

HOUSE BILL 705

Introduced by Hannah, et al.

2/14	Introduced
2/15	Referred to Business & Economic Development
2/17	Hearing
2/18	Committee Report--Bill Not Passed as Amended
2/20	Adverse Committee Report Rejected
2/21	2nd Reading Passed as Amended
2/22	3rd Reading Passed

Transmitted to Senate

2/28	Referred to Business & Industry
3/09	Hearing
3/09	Adverse Committee Report Adopted

1 *House* BILL NO. *705*
2 INTRODUCED BY *Frank Insall Bob Brown*
3 *Bishop Lynch*
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REESTABLISH A USURY
5 LIMIT UNDER THE MONTANA RETAIL INSTALLMENT SALES ACT BY
6 SETTING THE MAXIMUM FINANCE CHARGE AT 10 PERCENT A YEAR;
7 AMENDING SECTION 31-1-241, MCA; AND PROVIDING AN
8 APPLICABILITY DATE."

9
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 be at~~
15 ~~a rate agreed upon by the retail seller and the buyer~~ may
16 not exceed 10% a year.

17 (2) Notwithstanding the provisions of any other law,
18 the finance charge included in a retail charge account
19 agreement ~~shall be at a rate agreed upon by the retail~~
20 ~~seller and the buyer~~ may not exceed 10% a year.

21 (a) Except as provided in subsection (2)(b), the
22 finance charge shall be computed from month to month (which
23 need not be a calendar month) or other regular billing cycle
24 period by using the average daily balance of the account
25 during the billing cycle without including in the

1 computation the amount of purchases charged to the account
2 during that billing cycle.

3 (b) Nothing in this section prevents a retail seller
4 and a buyer from agreeing to the computation of the finance
5 charge by using the ending balance of the account as of the
6 last day of the billing cycle period less the amount of
7 purchases charged to the account during that billing cycle.

8 (3) A seller may change the terms of a revolving
9 charge account whether or not the change is authorized by
10 prior agreement. The seller shall give the buyer written
11 notice of any change in the two billing cycles prior to the
12 effective date of the change.

13 (4) If the retail seller increases his finance charge
14 on a retail charge account agreement, ~~then--such the~~
15 ~~increased rate may only be applied only~~ to the balance
16 consisting of purchases on other charges incurred on or
17 after the effective date of the increase.

18 (5) For purposes of determining the balance to which
19 the increased rate applies, all payments may be considered
20 to be applied to the balance existing prior to the change in
21 rate until that balance is paid in full.

22 (6) If the finance charge determined pursuant to
23 subsection (2) for a monthly period is less than 50 cents, a
24 maximum finance charge not in excess of 50 cents may be
25 charged and collected for ~~such the~~ period."

LC 0345/01

1 NEW SECTION. **Section 2.** Extension of authority. Any
2 existing authority to make rules on the subject of the
3 provisions of [this act] is extended to the provisions of
4 [this act].

5 NEW SECTION. **Section 3.** Applicability. [This act]
6 applies to retail installment contracts and retail charge
7 account agreements entered into after September 30, 1989.

-End-

HOUSE BILL NO. 705

INTRODUCED BY HANNAH, DRISCOLL,

B. BROWN, BISHOP. LYNCH

A BILL FOR AN ACT ENTITLED: "AN ACT TO REESTABLISH A USURY
LIMIT UNDER THE MONTANA RETAIL INSTALLMENT SALES ACT ON
RETAIL CHARGE ACCOUNTS BY SETTING THE MAXIMUM FINANCE CHARGE
AT 10 PERCENT A YEAR; AMENDING SECTION 31-1-241, MCA; AND
PROVIDING AN APPLICABILITY DATE."

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~~a rate agreed upon by the retail seller and the buyer may~~
~~not exceed 10% a year~~ MUST BE AT A RATE AGREED UPON BY THE
RETAIL SELLER AND THE BUYER.

(2) Notwithstanding the provisions of any other law,
the finance charge included in a retail charge account
agreement ~~shall be at a rate agreed upon by the retail~~
~~seller and the buyer may not exceed 10% a year.~~

(a) Except as provided in subsection (2)(b), the
finance charge shall be computed from month to month (which
need not be a calendar month) or other regular billing cycle

period by using the average daily balance of the account
during the billing cycle without including in the
computation the amount of purchases charged to the account
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(b) Nothing in this section prevents a retail seller
and a buyer from agreeing to the computation of the finance
charge by using the ending balance of the account as of the
last day of the billing cycle period less the amount of
purchases charged to the account during that billing cycle.

(3) A seller may change the terms of a revolving
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9 account agreements entered into after September 30, 1989.

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LIMIT UNDER THE MONTANA RETAIL INSTALLMENT SALES ACT ON
RETAIL CHARGE ACCOUNTS BY SETTING THE MAXIMUM FINANCE CHARGE
AT ~~10~~ PERCENT A YEAR ACCORDING TO THE AMOUNT OF THE
PRINCIPAL BALANCE; AMENDING SECTION 31-1-241, MCA; AND
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~~a rate agreed upon by the retail seller and the buyer may~~
~~not exceed 10% a year~~ MUST BE AT A RATE AGREED UPON BY THE
RETAIL SELLER AND THE BUYER.

(2) (A) Notwithstanding the provisions of any other
law, the finance charge included in a retail charge account
agreement ~~shall be at a rate agreed upon by the retail~~
~~seller and the buyer may not exceed 10% a year:~~

(I) IF THE PRINCIPAL BALANCE IS \$500 OR LESS, 18% A
YEAR;

(II) IF THE PRINCIPAL BALANCE IS OVER \$500, 15% ON THE
AMOUNT OVER \$500.

(B) Except as provided in subsection (2)(C),
the finance charge shall be computed from month to month
(which need not be a calendar month) or other regular
billing cycle period by using the average daily balance or
the account during the billing cycle without including in
the computation the amount of purchases charged to the
account during that billing cycle.

(C) Nothing in this section prevents a retail
seller and a buyer from agreeing to the computation of the
finance charge by using the ending balance of the account as
of the last day of the billing cycle period less the amount
of purchases charged to the account during that billing
cycle.

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charge account whether or not the change is authorized by
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on a retail charge account agreement, then such the
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6 subsection (2) for a monthly period is less than 50 cents, a
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