

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1375

H. P. 1140

House of Representatives, March 30, 1977

On Motion of Ms. Clark of Freeport referred to the Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Boudreau of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT Relating to an Equitable Billing Procedure for Open-end Credit
under the Consumer Credit Code.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 9-A MRSA § 2-202, sub-§ 2, ¶A, as enacted by PL 1973, c. 762, § 1, is repealed and the following enacted in its place:

A. The average daily balance in the billing cycle for which the charge is made, which is the sum of the amount unpaid each day during that cycle, divided by the number of days in that cycle. The amount unpaid on a day is determined by adding to the balance, if any, unpaid as of the beginning of that day all debits, but excluding all purchases or leases of goods and services made on that day and deducting all payments and other credits made or received as of that day; or

Sec. 2. 9-A MRSA § 2-202, sub-§ 5 is enacted to read:

5. No finance charge shall be imposed on purchases or leases of goods or services purchased during the billing cycle, provided that they are paid for not later than 25 days after the closing date of the billing cycle in which the purchase or lease occurred.

Sec. 3. 9-A MRSA § 2-402, sub-§ 2, ¶A, as enacted by PL 1973, c. 762, § 1, is repealed and the following enacted in its place:

A. The average daily balance in the billing cycle for which the charge is made, which is the sum of the amount unpaid each day during that cycle, divided by the number of days in that cycle. The amount unpaid on a day

is determined by adding to the balance, if any, unpaid as of the beginning of that day all debits and cash advances, but excluding all purchases or leases of goods and services made on that day and deducting all payments and other credits made or received as of that day; or

Sec. 4. 9-A MRSA § 2-402, sub-§ 4 is enacted to read:

4. Except for cash advances, no finance charge shall be imposed on purchases or leases of goods or services purchased during the billing cycle, provided that they are paid for not later than 25 days after the closing date of the billing cycle in which the purchase of lease occurred.

STATEMENT OF FACT

At the time the Consumer Credit Code was enacted and creditors were assured that they would be able to charge 18% per annum on credit cards, the 2 major bank credit cards utilized in Maine provided consumers a "grace period" for purchases prior to the imposition of a finance charge.

Within the past few months, 2 of Maine's largest banks have initiated programs to eliminate this grace period for the credit cards they issue, while continuing to charge the maximum interest rate allowed under the law and while continuing to require retailers to pay a 3-7% commission for all goods and services purchased with their credit cards.

The elimination of the grace period is a substantial and costly departure from the conduct of open-end credit at the time of the enactment of the Credit Code and the 18% rate.

This bill will also prevent creditors from reducing from 25 to 20 days the period in which consumers may pay without incurring an additional interest charge.