

Introduced: 3/8/63
Referred: Judiciary
and Commerce

BY MESSRS. BINKLEY,
BAGGEN AND TAYLOR

1 IN THE HOUSE

2 HOUSE BILL NO. 190

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act to assist in the promotion of economic
7 stabilization by requiring the disclosure of
8 finance charges in connection with extensions
9 of credit; and providing for an effective
10 date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. The legislature finds that economic stabilization
13 in the state is threatened when credit is used excessively for
14 the acquisition of property and services. The excessive use of
15 credit results frequently from lack of awareness of its cost to
16 the user. The purpose of this Act is to assure a full disclosure
17 of this cost to prevent the uninformed use of credit to the detri-
18 ment of the state economy.

19 * Sec. 2. AS 45.45 is amended by adding new sections to read:

20 ARTICLE 4.

21 Sec. 45.45.120. DISCLOSURE OF CHARGES. A creditor shall
22 furnish to each person to whom he extends credit, before the
23 transaction is consummated, a clear statement in writing
24 setting forth, in accordance with regulations the department
25 shall adopt, the following information:

26 (1) the cash price or delivered price of the prop-
27 erty or service to be acquired;

28 (2) the amounts, if any, to be credited as down
29 payment or trade-in or both;

1 (3) the difference between the amounts set out
2 under (1) and (2) of this section;

3 (4) the charges, individually itemized, which are
4 paid or to be paid by the person in connection with the
5 transaction but which are not incident to the extension or
6 credit;

7 (5) the total amount to be financed;

8 (6) the finance charge expressed in terms of dollars
9 and cents; and

10 (7) the percentage that the finance charge bears
11 to the total amount to be financed expressed as a simple
12 annual rate on the outstanding unpaid balance of the obliga-
13 tion.

14 Sec. 45.45.130. DEPARTMENT REGULATIONS. (a) The depart-
15 ment shall adopt the regulations necessary to carry out secs.
16 120 - 140 of this chapter. Regulations adopted under this
17 section may contain such classifications and differentiations,
18 and may provide for such adjustments and exceptions, as are
19 necessary to effectuate secs. 120 - 140 of this chapter, or
20 to prevent circumvention or evasion of them, or any regula-
21 tion the department may adopt under them. In prescribing an
22 exception with respect to any particular type of credit trans-
23 action, the department shall consider whether in the transac-
24 tions compliance with the disclosure requirements of sec. 120
25 of this chapter is being achieved under another law of the
26 state. The department shall exempt those credit transacti-
27 between business firms as to which it determines that adher-
28 ence to the disclosure requirements of sec. 120 of this chap-
29 ter is not necessary to effectuate secs. 120 - 140 of this

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chapter.

(b) The department shall consult other state agencies regulating any class of creditors subject to secs. 120 - 140 of this chapter.

Sec. 45.45.140. PENALTIES. (a) A creditor who fails to disclose or who falsifies information required by sec. 120 of this chapter is liable to the person to whom he gives the false or inadequate information in an amount equal to twice the finance charge required by the creditor in connection with the transaction or \$100, whichever is greater, except that the amount of penalty may not exceed \$1,000 on any credit transaction. Action to recover the amount may be brought within one year of the violation.

(b) Except as specified in (a) of this section, nothing in secs. 120 - 140 of this chapter or in a regulation adopted under them affects the validity or enforceability of any contract or transaction.

(c) A person who wilfully violates a provision of secs. 120 - 140 of this chapter or a regulation adopted under them is punishable, upon conviction, by imprisonment for not more than one year, or by a fine of not more than \$5,000, or by both.

(d) No penalty provided by this section applies to the state, to a political subdivision of the state, or to an agency of the state or a political subdivision.

Sec. 45.45.150. DEFINITIONS. In secs. 120 - 140 of this chapter

(1) "department" means the Department of Commerce;

(2) "credit" means any loan, mortgage, deed of

1 trust, advance, or discount; a conditional sales contract;
2 a contract to sell, or sale, or contract of sale of property
3 or services, either for present or future delivery, under
4 which part or all of the price is payable after the making
5 of the sale or contract; a rental-purchase contract; a con-
6 tract or arrangement for the hire, bailment, or leasing of
7 property; an option, demand lien, pledge, or other claim
8 against, or for the delivery of, property or money; a pur-
9 chase, or other acquisition of, or any credit upon the secur-
10 ity of, an obligation or claim arising out of any of the
11 foregoing; and any transaction or series of transactions hav-
12 ing a similar purpose or effect;

13 (3) "finance charge" includes interest, fees, ser-
14 vice charges, discounts, and other charges incident to the
15 extension of credit which the department may by regulation
16 prescribe;

17 (4) "creditor" means a person engaged in the busi-
18 ness of extending credit, including a person who as a regular
19 business practice makes loans or sells or rents property or
20 services on a time, credit, or installment basis, either as
21 principal or as agent, who requires, as an incident to the
22 extension of credit, the payment of a finance charge;

23 (5) "person" means an individual, corporation,
24 partnership, association, or other organized group of persons
25 or the legal successor or representative of the foregoing
26 doing business in the state, and includes the state, a polit-
27 ical subdivision of the state, and an agency of the state or
28 a political subdivision.

29 * Sec. 3. This Act takes effect July 1, 1963.