

AMENDED IN ASSEMBLY MAY 31, 2000

AMENDED IN ASSEMBLY MAY 25, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1963

Introduced by Assembly Member Hertzberg

February 18, 2000

An act to add Section 1748.13 to the Civil Code, relating to consumer credit.

LEGISLATIVE COUNSEL'S DIGEST

AB 1963, as amended, Hertzberg. Credit cards.

Existing law regulates credit card issuers, as specified.

The bill would require a credit card issuer to provide the cardholder, in each billing statement, of sample calculations, as specified, as to when the entire balance due on an open-end credit card account would be paid off if the cardholder were only to pay the minimum amount due on the open-end credit card account.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1748.13 is added to the Civil
2 Code, to read:
3 1748.13. (a) A credit card issuer shall, with each
4 billing statement provided to a cardholder in this state,

1 provide sample calculations of the number of months and
2 total cost to pay off the entire balance due on an open-end
3 credit card account if the cardholder were to pay only the
4 minimum amount due on the open-ended account. The
5 information shall contain calculations for balances of one
6 thousand dollars (\$1,000), two thousand five hundred
7 dollars (\$2,500), and five thousand dollars (\$5,000). This
8 information shall be ~~subject to the terms of the credit~~
9 ~~agreement. If the account is subject to a variable rate, the~~
10 ~~creditor may make calculations and disclosures based on~~
11 ~~the rate as of a specific date and indicate that the rate may~~
12 ~~vary. based upon a 17 percent interest rate and a 2~~
13 ~~percent minimum payment.~~

14 (b) (1) For purposes of this section, “open-end credit
15 card account” means an account in which consumer
16 credit is granted by a creditor under a plan in which the
17 creditor reasonably contemplates repeated transactions,
18 the creditor may impose a finance charge from time to
19 time on an unpaid balance, and the amount of credit that
20 may be extended to the consumer during the term of the
21 plan is generally made available to the extent that any
22 outstanding balance is repaid and up to any limit set by
23 the creditor.

24 (2) For purposes of this section, “credit card” has the
25 same meaning as in paragraph (2) of subdivision (a) of
26 Section 1748.12.

