

CS FOR SENATE BILL NO. 300(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/29/06

Referred: Rules

Sponsor(s): SENATOR SEEKINS

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the handling of negative equity in motor vehicle transactions; and**
2 **relating to the contents of retail installment contracts."**

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

4 *** Section 1.** AS 45.10.030(a) is amended to read:

5 (a) The retail installment contract must contain the names of the seller and the
6 buyer, the place of business of the seller, the residence or other address of the buyer as
7 named by the buyer, and a description or identification of the goods sold or to be sold
8 or services furnished or rendered or to be furnished or rendered. The contract must
9 also contain the following items:

- 10 (1) the cash sale price of each item of goods or services;
11 (2) the amount of the buyer's down payment, identifying the amounts
12 paid in money and allowed for goods traded in;
13 (3) the difference between items (1) and (2);
14 (4) the aggregate amount included for insurance, if a separate

1 identified charge is made for insurance, specifying the types of insurance and the
2 terms of coverage;

3 (5) the aggregate amount of official fees;

4 (6) the principal balance, which is the sum of items (3), (4), [AND]
5 **(5), and (11)**;

6 (7) the amount or rate of the service charge;

7 (8) any other charges;

8 (9) the amount of the time balance owed by the buyer to the seller,
9 which is the sum of items (6), (7), if (7) is stated in a dollar amount, [AND] (8), **and**
10 **(11)**;

11 (10) except as provided in (c) of this section, the maximum number of
12 installment payments required and the amount of each installment and the due date of
13 each payment necessary to pay the balance;

14 **(11) if the retail installment contract is for the sale of a motor**
15 **vehicle, the amount, if any, that the seller agrees to pay to discharge an**
16 **outstanding obligation of the buyer under an existing motor vehicle agreement,**
17 **loan, installment sales contract, or lease.**

18 * **Sec. 2.** AS 45.10.030 is amended by adding a new subsection to read:

19 (d) The contract is not required to state the items in (a) of this section in the
20 order stated in (a) of this section.

21 * **Sec. 3.** AS 45.10.220(5) is amended to read:

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

25 **(A)** the amounts for insurance and official fees included in the
26 contract if a separate identified charge is made and stated in the contract for
27 insurance and official fees; **and**

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

1 * **Sec. 4.** AS 45.25 is amended by adding a new section to article 5 to read:

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

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

8 (b) In this section, "discharged amount" means the amount, if any, that the
9 lessor agrees to pay to discharge an outstanding obligation of the lessee under an
10 existing motor vehicle agreement, loan, installment sales contract, or lease.