

## **LD 1466, An Act To Improve the Efficiency of Certain Consumer Credit Protection Laws**

### **SUMMARY:**

Part A of this bill does the following.

1. It clarifies the jurisdiction of the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection to regulate transactions entered into by mail, telephone or electronic mail or using a creditor's website when the consumer is located in Maine.
  
2. It establishes that an automobile seller is regularly engaged in credit sales if the seller sells more than 15 cars per year on credit. Currently, a dealer can sell up to 25 cars a year on credit without complying with any disclosure, rate cap or repossession standards.
  
3. It defines a supervised lender to include a company that purchases and collects on supervised loans, regardless of whether the company maintains an office in this State. Current law already holds in-state companies to this standard.
  
4. It clarifies confidentiality provisions by referencing an exception currently found in another section of the Maine Consumer Credit Code.
  
5. It authorizes the Superintendent of Consumer Credit Protection to adjust fees to support the costs of compliance and staff attorney positions with revenues derived from nonbank mortgage companies. It also allows the superintendent to reduce fees by regulation.

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### **SUMMARY (cont'd) :**

6. It corrects references to the Superintendent of Consumer Credit Protection.
  
7. It specifically provides that the Superintendent of Consumer Credit Protection or the Superintendent of Financial Institutions has the authority, after notice to the licensee and opportunity to be heard, to suspend, revoke or deny renewal of a payroll processor's license.
  
8. It confirms the ability of the Bureau of Consumer Credit Protection to regulate transmission of digital currencies, such as Bitcoin.
  
9. It establishes the Superintendent of Consumer Credit Protection's authority over debt collectors consistent with authority granted the administrator with respect to other license types.
  
10. It adds to the laws governing debt collectors routine enforcement authority consistent with authority currently applied with respect to consumer lenders and creditors.
  
11. It adds to the laws governing debt collectors an assurance of discontinuance as an enforcement option consistent with current law applicable to consumer lenders and creditors.

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### **SUMMARY (cont'd):**

Part B does the following.

1. It permits the use of a nationwide multistate licensing system to process licenses and registrations with respect to general creditors, debt collectors, money transmitters and other entities regulated by the Bureau of Consumer Credit Protection. It also authorizes the use of that system by large, national companies that already use the system for their licenses in other states.
2. It amends a notification date provision in the law to permit the Bureau of Consumer Credit Protection to use the nationwide mortgage licensing system for different business types.

Part C repeals language that requires annual reports to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters relating to the business of "legal funding practices."

Part D does the following.

1. It amends application and renewal fee provisions for entities licensed and regulated by the Bureau of Consumer Credit Protection to allow the bureau to use rulemaking to adjust fees.
2. It allows the bureau to use the nationwide mortgage licensing system and registry to license or register regulated entities.
3. It authorizes the Superintendent of Consumer Credit Protection to permit affiliated companies to be under a single debt collector license.

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### **SUMMARY (cont'd):**

Part E makes it a violation of the Maine Fair Debt Collection Practices Act to collect or attempt to collect a debt from medical expenses against an individual eligible for free or charity care.

Part F adds requirements relating to collection actions for credit card debt and student loan debt.

Part G authorizes courts to refer cases to the Court Alternative Dispute Resolution Service for mediation and assess fees for such mediation.

**TESTIMONY:** Written testimony submitted can be found [here](#).

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### ISSUES FOR CONSIDERATION:

1. Parts A through F of LD 1466 reflects the language unanimously supported by HCIFS Committee in 129<sup>th</sup> Legislature on LD 1767, An Act To Increase the Efficiency of Certain Consumer Credit Protection Laws. LD 1767 was voted OTP-A by HCIFS and reported out of committee, but was not taken up in any special session before termination of the 129<sup>th</sup> Legislature. Part G was considered by the committee and approved to be added as a floor amendment, but not incorporated into the bill as no special session was convened.
2. Amendment suggested by [Entertainment Software Association](#) to clarify reference to digital currencies in Section A-9 of the bill to ensure that Bureau of Consumer Credit Regulation does not intend to regulate in-game currencies used in video games. The Bureau of Consumer Credit Protection has indicated it has no objection to the proposed amendment, which would replace the term “digital currency” used in the bill and replace it with “virtual currency” and a definition of “virtual currency.”
3. Concerns raised by the [Receivables Management Association International](#) and [Encore Capital Group](#) about removing debt collection actions for student loans and credit card loans from small claims court. Amendments also suggested to language in Parts E and F of the bill by [Kate Conley](#).
4. Testimony provided by Judicial Branch suggested that committee consider expanding scope of cases removed from Small Claims Court to all debt collection actions, including auto loans, medical debt and utility debt. This would also help with make implementation by the courts administratively easier.

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### **ISSUES FOR CONSIDERATION (cont'd):**

5. Language in Part G of the bill has also been included in a bill being considered by the Judiciary Committee put forward by the Judicial Branch, [LD 483](#), An Act To Clarify Funding for Civil Legal Services. LD 483 has been voted by the Judiciary Committee with a divided report; the majority OTP-A report includes this language. Consider whether Part G can be removed from LD 1466?

### **FISCAL INFORMATION:**

Not yet determined