

MAINE STATE LEGISLATURE

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(EMERGENCY)

SECOND REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 1838

S.P. 648

In Senate, January 4, 1984

Reference to the Committee on Business Legislation. Ordered printed and sent down for concurrence.

Approved for introduction by the Legislative Council pursuant to Joint Rule 26.

JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Bustin of Kennebec.

Cosponsors: Representative Murray of Bangor and Representative Sproul of Augusta.

STATE OF MAINE

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

**AN ACT to Maintain 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, pursuant to Public Law 1981, chapter 229, which enacted the Revised Statutes, Title 9-A, section 2-201, subsection 7, paragraph A, the maximum annual interest rate allowed on home improvement loans was 18%, which was identical to the maximum annual interest rate allowed on all other consumer credit transactions, pursuant to the Revised Statutes, Title 9-A, section 2-201, subsection 2; and

Whereas, the Revised Statutes, Title 9-A, section 2-201, subsection 7, paragraph A, was sunsetted effective May 7, 1983, which caused home improvement

1 loans to be discriminated against under the Revised
2 Statutes, Title 9-A, section 2-201, subsection 7,
3 which provides that the maximum interest rate which
4 may be charged on a home improvement loan shall be
5 15%; and

6 Whereas, home improvement loans and other consumer
7 credit transactions should be treated alike and it
8 is in the consumer's interests that they be treated
9 alike; and

10 Whereas, the Revised Statutes, Title 9-A, section
11 2-201, subsection 7, paragraph A, did assist in promoting
12 the building and home improvement industry in
13 the State; and

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

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

22 9-A MRSA §2-201, sub-§7, as amended by PL 1981,
23 c. 229, is repealed.

24 **Emergency clause.** In view of the emergency cited in
25 the preamble, this Act shall take effect when approved.
26

27 STATEMENT OF FACT

28 Equality between home improvement loans and other
29 consumer credit loans was achieved under the Maine
30 Consumer Credit Code in 1981 pursuant to Public Law
31 1981, chapter 229, which provided that the maximum
32 annual interest rate chargeable on home improvement
33 loans should be identical to that allowed on all other
34 consumer credit transactions. Prior to the enactment
35 of Public Law 1981, chapter 229, the maximum annual
36 interest rate chargeable on home improvement
37 loans was 15%, while the maximum annual interest rate

1 chargeable on all other consumer credit transactions
2 was 18%. Public Law 1981, chapter 229, also contained
3 a 2-year sunset clause. That sunset provision became
4 effective on May 7, 1983.

5 The purpose of this bill is to remove the dispar-
6 ity in the maximum interest rates allowable under the
7 Maine Consumer Credit Code for transactions governed
8 by the Home Repair Financing Act and all other con-
9 sumer credit transactions.

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