# MAINE STATE LEGISLATURE

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# 115th WAINE LEGISLATURE

# FIRST REGULAR SESSION-1991

### Legislative Document

No. 1303

H.P. 906

House of Representatives, March 27, 1991

Reference to the Committee on Business Legislation suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative FARNSWORTH of Hallowell.
Cosponsored by Representative GURNEY of Portland and Representative GEAN of Alfred.

#### STATE OF MAINE

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

An Act to Prohibit Pawn Brokers from Imposing Unfair Interest Rates.



Вe	it	enacted	by	the	People	of	the	State	of	Maine	as	follows:
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Sec. 1. 9-A MRSA §1-202, sub-§5, as enacted by PL 1973, c.
762, §1, is repealed.

Sec. 2. 30-A MRSA §3961, as amended by PL 1989, c. 104, Pt. C, §§8 and 10, is further amended to read:

## §3961. License

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municipal officers of any municipality may grant licenses to persons of good moral character to be pawnbrokers in 12 the municipality for one year, unless sooner revoked by the municipal officers for violation of law. Whoever carries on such 14 a business without a license commits a civil violation for which a forfeiture of not more than \$100 may be adjudged. 16 purposes of this subchapter, a pawnbroker transaction includes the lending of money on the security of pawned property and the 18 purchase of tangible personal property on the condition that it may be redeemed or repurchased by the seller for a fixed price 20 within a fixed period of time.

Sec. 3. 30-A MRSA §3963, as amended by PL 1989, c. 104, Pt. 24 C, §§8 and 10, is further amended to read:

#### §3963. Rates of interest

A pawnbroker may not directly or indirectly receive a rate of interest greater than 25%-a-year-on-a-loan-of-\$25-or-less, nor mere-than-6% on a larger-loan-made-upon-property-pawned the rates of interest authorized in Title 9-A, section 2-401, subsection 2, paragraphs A and B. Any pawnbroker who violates this section commits a civil violation for which a forfeiture of \$100 may be adjudged for each offense.

Sec. 4. 30-A MRSA §3966 is enacted to read:

#### §3966. Unfair trade practice

A violation of this subchapter constitutes a violation of Title 5, section 207.

### 44 STATEMENT OF FACT

This bill clarifies the meaning of a pawnbroker transaction and also ensures that pawnbrokers do not charge unfairly high interest rates by limiting pawnbrokers to the same rates of interest as consumer loans.