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S.P. 205

In Senate, February 24, 2021

An Act To Cap Interest Rates for Consumer Debt

Received by the Secretary of the Senate on February 22, 2021. Referred to the Committee on Health Coverage, Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator BENNETT of Oxford.

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

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

4 **2.** The finance charge, calculated according to the actuarial method, may not exceed
5 the equivalent of the greater of either of the following: 15% per year on the unpaid balance
6 of the amount financed.

7 ~~A. The total of:~~

8 ~~(i) 30% per year on that part of the unpaid balances of the amount financed that is~~
9 ~~\$1,000 or less;~~

10 ~~(ii) 21% per year on that part of the unpaid balances of the amount financed that~~
11 ~~is more than \$1,000 but does not exceed \$2,800; and~~

12 ~~(iii) 15% per year on that part of the unpaid balances of the amount financed that~~
13 ~~is more than \$2,800; or~~

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

15 **Sec. 2. 9-A MRSA §2-201, sub-§9-A**, as amended by PL 1999, c. 699, Pt. D, §2
16 and affected by §30, is further amended to read:

17 **9-A.** Notwithstanding any other provision of law, the finance charge on a consumer
18 credit sale of a motor vehicle, ~~as defined in this section,~~ that is sold on or after January 1,
19 1994 may not exceed ~~48%~~ 15% per year on the unpaid balance of the amount financed.
20 For the purposes of this section, "motor vehicle" means any self-propelled vehicle not
21 operated exclusively on tracks, except agricultural machinery and any other devices that
22 do not constitute consumer goods, as defined in Title 11, section 9-1102, subsection (23).

23 **Sec. 3. 9-A MRSA §2-201, sub-§10, ¶B**, as repealed and replaced by PL 1983, c.
24 87, §1, is amended to read:

25 B. ~~48%~~ Fifteen percent per year.

26 **Sec. 4. 9-A MRSA §2-202, sub-§7**, as amended by PL 2011, c. 427, Pt. A, §5, is
27 further amended to read:

28 **7.** Unless otherwise provided for in Article 8-A, with respect to consumer credit sales
29 made pursuant to a credit card, other than a lender credit card, a creditor may not impose a
30 finance charge if it is in excess of ~~that set forth in the agreement between the consumer and~~
31 ~~the creditor~~ 15% per year on the unpaid balance on the credit card.

32 **Sec. 5. 9-A MRSA §2-401, sub-§2**, as amended by PL 1997, c. 727, Pt. B, §10, is
33 further amended to read:

34 **2.** With respect to a consumer loan, other than a loan pursuant to open-end credit, a
35 lender may not contract for and receive a finance charge calculated according to the
36 actuarial method, ~~not exceeding the equivalent of the following:~~ in excess of 15% per year
37 on the entire amount financed.

38 ~~A. The total of:~~

39 ~~(i) 30% per year on that part of the unpaid balances of the amount financed that is~~
40 ~~\$2,000 or less;~~

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

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

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

9 **Sec. 6. 9-A MRSA §2-401, sub-§8, ¶B**, as enacted by PL 1983, c. 87, §2, is
10 amended to read:

11 B. ~~18%~~ Fifteen percent per year.

12 **Sec. 7. 9-A MRSA §2-401, sub-§9**, as enacted by PL 1985, c. 763, Pt. A, §33, is
13 amended to read:

14 **9.** Notwithstanding any other subsection, the finance charge on an insurance premium
15 loan may not exceed ~~18%~~ 15% per year on the unpaid balances of the amount financed,
16 except for any minimum charge that may be allowed pursuant to subsection 7.

17 **Sec. 8. 9-A MRSA §2-402, sub-§5**, as amended by PL 2011, c. 427, Pt. A, §6, is
18 further amended to read:

19 **5.** Unless otherwise provided for in Article 8-A, with respect to loans made pursuant
20 to a lender credit card, a creditor may not impose a finance charge ~~if it~~ that is in excess of
21 ~~that set forth in the agreement between the consumer and the creditor~~ 15% per year. This
22 ~~subsection does not apply to open-end credit plans secured by a consumer's principal~~
23 ~~dwelling or by a 2nd or vacation home of the consumer.~~

24 **Sec. 9. 9-A MRSA §2-601**, as enacted by PL 1973, c. 762, §1, is amended to read:
25 **§2-601. Finance charge for other credit transactions**

26 Except where otherwise provided by law with respect to a credit transaction other than
27 a consumer credit transaction, the parties may not contract for the payment by the debtor
28 of any finance charge that is in excess of 15% per year on the entire amount financed.

29 SUMMARY

30 This bill caps interest rates on consumer loans, including credit cards, at 15%.