

THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE RESOLUTION

No. 227 Session of  
1991

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INTRODUCED BY DONATUCCI, F. TAYLOR, RIEGER, KENNEY, SCRIMENTI,  
KOSINSKI, CALTAGIRONE, BELARDI, LEVDANSKY, CAPPABIANCA,  
SALOOM, DALEY, COLAIZZO, CIVERA, BLAUM, HUGHES, JAMES,  
ACOSTA, WILLIAMS, TIGUE, DeLUCA, RAYMOND, STABACK, LAUGHLIN,  
JOSEPHS, KASUNIC, ROEBUCK, OLIVER, EVANS, CARN, COHEN, THOMAS  
AND RICHARDSON, NOVEMBER 25, 1991

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REFERRED TO COMMITTEE ON RULES, NOVEMBER 25, 1991

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## A RESOLUTION

1 Memorializing Congress to amend Federal laws to place a cap on  
2 credit card interest rates.

3 WHEREAS, With the Federal Discount Rate and the Prime Rate  
4 having dropped to single digit levels, the cost of money has  
5 significantly declined over the past several years, but the rate  
6 of interest charged the average credit card user has continued  
7 to remain at between 18% and 21%. This is both unfair to the  
8 consumer and detrimental to the Nation's economy; and

9 WHEREAS, Prior to the 1980's, the states had the ability to  
10 control interest rates by adopting specific usury limits. A  
11 Supreme Court decision in the early 1980's limited the states'  
12 ability to adequately control such rates by ruling that the laws  
13 of the state where the credit cards were issued would be  
14 applicable across the country. What this meant, in general, is  
15 that a bank who issued credit cards from a state where the usury  
16 rate was either very high or even nonexistent could charge a

1 rate of interest much higher than the legal limit existing in  
2 the home state of the credit cards user. What this meant to  
3 Pennsylvania is that most of the medium-to-large financial  
4 institutions have moved their credit card operations, along with  
5 thousands of jobs and millions of dollars in tax revenue, to  
6 states such as Delaware or South Dakota where there is no limit  
7 on interest rates; and

8 WHEREAS, With credit card usage very much part of the  
9 American way of life, these financial institutions have been  
10 reaping huge profits at the expense of vital economic  
11 development and taking money out of the pockets of the average  
12 consumer and taxpayer. Even with these huge profits, many of the  
13 same banks, through management ineptness and ill-advised  
14 investments, have come so near the point of bankruptcy that they  
15 are requiring a Federal bailout paid, of course, by the  
16 taxpayers; therefore be it

17 RESOLVED, That the House of Representatives hereby  
18 memorialize the Congress of the United States to place a uniform  
19 and reasonable cap on interest rates charged to consumers on  
20 bank credit cards; and be it further

21 RESOLVED, That copies of this resolution be transmitted to  
22 the presiding officers of each house of Congress and to each  
23 member of Congress from Pennsylvania.