

By: Representative Taylor

To: Banking and Financial
Services

HOUSE BILL NO. 378

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

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

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

10 75-17-19. (1) Notwithstanding any provision of law to the
11 contrary, any retail seller and any lender or issuer of credit
12 cards may contract for and receive a finance charge for credit
13 sales of goods, services or merchandise certificates or for cash
14 advanced or other credit extended pursuant to a revolving charge
15 agreement by applying a periodic rate no greater than one and
16 three-fourths percent (1-3/4%) per month to:

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

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

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

26 (2) Notwithstanding the foregoing and any other provision of
27 law to the contrary, any bank which is an issuer of credit cards
28 may contract for and receive, in addition to any finance charges
29 authorized by law, an annual fee for membership in a credit card

30 plan pursuant to a revolving charge agreement and such fee shall
31 not be considered a finance charge. Such fee shall not exceed
32 Twelve Dollars (\$12.00) per year for an account where the
33 cardholder is a natural person. However, any credit card issuer
34 which does so contract for an annual membership fee may,
35 notwithstanding the provisions of subsection (1) of this section,
36 contract for and receive a finance charge for credit sales of
37 goods, services or merchandise certificates or for cash advanced
38 or other credit extended pursuant to a revolving charge agreement
39 by applying a periodic rate no greater than one and one-half
40 percent (1-1/2%) per month to:

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

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

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

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

60 (4) No finance charge may be charged or collected for
61 purchases made by the use of credit cards or credit sales of goods
62 or services or merchandise certificates if the outstanding balance

63 of the account existing on the first day of the billing statement
64 where such purchases initially appear is paid in full within one
65 (1) month after such billing statement date. If a finance charge
66 is otherwise due and the amount of the finance charge so computed
67 shall be less than Fifty Cents (50¢) for any such month, a finance
68 charge of Fifty Cents (50¢) for any such month may be charged,
69 received and collected. Any payment made pursuant to a revolving
70 charge agreement shall be applied first to any finance charge
71 shown to be due on the billing statement, next to repayment of
72 cash advanced or other credit extended, and finally to the
73 chronological repayment of purchases of goods, services or
74 merchandise certificates. The billing statement shall not state
75 that Mississippi law requires the imposition of a finance charge.
76 The term "month" as used in this subsection and in subsections (1)
77 and (2) of this section means either (a) a calendar month or (b) a
78 minimum of thirty (30) consecutive calendar days, or (c) the
79 number of days elapsing between the same numerical calendar day of
80 successive calendar months, or (d) a number of days which does not
81 vary by more than four (4) days from such period nor result in
82 more than twelve (12) billing periods per year. "Revolving charge
83 agreement" means an agreement by the terms of which retail sellers
84 may sell goods, services, merchandise certificates, or by which a
85 lender or issuer finances the purchase of goods or services or by
86 which a lender makes cash advances, by the use of credit cards or
87 otherwise, pursuant to which the amount financed is payable either
88 within a stated period or in installments over a period of time,
89 and the terms of which may provide for finance charges to be
90 assessed on the unpaid balance as it exists from time to time; the
91 term "revolving charge agreement" does not include the lending of
92 money evidenced by a promissory note. The term "cash advances"
93 includes credit extended by a lender to a borrower, or to any
94 other person for the account of a borrower, pursuant to a written

95 agreement, by the use of checks, drafts or other similar
96 instruments.

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

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

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

110 (6) Notwithstanding the foregoing and any other provisions
111 of law to the contrary, any bank, retail seller, lender or other
112 issuer of credit cards may provide in the written credit card
113 agreement for such products, services, charges and fees as the
114 bank, retail seller, lender or other issuer of credit cards and
115 the debtor may agree upon (excluding, however, the finance charges
116 provided for in subsection (1) of this section), and such other
117 terms and conditions as the bank, retail seller, lender or other
118 issuer of credit cards and the debtor may agree upon from time to
119 time, and the costs associated with those products, services,
120 charges and fees shall not be considered a finance charge or an
121 annual fee. If any bank, retail seller, lender or other issuer of
122 credit cards desires to modify in any respect any term of the
123 credit card account, it shall first provide at least thirty (30)
124 days' prior written notice of the modification to the debtor. In
125 providing that notice, the bank, retail seller, lender or other
126 issuer of credit cards shall advise the debtor in writing that the
127 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 card 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, 2004.