



NEWS

From the Illinois State Senate
State Senator Dave Koehler

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Further information:
Ian Watts 217/782-0591

Koehler's Credit Card Reform Bill Signed into Law

SPRINGFIELD—State Sen. Dave Koehler's (D-Peoria) plan to protect Illinois credit card holders' pocketbooks from corporate greed and bring Illinois' credit card laws in line with new federal standards became law earlier today.

"I believe most people want to keep from building up too much credit card debt," Koehler said. "This credit card reform law will give them more of the tools they need to manage their finances."

Koehler's legislation (House Bill 6412) requires credit card companies to notify their customers in writing whenever they make changes to the credit card agreement. It also requires the companies to provide at least 45 days notice before increasing interest rates and bans interest rate increases for the first year a customer holds an account.

"It's hard to use credit wisely or stick to a budget if your credit card company can change your agreement or your interest rate without warning you," Koehler said. "Many companies have been giving their customers fair warning for years. This new law will make sure they all do."

The law also sets strict standards for changing the interest rate charged on outstanding balances and limits credit card companies' ability to issue credit cards to people under the age of 21. Young people using their first credit cards are more likely to quickly spend themselves into debt. It sometimes forces them to change career plans or put off further education.

"When young people get their first credit cards, they're taking on a lot of new responsibilities," Koehler said. "It's important for this age group to have access to credit, but we need to make it more difficult for them to make devastating mistakes."

The new law also brings Illinois' law in line with recently enacted federal standards.

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