

SENATE BILL NO. 302—SENATOR TITUS

MARCH 15, 2007

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing credit cards.
(BDR 8-1173)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

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:

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

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

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

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

4 **(a) Increase the interest rate charged to a cardholder based**
5 **upon the late payment by the cardholder to another issuer or**



1 *creditor of the cardholder that is not an affiliate or subsidiary of*
2 *the issuer or creditor; or*

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

5 *2. As used in this section:*

6 *(a) "Affiliate or subsidiary of the issuer or creditor" means an*
7 *affiliate or subsidiary that conducts business under a name which*
8 *is:*

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

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

13 *(b) "Universal default clause" means any clause or provision*
14 *which allows an issuer to increase the interest rate charged to a*
15 *cardholder based upon the late payment by the cardholder to*
16 *another issuer or creditor of the cardholder that is not an affiliate*
17 *or subsidiary of the issuer or creditor.*

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

