

Rep. Louise Slaughter announced plans for dramatic legislation that would cap credit card interest rates. Personal credit card interest rates have risen to 30 percent and higher for millions of Americans. Slaughter said she is working with Reps. John Tierney (D-MA) and Michael Capuano (D-MA) to introduce the Renewing America's Commitment to Consumers Act as soon as Congress returns from the Thanksgiving break. The bill will cap annual credit card interest rates at 16% and prevent the kind of dramatic rate hikes consumers - even those with strong credit histories and who have paid their balances on time - have been experiencing.

"A great way to help Americans would be to again put a reasonable cap on ridiculously high credit card interest rates," said Slaughter. "Things were a lot better for the average person in this country when we had usury caps. Watching how credit card companies have exploited people by increasing rates up to 30 percent and more is criminal and this bill will allow us to put an end to this practice."

Laws against usury, or exorbitant interest rates, have been in place since the Babylonian Empire, and were present in the United States on the state level until 1978 when a Supreme Court ruling effectively eliminated states' usury laws. That decision called on Congress to act and address the issue with new legislation, but Congress has not acted to do so, and rates have continued to climb unchecked.

"For years, but particularly during these challenging economic times, Americans of all ages – from college students to senior citizens – have been forced to take on credit card debt to pay their bills and make ends meet. What we recently have seen in response is that the credit card industry has seized this opportunity to unfairly and arbitrarily raise interest rates across more customer accounts than ever before. This legislation would end such exploitive practices and protect consumers," said Tierney.

"For too long average Americans have been asked to shoulder debt under conditions they can do little to control," said Capuano. "This bill will protect consumers by ensuring access to affordable credit, and it couldn't come at a more critical time."

In addition to capping credit card interest rates at 16%, the *Restoring America's Commitment to Consumers Act* would:

- Provide flexibility for market and lending conditions by allowing for a temporary increase in the rate cap, only in extraordinary circumstances and upon regulatory finding that modification maintains the goal of protecting consumers from exploitive lending practices.
- Limit exorbitant and unnecessary fees, including those initially disclosed to the consumer, such as membership fees or annual fees, and would cap any contingency fees (such as fees for late payments) at \$15.00 per fee.
- Ensure the strongest protections possible by making clear the bill's provisions would not supersede any state law with a lower usury cap

The introduction of the Renewing America's Commitment to Consumers Act comes as Congress continues efforts to reform the way the financial sector is regulated and considers legislation to provide greater protections for consumers.