

Introduced: 2/7/69
Referred: Commerce

BY JOSEPHSON AND
B. PHILLIPS

1 IN THE SENATE

2 SENATE BILL NO. 126

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Commission on Monetary
7 Policy."

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

9 * Section 1. AS 6 is amended by adding a new chapter to read:

10 CHAPTER 40. ALASKA COMMISSION ON MONETARY POLICY.

11 Sec. 06.40.010. PURPOSES. The purposes of this chapter are to
12 establish a reasonable monetary policy, with regard to interest rates,
13 for the state in order to insure the availability of credit at reason-
14 able rates to the people of the state while affording a competitive
15 return to persons extending credit. The cost of borrowed money must
16 be continually re-examined and adjusted in response to changed economic
17 conditions. Conditions in various parts of the state may warrant a
18 different treatment of interest rates for each part; just as different
19 types of transactions may warrant different interest rates for each
20 type of transaction. These purposes are based on findings that Alaska
21 has unique problems in

22 (1) attracting capital;

23 (2) achieving maximum employment of available manpower;

24 (3) the rapid changes in economic conditions in different
25 areas of the state.

26 Sec. 06.40.020. ALASKA COMMISSION ON MONETARY POLICY. There is
27 established the Alaska Commission on Monetary Policy, an independent
28 state commission, consisting of four appointed members, who are residents
29 of the state, and the director of the division of banking, securities,

1 and small loans, who is an ex officio member with voting powers, and
2 the chairmen of the house and senate finance committees, who are ex
3 officio members without voting powers.

4 Sec. 06.40.030. APPOINTMENT OF MEMBERS. (a) The members of the
5 commission shall be appointed by the governor, subject to confirmation
6 by a majority of the members of the legislature in joint session. They
7 shall be appointed without regard to political affiliation.

8 (b) One of the appointed members shall be an economist on the
9 faculty of an institution of higher learning in the state.

10 (c) One of the appointed members shall be a person having exper-
11 tise and experience in the banking industry.

12 (d) Two of the members shall be appointed by the governor as
13 public representatives.

14 Sec. 06.40.040. TERM OF OFFICE. The term of office for an
15 appointed member of the commission is six years. Upon initial appoint-
16 ment, one member serves for two years, one member serves for three
17 years, one member serves for five years, and one member serves for six
18 years. If a vacancy occurs, the governor shall fill it by appointment
19 for the unexpired term. The appointment shall be submitted to the
20 legislature for confirmation at the next regular or special session.

21 Sec. 06.40.050. QUORUM AND CHAIRMAN. (a) A majority of the
22 voting members constitute a quorum for the transaction of business and
23 three affirmative votes are required for final action.

24 (b) The commission shall annually designate a chairman and a
25 vice-chairman to serve for one year.

26 Sec. 06.40.060. PER DIEM AND EXPENSES. Members of the commission
27 are entitled to per diem and transportation expenses authorized by law
28 for other boards and commissions.

29 Sec. 06.40.070. REMOVAL. (a) A member of the commission may be

1 removed by the governor or the legislature only for cause, after being
2 given a copy of the charges against him and an opportunity to be heard
3 publicly before the governor and a legislative committee of both houses.
4 A copy of the charges and a transcript of the record of the hearing
5 shall be filed with the secretary of state.

6 (b) In this section "cause" means

7 (1) incompetency which is the inability or unintentional
8 or intentional failure to perform the duties of a commissioner; or

9 (2) malfeasance or misfeasance in office.

10 Sec. 06.40.080. MEETINGS. Regular meetings shall be held at
11 least semi-annually at the time and place fixed by the commission.
12 Special meetings may be held on the call of the chairman or on the
13 written request of any two voting members.

14 Sec. 06.40.090. MINUTES AND RECORDS. Minutes shall be taken of
15 each meeting and a written record shall be made by the commission of
16 all of its actions and filed with the division of banking, securities,
17 and small loans. These minutes and records shall be public except
18 where divulgence of certain information would constitute a breach of
19 confidence.

20 Sec. 06.40.100. POWERS AND DUTIES OF THE COMMISSION. (a) The
21 commission shall, from time to time but not more often than quarterly,
22 prescribe by regulation maximum permissible rates of interest to be
23 charged, taken or received in the course of financial transactions,
24 except those covered by the Alaska Small Loans Act (AS 06.20), Alaska
25 Retail Installment Sales Act (AS 45.10), and AS 45.45.080. The commis-
26 sion may, by regulation, prescribe different maximum permissible
27 rates of interest for different areas of the state or for different
28 types of transactions. The commission shall determine the maximum
29 permissible interest rates for the state, for different areas of the

1 state, or for different types of transactions based on:

2 (1) prevailing economic conditions in the state in general
3 and in particular areas of the state;

4 (2) prevailing economic conditions in the markets which are
5 affected by transactions regulated by this chapter;

6 (3) prospects for economic growth of the state, both in the
7 long and short run;

8 (4) protection of the borrower by making credit available
9 on reasonable terms;

10 (5) protection of the lender by affording him a reasonable
11 and competitive return.

12 (b) The commission shall establish its own rules of procedure.

13 (c) The commission may promulgate regulations necessary for the
14 effectuation of, and not inconsistent with, this chapter.

15 Sec. 06.40.110. NOTICE OF INTEREST RATE CHANGE. The commission
16 shall provide reasonable notice to the public of a change in the rate
17 of interest, of the effective date of a change, and of a regulation
18 adopted under sec. 90 of this chapter. Notice shall be given promptly,
19 following the adoption of a change, by publication in at least one
20 newspaper of general circulation in each judicial district and by any
21 other means the commission considers appropriate.

22 Sec. 06.40.120. EXPIRATION OF RATES. A maximum permissible
23 interest rate above eight per cent per annum adopted by the commission
24 expires automatically one year from the date of adoption, unless the
25 commission re-adopts the rate before that date. If the commission does
26 not re-adopt the rate or adopt a new rate, then eight per cent per
27 annum is the maximum permissible interest rate.

28 Sec. 06.40.130. EFFECTIVE DATE OF NEW INTEREST RATES. Maximum
29 permissible interest rates are effective 30 days after they are adopted

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

by the commission, and reasonable notice has been given to the public.

Sec. 06.40.140. VIOLATIONS. If interest greater than that prescribed by the commission is received or collected, or is contracted for either directly or indirectly, the borrower or debtor has the same causes of action as are provided for in AS 45.45.030 - 45.45.050.

* Sec. 2. AS 45.45.010 is amended by adding a new subsection to read:

(c) The interest rates provided for in (a) and (b) of this section do not apply to transactions covered by AS 06.40.010 - 06.-40.120.