

## 126th MAINE LEGISLATURE

## **FIRST REGULAR SESSION-2013**

**Legislative Document** 

No. 393

H.P. 268

House of Representatives, February 12, 2013

An Act To Cap Interest Rates and Finance Charges on Credit and Loans

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

Millient M. Macfarland MILLICENT M. MacFARLAND Clerk

Presented by Representative BROOKS of Winterport.
Cosponsored by Senator GRATWICK of Penobscot and
Representatives: DAUGHTRY of Brunswick, DION of Portland, FARNSWORTH of Portland,
PETERSON of Rumford, PRIEST of Brunswick, STUCKEY of Portland, VEROW of Brewer,
WELSH of Rockport.

2 3	<b>Sec. 1. 9-A MRSA §2-201, sub-§2,</b> as amended by PL 1997, c. 727, Pt. B, §3, is further amended to read:
4 5 6	2. The finance charge, calculated according to the actuarial method, may not exceed the equivalent of the greater of either of the following: 18% per year on the unpaid balance of the amount financed.
7	A. The total of:
8 9	(i) 30% per year on that part of the unpaid balances of the amount financed that is \$1,000 or less;
10 11	(ii) 21% per year on that part of the unpaid balances of the amount financed that is more than \$1,000 but does not exceed \$2,800; and
12 13	(iii) 15% per year on that part of the unpaid balances of the amount financed that is more than \$2,800; or
14	B. 18% per year on the unpaid balances of the amount financed.
15 16	<b>Sec. 2. 9-A MRSA §2-202, sub-§7,</b> as amended by PL 2011, c. 427, Pt. A, §5, is further amended to read:
17 18 19 20	7. Unless otherwise provided for in Article 8-A, 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 that is in excess of that set forth in the agreement between the consumer and the creditor 18% per year on the entire amount financed.
21 22	<b>Sec. 3. 9-A MRSA §2-401, sub-§2,</b> as amended by PL 1997, c. 727, Pt. B, §10, is further amended to read:
23 24 25 26	2. With respect to a consumer loan, other than a loan pursuant to open-end credit, a lender may <u>not</u> contract for and receive a finance charge calculated according to the actuarial method, not exceeding the equivalent of the following: in excess of 18% per year on the entire amount financed.
27	A. The total of:
28 29	(i) 30% per year on that part of the unpaid balances of the amount financed that is \$2,000 or less;
30 31	(ii) 24% per year on that part of the unpaid balances of the amount financed that is more than \$2,000 but does not exceed \$4,000; and
32 33	(iii) 18% per year on that part of the unpaid balances of the amount financed that is more than \$4,000.
34 35 36 37	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.

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

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1 2	<b>Sec. 4. 9-A MRSA §2-402, sub-§5,</b> as amended by PL 2011, c. 427, Pt. A, §6, is further amended to read:
3	5. Unless otherwise provided for in Article 8-A, with respect to loans made
4	pursuant to a lender credit card, a creditor may not impose a finance charge if it that is in
5	excess of that set forth in the agreement between the consumer and the creditor 18% per
6	year. This subsection does not apply to open-end credit plans secured by a consumer's
7	principal dwelling or by a 2nd or vacation home of the consumer.
8	<b>Sec. 5. 9-A MRSA §2-601,</b> as enacted by PL 1973, c. 762, §1, is amended to read:
9	§2-601. Finance charge for other credit transactions
10	Except where otherwise provided by law with respect to a credit transaction other
11	than a consumer credit transaction, the parties may <u>not</u> contract for the payment by the
12 13	debtor of any finance charge that is in excess of 18% per year on the entire amount
13	financed.
14	SUMMARY
15	This bill limits the maximum interest rates and finance charges charged on consumer
16	credit and consumer loans to 18%.