
SUBSTITUTE SENATE BILL 6305

State of Washington

52nd Legislature

1992 Regular Session

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Sellar, Vognild and McCaslin)

Read first time 02/07/92.

1 AN ACT Relating to a national competitive retail credit market;
2 amending RCW 63.14.135; reenacting and amending RCW 63.14.130; creating
3 a new section; providing an expiration date; and declaring an
4 emergency.

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

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

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

1 (1) (~~Except as provided in subsections (2) and (3) of this~~
2 ~~section,~~) The service charge, in a retail installment contract, shall
3 not exceed the (highest of the following:

4 ~~(a) A rate on outstanding unpaid balances which exceeds six~~
5 ~~percentage points above the average, rounded to the nearest one quarter~~
6 ~~of one percent, of the equivalent coupon issue yields (as published by~~
7 ~~the Board of Governors of the Federal Reserve System) of the bill rates~~
8 ~~for twenty six week treasury bills for the last market auctions~~
9 ~~conducted during February, May, August, and November of the year prior~~
10 ~~to the year in which the retail installment contract is executed; or~~

11 ~~(b) Ten dollars.~~

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

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

23 ~~(b) Ten dollars.~~

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

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

1 ~~(a) A rate on outstanding balances which exceeds six percentage~~
2 ~~points above the average, rounded to the nearest one quarter of one~~
3 ~~percent, of the equivalent coupon issue yield, as published by the~~
4 ~~federal reserve bank of San Francisco, of the bill rate for twenty-six~~
5 ~~week treasury bills for the last market auction conducted prior to the~~
6 ~~quarter in which the retail installment contract for purchase of the~~
7 ~~vessel is expected; or~~

8 ~~(b) Ten dollars.~~

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

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

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

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

27 (1) On or before December 5th of each year the state treasurer
28 shall compute the maximum service charge allowed under a retail
29 installment contract or charge agreement under RCW 63.14.130(1)(a) for

1 the succeeding calendar year. The treasurer shall file this charge
2 with the state code reviser for publication in the first issue of the
3 Washington State Register for the succeeding calendar year in
4 compliance with RCW 34.08.020.

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

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

15 NEW SECTION. **Sec. 3.** The national competitive retail credit
16 market task force is created. Membership of the task force shall
17 consist of four members from the senate, two from each caucus,
18 appointed by the president of the senate, and four members from the
19 house of representatives, two from each caucus, appointed by the
20 speaker of the house of representatives. The task force shall study
21 the impact of a national competitive retail credit market on retail
22 buyers, retail sellers, and financial institutions of Washington state.
23 The task force shall submit a report to the legislature by January 1,
24 1995.

25 NEW SECTION. **Sec. 4.** Section 1 of this act shall expire June
26 30, 1995.

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