

1 IN THE SENATE BY SENATOR BRONSON

2 SENATE BILL NO. 284

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act to assist in the promotion of econom-
7 ic stabilization by requiring the disclosure
8 of finance charges in connection with ex-
9 tensions of credit; and providing for an
10 effective 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 dol-
9 lars 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 de-
15 partment shall adopt the regulations necessary to carry out
16 secs. 120 - 140 of this chapter. Regulations adopted under
17 this section may contain such classifications and differen-
18 tiations, and may provide for such adjustments and exceptions,
19 as are necessary to effectuate secs. 120 - 140 of this chap-
20 ter, or to prevent circumvention or evasion of them, or any
21 regulation the department may adopt under them. In prescrib-
22 ing an exception with respect to any particular type of
23 credit transaction, the department shall consider whether in
24 the transactions compliance with the disclosure requirements
25 of sec. 120 of this chapter is being achieved under another
26 law of the state. The department shall exempt those credit
27 transactions between business firms as to which it determines
28 that adherence to the disclosure requirements of sec. 120 of
29 this chapter is not necessary to effectuate secs. 120 - 140

1 of this chapter.

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

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

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

18 (c) A person who wilfully violates a provision of secs.
19 120 - 140 of this chapter or a regulation adopted under them
20 is punishable, upon conviction, by imprisonment for not more
21 than one year, or by a fine of not more than \$5,000, or by
22 both.

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

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

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

29 (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
12 having 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 politi-
27 cal subdivision of the state, and an agency of the state or
28 a political subdivision.

29 * Sec. 3. This Act takes effect July 1, 1964.