

# HOUSE BILL REPORT

## SSB 5686

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As Passed House  
April 7, 1993

**Title:** An act relating to delinquent payment charges on credit cards.

**Brief Description:** Limiting the penalty charge for late payment of a credit card balance.

**Sponsors:** Senate Committee on Labor & Commerce (originally sponsored by Senators Williams and Pelz).

**Brief History:**

Reported by House Committee on:

Financial Institutions & Insurance, March 25, 1993, DPA;  
Passed House - Amended, April 7, 1993, 98-0.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass as amended. Signed by 11 members: Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Grant; Kremen; R. Meyers; Reams; Schmidt; and Tate.

**Staff:** John Conniff (786-7119).

**Background:** Under Washington's Retail Installment Act, the holder of a retail installment contract, retail charge agreement, or lender (nonbank) credit card may only collect a delinquency or collection charge if two conditions are met. The contract or agreement must provide for the collection of these charges, and the charges must be "reasonable." In addition, the holder may only collect an attorney's fee when these credit agreements are collected by an attorney who is not a salaried employee of the holder.

**Summary of Bill:** When payment is received within 10 days of the due date, the maximum delinquency charge for retail charge agreements and lender credit cards is 10 percent of the average balance of the delinquent account for the prior 30-day period when this balance is less than \$100. However, a minimum charge of up to \$2 is authorized. These limits do not apply to accounts past due more than 30 days.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Witnesses:** None.