

CHAPTER.....

AN ACT relating to credit cards; prohibiting an issuer of a credit card from increasing the interest rate charged to the cardholder based upon a late payment by the cardholder to another creditor; providing that an issuer of a credit card may not prohibit a merchant from offering certain discounts; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law governs issuers of credit cards. (Chapter 97A of NRS) **Section 2** of this bill prohibits an issuer from increasing the interest rate charged to a cardholder based upon the late payment by the cardholder to another issuer or creditor of the cardholder that is not an affiliate or subsidiary of the issuer or creditor. **Section 2** also prohibits an issuer from including in a contract or agreement relating to a credit card account a provision which would allow the issuer to increase the interest rate for such a reason. **Section 3** of this bill provides that an issuer may not prohibit merchants from offering certain discounts to a customer to induce the customer to pay by means other than a credit card or credit card account.

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

Section 1. Chapter 97A of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. 1. *An issuer shall not:*

(a) Increase the interest rate charged to a cardholder based upon the late payment by the cardholder to another issuer or creditor of the cardholder that is not an affiliate or subsidiary of the issuer or creditor; or

(b) Include a universal default clause in a contract or agreement relating to a credit card account.

2. As used in this section:

(a) “Affiliate or subsidiary of the issuer or creditor” means an affiliate or subsidiary that conducts business under a name which is:

(1) The same as the name of the issuer or creditor; or

(2) Sufficiently similar to the name of the issuer or creditor such that a reasonable cardholder would believe that he is conducting business with the issuer or creditor.

(b) “Universal default clause” means any clause or provision which allows an issuer to increase the interest rate charged to a cardholder based upon the late payment by the cardholder to



another issuer or creditor of the cardholder that is not an affiliate or subsidiary of the issuer or creditor.

Sec. 3. *No issuer may, by contract or otherwise, prohibit a merchant from offering a discount to a customer to induce the customer to pay by cash, check or similar means rather than by use of a credit card or a credit card account for the purchase of goods or services.*

