

HB 820 -- CONSUMER CREDIT INTEREST RATES

SPONSOR: McCreery

This bill changes the laws regarding consumer credit interest rates. In its main provisions, the bill:

(1) Requires any person making or offering a consumer credit loan to contract for and receive interest and fees in accordance with Sections 408.100, 408.140, and 408.170, RSMo, relating to small loans (Section 367.105);

(2) Specifies that it is the intention of the people of Missouri to prevent lenders of payday loans, car title loans, and installment loans from charging excessive fees and interest rates that can lead families into a cycle of debt by:

(a) Reducing the annual percentage rate for payday, title, installment, and other high-cost consumer credit and small loans from triple-digit interest rates to 36% per year;

(b) Extending to veterans and others the same 36% rate limit in place for payday and title loans to active military families as enacted by the 109th United States Congress in 10 U.S.C. Section 987; and

(c) Preserving fair lending by prohibiting lenders from structuring other transactions to avoid the rate limit through subterfuge (Section 408.100);

(3) Prohibits any lender of small loans, subject to Section 408.100, from charging interest, fees, and finance charges at an annual percentage rate greater than 36% (Section 408.100); and

(4) Prohibits a person from engaging in any device or subterfuge intended to evade the requirements of Chapter 408, relating to legal tender and interest, through any method including, but not limited to, mail, telephone, Internet, or any electronic means (Section 408.100).

The bill contains a referendum clause and will be submitted to qualified voters in November 2016.