

BILL TEXT:

**STATE OF NEW
YORK**

2969--B

Cal. No. 338

2007-2008 Regular Sessions

IN SENATE

February 16, 2007

Introduced by Sens. FUSCHILLO, ADAMS, ALESI, BONACIC,
CONNOR, DIAZ,
DILAN, FLANAGAN, GOLDEN, GONZALEZ, GRIFFO, HANNON, HASSELL-
THOMPSON,
HUNTLEY, C. JOHNSON, O. JOHNSON, KLEIN, KRUEGER,
KRUGER, LANZA,
LARKIN, LAVALLE, LEIBELL, LIBOUS, LITTLE, MALTESE,
MARCELLINO,
MAZIARZ, MONTGOMERY, MORAHAN, NOZZOLIO, ONORATO,
PADAVAN, PARKER,
RATH, ROBACH, SABINI, SAMPSON, SKELOS, SMITH, STACHOWSKI,
STAVISKY,
TRUNZO, VALESKY, VOLKER, WINNER, WRIGHT, YOUNG -- read
twice and
ordered printed, and when printed to be committed to the
Committee on
Consumer Protection -- reported favorably from said
committee, ordered
to first and second report, ordered to a third reading,
amended and
ordered reprinted, retaining its place in the order of third
reading
-- passed by Senate and delivered to the Assembly,
recalled, vote
reconsidered, restored to third reading, amended and
ordered
reprinted, retaining its place in the order of third reading

AN ACT to amend the general business law, in relation to
prohibiting
certain agreements between the issuers and the holders of
credit cards
and debit cards

The People of the State of New York, represented in Senate and Assem-
bly, do enact as follows:

1 Section 1. The general business law is amended by adding a new section

2 515-a to read as follows:

3 § 515-a. Prohibits certain agreements between issuers and holders. 1.

4 No agreement between the issuer and the holder shall contain any

5 provision that allows the issuer to increase the rate of interest upon

6 the account of a holder or impose a fee upon the outstanding balance

7 owed by a holder solely because the cardholder is reported as delinquent

8 on an account with any other creditor. Any such provision is against

9 public policy and shall be of no force or effect. This section shall

10 not be deemed or construed to prohibit an issuer from using the credit

11 score of an account holder when issuing an initial credit card to an

12 account holder. Subsequent use of an account holder's credit score by an

EXPLANATION--Matter in italics (underscored) is new; matter in brackets

[-] is old law to be omitted.

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1 issuer shall only be allowed when the issuer intends to increase the

2 line of credit of the account holder. In such a case, the card holder

3 must be clearly notified of the increase in the line of credit and asso-

4 ciated interest rate.

5 2. (a) Any agreement between the issuer and the holder which does not

6 comply with subdivision one of this section shall be void and unenforce-

7 able as contrary to public policy.

8 (b) Any waiver by a cardholder of the provisions of subdivision one of

9 this section shall be deemed void and unenforceable as contrary to

10 public policy.

11 § 2. This act shall take effect on the thirtieth day after it shall

12 have become a law.
