

111TH CONGRESS
1ST SESSION

H. R. 4300

To amend the Truth in Lending Act to establish a national usury rate for consumer credit card accounts under open end consumer credit plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2009

Mr. TIERNEY (for himself, Ms. SLAUGHTER, Mr. CAPUANO, Mr. ANDREWS, Mr. ARCURI, Mr. BISHOP of New York, Mr. CARNAHAN, Mr. CLYBURN, Mr. COHEN, Mr. CONYERS, Mr. COSTELLO, Mr. COURTNEY, Mr. CUMMINGS, Mrs. DAHLKEMPER, Mr. DEFazio, Mr. DELAHUNT, Ms. DELAURO, Mr. DOGGETT, Mr. DOYLE, Ms. EDWARDS of Maryland, Mr. ELLISON, Ms. ESHOO, Mr. FARR, Mr. FILNER, Mr. GARAMENDI, Mr. GRIJALVA, Mr. HARE, Mr. HASTINGS of Florida, Mr. HINCHEY, Ms. HIRONO, Mr. ISRAEL, Mr. JACKSON of Illinois, Ms. JACKSON-LEE of Texas, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. JONES, Ms. KAPTUR, Mr. KENNEDY, Mr. KUCINICH, Mr. LANGEVIN, Mrs. LOWEY, Mr. LYNCH, Mr. MASSA, Ms. MATSUI, Ms. MCCOLLUM, Mr. McDERMOTT, Mr. MCGOVERN, Mr. GEORGE MILLER of California, Mr. MOLLOHAN, Mr. MURTHA, Mr. NADLER of New York, Mr. OLVER, Mr. PLATTS, Mr. RODRIGUEZ, Ms. SCHAKOWSKY, Mr. SERRANO, Ms. SHEA-PORTER, Mr. STARK, Ms. SUTTON, Mr. THOMPSON of Mississippi, Mr. TONKO, Mr. TOWNS, Ms. TSONGAS, Mr. VISCLOSKY, Ms. WATSON, Mr. WAXMAN, Mr. WELCH, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Truth in Lending Act to establish a national usury rate for consumer credit card accounts under open end consumer credit plans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Restoring America’s
5 Commitment to Consumers Act of 2009”.

6 **SEC. 2. NATIONAL CREDIT CARD USURY RATE.**

7 Section 107 of the Truth in Lending Act (15 U.S.C.
8 1606) is amended by adding at the end the following new
9 subsection:

10 “(f) NATIONAL CONSUMER CREDIT USURY RATE.—

11 “(1) LIMITATION ESTABLISHED.—Except as
12 provided in paragraph (3) and notwithstanding sub-
13 section (a) or any other provision of law, the annual
14 percentage rate applicable to any extension of credit
15 under, or any outstanding balance on, any credit
16 card account under an open end consumer credit
17 plan may not exceed 16 percent.

18 “(2) INCLUSION OF CERTAIN FEES IN DETER-
19 MINING APR.—In determining the annual percentage
20 rate applicable to any extension of credit under, or
21 any outstanding balance on, any credit card account
22 under an open end consumer credit plan for pur-
23 poses of paragraph (1), any fee compensating a
24 creditor or prospective creditor for opening or main-
25 taining the account or for an extension of credit or

1 making available a line of credit, such as a member-
2 ship fee, or an annual fee shall be included in the
3 finance charge for purposes of section 107.

4 “(3) ADJUSTMENTS.—

5 “(A) IN GENERAL.—Subject to paragraphs
6 (4) and (6), the Board may make adjustments
7 to the maximum annual percentage rate limita-
8 tion under paragraph (1) when any such adjust-
9 ment is in the public interest and economic con-
10 ditions warrant to the extent the limitation,
11 after the adjustment, continues to fully protect
12 consumers from exploitive and unreasonable
13 lending practices.

14 “(B) PRESUMPTION CONCERNING IN-
15 CREASES.—Any increase in the maximum an-
16 nual percentage rate limitation under para-
17 graph (1) shall be presumed to not be in the
18 public interest unless the Board determines,
19 after opportunity for comment, that severe eco-
20 nomic conditions exist to justify an increase in
21 such limitation, taking into account the pre-
22 vailing bank prime rates, the rates in effect for
23 overnight loans to member banks (as defined in
24 section 3 of the Federal Deposit Insurance Act)

1 and statistical information the Board deter-
2 mines to be relevant.

3 “(4) NOTICE TO THE CONGRESS.—Upon mak-
4 ing any adjustment to the maximum annual percent-
5 age rate limitation in effect under paragraph (1),
6 the Board shall promptly submit a notice of such ad-
7 justment to the Congress.

8 “(5) HEARING.—

9 “(A) IN GENERAL.—After receipt by the
10 House of Representatives of a notice from the
11 Board pursuant to paragraph (4) of an adjust-
12 ment to the maximum annual percentage rate
13 limitation in effect under paragraph (1), the
14 Committee on Financial Services of the House
15 of Representatives shall promptly conduct a
16 hearing on such adjustment.

17 “(B) RULES OF HOUSE OF REPRESENTA-
18 TIVES.—The provisions of subparagraph (A)
19 are enacted—

20 “(i) as an exercise of the rulemaking
21 power of the House of Representatives,
22 and, as such, they shall be considered as
23 part of the rules of the House, and such
24 rules shall supersede any other rule of the

1 House only to the extent that rule is incon-
2 sistent therewith; and

3 “(ii) with full recognition of the con-
4 stitutional right of the House to change
5 such rules (so far as relating to the proce-
6 dure in the House) at any time, in the
7 same manner, and to the same extent as in
8 the case of any other rule of the House.

9 “(6) DELAYED EFFECTIVE DATE OF ANY IN-
10 CREASE.—An increase, in accordance with para-
11 graph (3)(B), in the maximum annual percentage
12 rate limitation under paragraph (1)—

13 “(A) may not take effect before the end of
14 the 90-day period beginning on the date the no-
15 tice to the Congress is submitted by the Board
16 under paragraph (4); and

17 “(B) shall cease to be effective as of the
18 date of the enactment of a joint resolution with
19 respect to such increase.

20 “(7) CLARIFICATION OF CONGRESSIONAL IN-
21 TENT.—

22 “(A) NO ENDORSEMENT OF 16 PERCENT
23 CREDIT CARD RATES.—No provision of this
24 subsection may be construed as an endorsement
25 by Congress of an interest rate of 16 percent on

1 credit card accounts to which paragraph (1) ap-
2 plies.

3 “(B) RATES MOST ADVANTAGEOUS TO THE
4 BORROWER.—It is the intention of the Congress
5 in enacting this subsection that—

6 “(i) the maximum annual percentage
7 rate limitation under paragraph (1) should
8 merely serve as a ceiling on the annual
9 percentage rate applicable consumer credit
10 cards and few, if any, consumer credit card
11 accounts would ever bear the maximum
12 rate; and

13 “(ii) consumer credit card issuers
14 should strive to maintain the rates on con-
15 sumer credit card accounts that are the
16 most advantageous to borrowers.

17 “(8) UNFAIR AND DECEPTIVE ACT OR PRAC-
18 TICE.—In the case of any credit card account under
19 an open end consumer credit plan which, as of De-
20 cember 11, 2009, bears an annual percentage rate
21 that is less than 16 percent, any increase in the an-
22 nual percentage on such account during the period
23 beginning on December 11, 2009, and ending at the
24 end of the 60-day period beginning on the date of
25 the enactment of the Restoring America’s Commit-

1 ment to Consumers Act of 2009 shall be treated by
2 the agency with jurisdiction over the creditor under
3 section 108 as an unfair or deceptive act or practice.

4 “(9) DEFINITION.—In this subsection, the term
5 ‘joint resolution’ means only a joint resolution—

6 “(A) which does not have a preamble;

7 “(B) the title of which is as follows: ‘Joint
8 resolution relating to the increase in the inter-
9 est rates on credit card accounts pursuant to
10 section 107(f)(3) of the Truth in Lending Act.’;
11 and

12 “(C) the sole matter after the resolving
13 clause of which is as follows: ‘That the Con-
14 gress disapproves of any increase, pursuant to
15 section 107 (f)(3) in the maximum annual per-
16 centage rate limitation applicable to any exten-
17 sion of credit under, or any outstanding balance
18 on, any credit card account under an open end
19 consumer credit plan, notice of which was
20 transmitted to the Congress on _____ by the
21 Board of Governors of the Federal Reserve Sys-
22 tem’, the blank space being filled with the ap-
23 propriate date.”.

1 **SEC. 3. CAP ON CERTAIN CREDIT CARD ACCOUNT FEES.**

2 (a) IN GENERAL.—Chapter 3 of the Truth in Lend-
 3 ing Act (15 U.S.C. 1661 et seq.) is amended by inserting
 4 after section 150 (as added by section 109(a) of the Credit
 5 Card Accountability Responsibility and Disclosure Act of
 6 2009) the following: new section:

7 **“§ 151. Cap on certain credit card account fees.**

8 “(a) IN GENERAL.—Except as provided in subsection
 9 (b), the amount of any fee that a card issuer may impose
 10 with respect to a credit card account under an open end
 11 consumer credit plan, including any fee for default or
 12 breach by a borrower of a condition upon which credit was
 13 extended, such as a late fee, creditor-imposed not suffi-
 14 cient funds fee charged when a borrower tenders payment
 15 on a debt with a check drawn on insufficient funds, over-
 16 draft fee, and over-the-limit transaction fee, or other
 17 charge that a card issuer may impose with respect to a
 18 credit card account under an open end consumer credit
 19 plan may not exceed \$15.

20 “(b) EXCEPTION FOR FEES TAKEN INTO ACCOUNT
 21 UNDER SECTION 107(f)(2).—Subsection (a) shall not
 22 apply with respect to any fee taken into account pursuant
 23 to subsection (f)(2) of section 107.”.

24 (b) CLERICAL AMENDMENT.—The table of sections
 25 for chapter 3 of the Truth in Lending Act is amended
 26 by inserting after the item relating to section 150 (as

1 added by section 109(b) of the Credit Card Accountability
2 Responsibility and Disclosure Act of 2009) the following
3 new item:

“151. Cap on certain credit card account fees.”.

4 **SEC. 4. CLARIFICATION OF COORDINATION WITH STATE**
5 **LAW.**

6 The first sentence of section 111(a)(1) of the Truth
7 in Lending Act (15 U.S.C. 1610(a)(1)) is amended by
8 striking “the disclosure of information in connection
9 with”.

10 **SEC. 5. EFFECTIVE DATE.**

11 The amendments made by sections 2 and 3 shall take
12 effect on the date of the enactment of this Act.

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