

By: Hilderbran

H.B. No. 1336

A BILL TO BE ENTITLED

AN ACT

relating to the disclosure and increase of credit card interest rates and fees.

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

SECTION 1. Subtitle B, Title 4, Finance Code, is amended by adding Chapter 346A to read as follows:

CHAPTER 346A. CREDIT CARD INTEREST RATES

Sec. 346A.001. DEFINITION. In this chapter, "credit card" means a card or device issued under an agreement by which a credit card issuer gives to a cardholder the right to obtain credit from the issuer or another person.

Sec. 346A.002. DISCLOSURE OF INTEREST RATE REQUIRED; INCREASE OF DISCLOSED RATES PROHIBITED. (a) At the time that a credit card agreement is entered into, the credit card issuer must disclose to the cardholder all interest rates and fees that may apply to the account.

(b) A credit card issuer may not charge an interest rate or fee greater than a rate or fee disclosed under Subsection (a).

Sec. 346A.003. NOTIFICATION OF INTEREST RATE INCREASE. A credit card issuer shall notify a cardholder of any interest rate increase that will apply to the credit card account before the increase takes effect.

Sec. 346A.004. RATE INCREASE RESULTING FROM PAST DUE PAYMENT. A credit card issuer may increase an interest rate

1 applicable to a credit card account based on a past due payment only
2 if the past due payment is made after the 14th day after the date on
3 which the payment was due.

4 Sec. 346A.005. PROHIBITED RATE INCREASE OR FEE VOID. An
5 interest rate or fee increase that violates this chapter has no
6 effect.

7 SECTION 2. Chapter 346A, Finance Code, as added by this Act,
8 applies only to a credit card agreement entered into, amended, or
9 renewed on or after the effective date of this Act. A credit card
10 agreement entered into, amended, or renewed before the effective
11 date of this Act is governed by the law in effect on the date the
12 agreement was entered into, amended, or renewed, and the former law
13 is continued in effect for that purpose.

14 SECTION 3. This Act takes effect September 1, 2009.