

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 256

H.P. 221

House of Representatives, January 23, 2001

An Act to Limit the Interest Rate Charged on Debt to 29 Percent.

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

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative GOODWIN of Pembroke.
Cosponsored by Representative CLARK of Millinocket.

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

4 **Sec. 1. 9-A MRSA §2-201, sub-§2,** as amended by PL 1997, c.
727, Pt. B, §3, is repealed.

6 **Sec. 2. 9-A MRSA §2-201, sub-§2-A** is enacted to read:

8 2-A. Notwithstanding this section, the finance charge
10 allowable on any transaction involving a credit card purchase may
12 not exceed 29% per year on the unpaid balance of the amount
14 financed.

16 **Sec. 3. 9-A MRSA §2-201, sub-§5,** as enacted by PL 1973, c.
18 762, §1, is amended to read:

20 5. Subject to classifications and differentiations the
seller may reasonably establish, he the seller may make the same
finance charge on all amounts financed within a specified range.
A That finance charge so-made does not violate subsection 2 2-A
if:

22 A. When applied to the median amount within each range, it
24 does not exceed the maximum permitted by subsection 2 2-A;
and

26 B. When applied to the lowest amount within each range, it
28 does not produce a rate of finance charge exceeding the rate
calculated according to paragraph A by more than 8% of the
rate calculated according to paragraph A.

30 **Sec. 4. 9-A MRSA §2-201, sub-§6,** as repealed and replaced by
32 PL 1975, c. 298, §1, is amended to read:

34 6. Notwithstanding subsection 2 2-A, the seller may
36 contract for and receive a minimum charge of not more than:

38 A. Five dollars when the amount financed does not exceed
\$75;

40 B. Seven dollars and fifty cents when the amount financed
42 exceeds \$75, but is less than \$250; or

44 C. Twenty-five dollars when the amount financed is \$250 or
46 more and when, within 30 days from the date of the
transaction, the agreement is assigned by the seller, other
than a seller of motor vehicles, to an assignee having no
corporate relationship to the seller-assignor.

48 **Sec. 5. 9-A MRSA §2-202, sub-§8** is enacted to read:
50

2 8. Notwithstanding this section, the finance charge
4 allowable on any transaction involving a credit card purchase may
6 not exceed 29% per year on the unpaid balance of the amount
8 financed.

10 **Sec. 6. 9-A MRSA §2-401, sub-§2,** as amended by PL 1997, c.
12 727, Pt. B, §10, is further amended to read:

14 2. With respect to a consumer loan, other than a loan
16 pursuant to open-end credit, a lender may contract for and
18 receive a finance charge calculated according to the actuarial
20 method, ~~not exceeding the equivalent of the following:~~ 29% per
22 year on the unpaid balance of the amount financed.

24 ~~A. The total of:~~

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

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

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

40 ~~Notwithstanding paragraph A, with respect to a consumer loan in~~
42 ~~which the amount financed exceeds \$8,000, a lender may not~~
44 ~~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.

Sec. 7. 9-A MRSA §2-402, sub-§6 is enacted to read:

6. Notwithstanding this section, the finance charge
allowable on any transaction involving a credit card purchase may
not exceed 29% per year on the unpaid balance of the amount
financed.

SUMMARY

This bill limits the interest that may be charged on
consumer credit transactions to 29%.