HOUSE BILL NO. 249

AN ACT TO AMEND SECTION 75-17-19, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT A PERSON MUST HAVE SIGNED AN AGREEMENT TO BE RESPONSIBLE FOR PAYING ANY CHARGES THAT ARE MADE TO A CREDIT CARD ACCOUNT BEFORE THAT PERSON CAN BE HELD LIABLE TO PAY ANY CHARGES THAT ARE MADE TO THE CREDIT CARD ACCOUNT; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 75-17-19, Mississippi Code of 1972, is amended as follows:

75-17-19. (1) Notwithstanding any provision of law to the contrary, any retail seller and any lender or issuer of credit cards may contract for and receive a finance charge for credit sales of goods, services or merchandise certificates or for cash advanced or other credit extended pursuant to a revolving charge agreement by applying a periodic rate no greater than one and three-fourths percent (1-3/4%) per month to:

(a) The average daily balance of the account, exclusive of finance charge, in each billing period;

(b) An amount that shall not exceed the balance of the account, exclusive of finance charge, on the first day of each billing period without adding purchases or miscellaneous debits to the account during the billing period; or

(c) Any balance of the account during each billing period which does not produce an amount of finance charge in excess of that permitted by (a) or (b).

(2) Notwithstanding the foregoing and any other provision of law to the contrary, any bank which is an issuer of credit cards may contract for and receive, in addition to any finance charges authorized by law, an annual fee for membership in a credit card
plan pursuant to a revolving charge agreement and such fee shall not be considered a finance charge. Such fee shall not exceed Twelve Dollars ($12.00) per year for an account where the cardholder is a natural person. However, any credit card issuer which does so contract for an annual membership fee may, notwithstanding the provisions of subsection (1) of this section, contract for and receive a finance charge for credit sales of goods, services or merchandise certificates or for cash advanced or other credit extended pursuant to a revolving charge agreement by applying a periodic rate no greater than one and one-half percent (1-1/2%) per month to:

(a) The average daily balance of the account, exclusive of finance charge, in each billing period;

(b) An amount that shall not exceed the balance of the account, exclusive of finance charge, on the first day of each billing period without adding purchases or miscellaneous debits to the account during the billing period; or

(c) Any balance of the account during each billing period which does not produce an amount of finance charge in excess of that permitted by (a) or (b).

(3) Notwithstanding the foregoing and any other provision of law to the contrary, any bank, retail seller, lender or other issuer of credit cards may contract for and receive, in addition to any finance charges authorized by law, late payment charges in connection with the credit sales of goods, services or merchandise certificates or for cash advanced pursuant to a revolving charge agreement in such amounts and upon such terms and conditions as may be agreed to in writing by the bank, retail seller, lender or other issuer of credit cards and the borrower or debtor, and such charges and fees shall not be considered a finance charge.

(4) No finance charge may be charged or collected for purchases made by the use of credit cards or credit sales of goods or services or merchandise certificates if the outstanding balance
of the account existing on the first day of the billing statement
where such purchases initially appear is paid in full within one
(1) month after such billing statement date. If a finance charge
is otherwise due and the amount of the finance charge so computed
shall be less than Fifty Cents (50¢) for any such month, a finance
charge of Fifty Cents (50¢) for any such month may be charged,
received and collected. Any payment made pursuant to a revolving
charge agreement shall be applied first to any finance charge
shown to be due on the billing statement, next to repayment of
cash advanced or other credit extended, and finally to the
chronological repayment of purchases of goods, services or
merchandise certificates. The billing statement shall not state
that Mississippi law requires the imposition of a finance charge.
The term "month" as used in this subsection and in subsections (1)
and (2) of this section means either (a) a calendar month or (b) a
minimum of thirty (30) consecutive calendar days, or (c) the
number of days elapsing between the same numerical calendar day of
successive calendar months, or (d) a number of days which does not
vary by more than four (4) days from such period nor result in
more than twelve (12) billing periods per year. "Revolving charge
agreement" means an agreement by the terms of which retail sellers
may sell goods, services, merchandise certificates, or by which a
lender or issuer finances the purchase of goods or services or by
which a lender makes cash advances, by the use of credit cards or
otherwise, pursuant to which the amount financed is payable either
within a stated period or in installments over a period of time,
and the terms of which may provide for finance charges to be
assessed on the unpaid balance as it exists from time to time; the
term "revolving charge agreement" does not include the lending of
money evidenced by a promissory note. The term "cash advances"
includes credit extended by a lender to a borrower, or to any
other person for the account of a borrower, pursuant to a written
agreement, by the use of checks, drafts or other similar
instruments.

(5) Notwithstanding the foregoing and any other provision of
law to the contrary, any retail seller may contract for and
receive a finance charge for closed end credit sales of goods,
tangible property or services, other than pursuant to a revolving
charge agreement, which will result in a yield not to exceed the
following annual percentage rates calculated according to the
actuarial method:

(a) Twenty-four percent (24%) per annum on that part of
the unpaid balance of the amount financed which is Two Thousand
Five Hundred Dollars ($2,500.00) or less; and

(b) Twenty-one percent (21%) per annum on that part of
the unpaid balance of the amount financed which is more than Two
Thousand Five Hundred Dollars ($2,500.00).

(6) Notwithstanding the foregoing and any other provisions
of law to the contrary, any bank, retail seller, lender or other
issuer of credit cards may provide in the written credit card
agreement for such products, services, charges and fees as the
bank, retail seller, lender or other issuer of credit cards and
the debtor may agree upon (excluding, however, the finance charges
provided for in subsection (1) of this section), and such other
terms and conditions as the bank, retail seller, lender or other
issuer of credit cards and the debtor may agree upon from time to
time, and the costs associated with those products, services,
charges and fees shall not be considered a finance charge or an
annual fee. If any bank, retail seller, lender or other issuer of
credit cards desires to modify in any respect any term of the
credit card account, it shall first provide at least thirty (30)
days' prior written notice of the modification to the debtor. In
providing that notice, the bank, retail seller, lender or other
issuer of credit cards shall advise the debtor in writing that the
debtor has the option (a) to surrender the credit card, in which
case the debtor shall have the right to continue to pay off the
credit card account in the same manner and under the same terms
and conditions as then in effect; or (b) to hold the credit card
after the thirty-day period has elapsed, or to use the credit card
during that period, either of which shall constitute the debtor's
consent to the modification.

(7) (a) A person must have signed an agreement to be
responsible for paying any charges that are made to a credit card
account before that person can be held liable to pay any charges
that are made to the credit card account. If a person applies for
a credit card in the name of his or her spouse and the spouse does
not sign an agreement to be responsible for paying any charges
that are made to the credit card account, then the spouse shall
not be held liable to pay any charges that are made to the credit
card account by the applicant for the credit card or by any other
person.

(b) Any person in the immediate family of a credit card
holder who is an authorized user of the credit card account does
not need to sign an agreement to be responsible for paying any
charges that are made to the credit card account, if the credit
holder has signed an agreement that he or she will be
responsible for paying any charges that are made to the credit
card account by the authorized user.

SECTION 2. This act shall take effect and be in force from
and after July 1, 2003.