S T A T E O F N E W Y O R K

1627

2011-2012 Regular Sessions

I N S E N A T E

January 10, 2011

Introduced by Sen. SAMPSON -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the banking law, in relation to the maximum rate of interest on credit cards

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The banking law is amended by adding a new section 14-g to read as follows:

S 14-G. POWER OF THE BANKING BOARD TO PRESCRIBE MAXIMUM RATE OF INTEREST ON CREDIT CARDS. 1. AS USED IN THIS SECTION, THE TERM "CREDIT CARD" SHALL MEAN ANY CREDIT PLATE, CHARGE PLATE OR OTHER IDENTIFICATION CARD OR DEVICE WHICH IS ISSUED TO ANY LEGAL ENTITY AS THE HOLDER THEREOF, AND MAY BE USED BY SUCH HOLDER TO OBTAIN A CASH ADVANCE OR A LOAN OR CREDIT, OR TO PURCHASE OR RENT PROPERTY OR SERVICES ON THE CREDIT OF THE ISSUER OR OF THE HOLDER.

2. NOTWITHSTANDING THE PROVISIONS OF ANY OTHER LAW, RULE OR REGULATION TO THE CONTRARY, THE BANKING BOARD SHALL SET THE MAXIMUM RATE OF INTEREST FOR CREDIT CARDS, NOT TO EXCEED EIGHTEEN PERCENT ANNUALLY. SUCH RATE MAY ONLY EXCEED EIGHTEEN PERCENT IF THE PRIME RATE EXCEEDS EIGHTEEN PERCENT FOR SIXTY CONSECUTIVE DAYS, BUT IN NO EVENT SHALL SUCH NEW RATE ESTABLISHED BY THE BANKING BOARD BE MORE THAN ONE AND ONE-QUARTER PERCENT ABOVE THE PRIME RATE IN EFFECT AT THE TIME SUCH RATE IS SET.

3. NO PERSON, FIRM OR CORPORATION SHALL, DIRECTLY OR INDIRECTLY, CHARGE, TAKE OR RECEIVE ANY MONEY, GOODS OR SERVICES AS INTEREST ON THE EXTENSION OF CREDIT AT A RATE EXCEEDING THE RATE PRESCRIBED PURSUANT TO SUBDIVISION TWO OF THIS SECTION.

S 2. This act shall take effect on the thirtieth day after it shall have become a law.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD05870-01-1