

**CS FOR HOUSE BILL NO. 389(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 3/3/04

Referred: Finance

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to certain monetary advances in which the deposit or other negotiation  
2 of checks to pay the advances is delayed until a later date; and providing for an effective  
3 date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1.** AS 06.01.050(3) is amended to read:

6 (3) "financial institution" means an institution subject to the regulation  
7 of the department under this title; in this paragraph, "institution" includes a  
8 commercial bank, savings bank, credit union, premium finance company, small loan  
9 company, bank holding company, financial holding company, trust company, [AND]  
10 savings and loan association, and a deferred deposit advance licensee under  
11 AS 06.50;

12 \* **Sec. 2.** AS 06 is amended by adding a new chapter to read:

13 **Chapter 50. Deferred Deposit Advances.**

14 **Article 1. Licensing.**

1           **Sec. 06.50.010. License required.** A person, including a person doing  
2 business from outside this state, may not engage in the business of making or offering  
3 to make deferred deposit advances in this state without having a license under this  
4 chapter. A separate license is required for each location from which the person  
5 conducts the business.

6           **Sec. 06.50.020. Qualifications for license.** (a) To qualify for a license, an  
7 applicant shall

8                   (1) have cash assets of at least \$25,000, as determined under generally  
9 accepted accounting principles, except that an applicant who wants to engage in the  
10 business of making advances at more than one location in the state shall have cash  
11 assets of at least \$25,000 for each location;

12                   (2) demonstrate the financial responsibility, financial condition,  
13 business experience, character, and general fitness that reasonably warrant the  
14 department's belief that the applicant's business will be conducted lawfully and fairly;  
15 when determining whether this qualification has been met, and for the purpose of  
16 investigating compliance with this chapter, the department may review

17                           (A) the relevant business records of the applicant and the  
18 adequacy of the capital of the applicant;

19                           (B) the competence, experience, integrity, and financial ability  
20 of the applicant, and, if the applicant is an entity, of any person who is a  
21 member, partner, director, senior officer, or owner of 10 percent or more of the  
22 equity of the applicant; and

23                           (C) a record of conviction, on the part of the applicant or a  
24 person described in (B) of this paragraph, of

25                                   (i) criminal activity, fraud, or other act of personal  
26 dishonesty;

27                                   (ii) an act, an omission, or a practice that constitutes a  
28 breach of a fiduciary duty; or

29                                   (iii) a suspension, a revocation, a removal, or an  
30 administrative act by an agency or a department of the United States or  
31 a state from participation in the conduct of a business;

1 (3) if the person has a physical business location in the state, have a  
2 physical business location that is accessible by and convenient to the public;

3 (4) have a current business license issued under AS 43.70; and

4 (5) if applicable, have a certificate of incorporation under  
5 AS 10.06.218, have a certificate of authority under AS 10.06.705, have a copy of  
6 articles of organization that satisfies AS 10.50.090, be registered under AS 10.50.605,  
7 have a statement of foreign qualification filed under AS 32.06.922, have a certificate  
8 of limited partnership filed under AS 32.11.060, or be registered under AS 32.11.420.

9 (b) The requirements in (a) of this section are continuing in nature and may be  
10 reviewed periodically by the department.

11 **Sec. 06.50.030. Application.** (a) An application for a license must be in  
12 writing and under oath, in a form prescribed by the department by regulation, and  
13 include at least

14 (1) the legal name, residence, and business address of the applicant  
15 and, if the applicant is not a natural person, of each member, partner, director, senior  
16 officer, or owner of 10 percent or more of the equity of the applicant;

17 (2) the address and physical location of the principal place of business  
18 named in the application; and

19 (3) other information the department may require with respect to the  
20 applicant and, if the applicant is not a natural person, about the applicant's members,  
21 partners, directors, senior officers, or owners of 10 percent or more of the equity of the  
22 applicant.

23 (b) The applicant shall submit with the application the bond required by  
24 AS 06.50.040 and a nonrefundable application fee in an amount that is established by  
25 the department by regulation and that does not exceed \$1,200. The application fee for  
26 the initial license may not be prorated.

27 **Sec. 06.50.040. Bond.** (a) An applicant for a license shall file with the  
28 application a bond

29 (1) in a form to be approved by the department;

30 (2) in which the applicant is the obligor; and

31 (3) in the sum of \$25,000 for a business with one location and \$50,000

1 for a business with more than one location.

2 (b) Only one bond is required for an application for a business with more than  
3 one location.

4 (c) The bond required by (a) of this section is for the use of the state and a  
5 person who may have a cause of action against the obligor under this chapter.

6 (d) The bond must state that the obligor will

7 (1) faithfully conform to and abide by the provisions of this chapter  
8 and regulations adopted by the department under this chapter; and

9 (2) pay to the state and to a person all money that may become due or  
10 owing to the state or to the person from the applicant under this chapter.

11 (e) The bond must remain in effect for three years following the denial of a  
12 renewal of a license or the expiration of a license.

13 (f) If, at any time, the department finds that a bond filed under (a) of this  
14 section is unsatisfactory for any reason, the department may require the licensee to  
15 file, within 10 days after the receipt of a written demand, an additional bond to comply  
16 with this section.

17 (g) The licensee shall file a new bond that complies with this section each time  
18 a license is renewed.

19 **Sec. 06.50.050. Investigation by department.** Within 60 days after an  
20 applicant files a completed application, the bond, and an application fee, the  
21 department shall investigate whether the applicant satisfies the qualifications of  
22 AS 06.50.020(a). If the department finds that the applicant satisfies the qualifications,  
23 it shall approve the application and issue the applicant a license to engage in the  
24 business of making deferred deposit advances.

25 **Sec. 06.50.060. Conditions precedent to license.** The requirements of  
26 AS 06.50.030 - 06.50.050 are conditions precedent to the issuance of a license under  
27 this chapter. The license permits the applicant to make advances under this chapter at  
28 the location specified in the application.

29 **Sec. 06.50.070. Duration of license.** A license issued under this chapter is  
30 valid for two calendar years. Each license remains in force through the calendar year  
31 after the calendar year in which the license was issued unless surrendered, suspended,

1 or revoked under this chapter.

2 **Sec. 06.50.080. Renewal of license.** A license issued under this chapter shall  
3 be renewed on or before the date set by the department by submitting to the  
4 department a completed renewal application on a form established by the department  
5 and paying a nonrefundable renewal fee established by the department, which may not  
6 exceed \$1,200.

7 **Sec. 06.50.090. Denial of license or renewal.** (a) If the department  
8 determines that an applicant is not qualified to receive a license or a license renewal,  
9 the department shall notify the applicant in writing within 20 days that the application  
10 has been denied and state the basis for the denial.

11 (b) The decision of the department to deny an application or a renewal may be  
12 reviewed in the manner provided in AS 44.62.330 - 44.62.630 (Administrative  
13 Procedure Act).

14 (c) If the denial of a renewal is upheld, the former licensee shall return the  
15 license to the department within 10 days after the former licensee receives notice of  
16 the denial. Upon receipt of the license, the department shall return the bond less any  
17 outstanding expenses owed by the former licensee.

18 (d) A license application shall be considered withdrawn within the meaning of  
19 this section if the applicant fails to respond to a written notification of a deficiency in  
20 the application within 60 days after the date of the notification.

21 (e) If a license renewal is denied or if a license is surrendered, suspended, or  
22 revoked, all accounts of the licensee remain subject to this chapter until paid in full.

23 **Article 2. Licensee Transfer, Assignment, Control, and Change.**

24 **Sec. 06.50.200. Transfer or assignment.** Except for the transfer of a license  
25 to a new location under AS 06.50.220, a licensee may not transfer or assign the  
26 licensee's license.

27 **Sec. 06.50.210. Change in control.** The prior written approval of the  
28 department is required for the continued operation of a licensee's deferred deposit  
29 advance business when a change in control of the licensee is proposed. The  
30 department may require the information it considers necessary to determine whether a  
31 new application is required. The licensee requesting approval of the change in control

1 shall pay all reasonable expenses incurred by the department to investigate and  
2 approve or deny the change in control.

3 **Sec. 06.50.220. Change in location or name.** A licensee shall notify the  
4 department in writing at least 15 days before any proposed change in the licensee's  
5 business location or name, and shall provide the department with the information  
6 described in AS 06.50.030(a).

7 **Sec. 06.50.230. Conduct of other business.** A licensee may conduct other  
8 business at a location where it engages in making advances unless it conducts the  
9 other business for the purpose of evading or violating the provisions of this chapter.

### 10 **Article 3. Department Supervision.**

11 **Sec. 06.50.300. Suspension or revocation of license.** (a) The department  
12 may suspend or revoke a license under AS 44.62 (Administrative Procedure Act) if the  
13 department finds that

14 (1) the licensee has failed to pay the license fee, failed to maintain the  
15 required bond in effect, or failed to comply with a demand, ruling, or requirement of  
16 the department made under this chapter;

17 (2) the licensee has violated a provision of this chapter or a regulation  
18 adopted by the department under this chapter; or

19 (3) a fact or condition exists that, if it had existed at the time of the  
20 original application for the license, clearly would have constituted ground for denial of  
21 the issuance of the license.

22 (b) If the reason for suspension or revocation of a licensee's license at one  
23 location applies generally to all locations operated by the licensee, the department may  
24 suspend or revoke all licenses issued to the licensee.

25 **Sec. 06.50.310. Reports to department.** (a) On or before March 15 of each  
26 year, a licensee shall file with the department a composite annual report for the  
27 preceding calendar year in the form prescribed by the department relating to all  
28 advances made by the licensee. The department may require that the report be  
29 submitted under oath or affirmation, or with notice that false statements made are  
30 punishable as unsworn falsification under AS 11.56.210.

31 (b) The report must include

- 1 (1) the total number and dollar amount of advances made by the  
 2 licensee;
- 3 (2) the total number of individual customers who received advances;
- 4 (3) the minimum, maximum, and average amount of advances;
- 5 (4) the average annual percentage rate of the fee charged for advances;
- 6 (5) the average number of days of the advances;
- 7 (6) the total number and dollar amount of returned checks;
- 8 (7) the total number and dollar amount of checks paid by advance  
 9 recipients;
- 10 (8) the total number and dollar amount of checks charged off as a loss;
- 11 (9) the total dollar amount of outstanding advances as of the last day of  
 12 the calendar year;
- 13 (10) the total number of outstanding advances as of the last day of the  
 14 calendar year; and
- 15 (11) any other information the department determines is required to  
 16 conduct its review.

17 (c) Within 15 days after the occurrence of any of the following events, a  
 18 licensee shall file a written report with the department describing the event and its  
 19 expected effect on the activities of the licensee in the state:

- 20 (1) filing for bankruptcy or reorganization by the licensee;
- 21 (2) institution of suspension or revocation proceedings against the  
 22 licensee by a state or other governmental authority;
- 23 (3) a felony indictment or felony conviction of the licensee and, if the  
 24 licensee is not a natural person, of a member, partner, director, senior officer, or holder  
 25 of 10 percent or more of the licensee's equity; and
- 26 (4) other events that the department determines and identifies by  
 27 regulation that may impair the ability of the licensee to operate its business under this  
 28 chapter.

29 (d) In the discretion of the department, the occurrence of an event in (c) of this  
 30 section may constitute grounds for suspension or revocation of a license.

31 **Sec. 06.50.320. Records.** (a) A licensee shall maintain all records relating to

1 this chapter at the location for which the licensee has a license. The records must  
 2 conform to generally accepted accounting principles and practices in a manner that  
 3 will enable the department to determine whether the licensee is complying with the  
 4 provisions of this chapter. The department shall have unrestricted access to the  
 5 records of the licensee.

6 (b) A licensee shall retain records relating to an advance for at least two years  
 7 after the last entry on the advance, unless otherwise required by the department.

8 (c) A licensee shall retain records of an advance that is the subject of a court  
 9 action for at least two years after a judgment or settlement of the court action.

10 **Sec. 06.50.330. Examinations and investigations.** (a) The department shall  
 11 examine the business records of a licensee at intervals the department considers  
 12 appropriate. In addition, for the purpose of discovering violations of this chapter or  
 13 securing information lawfully required, the department may, at any time, investigate  
 14 the advances, business transactions, and records of a licensee. For these purposes, the  
 15 licensee shall provide the department with unrestricted access to the offices, places of  
 16 business, and records of the licensee. The licensee shall pay the department the cost of  
 17 examination at a rate of \$75 an hour within 30 days after the department requests  
 18 payment.

19 (b) For the purposes of this section, the department may administer oaths or  
 20 affirmations and, upon its own motion or upon request of a party, may subpoena  
 21 witnesses, compel the attendance of witnesses, take evidence, and require the  
 22 production of material that is relevant to the investigation, including the existence,  
 23 description, nature, custody, condition, and location of books, documents, and other  
 24 tangible items, and the identity and location of persons having knowledge of relevant  
 25 facts, or other material reasonably calculated to lead to the discovery of admissible  
 26 evidence.

27 (c) Upon failure without lawful excuse to obey a subpoena or to give  
 28 testimony, and upon reasonable notice to all persons affected by the failure, the  
 29 department may apply to the superior court for an order compelling compliance.

#### 30 **Article 4. Advances.**

31 **Sec. 06.50.400. Advance agreement.** (a) An advance shall be documented in

1 a written agreement that is signed by the advance recipient and on a form approved by  
2 the department.

3 (b) The agreement must clearly and conspicuously disclose

- 4 (1) the name of the licensee;
- 5 (2) the date of the advance;
- 6 (3) the principal amount of the advance;
- 7 (4) a statement of the total amount of fees that may be charged under  
8 AS 06.50.460(a) as a condition of making the advance, expressed both as a dollar  
9 amount and as an annual percentage rate;
- 10 (5) the repayment terms;
- 11 (6) the due date;
- 12 (7) an itemization of all disbursements, including disbursements to  
13 third parties;
- 14 (8) the name and title of the employee who signs the agreement on  
15 behalf of the licensee; and
- 16 (9) any other item required to be disclosed under state or federal law.

17 (c) The written agreement required by (a) of this section may not require an  
18 advance recipient to waive any rights under 15 U.S.C. 1692 - 1692o (Fair Debt  
19 Collection Practices Act) or other state or federal laws that regulate debt collection  
20 practices.

21 **Sec. 06.50.410. Maximum amount of advances.** A licensee, including a  
22 licensee with more than one location, may not make advances to an advance recipient  
23 that exceed \$500 outstanding in advances to the recipient at one time.

24 **Sec. 06.50.420. Prohibition on dividing advance amount or increasing**  
25 **number of advances.** A licensee may not induce or permit an advance recipient to  
26 divide the amount of an advance, or to become obligated, directly, contingently, or  
27 both, for more than one advance at the same time, if the purpose or result is to obtain  
28 additional origination fees under AS 06.50.460(a)(1).

29 **Sec. 06.50.430. Prohibition on collateral and services.** The licensee may  
30 not accept collateral or services as security for or payment of an advance.

31 **Sec. 06.50.440. Duration of advances.** The minimum duration of an advance

1 is 14 days.

2 **Sec. 06.50.450. Prohibition on advances on behalf of another.** A licensee  
3 may not make an advance to a person who purports to be acting on behalf of another  
4 person.

5 **Sec. 06.50.460. Fees.** (a) Notwithstanding any other provision of law, except  
6 for the fee allowed under AS 06.50.510(b)(3) and where federal law provides  
7 otherwise, a licensee may only charge

8 (1) a nonrefundable origination fee in an amount not to exceed \$5; and

9 (2) a fee that does not exceed \$15 for each \$100 of an advance, or 15  
10 percent of the total amount of the advance, whichever is less.

11 (b) A licensee may not charge a fee other than the fees allowed under (a) of  
12 this section.

13 (c) The fees allowed by (a) of this section are considered earned at the time of  
14 the transaction and may not be prorated.

15 (d) A licensee may not charge the advance recipient an additional fee to access  
16 the proceeds of an advance.

17 **Sec. 06.50.470. Renewal of advance.** (a) The minimum term of a renewal of  
18 an advance is 14 days.

19 (b) A licensee may not renew an advance more than two consecutive times,  
20 after which the licensee shall require the advance recipient to repay the advance in  
21 full.

22 (c) A licensee may not renew an advance for a fee greater than the fee under  
23 AS 06.50.460(a).

24 **Sec. 06.50.480. Rescission.** A person who receives an advance may rescind  
25 an advance without cause and without cost, except for the nonrefundable origination  
26 fee, at any time before the close of business on the business day following the day on  
27 which the advance was made by paying the principal amount of the advance to the  
28 licensee in cash or other immediately available funds.

29 **Sec. 06.50.490. Prohibited arbitration requirement.** A licensee may not  
30 require a recipient to agree to mandatory arbitration.

31 **Sec. 06.50.500. Posted fee notice.** A licensee shall post a notice in each

1 business location that discloses the fees that the licensee charges for advances. The  
 2 fees in the notice must be expressed as a dollar amount, as an annual percentage rate  
 3 for 14 days for each \$100, and as an annual percentage rate for 30 days for each \$100.  
 4 The notice must also contain any other reasonably necessary information required by  
 5 the department by regulation. The notice shall be posted so that it is conspicuous to an  
 6 advance recipient or a potential advance recipient. The lettering in the notice must be  
 7 legible and at least one inch in height.

8 **Sec. 06.50.510. Required disclosures before disbursement.** (a) Before  
 9 disbursing funds under an advance, a licensee shall provide a clearly written statement  
 10 that is separate from the written advance agreement required by AS 06.50.400(a).  
 11 This disclosure statement must be reviewed and signed by the advance recipient. The  
 12 licensee shall keep the signed original in the advance file for the recipient and give a  
 13 copy to the recipient.

14 (b) The disclosure statement required by (a) of this section must

15 (1) indicate the advance is intended to address short-term, not long-  
 16 term, financial needs;

17 (2) include an explanation of all fees for advances and renewals of  
 18 advances;

19 (3) state that the licensee may charge an advance recipient a fee of up  
 20 to \$25 if a payment is returned unpaid;

21 (4) state that, in the event of the advance recipient's default, the  
 22 licensee may sue the recipient and recover up to \$700 over the amount of the payment  
 23 and, if the payment is a check, recover as permitted under AS 06.50.550(b);

24 (5) give the department's address and telephone number for receiving  
 25 calls regarding customer complaints and concerns;

26 (6) state that the licensee may not accept collateral or services for an  
 27 advance;

28 (7) state that the check given as security for the advance may be  
 29 negotiated as part of the advance;

30 (8) state that

31 (A) the advance recipient may rescind the advance without

1 cause at any time before the close of business on the business day following  
 2 the day on which the licensee makes the advance by paying the principal  
 3 amount of the advance to the licensee in cash or other immediately available  
 4 funds;

5 (B) if the advance recipient rescinds under this paragraph, the  
 6 origination fee is not refundable, but the licensee may not charge the recipient  
 7 another fee, except for a fee up to \$25 if the payment is returned unpaid;

8 (9) state that a criminal action may not be brought against the advance  
 9 recipient for failure to pay the advance; and

10 (10) include other information reasonably required by the department  
 11 to inform and protect advance recipients.

12 **Sec. 06.50.520. Payment by licensee.** (a) A licensee may give an advance  
 13 recipient the amount of the advance in cash, by the licensee's business check, by a  
 14 money order, or by a reasonable electronic payment mechanism, including an  
 15 electronic funds transfer to the advance recipient's account.

16 (b) A licensee may not use another form of payment than the form of payment  
 17 authorized in (a) of this section to make an advance to an advance recipient. In this  
 18 subsection, "another form of payment" includes coupons, merchandise, services, or  
 19 chattel of any kind.

20 **Sec. 06.50.530. Payment by advance recipient.** (a) An advance recipient  
 21 may repay an advance

22 (1) in cash;

23 (2) by negotiation of the recipient's check that secures the advance; or

24 (3) with the agreement of the licensee, a debit card, a cashier's check,  
 25 an electronic funds transfer from the recipient's bank account, or a reasonable  
 26 electronic payment mechanism to which the parties agree.

27 (b) An advance is paid in full when the advance recipient repays the advance  
 28 under (a) of this section, or when the advance recipient rescinds the advance under  
 29 AS 06.50.480.

30 (c) A licensee may not accept payment of an advance from the proceeds of  
 31 another advance provided by the same licensee.

1           **Sec. 06.50.540. Default fees.** If a payment received from an advance  
 2 recipient is returned unpaid to a licensee, the licensee may not collect the fees allowed  
 3 by this section unless the fees are disclosed in the agreement for the advance under  
 4 AS 06.50.400.

5           **Sec. 06.50.550. Court action after default.** (a) If an advance recipient  
 6 defaults, before initiating any action in court against the recipient, a licensee

7                   (1) shall attempt in good faith to contact the advance recipient at  
 8 reasonable times by telephone or mail to discuss the delinquency and to offer the  
 9 recipient a payment plan under (2) of this subsection;

10                   (2) shall offer the recipient a payment plan under which

11                           (A) the recipient may repay the delinquent advance over an  
 12 extended period of time, which may not exceed six months;

13                           (B) at least five percent of the outstanding balance is due when  
 14 the payment plan is signed;

15                           (C) an additional fee by the licensee is not allowed, except for  
 16 the fee permitted in (D) of this paragraph;

17                           (D) the licensee may charge the recipient a fee that may not  
 18 exceed \$25;

19                   (3) in addition to the contact required by (1) of this subsection, shall  
 20 send a certified letter to the recipient's last known address at least 15 days before the  
 21 action that makes the offer described in (2) of this subsection and that informs the  
 22 recipient of the licensee's intent to proceed with legal action.

23           (b) The licensee may initiate legal action against a defaulting recipient to  
 24 recover damages, fees, and costs allowed under AS 09.68.115 if the licensee has  
 25 complied with (a) of this section. Notwithstanding AS 09.68.115, the total of all  
 26 damages, fees, and costs, including damages recovered under AS 09.68.115(a), may  
 27 not exceed the amount of the payment by \$700.

28           **Sec. 06.50.560. Threat of criminal action prohibited.** A licensee may not  
 29 threaten an advance recipient with criminal action as a result of the recipient's default.

30           **Sec. 06.50.570. Third-party collector.** If a payment obligation is assigned to  
 31 a third party for collection, the third-party collector shall comply with the provisions

1 of

2 (1) AS 06.50.540 and 06.50.550 to the extent those provisions have not  
3 been satisfied by the licensee; and

4 (2) AS 06.50.560.

5 **Article 5. Miscellaneous Provisions.**

6 **Sec. 06.50.600. Regulations.** The department may adopt regulations under  
7 AS 44.62 (Administrative Procedure Act) to implement this chapter.

8 **Sec. 06.50.610. Relationship to federal and other state law.** (a) If a  
9 provision of this chapter is preempted by or conflicts with federal law in a particular  
10 situation, the provision does not apply to the extent of the preemption or conflict.

11 (b) If a provision of this chapter conflicts with another state law in a particular  
12 situation, the provision in this chapter governs to the extent of the conflict.

13 **Article 6. General Provisions.**

14 **Sec. 06.50.900. Definitions.** In this chapter, unless the context requires  
15 otherwise,

16 (1) "advance" means a deferred deposit advance;

17 (2) "advance recipient" means a borrower to whom an advance is  
18 made;

19 (3) "control," in the case of a person who is not a natural person,  
20 means direct or indirect ownership, the right to vote or otherwise control 10 percent or  
21 more of the governance interests of the entity, or the ability of a person to elect a  
22 majority of the directors;

23 (4) "deferred deposit advance" means a transaction in which a person

24 (A) accepts a dated check from a person seeking an advance;

25 (B) agrees to hold the check for a specified period of time  
26 before depositing or otherwise negotiating the check; and

27 (C) pays to the advance recipient, credits to the account of the  
28 advance recipient, or pays to another person on behalf of the advance recipient  
29 the amount of the check less the charges allowed under this chapter;

30 (5) "department" means the Department of Community and Economic  
31 Development;

1 (6) "license" means a license issued under this chapter;

2 (7) "licensee" means a person to whom a license has been issued under  
3 this chapter.

4 \* **Sec. 3.** AS 44.62.330(a) is amended by adding a new paragraph to read:

5 (61) Department of Community and Economic Development relating  
6 to the licensing and regulation of persons making deferred deposit advances under  
7 AS 06.50.

8 \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
9 read:

10 TRANSITION: EXISTING ACTIVITIES. (a) Notwithstanding the licensing  
11 requirements of AS 06.50.010 - 06.50.090, enacted by sec. 2 of this Act, a person who, on the  
12 day before the effective date of secs. 1 - 4 of this Act, is engaged in the business of making  
13 deferred deposit advances may continue to make deferred deposit advances for 60 days after  
14 the effective date of secs. 1 - 4 of this Act without being licensed under AS 06.50, enacted by  
15 sec. 2 of this Act. Beginning on the 61st day after the effective date of secs. 1 - 4 of this Act,  
16 a person described in this subsection shall be licensed under AS 06.50.010 in order to  
17 continue making deferred deposit advances.

18 (b) In this section, "deferred deposit advance" has the meaning given in  
19 AS 06.50.900, enacted by sec. 2 of this Act.

20 \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22 TRANSITIONAL PROVISIONS: REGULATIONS. The Department of Community  
23 and Economic Development may proceed to adopt regulations necessary to implement this  
24 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not  
25 before the effective date of secs. 1 - 4 of this Act.

26 \* **Sec. 6.** Section 5 of this Act takes effect immediately under AS 01.10.070(c).

27 \* **Sec. 7.** Sections 1 - 4 of this Act take effect January 1, 2005.