

House File 592 - Introduced

HOUSE FILE _____
BY LUKAN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to consumer credit, by updating references in the
2 consumer credit code, changing specified dollar amounts and
3 fee levels, providing for a method of periodic dollar amount
4 increases, specifying a valuation increase method applicable
5 to certain provisions, and prohibiting rent-to-own car
6 transactions.

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

8 TLSB 2653HH 82

9 rn/je/5

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1 1 Section 1. NEW SECTION. 537.1204 CHANGE OF

1 2 JURISDICTIONAL AMOUNTS == CONSUMER PRICE INDEX.

1 3 1. For purposes of this section, unless the context

1 4 otherwise requires:

1 5 a. "Index" means the consumer price index for all urban

1 6 consumers, United States city average, as published in the

1 7 federal register by the federal department of labor, bureau of

1 8 labor statistics.

1 9 b. "Reference base index" means the index for December,

1 10 1976.

1 11 c. "Specified dollar amounts" means the dollar amounts

1 12 contained in section 537.1301, subsection 13, paragraph "a",

1 13 subparagraph (5); section 537.1301, subsection 14, paragraph

1 14 "a", subparagraph (4); section 537.1301, subsection 15,

1 15 paragraph "a", subparagraph (5); and section 537.3604,

1 16 subsection 8, paragraph "e".

1 17 2. Specified dollar amounts in this chapter referencing

1 18 this section shall be subject to periodic increase as provided

1 19 in this section.

1 20 3. The specified dollar amounts shall change on July 1 of

1 21 each even-numbered year if the percentage change, calculated

1 22 to the nearest whole percentage point, between the index at

1 23 the end of the preceding year and the reference base index is

1 24 ten percent or more, but the portion of the percentage change

1 25 in the index in excess of a multiple of ten percent shall be

1 26 disregarded and the dollar amount shall change only in

1 27 multiples of ten percent of the specified dollar amounts.

1 28 4. If the index is revised, the percentage change shall be

1 29 calculated on the basis of the revised index. If a revision

1 30 of the index changes the reference base index, a revised

1 31 reference base index shall be determined by multiplying the

1 32 reference base index then applicable by the rebasing factor

1 33 furnished by the bureau of labor statistics. If the index is

1 34 superseded, the index referred to in this section is the one

1 35 represented by the bureau of labor statistics as reflecting

2 1 most accurately changes in the purchasing power of the dollar

2 2 for consumers.

2 3 5. The administrator, as defined in section 537.6103,

2 4 shall cause to be published in the administrative bulletin:

2 5 a. On or before April 30 of each year in which dollar

2 6 amounts are to change, notice of the changes made pursuant to

2 7 subsection 3.

2 8 b. Promptly after a change occurs, notice of the changes

2 9 in the index required pursuant to subsection 4, including, if

2 10 applicable, the numerical equivalent of the reference base

2 11 index under a revised reference base index and the designation

2 12 or title of any superseding index.

2 13 Sec. 2. Section 537.1301, subsection 13, paragraph a,

2 14 subparagraph (5), Code 2007, is amended to read as follows:

2 15 (5) With respect to a sale of goods or services, the

2 16 amount financed does not exceed ~~twenty-five~~ seventy-five

2 17 thousand dollars, which amount shall be subject to section
2 18 537.1204.

2 19 Sec. 3. Section 537.1301, subsection 14, paragraph a,
2 20 subparagraph (4), Code 2007, is amended to read as follows:

2 21 (4) The amount payable under the lease does not exceed
2 22 ~~twenty-five~~ seventy-five thousand dollars, which amount shall
2 23 be subject to section 537.1204.

2 24 Sec. 4. Section 537.1301, subsection 15, paragraph a,
2 25 subparagraph (5), Code 2007, is amended to read as follows:

2 26 (5) The amount financed does not exceed ~~twenty-five~~
2 27 seventy-five thousand dollars, which amount shall be subject
2 28 to section 537.1204, or the debt is secured by an interest in
2 29 land.

2 30 Sec. 5. Section 537.1302, Code 2007, is amended to read as
2 31 follows:

2 32 537.1302 DEFINITION == TRUTH IN LENDING ACT.

2 33 As used in this chapter, "Truth in Lending Act" means Title
2 34 1 of the Consumer Credit Protection Act, in subchapter 1 of 15
2 35 U.S.C. ch. 41, as amended to and including January 1, ~~1998~~
3 1 2007, and includes regulations issued pursuant to that Act
3 2 prior to January 1, ~~1998~~ 2007.

3 3 Sec. 6. NEW SECTION. 537.3603A RENTAL PURCHASE
3 4 AGREEMENTS INVOLVING MOTOR VEHICLES PROHIBITED.

3 5 Rental purchase agreements involving motor vehicles as
3 6 defined in section 321.1, subsection 42, paragraph "a", are
3 7 prohibited under this part.

3 8 Sec. 7. Section 537.3604, subsection 8, paragraph e, Code
3 9 2007, is amended to read as follows:

3 10 e. The amount payable under the consumer rental purchase
3 11 agreement does not exceed ~~twenty-five~~ seventy-five thousand
3 12 dollars, which amount shall be subject to section 537.1204.

3 13 Sec. 8. Section 537.6203, subsection 1, Code 2007, is
3 14 amended to read as follows:

3 15 1. A person required to file notification shall pay to the
3 16 administrator an annual fee of ~~ten~~ two hundred dollars. The
3 17 fee shall be paid with the filing of the first notification
3 18 and on or before January 31 of each succeeding year.

3 19 EXPLANATION

3 20 This bill makes changes to several provisions included
3 21 within Code chapter 537, the consumer credit code.

3 22 The bill changes current dollar amounts of \$25,000 to the
3 23 amount of \$75,000 contained in specified Code provisions
3 24 defining a consumer sale, a consumer lease, a consumer loan,
3 25 and a consumer rental purchase agreement, for purposes of the
3 26 scope of the consumer credit code. The bill makes these
3 27 dollar amounts subject to periodic increases pursuant to a
3 28 formula specified in the bill tied to increases in the
3 29 consumer price index, as defined in the bill.

3 30 The bill updates references to the "truth in lending Act"
3 31 in Code section 537.1302 to include amendments to the Act as
3 32 of January 1, 2007, and provides that rental purchase
3 33 agreements involving motor vehicles are prohibited under the
3 34 provisions of the consumer rental purchase agreement act
3 35 contained in part 6 of the consumer credit code.

4 1 Additionally, the bill changes a notification fee contained in
4 2 Code section 537.6203 applicable to creditors and debt
4 3 collectors from the current amount of \$10 to \$200.

4 4 LSB 2653HH 82

4 5 rn:nh/je/5