
HOUSE BILL 2310

State of Washington

55th Legislature

1998 Regular Session

By Representative L. Thomas

Prefiled 12/24/97. Read first time 01/12/98. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to credit cards; adding a new section to chapter
2 63.14 RCW; adding a new chapter to Title 31 RCW; prescribing penalties;
3 and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that credit is an
6 important tool for consumers in today's economy, particularly the use
7 of credit cards. The legislature expects credit card companies to act
8 fairly and responsibly in marketing their credit cards and servicing
9 their customers, and expects consumers to act responsibly in the use of
10 credit cards. Primary concerns of the legislature include overuse of
11 credit cards by consumers resulting in financial problems, and unfair
12 marketing and servicing by credit card companies, such as improperly
13 raising interest rates or unfairly raising fees or canceling cards for
14 insufficient use.

15 (2) The legislature declares that canceling a credit card for
16 insufficient use limits the ability of the consumer to participate in
17 the economy in a manner determined by the consumer to be prudent in
18 light of personal financial needs and credit practices.

1 NEW SECTION. **Sec. 2.** The definitions in this section apply
2 throughout this chapter unless the context requires otherwise.

3 (1) "Credit card company" means a state or federally chartered
4 bank, trust company, savings bank, or credit union, or any other
5 entity, located in or outside Washington state, that issues credit
6 cards to Washington residents or services the credit cards it issues.

7 (2) "Credit card" means a card or device existing for the purpose
8 of obtaining money, property, labor, or services on credit.

9 NEW SECTION. **Sec. 3.** Credit card companies shall not cancel the
10 credit card of a Washington state resident solely because the
11 cardholder failed to use the card enough. Each such improper
12 cancellation of a credit card is subject to a five hundred dollar
13 penalty.

14 NEW SECTION. **Sec. 4.** The legislature finds that the practices
15 covered by this chapter are matters vitally affecting the public
16 interest for the purpose of applying the consumer protection act,
17 chapter 19.86 RCW. A violation of this chapter is not reasonable in
18 relation to the development and preservation of business and is an
19 unfair or deceptive act in trade or commerce and an unfair method of
20 competition for the purpose of applying the consumer protection act,
21 chapter 19.86 RCW.

22 NEW SECTION. **Sec. 5.** A new section is added to chapter 63.14 RCW
23 to read as follows:

24 A holder or seller of a lender credit card agreement or retail
25 charge agreement shall not cancel the credit card of a Washington state
26 resident solely because the cardholder failed to use the card enough.
27 Each improper cancellation of a credit card is subject to a five
28 hundred dollar penalty and constitutes a violation of chapter 19.86
29 RCW.

30 NEW SECTION. **Sec. 6.** If any provision of this act or its
31 application to any person or circumstance is held invalid, the
32 remainder of the act or the application of the provision to other
33 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 7.** This act takes effect July 1, 1998, and
2 applies to credit card cancellations that occur on or after July 1,
3 1998.

4 NEW SECTION. **Sec. 8.** Sections 1 through 4, 6, and 7 of this act
5 constitute a new chapter in Title 31 RCW.

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