

MAINE STATE LEGISLATURE

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in
R 08

L.D. 2198

DATE: 3-18-98

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MAJORITY
BUSINESS AND ECONOMIC DEVELOPMENT

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1565, L.D. 2198, Bill, "An Act to Implement the Recommendations Relating to the Review of the Department of Professional and Financial Regulation's Office of the Commissioner, Office of Consumer Credit Regulation and Office of Licensing and Registration under the State Government Evaluation Act"

Amend the bill in Part B by inserting after section 1 the following:

'Sec. B-2. 9-A MRSA §1-301, sub-§14, ¶A, as amended by PL 1987, c. 396, §6, is further amended to read:

A. Except as provided in paragraph B, a "consumer loan" is a loan made by a person regularly engaged in the business of making loans in which:

(i) the debtor is a person other than an organization;

(ii) the debt is incurred primarily for a personal, family or household purpose;

(iii) either the debt is payable in instalments installments or a finance charge is made; and

(iv) ~~either--the--amount--financed--does--not--exceed \$25,000--or--the--debt--is--secured--by--manufactured--housing--or--an--interest--in--land.~~ for loans made by:

(a) A supervised financial organization, either the amount financed does not exceed \$25,000 or the

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debt is secured by manufactured housing or an interest in land; or

(b) A supervised lender other than a supervised financial organization, either the amount financed does not exceed \$35,000 or the debt is secured by manufactured housing or an interest in land.'

Further amend the bill in Part B by striking out all of section 9 and inserting in its place the following:

'Sec. B-9. 9-A MRSA §2-401, sub-§2, as repealed and replaced by PL 1987, c. 129, §39, is amended to read:

2. With respect to a consumer loan, other than a loan pursuant to open-end credit, a lender may contract for and receive a finance charge calculated according to the actuarial method, not exceeding the equivalent of ~~the greater of either~~ of the following:

A. The total of:

(i) 30% per year on that part of the unpaid balances of the amount financed ~~which that~~ is \$700 ~~\$2,000~~ or less;

(ii) ~~21%~~ 24% per year on that part of the unpaid balances of the amount financed ~~which that~~ is more than \$700 ~~\$2,000~~ but does not exceed \$2,000 ~~\$4,000~~; and

(iii) ~~15%~~ 18% per year on that part of the unpaid balances of the amount financed ~~which that~~ is more than \$2,000 ~~or~~ \$4,000.

~~B. 18% per year on the unpaid balances of the amount financed.~~

Notwithstanding paragraph A, with respect to a consumer loan in which the amount financed exceeds \$8,000, a lender may not contract for and receive a finance charge calculated according to the actuarial method in excess of 18% per year on the entire amount of the loan.'

Further amend the bill in Part C in section 4 in subsection 3 in the 7th to 11th lines (page 7, lines 23 to 27 in L.D.) by striking out the following: "The department shall hold hearings on the first Tuesday of February of each year for the purpose of considering changes in the rules pertaining to plumbing--and subsurface sewage disposal systems and the installation and inspection thereof." and inserting in its place the following:

~~'The department shall hold hearings on the first Tuesday of February of each year for the purpose of considering changes in the rules pertaining to plumbing and subsurface sewage disposal systems and the installation and inspection thereof.'~~

Further amend the bill in Part C in section 7 in that part designated "§60-G." in subsection 1 in the 2nd line (page 8, line 18 in L.D.) by inserting after the following: "subsection 38" the following: 'and Title 10, section 8001-A'

Further amend the bill in Part C in section 8 in subsection 1 in the 4th line (page 9, line 34 in L.D.) by inserting after the following: "to," the following: 'internal'

Further amend the bill in Part C in section 9 in that part designated "§3403-B." in subsection 2 in the 5th line (page 10, line 8 in L.D.) by inserting after the following: "is the" the following: 'joint'

Further amend the bill in Part C in section 9 in that part designated "§3403-B." in subsection 2 in the 6th line (page 10, line 9 in L.D.) by striking out the following: "rather than" and inserting in its place the following: 'and'

Further amend the bill in Part C in section 16 in subsection 8 in the first line (page 12, line 8 in L.D.) by striking out the following: "flammable liquid" and inserting in its place the following: 'propane and natural gas'

Further amend the bill in Part C in section 16 in subsection 8 in the 3rd line (page 12, line 10 in L.D.) by striking out the following: "flammable liquid" and inserting in its place the following: 'propane and natural gas'

Further amend the bill in Part C in section 16 in subsection 8 in the 4th line (page 12, line 11 in L.D.) by striking out the following: "flammable" and inserting in its place the following: 'propane and natural gas'

Further amend the bill by inserting after Part C and before the summary the following:

PART D

Sec. D-1. Allocation. The following funds are allocated from Other Special Revenue to carry out the purposes of this Act.

1998-99

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**PROFESSIONAL AND FINANCIAL REGULATION,
DEPARTMENT OF**

2

4 Division of Licensing and Enforcement

6 All Other \$10,300

8 Allocates funds to reflect
10 the transfer of the
12 responsibility for the
14 permitting and inspection of
aboveground flammable liquid
storage facilities to the
Propane and Natural Gas Board.

16 Division of Licensing and Enforcement

18 All Other (\$938)

20 Deallocates funds to reflect
22 the transfer of the Maine
24 State Pilotage Commission to
the Department of
Transportation.

**26 DEPARTMENT OF PROFESSIONAL AND FINANCIAL
REGULATION**

28 TOTAL \$9,362

30 **Sec. D-2. Allocation.** The following funds are allocated from
32 the Marine Ports Fund to carry out the purposes of this Act.

1998-99

34 TRANSPORTATION, DEPARTMENT OF

36 Ports and Marine Transportation

38 All Other \$938

40 Allocates funds for general operating
42 expenses of the Maine State Pilotage
Commission.

**44 DEPARTMENT OF TRANSPORTATION
TOTAL** \$938

46

48 Further amend the bill by relettering or renumbering any
50 nonconsecutive Part letter or section number to read
consecutively.

2 Further amend the bill by inserting at the end before the
summary the following:

6 **FISCAL NOTE**

8 **1998-99**

10 **APPROPRIATIONS/ALLOCATIONS**

12 Other Funds \$10,300

14 **REVENUES**

16 Other Funds \$9,445

18
20 The Department of Human Services will realize some minor
22 savings from transferring responsibility for the state plumbing
code to the Plumbers' Examining Board within the Department of
Professional and Financial Regulation. In the future, the board
24 may require an additional Plumbing Inspector position at an
annual cost of approximately \$34,000 to administer the state
26 plumbing code. Any such additional costs by the board are not
likely to occur before fiscal year 1999-2000.

28
30 Eliminating aboveground propane and natural gas inspection
and permitting authority of the Department of Public Safety will
32 reduce dedicated revenue to the department by \$855 annually
beginning in fiscal year 1998-99. This reduction in dedicated
revenue will not significantly impact the operation of the
34 licensing and inspection unit of the Department of Public Safety.

36 The transfer of the responsibility for the permitting and
inspection of aboveground propane and natural gas storage
38 facilities to the Propane and Natural Gas Board within the
Department of Professional and Financial Regulation will increase
40 the annual dedicated revenues collected by the board by \$10,300
beginning in fiscal year 1998-99. The board's annual
42 expenditures will also increase by an equivalent amount.

44 The transfer of the Maine State Pilotage Commission from the
Department of Professional and Financial Regulation to the
46 Department of Transportation will result in the redistribution to
other boards within the Department of Professional and Financial
48 Regulation \$16,739 in overhead costs charged to the commission
for services provided by the Division of Licensing and
50 Enforcement in fiscal year 1998-99. The redistribution of these

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2 costs will result in a prorated increase in costs for each of the
3 remaining boards. The commission will also retain revenues equal
4 to this amount which were transferred to the division to cover
5 the commission's overhead expenses. The transfer of the
6 commission to the Department of Transportation will also result
7 in a transfer of annual costs of \$938 in certain commission
8 operating expenses and annual dedicated revenues of \$6,700 from
9 license fees. Allocations and deallocations are included to
10 reflect this transfer. In addition, depending on the effective
11 date of the transfer, whatever amount of funds the commission has
12 as a cash balance in its account will also be transferred to the
13 Department of Transportation.

14 The Bureau of Banking and the Office of Consumer Credit
15 Regulation, which are within the Department of Professional and
16 Financial Regulation, will incur some minor additional costs to
17 administer certain provisions of the Maine Consumer Credit Code
18 pertaining to automobile credit sales. These costs can be
19 absorbed within these agencies' existing budgeted resources.

20 Inclusion of certain automobile credit sales transactions
21 within the purview of the Maine Consumer Credit Code will result
22 in insignificant increases of dedicated revenue to the Bureau of
23 Banking and the Office of Consumer Credit Regulation from volume
24 fees and examination costs.

25 This bill may increase prosecutions for Class D and Class E
26 crimes. If a jail sentence is imposed, the additional costs to
27 the counties are estimated to be \$86.45 per day per prisoner.
28 These costs are not reimbursed by the State. The number of
29 prosecutions that may result in a jail sentence and the resulting
30 costs to the county jail system are expected to be insignificant.

31 The additional workload, administrative costs and indigent
32 defense costs associated with the minimal number of new cases
33 filed in the court system can be absorbed within the budgeted
34 resources of the Judicial Department. The collection of
35 additional fines may also increase General Fund revenue by minor
36 amounts.'

42 **SUMMARY**

43 This amendment, which is the majority report, establishes
44 modified consumer loan finance charges at levels consistent with
45 other New England states. It also applies the Maine Consumer
46 Credit Code protections to loans up to \$35,000 when made by
47 supervised lenders other than supervised financial
48 organizations. The amendment clarifies that the boards listed
49 under the Maine Revised Statutes, Title 10, section 8001-A are
50

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2 included in the complaint procedure of Title 32, section 60-G.
The amendment clarifies that the plumbing code applies to
4 internal plumbers and not external or subsurface sewage disposal
rules. The amendment clarifies that the enforcement of the
6 plumbing code is the joint responsibility of municipalities and
the Plumbers' Examining Board. The amendment clarifies the
referenced inspections with respect to propane and natural gas.

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