

ALASKA STATE LEGISLATURE

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Juneau, Alaska 99801 (Jan. -April)
State Capitol, Room 412
907.465.2095

HOUSE BILL 145

“AN ACT RELATING TO LOANS IN AN AMOUNT OF \$25,000 OR LESS; RELATING TO DEFERRED DEPOSIT ADVANCES; AND PROVIDING FOR AN EFFECTIVE DATE”

Each year approximately 15,000 Alaskans take out payday loans, many of these citizens do so in duress as they must provide for not only themselves but also their family making the number of affected Alaskans even higher than the roughly 15,000 who take out the loans.

General lending laws cap institutions at a maximum rate of 36% Annual Percentage Rate (APR) however there is a special exempting statute removing this cap for certain lenders.

These predatory loans take advantage of the dire situations of individuals and special exemptions that are written into statute allowing them to charge higher rates, which has resulted in rates between 521.4% APR and 194.7% APR.

Because of these lending practices and unbalanced exception, those who are in the more vulnerable position often find themselves further trapped in a cycle of financial hardship when they are drawn into taking out a loan from a lender that falls under this exception.

The fix to this situation is easy, remove this special exception and hold all lenders to the same standard and expectations when issuing loans contracts, regardless of what they brand or display the loan as.