

Legislative Analysis



CREDIT CARD ARRANGEMENTS: EXCLUDE CREDIT FOR COMMERCIAL PURPOSES

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Senate Bill 415 (S-1) as reported from House committee

Sponsor: Sen. Aric Nesbitt

1st House Committee: Financial Services

2nd House Committee: Ways and Means

Senate Committee: Insurance and Banking

Complete to 3-10-20

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 76 of 2020)

SUMMARY:

Senate Bill 415 would amend 1984 PA 379, which defines and regulates certain credit card transactions, agreements, charges, and disclosures. The bill would redefine the term “credit card arrangement” to mean a card-accessed loan or extension of credit made to an individual for personal, family, or household purposes (that is, not for business or commercial purposes).

Currently, “credit card arrangement” means an unsecured loan or extension of credit that is made to the holder of a credit card or charge card and that is accessed via that card.

Under the bill, “credit card arrangement” would mean an unsecured loan or extension of credit that is made to the holder of a credit card or charge card who is an individual; that is made for a personal, family, or household purpose; and that is accessed via that card.

MCL 493.101

BACKGROUND:

The bill is similar to Senate Bill 728 of the 2017-18 legislative session. That bill would have given its amended definition a start date of December 28, 1984 (the effective date of 1984 PA 379) and applied those amendments retroactively. [It also did not add the requirement that a card holder under a credit card arrangement be an individual.] Senate Bill 728 was passed by the legislature but was vetoed by Governor Snyder, who wrote in his veto message that making the bill’s provisions retroactive to 1984 “could subject the State to legal challenge concerning how the Department of Insurance and Financial Services has administered this Act for over three decades.”

FISCAL IMPACT:

Senate Bill 415 would not have a fiscal impact on the Department of Insurance and Financial Services or any other unit of state or local government.

POSITIONS:

A representative of ComData testified in support of the bill. (2-5-20)

The Michigan Bankers Association indicated support for the bill. (3-10-20)

The Department of Insurance and Financial Services indicated a neutral position on the bill. (2-5-20)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.