

SENATE FINANCE COMMITTEE

March 20, 2025

9:01 a.m.

[9:01:36 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Mike Cronk
Senator James Kaufman
Senator Jesse Kiehl
Senator Kelly Merrick

MEMBERS ABSENT

None

ALSO PRESENT

Senator Jesse Kiehl, Sponsor; Lauree Morton, Deputy Director, Alaska Network on Domestic Violence and Sexual Assault (ANDVSA); Senator Forrest Dunbar, Sponsor; Cort Walker, Vice President of Product and Risk, Check City and Online Lending Alliance, Juneau.

PRESENT VIA TELECONFERENCE

Randy McLellan, President, Alaska Correctional Officers Association; Claire Lubke, Alaska Public Interest Research Group (AKPIRG); Andy Bartel, Reverend, Alaska United Methodist Conference; Elora Rayhan, State Government Affairs Analyst, American Finance Services Association, San Diego; Cathy Brennan, Attorney, Hudson Cook Law Firm, Maryland; Reverend Michael Burke, Rector, St. Mary Episcopal Church, Anchorage; Teresa Wrobel, Program Specialist for Policy and Advocacy, Alaska Children's Trust, Anchorage; Joseph Rubin, Vice President of Public Policy, Opportunity Financial, Chicago, Illinois; Robert

Schmidt, Director, Division of Banking and Securities, Department of Commerce, Community, and Economic Development; Daniel Rhea, Senior Director of Public Affairs, Elevate Credit of Fort Worth, Texas; Chris Grimm, Head of State Government Affairs, Innovative Lending Platform Association, Virginia; Andrew Duke, Chief Executive Officer, Online Lenders Alliance, Arlington, Virginia; Nico Reijns, Reverend, Anchorage; Patrick Brenner, President, Southwest Public Policy Institute, New Mexico; Rachael Miller, Chief Advocacy Officer, Foodbank of Alaska, Anchorage; Edward D'Alessio, Executive Director, INFIN Financial Services Alliance, Washington D.C.; Marge Stoneking, Advocacy Director, AARP Alaska, Anchorage.

SUMMARY

SB 31 ADDRESS CONFIDENTIALITY PROGRAM

SB 31 was HEARD and HELD in committee for further consideration.

SB 39 LOANS UNDER \$25,000; PAYDAY LOANS

SB 39 was HEARD and HELD in committee for further consideration.

Co-Chair Hoffman reviewed the meeting agenda.

#sb31

SENATE BILL NO. 31

"An Act relating to the duties of the Department of Administration; creating an address confidentiality program; and providing for an effective date."

9:02:24 AM

Co-Chair Hoffman invited Senator Kiehl and his staff to the table to present the bill.

SENATOR JESSE KIEHL, SPONSOR, introduced the legislation. The bill created an address of confidentiality program, which would help individuals stay safe. Alaska was one of six states without the program. He explained the details of the proposed program. The bill did not allow anyone who was a registered sex offender to participate in the program to obscure their address. He thanked the Department of

Administration (DOA), with its reevaluated fiscal note that significantly reduced the cost of running the program. He noted that his staff could provide a more detailed sectional if the committee wanted.

Senator Kaufman asked for further detail regarding the reduction of the fiscal note.

Senator Kiehl replied that it was most important look at the subscription rates. He stated that when one first looked at the program it could seem that everyone would sign up, but that was not the case. The option would not be helpful to a person with a social media account. It was limited application to people who feared for their lives and the lives of their families. The program was based on programs with many years of experience in other states.

Co-Chair Hoffman noted individuals available for questions.

[9:08:58 AM](#)

Co-Chair Hoffman moved to invited testimony.

RANDY MCLELLAN, PRESIDENT, ALASKA CORRECTIONAL OFFICERS ASSOCIATION (via teleconference), noted he also worked for the Department of Corrections. The correctional officer was concerned about a potentially violent offender paying their home a visit while the officer was at work, putting the officer's family in danger. He shared a personal experience. He had worked in a pretrial facility where an offender had threatened him and his family on a daily basis. The offender had stated he would bail out soon and would pay the officer's family a visit. He relayed it was something to take seriously and he had taken measures to protect his personal information. He thanked the committee for its time.

[9:13:00 AM](#)

LAUREE MORTON, DEPUTY DIRECTOR, ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT (ANDVSA), provided detail about the organization, which supported the legislation. She read from prepared remarks. She stated that violence frequently escalated at one of the most dangerous times for victims was when they attempted to leave and remarked on situations where protective orders were not in the best interest of the victim. She remarked that providing information through

the protective order put the victim at greater risk. She believed the option under the bill would be used occasionally. She relayed that 85 percent of completed homicides were stalked. She thanked the committee.

[9:16:27 AM](#)

Co-Chair Hoffman OPENED public testimony.

Co-Chair Hoffman CLOSED public testimony.

Co-Chair Hoffman asked Co-Chair Stedman to review the fiscal notes.

Co-Chair Stedman reviewed the fiscal note OMB component 2333 from the Department of Administration in the amount of \$203,000 in the first year and increasing to \$206,000 in the out years. The other fiscal notes were zero from Department of Public Safety OMB component 521, 2325, 520.

Co-Chair Hoffman asked for any closing comments from the sponsor.

Senator Kiehl thanked the committee for its time and looked forward to advancing it in the future.

SB 31 was HEARD and HELD in committee for further consideration.

#sb39

SENATE BILL NO. 39

"An Act relating to loans in an amount of \$25,000 or less; relating to the Nationwide Multistate Licensing System and Registry; relating to deferred deposit advances; and providing for an effective date."

[9:18:49 AM](#)

Co-Chair Hoffman asked Senator Dunbar to come to the table and present the bill.

SENATOR FORREST DUNBAR, SPONSOR, introduced the legislation. He noted that he supported the previous bill SB 31. He introduced the legislation with prepared remarks. He offered to have his staff review the sectional.

Co-Chair Hoffman listed individuals available for questions.

[9:23:23 AM](#)

Co-Chair Hoffman moved to invited testimony.

CLAIRE LUBKE, ALASKA PUBLIC INTEREST RESEARCH GROUP (AKPIRG) (via teleconference), testified in support of the legislation. She relayed that payday loans were a debt trap that made things worse. She remarked that it was common knowledge that some payday lenders were charging up to 500 percent interest on loans. Veterans were frequently targeted by payday lenders. She thanked the committee.

[9:26:57 AM](#)

ANDY BARTEL, REVEREND, ALASKA UNITED METHODIST CONFERENCE (via teleconference), spoke in support of the bill. He shared that the church members were struggling. He read from prepared remarks. He implored the committee to pass the bill.

[9:29:30 AM](#)

AT EASE

[9:29:42 AM](#)

RECONVENED

Co-Chair Hoffman OPENED public testimony. He limited testimony to two minutes.

CORT WALKER, VICE PRESIDENT OF PRODUCT AND RISK, CHECK CITY AND ONLINE LENDING ALLIANCE, JUNEAU, relayed that they were based out of Provo, Utah, and spoke in opposition to the bill. He relayed that if the bill passed it would limit the credit options for individuals. He stated that the consumer was not present saying they did not want the option. He did not believe prohibition was a smart choice.

[9:32:34 AM](#)

ELORA RAYHAN, STATE GOVERNMENT AFFAIRS ANALYST, AMERICAN FINANCE SERVICES ASSOCIATION, SAN DIEGO (via teleconference), provided details about the association. She stated the association's main concern with the bill was its definition of interest. Current law provided a clear

nationally recognized definition of interest. She asked the committee to reconsider the definition in the bill.

[9:35:11 AM](#)

CATHY BRENNAN, ATTORNEY, HUDSON COOK LAW FIRM, MARYLAND (via teleconference), shared that the firm represented banks and spoke against the bill. She stated that the bill would impair the ability of banks to make loans to Alaskans. She thanked the committee for its time.

[9:37:38 AM](#)

REVEREND MICHAEL BURKE, RECTOR, ST. MARY EPISCOPAL CHURCH, ANCHORAGE (via teleconference), testified in strong support of the bill. He shared that as a pastor of almost 30 years he had seen the negative effects of payday loans on everyday families. He relayed that families were often drawn to the funds but then found themselves in debt. He stated that the prior testimony about the fees was completely disingenuous.

[9:39:22 AM](#)

TERESA WROBEL, PROGRAM SPECIALIST FOR POLICY AND ADVOCACY, ALASKA CHILDREN'S TRUST, ANCHORAGE (via teleconference), spoke in strong support of the legislation. She stated that the bill was important because of the payday loan's negative impacts on Alaskan families. She shared that in recent years credit unions had begun to offer alternative options from payday loans to families. She thanked the committee.

[9:41:20 AM](#)

JOSEPH RUBIN, VICE PRESIDENT OF PUBLIC POLICY, OPPORTUNITY FINANCIAL, CHICAGO, ILLINOIS (via teleconference), testified against the bill. He shared that there was almost 4,000 loans to consumers in Alaska in 2022 and 2023. He stated that the bill had far greater impacts on loans outside of payday loans. He thought the information was being kept from the committee. He stated that 67 percent of consumers lived paycheck to paycheck. He stated that the consumers would have little access to credit if the bill passed.

[9:43:19 AM](#)

ROBERT SCHMIDT, DIRECTOR, DIVISION OF BANKING AND SECURITIES, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT (via teleconference), was available for questions only.

[9:43:48 AM](#)

DANIEL RHEA, SENIOR DIRECTOR OF PUBLIC AFFAIRS, ELEVATE CREDIT OF FORT WORTH, TEXAS (via teleconference), spoke against the bill. He shared that the average consumer needed online access to credit, so consumers were able to build credit while keeping emergencies at bay.

[9:45:43 AM](#)

CHRIS GRIMM, HEAD OF STATE GOVERNMENT AFFAIRS, INNOVATIVE LENDING PLATFORM ASSOCIATION, VIRGINIA (via teleconference), testified in opposition to the bill. He shared that the association opposed the bill that went far beyond the reach of the state. He shared that it would also impact the financial system, and impact the Alaska small loan lender. He shared that the credit crunch caused by new barriers could have a disastrous impact on the economy. He thanked the committee.

Co-Chair Hoffman recognized Representative Ted Eischeid in the room.

[9:47:58 AM](#)

ANDREW DUKE, CHIEF EXECUTIVE OFFICER, ONLINE LENDERS ALLIANCE, ARLINGTON, VIRGINIA (via teleconference), spoke against the legislation. He noted that most loans had a credit constraint. Conventional loans came with high eligibility requirements, they did not come close to meeting demand. The bill would reduce credit options and restrict options available for Alaskans.

[9:50:13 AM](#)

NICO REIJNS, REVEREND, ANCHORAGE (via teleconference), testified in support of the legislation. He stated that payday loan companies were offering credits to desperate people, but was not helping individuals to navigate resources, but rather would further entrap them. He provided an example of a mother who opted for payday loans,

but was not able to finally pay it in full. He stressed that story after story showed there was a need for active credit, but reform was needed.

[9:52:26 AM](#)

PATRICK BRENNER, PRESIDENT, SOUTHWEST PUBLIC POLICY INSTITUTE, NEW MEXICO (via teleconference), spoke against the legislation. He shared that he was a consumer advocate, and felt that credit unions had not filled the void of the availability of loans. He had personally applied for small dollar loans, but he had been rejected by all banks. He stated that accessing loans was nearly impossible for most consumers. He did not support the bill.

[9:54:40 AM](#)

RACHAEL MILLER, CHIEF ADVOCACY OFFICER, FOODBANK OF ALASKA, ANCHORAGE (via teleconference), testified in support of the legislation. She stressed that when a family was hungry, they were already in a vulnerable situation, and payday loans capitalized on the situation, resulting in getting caught in a debt spiral. She thanked the committee.

[9:56:55 AM](#)

EDWARD D'ALESSIO, EXECUTIVE DIRECTOR, INFIN FINANCIAL SERVICES ALLIANCE, WASHINGTON D.C. (via teleconference), testified against the bill. He stated that the bill would eliminate the ability for Alaskans to operate as small lenders. relied on by thousands of Alaskans. He felt that the bill would prevent consumers from over borrowing and getting trapped in a cycle of debt. The bill would eliminate a product consumers had come to rely. He stated that the interest rate was very reasonable all things considered. He urged the committee against passing the bill.

[10:01:01 AM](#)

MARGE STONEKING, ADVOCACY DIRECTOR, AARP ALASKA, ANCHORAGE (via teleconference), testified in support of the bill. She supported the 36 percent maximum interest rate in the bill. She relayed that high costs of loans were likely to impact older Alaskans, and stressed that borrowers were often unable to work or return to work.

10:03:03 AM

Co-Chair Hoffman CLOSED public testimony.

Co-Chair Hoffman asked Co-Chair Stedman to review the fiscal notes.

Co-Chair Stedman reviewed the previously published FN1 from the Department of Commerce, Community and Economic Development in the amount of -\$19,500 general funds.

Co-Chair Stedman asked for any comments from the bill sponsor.

Senator Dunbar thought the public testimony reflected the greed of online lenders, and specifically spoke to the comments from opposition. He thanked the committee for hearing the bill.

Senator Kiehl was interested in the opinion of the Division of Banking and Securities. He referenced states that had implemented the cap. He asked what happened to bankruptcy rates in other states.

Senator Dunbar deferred to Andrew Kushner with the Center for Responsible Lending.

Co-Chair Hoffman asked to receive a written response to the question.

10:07:04 AM

Senator Kaufman heard some dissonance that he would like to hear more about pertaining to the flat fee. He asked about the relationship with pawnshop loans. He wondered about the black market. He wondered if the bill closed the opportunity whether it would mean the black market would step in. He asked if they would be creating a predatory lending situation.

Senator Dunbar did felt that the issue was more related to regulations about legalized gambling because there were predatory business owners. He remarked that the there was a collateral nature to the pawn shop issue.

Senator Kaufman asked about the disconnect about whether it was a flat fee, and the perpetuation of the loan.

Senator Dunbar stressed that the key fact was the rolling over of the loan, which resulted in the compounding loans.

[10:10:16 AM](#)

Senator Kaufman asked about the number of complaints. He noted one testifier stated there was only one complaint since 1993. He asked if there were more complaints and where he could find them.

Senator Dunbar answered that the complaints went through the Department of Law. People who used the loans were often not in a circumstance to contact the state to complain.

Co-Chair Hoffman asked for any closing comments.

Senator Dunbar thanked the committee.

SB 39 was HEARD and HELD in committee for further consideration.

Co-Chair Hoffman reviewed the schedule for the following meeting.

#

ADJOURNMENT

[10:12:20 AM](#)

The meeting was adjourned at 10:12 a.m.