

not be limited by any charter limitation or any other limitation in existence as of January 1, 1971.

Sec. 4. Before any levy authorized by section 3 is made, the governing body of the governmental subdivision named in section 1 shall hold a public hearing on the question. Notice of the time and place of said hearing shall be published in a legal newspaper of general circulation in the area once in each week for two successive weeks prior to said hearing. The published notice shall be in a form determined by the governing body, which form shall be sufficient in size and prominent in format in order to attract the attention of the reader. In any event the notice shall be of a size at least two columns in width by six inches in length. The notice shall set forth the number of mills or dollars proposed by the levy.

Sec. 5. This act shall become effective only after its approval by the city council of the city of Austin and upon compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved June 7, 1971.

CHAPTER 877—S.F.No.1739

[Coded]

An act relating to the sale of goods and services limiting finance charges of open end credit sales and limiting remedies; validating certain open end credit sale agreements; providing penalties.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **[334.16] FINANCE CHARGES; OPEN END CREDIT SALES.** Subdivision 1. **LIMITATION OF RATES.** The imposition, charge or collection of a finance charge upon an account balance by a seller of goods, services or both shall be lawful, provided that:

(a) The sale is a consumer credit sale pursuant to an open end credit plan, agreement or arrangement between the buyer and seller under which (1) the seller may permit the buyer to make purchases from time to time from the seller or other sellers, (2) the buyer has the privilege of paying the balance in full or in installments, and (3) a finance charge may be computed by the seller from time to time on an outstanding unpaid balance; and

(b) The terms of the plan, agreement or arrangement provide for a periodic rate of finance charge which does not exceed one percent *per month computed on an amount no greater than the average daily balance of the account during each monthly billing cycle*; provided a

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minimum finance charge not in excess of 50 cents per month may be imposed, charged or collected.

Subd. 2. **DEFINITIONS AND COMPUTATIONS.** The definitions and the provisions on computation of percentage rates in the Truth-in-Lending Act, Title I of the Consumer Credit Protection Act, P.L.90-321, and in Regulation Z of the Board of Governors of the Federal Reserve System adopted pursuant thereto, 12 CFR 226, as in effect on the effective date of this act, shall apply to the terms used in this act and computations hereunder.

Sec. 2. [334.17] **PRIOR OPEN END CREDIT SALES AND AGREEMENTS CONFIRMED.** Open end consumer credit sales plans, agreements and arrangements and sales pursuant thereto made prior to August 1, 1971, shall be enforceable by the buyer and the seller, the defense of usury shall not be interposed in any action thereon and no action shall be maintained in any court to recover moneys paid thereunder; provided the finance charge to be imposed, charged and collected on or after August 1, 1971, with respect to any open end consumer credit sales, plans, agreements and arrangements, and sales pursuant thereto whether made before or after August 1, 1971, shall not exceed the finance charge provided in section 1, subdivision 1(b). Nothing contained in this act shall be construed to affect any constitutionally protected vested right or any action by an individual for himself, and not as a representative of a class, for recovery of interest or finance charges paid and no class action shall be maintained therefor.

Sec. 3. [334.18] **PENALTIES FOR VIOLATIONS.** Any seller who violates any provision of this act, except as a result of an unintentional act or bona fide error, shall forfeit to the buyer three times any finance charge imposed, charged or collected under or in connection with the related open end credit plan, agreement or arrangement for so long as the violation continues.

Sec. 4. **EFFECTIVE DATE.** Section 1, subdivision 1 shall be effective on and after August 1, 1971; the remainder of this act shall be effective upon final enactment.

Approved June 4, 1971.

CHAPTER 878—S.F.No.1926

An act relating to compensation of inmates of state correctional institutions; amending Minnesota Statutes 1969, Section 243.24.

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