# MAINE STATE LEGISLATURE

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## FIRST REGULAR SESSION

## ONE HUNDRED AND THIRTEENTH LEGISLATURE

## Legislative Document No. 490 In Senate, February 23, 1987 S.P. 175

Reference to the Committee on Banking and Insurance suggested and ordered printed.

JOY J. O'BRIEN, Secretary of the Senate Presented by Senator BUSTIN of Kennebec. Cosponsored by Representative TRACY of Rome,

Representative RACINE of Biddeford.

#### STATE OF MAINE

## IN THE YEAR OF OUR LORD

	NINETEEN HUNDRED AND EIGHTY-SEVEN
1 2 3	AN ACT to Establish a Fluctuating Credit Card Charge.
4 5	Be it enacted by the People of the State of Maine as follows:
6 7 8	Sec. 1. 9-A MRSA §2-402, sub-§3, as amended by PL 1975, c. 291, is repealed and the following enacted in its place:
9 10 11	3. If the billing cycle is monthly, the charge assessed on the amount specified in subsection 2 may not exceed the lesser of:
12 13 14	A. Two times the index rate determined pursuant to subsection 3-A, expressed as a monthly rate; or

### B. One and one-half percent.

- If the billing cycle is not monthly, the maximum charge is that percentage which bears the same relation to the applicable monthly percentage as the number of days in the billing cycle bears to 30. A billing cycle is monthly if the closing date of the cycle is the same date each month or does not vary by more than 5 days from the regular date.
- 9 Sec. 2. 9-A MRSA §2-402, sub-§3-A is enacted to 10 read:
  - 3-A. The index rate is the average of rates established and announced as the auction average on a discount basis of United States Treasury bills with a maturity of 91 days at auctions held during the 3 calendar months preceding the respective computation dates of December 1st, March 1st, June 1st and September 1st or the first business day following those dates.
    - The administrator shall announce the index rate at least 3 weeks prior to the appropriate succeeding calendar quarter beginning either January 1st, April 1st, July 1st or October 1st. In the event of a change of rate from one quarter to the next, at the option of the creditor, the rate prescribed by subsection 3 shall be implemented on either the first day of the respective calendar quarter or on the first day of the billing cycle of the account immediately preceding or following that date, provided that the date is not more than 5 days before or after the first day of the quarter.

#### 31 STATEMENT OF FACT

This bill establishes a variable rate credit card rate system in Maine, with quarterly adjustments, while maintaining the 18% interest rate cap. The variable rate is based on the average yield on 3-month treasury bills for the period immediately preceding the quarter in question.

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