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FISCAL IMPACT REPORT

SPONSOR:	Kidd	DATE TYPED:	03/04/01	HB	
SHORT TITLE: Periodic Statement of Credit Card Acounts		SB	126/aSCORC		
		ANALYST:			Rael

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring	Fund				
FY01	FY02	FY01	FY02	or Non-Rec	Affected				
No Fiscal Impact									

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files 15 USCS §§ 1601 et seq. 12 C.F.R. 226.28

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment provides that a truth in lending statement must be provided to the cardholder at the time the card is issued and the effective date of the new law is January 1, 2002.

Significant Issues With Amendment

A prolonged effective date would allow credit card companies a reasonable amount of time to comply with the law.

The purpose of the addition of the requirement that the issuer provide a truth in lending statement at the time the credit card is issued. It is not clear to what information is required and when exactly it must be provided (i.e. must it be provided in the same envelope?). Currently, federal law already requires that certain information, such as the calculation of fees and rates, be disclosed in each periodic statement. Additionally, the amendment contains no enforcement provisions, making it unclear whether the Attorney General or an individual may have a cause of action and remedy. To the extent that this provision duplicates federal law, federal law would preempt.

Senate Bill 126/aSCORC -- Page 2

Synopsis of Original Bill

The Periodic Statement of Credit Card Accounts Act requires card issuers to provide with each statement the number of months and total cost to pay off the entire balance on an account if the card holder were to pay only the minimum balance due at the current rate.

Significant Issues

By requiring credit card companies to make New Mexico consumers aware of the cost and the amount of time it would take to pay off a credit card by paying only the minimum balance, the state may foster greater financial responsibility among its credit card holders.

ADMINISTRATIVE IMPLICATIONS

The Attorney General may see an administrative impact if credit card companies fail to comply with the new law and enforcement action is necessary.

OTHER SUBSTANTIVE ISSUES

Extensive federal regulation exists regarding the information that credit card companies must disclose to its customers in a credit card application and periodic statements. Sometimes states are prevented from making state laws where the federal government has already legislated. However, with regard to credit card disclosures, federal regulations explain that federal law preempts state laws regarding disclosure statements *only to the extent of inconsistency*. There appears to be no inconsistency between the bill and federal law.

FAR/njw:ar