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## FISCAL IMPACT REPORT

ORIGINAL DATE 3/5/09

SPONSOR Gardner LAST UPDATED \_\_\_\_\_ HB 873

SHORT TITLE Retail Credit Card Time Price Differential SB \_\_\_\_\_

ANALYST Wilson

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Unknown See Below	Unknown See Below		Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Attorney General's Office (AGO)

### SUMMARY

#### Synopsis of Bill

House Bill 873 adds a new section to the Retail Installment Sales Act (RISA). The bill provides that an increase in the time price differential charged under a credit card plan shall not apply to the outstanding balance owed, but shall apply only to purchases made after the effective date of the increase.

A provision in a retail charge agreement under which a retail buyer uses a credit card for the purchase of goods or services under any credit card plan that is contrary to the provisions of this bill is against the public policy of New Mexico state and void and unenforceable.

The effective date of the provisions of this act is July 1, 2009.

## **FISCAL IMPLICATIONS**

There will be a minimal administrative cost for statewide update, distribution and documentation of statutory changes. Any additional fiscal impact on the judiciary would be proportional to the enforcement of this law and commenced prosecutions. New laws, amendments to existing laws and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase

## **SIGNIFICANT ISSUES**

The AGO provided the following:

RISA addresses and defines retail installment transaction as a transaction that provides for a time price differential, in which a buyer agrees to pay the unpaid unbalance in one or more installments. The transaction is one for the purchase of goods or services to retail sellers under either a retail installment contract or a retail charge agreement.

Time price differential is defined as the amount which is paid or payable for the privilege of purchasing goods and services to be paid for by the buyer in installments over a period of time.

It is important to note that HB 873 applies only to a retail installment transaction under a retail charge agreement.

A retail charge agreement is defined under RISA as an instrument prescribing the terms of retail installment transactions which may be made there under from time to time and under the terms of which a time price differential is to be completed in relation the buyer's unpaid balance from time to time and includes any agreement under which a retail buyer uses a credit card for the purchase of goods and services under any credit card plan, whether credit is extended directly or indirectly to the retail buyer, or the obligation is assigned by the retail seller to a credit card issuer or his agent.

Every time that a computation of the price time differential is made, the total amounts owed by the purchaser will result in a different amount. In other words, each prior computation of outstanding balance will have a different price time differential and each of the future purchases will have a different price time differential.

## **ADMINISTRATIVE IMPLICATIONS**

The affected agencies should be able to handle the enforcement of the provisions in this bill as part of ongoing responsibilities.

DW/mt