

No. 1985-2

AN ACT

HB 18

Amending the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), entitled "An act defining, regulating and relating to retail installment contracts for all goods and services except certain motor vehicles and home improvements; prescribing the requirements of such contracts and limitations on the enforcement thereof; and providing remedies and penalties," reenacting provisions relating to service charges; and providing for a reversion relating to certain rates.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Sections 501(a) and (b) and 904(a) of the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act, amended March 25, 1982 (P.L.199, No.68), are reenacted to read:

Section 501. (a) A seller may, in a retail installment contract, contract for and, if so contracted for, the holder thereof may charge, receive and collect a service charge measured for a period between the date of such contract and the due date of the last installment and calculated for that period according to the actuarial method of computation or by application of the United States rule at a rate which does not exceed the equivalent of eighteen percent (18%) simple interest per annum.

(b) Notwithstanding the rates provided for in this section, no issuer of a credit card primarily engaged as a seller or distributor of gasoline shall be permitted to charge, receive or collect a service charge in excess of fifteen percent (15%) simple interest per annum on unpaid balances.

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Section 904. Subject to the other provisions of this article the seller or holder of a retail installment account may charge, receive and collect the service charge authorized by this act. The service charge shall not exceed the following rates computed on the outstanding balances from month to month:

(a) On the outstanding balance, one and one-half percent (1 1/2%) per month.

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Section 2. The act is amended by adding a section to read:

Section 904.1. The rates permitted under subsections (a) and (b) of section 501 and subsection (a) of section 904 under the amendatory act of March 25, 1982 (P.L.199, No.68), for the period from March 25, 1982, to March 24, 1985, are hereby extended for three (3) years from the effective date of this amendatory act, and, at the end of that time, such rates shall revert automatically to the rates in effect on March 24, 1982.

Section 3. This act shall take effect immediately.

APPROVED—The 1st day of March, A. D. 1985.

DICK THORNBURGH