

2022 -- S 2434 SUBSTITUTE A

LC004857/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --
CREDIT CARD LENDING

Introduced By: Senators Lombardo, F Lombardi, Ciccone, Acosta, Gallo, and Burke

Date Introduced: March 01, 2022

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 6-26.1-1 of the General Laws in Chapter 6-26.1 entitled "Credit Card
2 Lending" is hereby amended to read as follows:

3 **6-26.1-1. Definitions.**

4 For purposes of this chapter, the following definitions shall apply:

5 (1) "ACH", also known as the Automated Clearing House Network, means the electronic
6 funds-transfer system comprised of a network of associated institutions that process computer-
7 based electronic financial transactions between originating and receiving depository financial
8 institutions. ACH in the United States is governed by NACHA, the former National Automated
9 Clearing House Association.

10 ~~(1)~~(2) "Credit card device" includes any means of making a credit card transaction
11 available to a borrower pursuant to a credit card plan, including, but not limited to, a card, draft or
12 check, identification code, other means of identification, or other credit device or code, whether
13 made directly or indirectly by means of telephone, point of sale terminal, automated teller machine,
14 computer or other electronic or other communication or device, or through the mail.

15 ~~(2)~~(3) "Credit card lender" or "lender" means any entity that is a lending institution as
16 defined by § 19-9-1, or licensee as defined by § 19-14-1, that offers or extends credit in the form
17 of a credit card transaction.

18 ~~(3)~~(4) "Credit card transaction" means any loan or extension of credit made pursuant to a

1 credit card plan. Without limitation of the foregoing, a credit card transaction may be extended
2 under a credit card plan by a credit card lender's acquisition of obligations arising out of the
3 honoring by a merchant or other third-party; a credit card lender or other financial institution
4 (whether chartered or organized under the laws of this or any other state, the District of Columbia,
5 the United States or any district, territory or possession of the United States, or any foreign country);
6 or a government or governmental subdivision or agency of a credit card device.

7 ~~(4)~~(5) "Credit card plan" or "plan" means any arrangement or plan between a borrower and
8 a credit card lender or issuer, including, without limitation, lines of credit directly between a
9 borrower and a credit card lender or issuer, for open-end, revolving extensions of credit made
10 available through a credit card device or other means of settlement between the credit card lender
11 or issuer and the merchant, such as ACH or electronic-only credit card devices, provided, however,
12 said "credit card plan" or "plan" does not include an extension of credit the repayment of which is
13 secured by real property.

14 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

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1 This act would modernize the Rhode Island credit card lending statute by amending the
2 definition of “credit card plan” and would add “ACH”, also known as the Automated Clearing
3 House Network, as definition to keep up with the new technology and online purchasing and
4 expressly allow merchants to continue to assist consumers with digital payment options.

5 This act would take effect upon passage.

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