Washington, DC - Congressman Maurice Hinchey (D-NY), Congressman Peter Welch (D-VT), Congressman John Tierney (D-MA), and Congressman Jim McDermott (D-WA) today announced that they will offer an amendment to the Credit Cardholder's Bill of Rights bill in the House this week that would cap interest rates on all credit cards at 18 percent. The House members will take their amendment to the House Rules Committee on Wednesday for procedural approval. They then intend to bring their amendment to the House floor for debate and a vote on Thursday when the chamber is expected to take up the Credit Cardholder's Bill of Rights and any relevant amendments.

"In the midst of such great economic peril, more and more Americans are being forced to use credit cards to pay for groceries, health care, gas, and other necessities. Credit card companies are exploiting the dire economic situation by increasing rates to exorbitant levels, which further compounds the financial woes of many Americans and drives them deeper into debt where they become even more beholden to the credit card companies and their abusive practices," Hinchey said. "Enough is enough when it comes to skyrocketing credit card rates. This amendment will help end the credit card trap and provide Americans with the comfort of knowing their credit card rates won't soar to eye-popping levels while still providing credit card companies with large enough margins to enjoy a profit."

"Congress cannot sit on the sidelines while the credit card industry raises interest rates to levels that would embarrass the mafia. The very same companies that are taking taxpayer assistance through TARP are putting the screws to customers at a time when many are having a hard time making ends meet," Welch said. "It's long past time that we put the brakes on these abusive practices and return to an era of fairness, responsibility and reasonable regulation."

"I am proud to support Congresswoman Maloney's landmark Credit Cardholders' Bill of Rights, and I believe this amendment further strengthens the bill by restoring America's commitment to usury law and capping all interest rates at 18%," said Congressman Tierney (D-MA). "This usury rate is needed now more than ever, as credit card companies continue to force Americans to dip into their savings while they buoy their own excessive profits."

"Credit card rates have become legalized loan sharking and this bill declares an end to that practice," said McDermott. "We know that today 44% of America's small business owners have to use credit cards for cash-flow purposes, because they cannot obtain regular bank financing. Banks can't have it both ways – accepting taxpayer money on the one hand but then charging obscene and ever increasing credit card interest rates on the other hand. The American people are caught in a vice grip and we intend to fight for people."

The Hinchey-Welch-Tierney-McDermott amendment would simply impose an 18 percent interest rate cap for credit cards at for-profit financial institutions -- similar to the cap that currently exists at every federal credit union in the country. Importantly, this amendment has a mechanism comparable to the one the National Credit Union Administration uses for credit unions that would allow the Federal Reserve to authorize higher interest rates if it determines that the 18 percent cap would threaten the safety and soundness of card-issuing institutions.

Unlike large for-profit financial institutions, federal law prohibits credit unions from charging exorbitant interest rates by capping credit card interest rates at 15 percent. The National Credit Union Administration has temporarily raised that cap to 18 percent. This reasonable interest rate cap has protected credit union members from usurious interest rates; it has not harmed the safety and soundness of these institutions; and it has not negatively impacted the access to credit of credit union members. In fact, not one credit union has received a dime of bailout money from the Troubled Assets Relief Program (TARP).

By contrast, the top three credit card issuers that control 50 percent of the credit card market -- JPMorgan Chase, Bank of America, and Citigroup -- have received more than $127 billion in taxpayer assistance. The House members noted that as recipients of taxpayer funding, these banks have a responsibility to abide by fair practices to those who are keeping their companies afloat -- the American taxpayers.

Credit card debt in U.S. households grew nearly 20 percent in just four years -- from $800 billion in 2004 to a record $977 billion in the third quarter of 2008. The average American household’s debt from credit cards has risen from $2,966 in 1990 to $9,840 in 2007. Consumers nationwide are facing excessive credit card fees, sky-high interest rates, and unfair, incomprehensible agreements that credit-card companies revise at will. In 2007, credit-card issuers imposed $18.1 billion in penalty fees on families carrying credit card balances -- up more than 50 percent since 2003 and accounting for nearly half of the $40.7 billion in industry profits. Last year's estimates were that credit card companies would break all records for late fees, over-limit charges, and other penalties, and pull in more than $19 billion.