

HOUSE BILL ANALYSIS

HB 1566

Title: An Act relating to consumer credit card information.

Brief Description: Requiring a warning to consumers to be placed on credit cards.

Sponsors: Miloscia, Hatfield, Veloria, Cairnes, Tokuda, Clements, Dunshee, Ogden, Thomas, Benson, and McIntire.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Meeting Date: February 11, 1999

Bill Analysis Prepared by: Charlie Gavigan (786-7340)

Background: Credit is regulated by both state and federal law. Except for the Retail Sales Installment Act, there are few state statutes that specifically regulate credit cards. State statutes that regulate credit in general may apply to credit cards, such as consumer protection provisions.

There are several federal provisions that regulate credit cards. For instance, federal law requires that credit card lenders provide certain disclosures to consumers and follow certain requirements when changing contract terms, and provides protection for consumers whose cards are lost or stolen. The federal statutes on credit cards generally do not preempt state laws on credit cards unless the state laws provide less consumer protection or unless they specifically contradict federal law.

Retail installment contracts and retail credit cards are regulated by state law. These are transactions between a particular retailer and a consumer, such as a department store installment contract or credit card agreement. Generally these provisions do not apply to credit cards issued by financial institutions (such as VISA and MasterCard).

Summary of Bill: All issuers of retail credit cards to Washington residents must provide a sticker that informs the consumer of the dangers of excessive credit card debt (such as personal financial loss or possible bankruptcy). The warning must be on a removable sticker that is over the signature strip. The retail credit card issuer must also provide information to the consumer regarding the financial impacts of excessive credit card use.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.
Rulemaking Authority: Not addressed.