

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1994

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Legislative Document

No. 1722

S.P. 620

In Senate, January 13, 1994

**An Act to Promote Economic and Employment Growth in the Financial Services Sector.**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator McCORMICK of Kennebec.  
Cosponsored by Representative PINEAU of Jay and  
Senator: KIEFFER of Aroostook, Representatives: BRUNO of Raymond, KILKELLY of  
Wiscasset.

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

2  
3 Sec. 1. 9-A MRSA §2-402, sub-§§3 and 4, as amended by PL 1987,  
4 c. 129, §44, are further amended to read:

6 3. The Except with respect to loans made pursuant to a  
7 lender credit card, the charge earned in each billing cycle shall  
8 not exceed the greater of the product of the average daily  
9 balance times the number of days in the billing cycle times  
10 .049315% or, if the billing cycle is monthly, 1 1/2% of the  
11 amount pursuant to subsection 2. A billing cycle is monthly if  
12 the closing date of the cycle is the same date each month or does  
13 not vary by more than 4 days from the regular date.

14  
15 4. With respect to loans made pursuant to a lender credit  
16 card, except for cash advances, and except when there is an  
17 outstanding balance from the prior billing cycle, no finance  
18 charge may be imposed on purchases or leases of goods or services  
19 purchased during the billing cycle, provided that they are paid  
20 for not later than 25 days after the closing date of the billing  
21 cycle in which the purchase or lease occurred.

22 Sec. 2. 9-A MRSA §2-402, sub-§5 is enacted to read:

23  
24 5. With respect to loans made pursuant to a lender credit  
25 card, a creditor may not impose a finance charge if it is in  
26 excess of that set forth in the agreement between the consumer  
27 and the creditor.

28  
29 Sec. 3. 9-A MRSA §2-501, sub-§1, ~~¶E~~, as amended by PL 1987, c.  
30 129, §45, is further amended to read:

31  
32 E. An annual charge, ~~not to exceed \$12 on each account,~~ for  
33 the privilege of using a lender credit card; and

34  
35 Sec. 4. 9-A MRSA §2-502, sub-§1, as amended by PL 1985, c.  
36 763, Pt. A, §34, is further amended to read:

37  
38 1. With respect to a precomputed consumer credit  
39 transaction and a consumer lease, the parties may contract for a  
40 delinquency charge on any installment not paid in full within 15  
41 days after its scheduled or deferred due date in an amount not  
42 exceeding the greater of:

43  
44 A. An amount, not exceeding \$10, which is 5% of the unpaid  
45 amount of the installment; or

46  
47 B. The deferral charge, section 2-503, that would be  
48 permitted to defer the unpaid amount of the ~~instalment~~  
49 installment for the period that it is delinquent.

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Sec. 5. 9-A MRSA §6-104, sub-§3-A is enacted to read:

3-A. In the administrator's report to the Commissioner of Professional and Financial Regulation as required by subsection 3, after consultation with and input from the Commissioner of Economic and Community Development, the administrator shall examine and report on the impact of consumer credit regulation under this Title upon employment opportunities within the financial services sector in this State.

#### STATEMENT OF FACT

The purpose of this bill is to amend the consumer finance laws to attract providers of credit to originate or service loans in this State. This bill deregulates lender credit card programs so that the marketplace establishes a reasonable interest rate. It removes the \$12 ceiling on annual credit card fees and allows the marketplace to establish this fee and it removes the prohibition against late charges so that those parties that add tremendous costs to the credit system pay for these costs. It amends the sections of law that create a grace period for new purchases so that if an outstanding balance exists from the prior billing cycle the bank may begin charging interest from the posting date.

This bill also requires that the Superintendent of Consumer Credit Protection, in the annual report of the Bureau of Consumer Credit Protection to the Commissioner of Professional and Financial Regulation, examine and report on the employment impact of regulation under the Maine Revised Statutes, Title 9-A to the financial services sector in the State. This report will include input from the Commissioner of Economic and Community Development.

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This document has not yet been reviewed to determine the need for cross-reference, stylistic and other technical amendments to conform existing law to current drafting standards.