

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 422

S. P. 172

In Senate, January 26, 1981

Referred to the Committee on Business Legislation. Sent down for concurrence and ordered printed.

MAY M. ROSS, Secretary of the Senate

Presented by Senator C. Sewall of Lincoln.

Cosponsor: Representative Tarbell of Bangor.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Amend the Maine Consumer Credit Code.

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

Sec. 1. 9-A MRSA § 2-201, sub-§ 2, ¶ B, as enacted by PL 1973, c. 762, § 1, is amended to read:

B. ~~18%~~ 25% per year on the unpaid balances of the amount financed.

Sec. 2. 9-A MRSA § 2-201, sub-§ 9, as repealed and replaced by PL 1979, c. 661, § 1, is repealed.

Sec. 3. 9-A MRSA § 2-202, sub-§ 3, first sentence, as enacted by PL 1973, c. 762, § 1, is amended to read:

If the billing cycle is monthly, the charge may not exceed ~~1-1/2%~~ 2 1/10% of the amount pursuant to subsection 2.

Sec. 4. 9-A MRSA § 2-401, sub-§ 2, ¶ B, as enacted by PL 1973, c. 762, § 1, is amended to read:

B. ~~18%~~ 25% per year on the unpaid balances of the amount financed.

Sec. 5. 9-A MRSA § 2-402, sub-§ 3, first sentence, as enacted by PL 1973, c. 762, § 1, is amended to read:

If the billing cycle is monthly, the charge may not exceed ~~1-1/2%~~ **2 1/10%** of the amount pursuant to subsection 2.

STATEMENT OF FACT

Since its enactment in 1973, the Maine Consumer Credit Code has imposed a maximum 18% interest rate on consumer credit sales and consumer loans where the amount financed exceeds \$1,000. Recently the prime interest rate charged by major banks has approached 21%. Unless the interest rate ceiling is removed or raised substantially, consumer credit will be extremely difficult if not impossible to obtain under current market conditions.