-end credit."

S-5410 FILED & ADOPTED
MARCH 15, 1984 (p. 833)

BY DOUGLAS RITSEMA

SENATE FILE 2291

S-5411

- 1 Amend Senate File 2291 as follows:
2 1. Page 1, line 6, by inserting after the word
3 "loan" the following: "or consumer credit sales".
4 2. Page 1, by striking lines 7 through 10, and
5 inserting in lieu thereof the following: "obtained
6 pursuant to a credit card or a charge account."

S-5411 FILED
MARCH 15, 1984
RULED OUT OF ORDER (p. 833)

BY JACK RIFE
EMIL J. HUSAK

SENATE FILE 2291

S-5406

- 1 Amend the amendment S-5401 to Senate File 2291 as
2 follows:
3 1. Page 2, line 8, by striking the word and fig-
4 ure "subsection 3" and inserting in lieu thereof the
5 words "subsection-3 this section".

S-5406 FILED & ADOPTED
MARCH 15, 1984 (p. 829)

BY EDGAR H. HOLDEN

6-5401

1 Amend Senate File 2291 as follows:

2 1. Page 1, by inserting after line 25 the
3 following:

4 "Sec. 3. Section 537.2202, Code 1983, is amended
5 to read as follows:

6 537.2202 FINANCE CHARGE FOR CONSUMER CREDIT SALES
7 PURSUANT TO OPEN END CREDIT.

8 1. With respect to a consumer credit sale made
9 pursuant to open end credit, a creditor may contract
10 for and receive a any finance charge ~~not-exceeding~~
11 ~~that-permitted-in-this-section~~ as agreed to by the
12 parties.

13 2. For each billing cycle, a charge may be made
14 which is a percentage of an amount not exceeding the
15 greatest of the following:

16 a. The average daily balance of the open end
17 account in the billing cycle for which the charge
18 is made, which is the sum of the amount unpaid each
19 day during that cycle, divided by the number of days
20 in that cycle. The amount unpaid on a day is
21 determined by adding to the balance, if any, unpaid
22 as of the beginning of that day all purchases and
23 other debits and deducting all payments and other
24 credits made or received as of that day.

25 b. The balance of the open end account at the
26 beginning of the first day of the billing cycle, after
27 deducting all payments and credits made in the cycle
28 except credits attributable to purchases charged to
29 the account during the cycle.

30 c. The median amount within a specified range
31 including the balance of the open end account not
32 exceeding that permitted by paragraph "a" or "b".
33 A charge may be made pursuant to this paragraph only
34 if the creditor, subject to classifications and
35 differentiations he may reasonably establish, makes
36 the same charge on all balances within the specified
37 range and if the percentage when applied to the median
38 amount within the range does not produce a charge
39 exceeding the charge resulting from applying that
40 percentage to the lowest amount within the range by
41 more than eight percent of the charge on the median
42 amount.

43 ~~3.--If-the-billing-cycle-is-monthly,-the-charge~~
44 ~~may-not-exceed-an-amount-equal-to-one-and-one-half~~
45 ~~percent-of-that-part-of-the-maximum-amount-pursuant~~
46 ~~to-subsection-2-which-is-five-hundred-dollars-or-less~~
47 ~~and-one-and-one-fourth-percent-of-that-part-of-the~~
48 ~~maximum-amount-which-is-more-than-five-hundred-dollars-~~
49 ~~if-the-billing-cycle-is-not-monthly,-the-maximum~~
50 ~~charge-for-the-billing-cycle-shall-bear-the-same~~

S-5401

PAGE 2

1 ~~relation-to-the-applicable-monthly-maximum-charge~~
2 ~~as-the-number-of-days-in-the-billing-cycle-bears-to~~
3 ~~three-hundred-sixty-five-divided-by-twelve---A-billing~~
4 ~~cycle-is-monthly-if-the-closing-date-of-the-cycle~~
5 ~~is-the-same-date-each-month-or-does-not-vary-by-more~~
6 ~~than-four-days-from-the-regular-date-~~
7 4 3. If the charge determined pursuant to
8 subsection 3 is less than fifty cents, a charge may
9 be made which does not exceed fifty cents if the
10 billing cycle is monthly or longer, or the pro rata
11 part of fifty cents which bears the same relation
12 to fifty cents as the number of days in the billing
13 cycle bears to three hundred sixty-five divided by
14 twelve if the billing cycle is shorter than monthly."

S-5401 FILED

BY EMIL J. HUSAK

MARCH 15, 1984

JACK RIFE

RULED OUT OF ORDER (p. 828)

SENATE FILE 2291

S-5403

1 Amend Senate File 2291 as follows:
2 1. Page 1, line 10, by inserting after the word
3 "issuer." the following: "A creditor operating under
4 this subsection shall not discriminate among persons
5 from whom the cardholder may purchase or lease goods
6 or services by charging the persons differing rates
7 for the handling or processing of charges on credit
8 cards issued by the creditor and accepted by the
9 persons."

S-5403 FILED & LOST (p. 830)
MARCH 15, 1984

BY ROBERT M. CARR

SENATE FILE 2291

S-5404

1 Amend Senate File 2291 as follows:
2 1. Page 1, by striking lines 5 and 6 and inserting
3 in lieu thereof the following: "and receive a finance
4 charge not to exceed twenty-two percent per year with
5 respect to a loan pursuant to open-end credit".

S-5404 FILED & LOST
MARCH 15, 1984 (p. 829)

BY ROBERT M. CARR

SENATE FILE 2291

S-5405

1 Amend Senate File 2291 as follows:
2 1. Page 1, line 10, by inserting after the word
3 "issuer." the following: "However, a creditor
4 operating under this subsection shall not charge an
5 annual charge pursuant to section 537.2501, subsection
6 1, paragraph "d"."

S-5405 FILED & LOST (p. 830)
MARCH 15, 1984

BY ROBERT M. CARR

RECONSIDERED & ADOPTED (p. 834)

Small Business and Commerce: Swartz, Chair; Chiodo, Groninga, McIntee and Schroeder.

E FILE **2291**

Amend. per 5829 & 50 (Per 3/23 (p. 1251))

BY COMMITTEE ON COMMERCE

(AS AMENDED AND PASSED BY THE SENATE MARCH 15, 1984)

Be Passed Senate, Date 4-3-84 (p. 1271) ^{Failed} Passed House, Date 3-28-84 (p. 1430)
Vote: Ayes 29 Nays 14 Vote: Ayes 40 Nays 56
Approved _____

Motion to Reconsider (p. 1432) prevailed
Passed House 3-30-84 (p. 1543)
57-33

A BILL FOR

- 1 An Act relating to the finance charges permitted in open-end
- 2 credit accounts including credit cards.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 2291

H-5881

- 1 Amend amendment H-5829 to Senate File 2291 as
- 2 amended, passed and reprinted by the Senate as follows:
- 3 1. Page 1, by striking lines 26 through 37 and
- 4 inserting in lieu thereof the word "issuer."

BY HALVORSON of Clayton
BAXTER of Des Moines
McINTEE of Black Hawk

H-5881 FILED MARCH 27, 1984
ADOPTED (p. 1351)

by the Senate

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Conference Committee Appointed. Unable to reach agreement 4/19 (p. 1692)
Senators Kinley (Chair), Gallagher, Holden, Palmer, Rife 4/13 (p. 1515)
(Hurd replaced 4/13 (p. 1523))
Representative Swartz (Chair), Arnsold, Chiodo, Schnedlitz, Schroeder 4/16 (2034)
Report Rejected 4/19 (p. 2326)
Second Conference Committee Appointed
Senators Jenkins (Chair) Holden, Hurd, Palmer, Rife 4/19 (p. 1693)
Representative Swartz (Chair), Arnsold, Chiodo, Keimer, Halvorson 4/19

58277

1 Section 1. Section 537.2402, Code 1983, is amended by
2 adding the following new subsections:

3 NEW SUBSECTION. 5. Notwithstanding any other provision
4 of this chapter or chapter 535, a creditor may contract for
5 and receive a finance charge without limitation as to amount
6 or rate with respect to a loan pursuant to open end credit
7 obtained pursuant to a credit card issued by the creditor
8 which entitles the cardholder to purchase or lease goods or
9 services from at least one hundred persons not related to
10 the card issuer. However, a creditor operating under this
11 subsection shall not charge an annual charge pursuant to
12 section 537.2501, subsection 1, paragraph "d".

13 NEW SUBSECTION. 6. If the differential treatment of this
14 section based on the number of persons honoring a credit card
15 is found to be unconstitutional, a creditor may contract for
16 and receive a finance charge not to exceed twenty-two percent
17 per year for a loan pursuant to open-end credit.

18 Sec. 2. Section 537.3205, subsection 2, Code 1983, is
19 amended to read as follows:

20 2. Unless authorized by ~~a provision of~~ this chapter or
21 unless agreed to by the consumer, no a creditor shall not
22 change the terms of an open end credit account, with respect
23 to ~~any~~ a balance incurred before the effective date of the
24 change, which results in an increase of the rate of the finance
25 charge or other charge or an increase in the amount of a
26 periodic payment due, or which otherwise adversely affects
27 the interests of the consumer with respect to ~~such~~ the balance.
28 The use by the consumer of an open-end account after the
29 effective date of the change constitutes the agreement of
30 the consumer if the consumer is notified as provided in
31 subsection 1 that the use will constitute the agreement of
32 the consumer.

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SF 2291
rr/slc/26c

SENATE FILE 2291

H-5849

1 Amend amendment H-5829 to Senate File 2291 as
2 amended, passed, and reprinted by the Senate, as
3 follows:
4 1. Page 1, by striking lines 5 through 20 and
5 inserting in lieu thereof the following:
6 "Sec. ____ . Section 537.2202, subsection 3, Code
7 1983, is amended by striking the subsection and
8 inserting in lieu thereof the following:
9 3. Notwithstanding any other provision of this
10 chapter or chapter 535, a creditor may contract for
11 and receive a finance charge without limitation as
12 to amount or rate with respect to sales pursuant to
13 open end credit."

H-5849 FILED MARCH 26, 1984 BY HALVORSON of Clayton
W/D 3/27 (p. 1348)

SENATE FILE 2291

H-5854

1 Amend Senate File 2291 as amended, passed and
2 reprinted by the Senate, as follows:
3 1. Page 1, by striking lines 5 and 6 and inserting
4 in lieu thereof the following: "and receive a finance
5 charge not to exceed twenty-one percent per year with
6 respect to a loan pursuant to open-end credit".

H-5854 FILED MARCH 26, 1984 BY HOLVECK of Polk
Loe 3/27 (p. 1354)

SENATE FILE 2291

H-5855

1 Amend the amendment H-5829 to Senate File 2291
2 as amended, passed, and reprinted as follows:
3 1. Page 1, by striking lines 24 through 37.
4 2. Renumber as necessary.

H-5855 FILED MARCH 26, 1984 BY HALVORSON of Clayton
BAXTER of Des Moines
W/D 3/27 (p. 1351)

SENATE FILE 2291

H-5856

1 Amend Senate File 2291 as amended, passed and
2 reprinted by the Senate as follows:
A 3 1. Page 1, line 2, by striking the word
4 "subsections" and inserting in lieu thereof the word
5 "subsection".
B 6 2. Page 1, by striking lines 5 and 6 and inserting
7 in lieu thereof the following: "and receive a finance
8 charge with respect to a loan pursuant to open end
9 credit in the amount permitted according to the law of
10 the state in which the cardholder is a resident".
C 11 3. Page 1, by striking lines 13 through 17.

H-5856 FILED MARCH 26, 1984 BY HOLVECK of Polk
*A - placed on order 3/27 (p. 1352)
B - Loe (p. 1353)*

SENATE FILE 2291

H-5829

1 Amend Senate File 2291 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5849 5 "Section ____ . Section 537.2202, subsection 3,
5850 6 Code 1983, is amended to read as follows:

7 3. If the billing cycle is monthly, the charge
5838 8 may not exceed an amount equal to one and one-half
9 percent ~~of that part of the maximum amount pursuant~~
10 ~~to subsection 2 which is five hundred dollars or less~~
11 ~~and one and one-fourth percent of that part of the~~
12 ~~maximum amount which is more than five hundred dollars.~~
13 If the billing cycle is not monthly, the maximum
14 charge for the billing cycle shall bear the same
15 relation to the applicable monthly maximum charge
16 as the number of days in the billing cycle bears to
17 three hundred sixty-five divided by twelve. A billing
18 cycle is monthly if the closing date of the cycle
19 is the same date each month or does not vary by more
20 than four days from the regular date."

21 2. Page 1, line 2, by striking the word
22 "subsections" and inserting in lieu thereof the word
23 "subsection".

5851 24 3. Page 1, by striking lines 10 through 17 and
5852 25 inserting in lieu thereof the following: "the card
26 issuer. However, when a creditor initially begins
27 to operate under this section, the creditor shall
28 file a written statement with the superintendent of
29 banking that the creditor will maintain its credit
30 card operations in the state at least three years
31 from the date of filing the written statement. The
32 superintendent shall announce and publish through
33 the media those creditors who file the written
34 statement and that the written statement says the
35 creditor will maintain its credit card operations
36 in the state for at least three years from the date
37 of the filing of the written statement."

38 4. Renumber as necessary.

H-5829 FILED MARCH 23, 1984 BY COMMITTEE ON SMALL BUSINESS AND
A. *Revised not germane, rules* COMMERCE
suspended

Adopted as amended by 5838 3/27 (p. 1349) Reconciled & Adopted 3/28 (p. 1430)
B. *Adopted as amended by 5881 " (1351)*

Motion to reconsider (1351) SENATE FILE 2291
H-5838

1 Amend amendment H-5829 to Senate File 2291 as
2 amended, passed and reprinted by the Senate, as
3 follows:

4 1. Page 1, line 8, by striking the word "one-half"
5 and inserting in lieu thereof the words "one-half
6 three-fourths".

BY LONERGAN of Boone
SCHROEDER of Pottawattamie
GRONSTAL of Pottawattamie

H-5838 FILED MARCH 26, 1984
Adopted 3/27 (p. 1348) Motion to Reconsider (1370) Reconciled & H/R 3/28 (p. 1430)

APRIL 3, 1984

HOUSE AMENDMENT TO SENATE FILE 2291

S-5734

1 Amend Senate File 2291 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 ⁵⁷⁴² "Section ____ . Section 537.2202, subsection 3,
6 Code 1983, is amended to read as follows:

7 3. If the billing cycle is monthly, the charge
8 may not exceed an amount equal to one and one-half
9 percent ~~of that part of the maximum amount pursuant~~
10 ~~to subsection 2 which is five hundred dollars or less~~
11 ~~and one and one-fourth percent of that part of the~~
12 ~~maximum amount which is more than five hundred dollars.~~

13 If the billing cycle is not monthly, the maximum
14 charge for the billing cycle shall bear the same
15 relation to the applicable monthly maximum charge
16 as the number of days in the billing cycle bears to
17 three hundred sixty-five divided by twelve. A billing
18 cycle is monthly if the closing date of the cycle
19 is the same date each month or does not vary by more
20 than four days from the regular date."

21 2. Page 1, line 2, by striking the word
22 "subsections" and inserting in lieu thereof the word
23 "subsection".

24 3. Page 1, by striking lines 10 through 17 and
25 inserting in lieu thereof the following: "the card
26 issuer."

S-5734 FILED
APRIL 2, 1984

RECEIVED FROM THE HOUSE

Senate amended (5742) & concurred 4/3 (p. 1270)

S-5742

1 Amend the House amendment S-5734 to Senate File
2 2291 as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by striking lines 5 through 20 and
5 inserting in lieu thereof the following:

6 "Section ____ Section 537.2202, Code 1983, is
7 amended to read as follows:

8 537.2202 FINANCE CHARGE FOR CONSUMER CREDIT SALES
9 PURSUANT TO OPEN END CREDIT.

10 1. With respect to a consumer credit sale made
11 pursuant to open end credit, a creditor may contract
12 for and receive a any finance charge not exceeding
13 that permitted in this section as agreed to by the
14 parties.

15 2. For each billing cycle, a charge may be made
16 which is a percentage of an amount not exceeding the
17 greatest of the following:

18 a. The average daily balance of the open end
19 account in the billing cycle for which the charge
20 is made, which is the sum of the amount unpaid each
21 day during that cycle, divided by the number of days
22 in that cycle. The amount unpaid on a day is
23 determined by adding to the balance, if any, unpaid
24 as of the beginning of that day all purchases and
25 other debits and deducting all payments and other
26 credits made or received as of that day.

27 b. The balance of the open end account at the
28 beginning of the first day of the billing cycle, after
29 deducting all payments and credits made in the cycle
30 except credits attributable to purchases charged to
31 the account during the cycle.

32 c. The median amount within a specified range
33 including the balance of the open end account not
34 exceeding that permitted by paragraph "a" or "b".
35 A charge may be made pursuant to this paragraph only
36 if the creditor, subject to classifications and
37 differentiations he may reasonably establish, makes
38 the same charge on all balances within the specified
39 range and if the percentage when applied to the median
40 amount within the range does not produce a charge
41 exceeding the charge resulting from applying that
42 percentage to the lowest amount within the range by
43 more than eight percent of the charge on the median
44 amount.

45 ~~3. If the billing cycle is monthly, the charge~~
46 ~~may not exceed an amount equal to one and one-half~~
47 ~~percent of that part of the maximum amount pursuant~~
48 ~~to subsection 2 which is five hundred dollars or less~~
49 ~~and one and one-fourth percent of that part of the~~
50 ~~maximum amount which is more than five hundred dollars.~~

SENATE 3
APRIL 4, 1984

S-5742
PAGE 2

1 if-the-billing-cycle-is-not-monthly,-the-maximum
2 charge-for-the-billing-cycle-shall-bear-the-same
3 relation-to-the-applicable-monthly-maximum-charge
4 as-the-number-of-days-in-the-billing-cycle-bears-to
5 three-hundred-sixty-five-divided-by-twelve--A-billing
6 cycle-is-monthly-if-the-closing-date-of-the-cycle
7 is-the-same-date-each-month-or-does-not-vary-by-more
8 than-four-days-from-the-regular-date.
9 4 3. If the charge determined pursuant to
10 subsection 3 this section is less than fifty cents,
11 a charge may be made which does not exceed fifty cents
12 if the billing cycle is monthly or longer, or the
13 pro rata part of fifty cents which bears the same
14 relation to fifty cents as the number of days in the
15 billing cycle bears to three hundred sixty-five divided
16 by twelve if the billing cycle is shorter than
17 monthly."

S-5742 FILED & ADOPTED
APRIL 3, 1984 (p. 1270)

BY EMIL J. HUSAK
JACK RIFE

SENATE AMENDMENT TO
HOUSE AMENDMENT TO SENATE FILE 2291

H-6080

1 Amend the House amendment S-5734 to Senate File
2 2291 as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 1, by striking lines 5 through 20 and
5 inserting in lieu thereof the following:

6 "Section ____ . Section 537.2202, Code 1983; is
7 amended to read as follows:

8 537.2202 FINANCE CHARGE FOR CONSUMER CREDIT SALES
9 PURSUANT TO OPEN END CREDIT.

10 1. With respect to a consumer credit sale made
11 pursuant to open end credit, a creditor may contract
12 for and receive a any finance charge not-exceeding
13 that-permitted-in-this-section as agreed to by the
14 parties.

15 2. For each billing cycle, a charge may be made
16 which is a percentage of an amount not exceeding the
17 greatest of the following:

18 a. The average daily balance of the open end
19 account in the billing cycle for which the charge
20 is made, which is the sum of the amount unpaid each
21 day during that cycle, divided by the number of days
22 in that cycle. The amount unpaid on a day is
23 determined by adding to the balance, if any, unpaid
24 as of the beginning of that day all purchases and
25 other debits and deducting all payments and other
26 credits made or received as of that day.

27 b. The balance of the open end account at the
28 beginning of the first day of the billing cycle, after
29 deducting all payments and credits made in the cycle
30 except credits attributable to purchases charged to
31 the account during the cycle.

32 c. The median amount within a specified range
33 including the balance of the open end account not
34 exceeding that permitted by paragraph "a" or "b".
35 A charge may be made pursuant to this paragraph only
36 if the creditor, subject to classifications and
37 differentiations he may reasonably establish, makes
38 the same charge on all balances within the specified
39 range and if the percentage when applied to the median
40 amount within the range does not produce a charge
41 exceeding the charge resulting from applying that
42 percentage to the lowest amount within the range by
43 more than eight percent of the charge on the median
44 amount.

45 ~~3. --If-the-billing-cycle-is-monthly,-the-charge~~
46 ~~may-not-exceed-an-amount-equal-to-one-and-one-half~~
47 ~~percent-of-that-part-of-the-maximum-amount-pursuant~~
48 ~~to-subsection-2-which-is-five-hundred-dollars-or-less~~
49 ~~and-one-and-one-fourth-percent-of-that-part-of-the~~
50 ~~maximum-amount-which-is-more-than-five-hundred-dollars-~~

H-6080

Page Two

1 ~~If the billing cycle is not monthly, the maximum~~
2 ~~charge for the billing cycle shall bear the same~~
3 ~~relation to the applicable monthly maximum charge~~
4 ~~as the number of days in the billing cycle bears to~~
5 ~~three hundred sixty five divided by twelve. A billing~~
6 ~~cycle is monthly if the closing date of the cycle~~
7 ~~is the same date each month or does not vary by more~~
8 ~~than four days from the regular date.~~
9 4 3. If the charge determined pursuant to
10 ~~subsection 3~~ this section is less than fifty cents,
11 a charge may be made which does not exceed fifty cents
12 if the billing cycle is monthly or longer, or the
13 pro rata part of fifty cents which bears the same
14 relation to fifty cents as the number of days in the
15 billing cycle bears to three hundred sixty five divided
16 by twelve if the billing cycle is shorter than
17 monthly."

H-6080 FILED APRIL 3, 1984

RECEIVED FROM THE SENATE

*Have referred to committee 4/12 (J. 1941)
Senate initiated 4/13 (J. 1509)*

REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 2291

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the Conference Committee appointed to resolve the differences between the Senate and the House of Representatives on Senate File 2291, a bill for an Act relating to the finance charges permitted in open-end credit accounts including credit cards, respectfully make the following report:

1. That the Senate recede from its amendment, H-6080, to the House amendment to Senate File 2291 as amended, passed, and reprinted by the Senate.

2. That the House recede from its amendment, S-5734, to Senate File 2291 as amended, passed, and reprinted by the Senate.

3. That Senate File 2291, as amended, passed, and reprinted by the Senate, be amended as follows:

1. By striking everything after the enacting clause and inserting in lieu thereof the following:

"Section 1. Section 537.2202, subsection 3, Code 1983, is amended to read as follows:

3. If the billing cycle is monthly, the charge may not

exceed an amount equal to one ~~and one-half~~ point seventy-five percent ~~of that part of the maximum amount pursuant to subsection 2 which is five hundred dollars or less and one and one-fourth percent of that part of the maximum amount which is more than five hundred dollars.~~ If the billing cycle is not monthly, the maximum charge for the billing cycle shall bear the same relation to the applicable monthly maximum charge as the number of days in the billing cycle bears to three hundred sixty-five divided by twelve. A billing cycle is monthly if the closing date of the cycle is the same date each month or does not vary by more than four days from the regular date.

Sec. 2. Section 537.2402, Code 1983, is amended by adding the following new subsections:

NEW SUBSECTION. 5. Notwithstanding any other provision of this chapter or chapter 535, a creditor may contract for and receive a finance charge without limitation as to amount or rate with respect to a loan pursuant to open-end credit obtained pursuant to a credit card issued by the creditor which entitles the cardholder to purchase or lease goods or services from at least one hundred persons not related to the card issuer.

NEW SUBSECTION. 6. If the differential treatment of this section based on the number of persons honoring a credit card is found to be unconstitutional, a creditor may contract for and receive a finance charge not to exceed twenty-two percent per year for a loan pursuant to open-end credit.

Sec. 3. Section 537.3205, subsection 2, Code 1983, is amended to read as follows:

2. Unless authorized by ~~a provision of~~ a provision of this chapter ~~or unless agreed to by the consumer,~~ no a creditor shall not change the terms of an open end credit account, with respect to ~~any~~ a balance incurred before the effective date of the change, which results in an increase of the rate of the finance charge or other charge or an increase in the amount of a periodic payment due, or which otherwise adversely affects

the interests of the consumer with respect to ~~such~~ the balance.
The use by the consumer of an open-end account after the
effective date of the change constitutes the agreement of
the consumer if the consumer is notified as provided in
subsection 1 that the use will constitute the agreement of
the consumer."

ON THE PART OF THE SENATE:

LOWELL JUNKINS, Chairperson
EDGAR H. HOLDEN
EMIL J. HUSAK
WILLIAM D. PALMER
JACK RIFE

ON THE PART OF THE HOUSE:

THOMAS E. SWARTZ, Chairperson
ROBERT C. ARNOULD
NED F. CHIDO
MARVIN E. DIEMER
ROGER A. HALVORSON

CCR 2201A
rr/sc/14

REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 2291

To the President of the Senate and the Speaker of the House
of Representatives:

We, the undersigned members of the Conference Committee
appointed to resolve the differences between the Senate and
the House of Representatives on Senate File 2291, a bill for
an Act relating to the finance charges permitted in open-end
credit accounts including credit cards, respectfully make
the following report:

1. That the members of the Conference Committee are unable
to reach agreement.

ON THE PART OF THE SENATE:

GEORGE R. KINLEY, Chairperson
EDGAR H. HOLDEN
EMIL J. HUSAK
WILLIAM D. PALMER
JACK RIFE

ON THE PART OF THE HOUSE:

THOMAS E. SWARTZ, Chairperson
ROBERT C. ARNOULD
NED F. CHIDO
HUGO SCHNEKLOTH
LAVERNE SCHROEDER

CCR 2291.1
rr/sc/14