

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1623 Session of
1987

INTRODUCED BY J. TAYLOR AND WESTON, JUNE 30, 1987

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, JUNE 30, 1987

AN ACT

1 Amending the act of October 28, 1966 (1st Sp.Sess., P.L.55,
2 No.7), entitled "An act defining, regulating and relating to
3 retail installment contracts for all goods and services
4 except certain motor vehicles and home improvements;
5 prescribing the requirements of such contracts and
6 limitations on the enforcement thereof; and providing
7 remedies and penalties," further providing for service
8 charges.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Sections 501 and 904 of the act of October 28,
12 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and
13 Services Installment Sales Act, amended March 25, 1982 (P.L.199,
14 No.68) and reenacted March 1, 1985 (P.L.2, No.2), are amended to
15 read:

16 Section 501. [(a)] A seller may, in a retail installment
17 contract, contract for and, if so contracted for, the holder
18 thereof may charge, receive and collect a service charge
19 measured for a period between the date of such contract and the
20 due date of the last installment and calculated for that period

1 according to the actuarial method of computation or by
2 application of the United States rule at a rate which does not
3 exceed the equivalent of [eighteen percent (18%)] thirteen
4 percent (13%) simple interest per annum on the unpaid balance.

5 [(b) Notwithstanding the rates provided for in this section,
6 no issuer of a credit card primarily engaged as a seller or
7 distributor of gasoline shall be permitted to charge, receive or
8 collect a service charge in excess of fifteen percent (15%)
9 simple interest per annum on unpaid balances.]

10 [(c)] A minimum service charge of seventy cents (70¢) per
11 month may be made for each month if the service charge so
12 computed is less than that amount; such minimum service charge
13 may be imposed for a minimum period of six months.

14 Section 904. Subject to the other provisions of this article
15 the seller or holder of a retail installment account may charge,
16 receive and collect the service charge authorized by this act.
17 The service charge shall not exceed the following rates computed
18 on the outstanding balances from month to month:

19 (a) On the outstanding balance, [one and one-half percent (1
20 1/2%)] one and one-quarter percent (1 1/4%) per month.

21 (b) A minimum service charge of seventy cents (70¢) per
22 month may be made for each month if the service charge so
23 computed is less than that amount; such minimum service charge
24 may be imposed for a minimum period of six months.

25 [(b.1) Notwithstanding the rate provided for in clause (a),
26 no issuer of a credit card primarily engaged as a seller or
27 distributor of gasoline shall be permitted to charge, receive or
28 collect a service charge in excess of fifteen percent (15%)
29 simple interest per annum on unpaid balances.]

30 (c) The service charge may be computed on a schedule of

1 fixed amounts if as so computed it is applied to all amounts of
2 outstanding balances equal to the fixed amount minus a
3 differential of not more than five dollars (\$5), provided that
4 it is also applied to all amounts of outstanding balances equal
5 to the fixed amount plus at least the same differential.

6 Section 2. Section 904.1 of the act is repealed.

7 Section 3. Section 905(d) of the act, amended March 25, 1982
8 (P.L.199, No.68), is amended to read:

9 Section 905. The seller or holder of a retail installment
10 account shall promptly provide the buyer with a statement as of
11 the end of each monthly period (which need not be a calendar
12 month) setting forth the following:

13 * * *

14 (d) The amount of the service charge, and the following
15 statement: The service charge herein contained does not exceed
16 the equivalent of thirteen percent (13%) simple interest per
17 annum on the unpaid balance except that a minimum service charge
18 of seventy cents (70¢) per month may be made.

19 * * *

20 Section 4. Section 12 of the act of March 25, 1982 (P.L.199,
21 No.68), entitled "An act amending the act of October 28, 1966
22 (1st Sp.Sess., P.L.55, No.7), entitled 'An act defining,
23 regulating and relating to retail installment contracts for all
24 goods and services except certain motor vehicles and home
25 improvements; prescribing the requirements of such contracts and
26 limitations on the enforcement thereof; and providing remedies
27 and penalties,' further providing for applicability of the act,
28 for the contents of contracts, for a certain notice of claims or
29 defenses, for judgments, for service charges and certain fees
30 and eliminating the duty of the Department of Banking to supply

1 rate charts to retail sellers and finance agencies," is
2 repealed.
3 Section 5. This act shall take effect immediately.