

MAINE STATE LEGISLATURE

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(EMERGENCY)
FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 619

H. P. 543

House of Representatives, February 4, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Lund of Augusta.

Cosponsors: Senator Devoe of Penobscot, Representative Hickey of Augusta.

STATE OF MAINE

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

AN ACT to Provide Equality between Home Improvement Loans and Other Consumer Credit Loans.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the current maximum annual interest rate allowed on home improvement loans is 15% under Title 9-A, section 2-201, subsection 7, although the current maximum annual interest rate allowed on other consumer credit transactions is 18% per year under Title 9-A, section 2-201, subsection 2; and

Whereas, interest rates have fluctuated greatly in recent years, creating a need for a greater maximum annual interest rate for home improvement loans; and

Whereas, home improvement loans and other consumer credit transactions should be treated alike and it is in the consumer's interest that they be treated alike; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

9-A MRSA § 2-201, sub-§ 7, as enacted by PI 1973, c. 762, § 1, is repealed.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

The Consumer Credit Code currently authorizes a 15% maximum annual interest rate on home improvement transactions subject to Title 9, chapter 360, the Home Repair Financing Act. This bill would raise the current 15% ceiling to 18%, applicable to other consumer loans. It would alleviate market problems inherent in the current 15% cap, allow market forces to function and provide an expanded source of credit to the consumer for home improvements.