

1999 ASSEMBLY BILL 112

February 9, 1999 – Introduced by Representatives CULLEN, SCHNEIDER, BOCK, SYKORA, ALBERS, HUBER, SINICKI, BERCEAU, BLACK, MUSSER, URBAN, J. LEHMAN, KELSO, RYBA, STEINBRINK, REYNOLDS, POWERS and YOUNG, cosponsored by Senators ERPENBACH, CLAUSING, ROBSON and BURKE. Referred to Committee on Financial Institutions.

1 **AN ACT to repeal and recreate 422.202 (2m) of the statutes; relating to:**
2 permissible fees on open-end consumer credit plans.

Analysis by the Legislative Reference Bureau

Under current law, a creditor may charge, collect and receive other fees and charges, in addition to finance charges, if agreed upon by the creditor and the customer. These other fees and charges may include periodic membership fees, cash advance fees, charges for exceeding a designated credit limit, charges for late payments, charges for providing copies of documents and charges for the return of a dishonored check or other payment instrument. This bill creates an exception to this provision to prohibit so-called “convenience user fees”, or fees that are charged only if the customer does not incur a finance charge under the open-end consumer credit plan in a payment period.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 422.202 (2m) of the statutes is repealed and recreated to read:
4 422.202 **(2m)** With respect to an open-end credit plan, regardless of when the
5 plan was entered into:

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1 (a) Except as provided in par. (b), a creditor may charge, collect and receive
2 other fees and charges, in addition to the finance charge authorized under s. 422.201,
3 that are agreed upon by the creditor and the customer. These other fees and charges
4 may include periodic membership fees, cash advance fees, charges for exceeding a
5 designated credit limit, charges for late payments, charges for providing copies of
6 documents and charges for the return of a dishonored check or other payment
7 instrument. For purposes of 12 USC 85, 1463 (g), 1785 and 1831d, both the finance
8 charge under s. 422.201 and charges permitted under this paragraph are interest
9 and may be charged, collected and received as interest by a creditor.

10 (b) A creditor may not charge, collect or receive a fee or charge that is payable
11 only if the customer does not incur a finance charge under the open-end credit plan
12 in a payment period.

SECTION 2. Initial applicability.

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14 (1) This act first applies to open-end credit plans entered into, renewed,
15 extended or modified on the effective date of this subsection.

SECTION 3. Effective date.

16
17 (1) This act takes effect on the first day of the 3rd month beginning after
18 publication.

19 (END)