

By: Representative Taylor

To: Banking and Financial Services

HOUSE BILL NO. 589

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

128 case the debtor shall have the right to continue to pay off the  
129 credit card account in the same manner and under the same terms  
130 and conditions as then in effect; or (b) to hold the credit card  
131 after the thirty-day period has elapsed, or to use the credit card  
132 during that period, either of which shall constitute the debtor's  
133 consent to the modification.

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

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

151 **SECTION 2.** This act shall take effect and be in force from  
152 and after July 1, 2005.