

HOUSE BILL NO. 437

INTRODUCED BY VINCENT, HARPER

A BILL FOR AN ACT ENTITLED: "AN ACT ORDERING A REFERENDUM TO AMEND SECTION 74-608, R.C.M. 1947, REDUCING TO ONE AND ONE-FOURTH PERCENT (1 1/4%) THE ALLOWABLE MONTHLY INTEREST CHARGE ON RETAIL CHARGE ACCOUNTS."

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

Section 1. Section 74-608, R.C.M. 1947, is amended to read as follows:

"74-608. Finance charge limitation. (a) Notwithstanding the provisions of any other law, the finance charge included in a retail installment contract shall not exceed the following schedule:

(i) As to motor vehicles:

Class 1. Any new motor vehicle designated by the manufacturer by a year model not earlier than the year in which the sale is made--seven dollars (\$7) per one hundred dollars (\$100) per year.

Class 2. Any new motor vehicle not in class 1 and any used motor vehicle designated by the manufacturer by a year model of the same or not more than two (2) years prior to the year in which the sale is made--nine dollars (\$9) per one hundred dollars (\$100) per year.

Class 3. Any used motor vehicle not in class 2 and designated by the manufacturer by a year model more than two (2) years prior to the year in which the sale is made--eleven dollars (\$11) per one hundred dollars (\$100) per year.

(2) As to services and goods other than motor vehicles: (i) On so much of the principal balance as does not exceed three hundred dollars (\$300), eleven dollars (\$11), per one hundred dollars (\$100) per year; (ii) if the principal balance exceeds three hundred dollars (\$300), but is less than one thousand dollars (\$1,000), nine dollars (\$9) per one hundred dollars (\$100) per year on that portion over three hundred dollars (\$300); (iii) if the principal balance exceeds one thousand dollars (\$1,000), seven dollars (\$7) per one hundred dollars (\$100) per year on that portion over one thousand dollars (\$1,000).

(b) Such finance charge shall be computed on the principal balance as determined under section 74-607 (f) on contracts payable in successive monthly payments substantially equal in amount from the date of the contract until the maturity of the final installment, notwithstanding that the total time balance thereof is required to be paid in installments. A minimum finance charge of twenty dollars (\$20) may be charged on any retail installment contract.

(c) When a retail installment contract provides for

1 payment, other than in equal successive monthly  
 2 installments, the finance charge may be a rate which will  
 3 provide the same yield as is permitted on monthly payment  
 4 contracts under subsections (a) and (b) hereof, having due  
 5 regard for the schedule of payments in the contract.

6 (d) Notwithstanding the provisions of any other law, a  
 7 retail charge account agreement may provide for, and the  
 8 seller or holder may charge, collect and receive a finance  
 9 charge, as specified herein, for the privilege of paying in  
 10 installments thereunder. The finance charge may be computed  
 11 from month to month (which need not be a calendar month) or  
 12 other regular billing cycle period by applying a rate not to  
 13 exceed ~~one and one-half per cent (1-1/2%)~~ one and one-fourth  
 14 percent (1 1/4%) for each such monthly period to an amount  
 15 (not including any unpaid finance charge) not in excess of  
 16 the greatest of:

17 (i) the average daily balance in the account in the  
 18 billing cycle period; or

19 (ii) the median amount within a ten dollar (\$10) range  
 20 within which such average daily balance or beginning balance  
 21 falls, provided the seller applies the same rate of finance  
 22 charge to all such balances within such range.

23 (e) If the finance charge so determined pursuant to  
 24 (d) above, for such monthly period is less than fifty cents  
 25 (50¢), a maximum finance charge not in excess of fifty cents

1 (50¢) may be charged, received and collected for such  
 2 period."

3 Section 2. The question of whether this act will  
 4 become effective shall be submitted to the electors of the  
 5 state of Montana at the general election to be held November  
 6 2, 1976, by printing on the ballot the full title, section 1  
 7 of this act, and the following:

"  For referendum measure No. \_\_\_\_\_ relating to one and  
 one-fourth percent (1 1/4%) the allowable monthly  
 interest charge on retail charge accounts.

8  Against the said measure No. \_\_\_\_\_."

-End-

Objection Raised to  
Adverse Committee Report

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