



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4622 (Substitute H-2 as reported without amendment)
Sponsor: Representative Alvin H. Kukuk
House Committee: Commerce
Senate Committee: Financial Services

CONTENT

The bill would amend the Retail Installment Sales Act to delete the Act's maximum limit on the "time price differential" on a retail installment contract and a retail charge agreement and provide, instead, that the time price differential could not exceed the rate of interest or its equivalent permitted a regulated lender by the Credit Reform Act proposed by House Bill 4614. ("Time price differential" means the amount paid or payable for the privilege of purchasing goods or services in installments over a period of time.) Currently, a retail installment contract may provide for a time price differential of up to \$12 per \$100 per year on a principal balance that does not exceed \$500 and up to \$10 per \$100 per year on a principal balance in excess of \$500. A retail charge agreement may provide for a time price differential in an amount not exceeding 1.7% of the unpaid balance per month. House Bill 4622 (H-2) also provides that a refinance charge could not exceed the rate of interest permitted a regulated lender by the Credit Reform Act, and that a retail seller could not require that a buyer contract for one or more financial services.

The bill also specifies that the Attorney General, the prosecuting attorney for the county in which an alleged violation occurred, or a borrower could bring an action against a retail seller to obtain a declaratory judgment that a method, act, or practice of a retail seller was in violation of the existing Act; enjoin a retail seller who was engaged or about to be engaged in a method, act, or practice that was a violation of the Act; recover \$1,000 and actual damages if the alleged violation were committed by a retail seller for a non-credit card arrangement or \$1,500 and actual damages if the alleged violation involved any other credit arrangements; recover reasonable attorney fees and the costs in connection with bringing an action under the Act, if the retail seller were found to have violated the Act; or in an action brought by the Attorney General or a county prosecutor, recover a civil fine of up to \$10,000 if the retail seller were found to have willfully and knowingly violated the Act and \$20,000 if the retail seller were found to have persistently violated the Act.

MCL 445.852 et al.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The Financial Institutions Bureau, Department of Commerce, would not be required to make significant changes in support activities for loan practices of regulated lending institutions. There would be no fiscal impact on the Department of Commerce or on local governmental units.

Date Completed: 9-19-95

Fiscal Analyst: K. Lindquist

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.