

House Bill 240

In The House

January 15, 1981

Introduced and referred  
to Committee on Business  
and Industry.

April 23, 1981

Died in Committee.

1 HOUSE BILL NO. 240 *Thane Kambick*  
 2 INTRODUCED BY *Patrick Johnson, Walker Kitsehn*  
 3 *James Lee Zeyher, Rota, Woodliff, Meyer, Holstad*  
 4 *Chad Manuel, Courson, Dave Brown, M. J. [unclear]*  
 5 *David Aaron W. Anderson, Summer, Phillip*  
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE  
 7 LIMITATION ON INTEREST RATES FOR FINANCING THE RETAIL  
 8 INSTALLMENT SALE OF MOTOR VEHICLES; AMENDING SECTION  
 9 31-1-241, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 11 Section 1. Section 31-1-241, MCA, is amended to read:  
 12 "31-1-241. Finance charge limitation. (1)  
 13 Notwithstanding the provisions of any other law, the finance  
 14 charge included in a retail installment contract shall not  
 15 exceed the following schedule:  
 16 (a) as to motor vehicles:  
 17 (i) class 1--any--new--motor--vehicle--designated--by--the  
 18 manufacturer--by--a--year--model--not--earlier--than--the--year--in  
 19 which--the--sale--is--made--\$7--per--\$100--per--year;  
 20 (ii) class 2--any--new--motor--vehicle--not--in--class--1--and  
 21 any--used--motor--vehicle--designated--by--the--manufacturer--by--a  
 22 year--model--of--the--same--or--not--more--than--2--years--prior--to--the  
 23 year--in--which--the--sale--is--made--\$9--per--\$100--per--year;  
 24 (iii) class 3--any--used--motor--vehicle--not--in--class--2  
 25 and--designated--by--the--manufacturer--by--a--year--model--more--than  
 26 2--years--prior--to--the--year--in--which--the--sale--is--made--\$11--per

1 \$100-per-year; a retail seller may, in accordance with a  
 2 retail installment contract, charge, receive, and collect  
 3 the finance charge at the rate or rates agreed to by the  
 4 retail seller and the buyer;  
 5 (b) as to any industrial or construction equipment  
 6 primarily designed for or used in construction, logging,  
 7 mining, or other industrial business, the price of which is  
 8 over \$5,000, \$9 per \$100 per year. This subsection shall not  
 9 apply to agricultural equipment.  
 10 (c) as to any manufactured structure or recreational  
 11 vehicle, \$9 per \$100 per year;  
 12 (d) as to services and goods other than as provided  
 13 under subsections (1)(a), (1)(b), and (1)(c) above:  
 14 (i) on so much of the principal balance as does not  
 15 exceed \$300, \$11 per \$100 per year;  
 16 (ii) if the principal balance exceeds \$300 but is less  
 17 than \$1,000, \$9 per \$100 per year on that portion over \$300;  
 18 (iii) if the principal balance exceeds \$1,000, \$7 per  
 19 \$100 per year on that portion over \$1,000.  
 20 (2) Such finance charge shall be computed on the  
 21 principal balance as determined under 31-1-231(5) on  
 22 contracts payable in successive monthly payments  
 23 substantially equal in amount from the date of the contract  
 24 until the maturity of the final installment, notwithstanding  
 25 that the total time balance thereof is required to be paid

1 in installments. A minimum finance charge of \$20 may be  
2 charged on any retail installment contract.

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

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

19 (a) the average daily balance in the account in the  
20 billing cycle period;

21 (b) the ending balance of the account as of the last  
22 day of the billing cycle less the amount of purchases  
23 charged to the account during that billing cycle; or

24 (c) the median amount within a \$10 range within which  
25 such average daily balance or beginning balance falls,

1 provided the seller applies the same rate of finance charge  
2 to all such balances within such range.

3 (5) If the finance charge so determined pursuant to  
4 (4) above for such monthly period is less than 50 cents, a  
5 maximum finance charge not in excess of 50 cents may be  
6 charged, received, and collected for such period."

7 Section 2. Effective date. This act is effective on  
8 passage and approval.

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