

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1168

H.P. 865

House of Representatives, March 5, 2003

An Act To Establish a Cap on Credit Card Rates and To Require Notice of a Change in Credit Card Rates

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND

Clerk

Presented by Representative SAMPSON of Auburn.

Cosponsored by Representative DUPLESSIE of Westbrook, Senator DOUGLASS of Androscoggin and

Representatives: DUPREY of Medway, O'NEIL of Saco, SIMPSON of Auburn, SMITH of Monmouth.

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

Sec. 1. 9-A MRSA §2-202, sub-§7, as amended by PL 1999, c. 184, §1, is further amended to read:

7. With respect to consumer credit sales made pursuant to a credit card, other than a lender credit card, a creditor may not impose a finance charge if it is in excess of that set forth in the agreement between the consumer and the creditor 18% per year on the unpaid balance on the credit card.

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

8. With respect to a consumer credit sale made pursuant to open-end credit, a creditor shall notify a consumer prior to instituting an increase in the percentage used to determine a finance charge, even if the increase is generally described and set forth in the agreement between the creditor and the consumer.

Sec. 3. 9-A MRSA §2-402, sub-§5, as enacted by PL 1993, c. 618, §2, is amended to read:

5. With respect to loans made pursuant to a lender credit card, a creditor may not impose a finance charge if it is in excess of that set forth in the agreement between the consumer and the creditor 18% per year on the unpaid balance on the credit card.

Sec. 4. 9-A MRSA §2-402, sub-§6 is enacted to read:

6. With respect to loans made on open-end credit, a creditor shall notify a consumer prior to instituting an increase in the percentage used to determine a finance charge, even if the increase is generally described and set forth in the agreement between the creditor and the consumer.

SUMMARY

This bill establishes a cap on the percentage of interest rates on credit card balances at 18% per year. This bill also requires creditors to notify consumers before raising the percentage of interest rates on credit card balances, even if the increase is described in the credit agreement between the creditor and consumer.