

**SENATE BILL NO. 300**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

**BY SENATOR SEEKINS**

**Introduced: 2/14/06**

**Referred: Transportation, Labor and Commerce**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the handling of negative equity in motor vehicle transactions."**

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

3 \* **Section 1.** AS 45.10.220(5) is amended to read:

4 (5) "principal balance" means the cash sale price of the goods or  
5 services **that** [WHICH] are the subject matter of a retail installment contract less the  
6 amount of the buyer's down payment in money or goods or both, plus

7 **(A)** the amounts for insurance and official fees included in the  
8 contract if a separate identified charge is made and stated in the contract for  
9 insurance and official fees; **and**

10 **(B) if the retail installment contract is for the sale of a**  
11 **motor vehicle, the amount, if any, that the seller agrees to pay to discharge**  
12 **an outstanding obligation of the buyer under an existing motor vehicle**  
13 **agreement, loan, installment sales contract, or lease;**

14 \* **Sec. 2.** AS 45.25 is amended by adding a new section to article 5 to read:

15 **Sec. 45.25.630. Discharged amounts in motor vehicle leases. (a)**

1 Notwithstanding another provision of law to the contrary, if the amount to be paid by a  
2 lessee under a motor vehicle lease includes a discharged amount, the inclusion of the  
3 discharged amount in the amount to be paid under the lease is not a loan of the  
4 discharged amount and is not subject to any law that regulates the disclosure of  
5 interest, the charging of interest, the amount of interest rates, or the lending of money.

6 (b) In this section, "discharged amount" means the amount, if any, that  
7 discharges an outstanding obligation of the lessee under an existing motor vehicle  
8 agreement, loan, installment sales contract, or lease.