

Introduced: 2/17/69  
Referred: Commerce

1 IN THE SENATE

BY ZIEGLER BY REQUEST

2 SENATE BILL NO. 161

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act to amend the Alaska Small Loans Act."

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

8 \* Section 1. AS 06 20.010 is amended to read:

9       Sec. 06.20.010. LICENSE REQUIRED. No person may engage in the  
10 business of making loans of money, credit, goods, or things in action  
11 in the amount or of the value of \$5,000 [\$1,000] or less and charge,  
12 contract for, or receive on the loan a greater rate of interest, dis-  
13 count, or consideration than the lender would be permitted by law to  
14 charge if he were not a licensee hereunder, except as authorized by  
15 this chapter and without first obtaining a license from the Department  
16 of Commerce, hereinafter called the department.

17 \* Sec. 2. AS 06.20.060 is amended to read:

18       Sec. 06.20.060. ISSUANCE OF LICENSE. Upon the filing of the  
19 application, the payment of the fees and the approval of the bond, the  
20 department shall issue a license to the applicant if it finds upon  
21 investigation that (1) the financial responsibility, experience,  
22 character, and general fitness of the applicant and of the members  
23 thereof if the applicant is a copartnership or association, and of the  
24 officers and directors thereof if the applicant is a corporation, are  
25 such as to command the confidence of the community and to warrant belief  
26 that the business will be operated honestly, fairly, and efficiently  
27 within the purposes of this chapter, and (2) [ALLOWING THE APPLICANT TO  
28 ENGAGE IN BUSINESS WILL PROMOTE THE CONVENIENCE AND ADVANTAGE OF THE  
29 COMMUNITY IN WHICH THE BUSINESS IS TO BE CONDUCTED, AND (3)], the

1 applicant has available for the operation of the business at the specific  
2 location liquid assets of at least \$10,000. The foregoing facts are  
3 conditions precedent to the issuance of a license under this chapter.  
4 The license permits the applicant to make loans in accordance with this  
5 chapter at the location specified in the application. The license  
6 remains in full force and effect until it is surrendered by the licensee  
7 or revoked or suspended. If the department denies the application, it  
8 shall notify the applicant of the denial and return the bond and license  
9 fee and retain the \$200 investigation fee. The department shall approve  
10 or deny every application for license within 60 days from the filing  
11 thereof with the fees and the approved bond. If the application is  
12 denied, the department shall within 20 days thereafter, serve upon the  
13 applicant a copy of the written decision and findings. The decision  
14 and findings may be reviewed in the manner provided in the Administrative  
15 Procedure Act (AS 44.62).

16 \* Sec. 3. AS 06.20.200(a) is amended to read:

17 (a) No person may advertise, print, display, publish, distribute,  
18 or broadcast or cause or permit to be advertised, printed, displayed,  
19 published, distributed, or broadcast, in any manner any statement or  
20 representation with regard to the rates, terms, or conditions for the  
21 lending of money, credit, goods, or things in action in the amount or  
22 of the value of \$5,000 [\$1,000] or less, which is false, misleading, or  
23 deceptive. The department may order any licensee to desist from any  
24 conduct which it finds to be in violation of this section.

25 \* Sec. 4. AS 06.20.230 is amended to read:

26 Sec. 06.20.230. MAXIMUM INTEREST PERMITTED. A licensee may lend  
27 any sum of money not exceeding \$5,000 [\$1,000] and may charge, contract  
28 for, and receive thereon interest at a rate not exceeding three and one-  
29 half [FOUR] per cent a month on that part of the unpaid principal

1 balance of a loan not in excess of \$300, two and one-half per cent a  
2 month on the remainder of any unpaid principal balance exceeding \$300  
3 but not exceeding \$600, and one and one-half [TWO] per cent a month  
4 on the remainder of any unpaid principal balance exceeding \$600 but  
5 not exceeding \$5,000 [\$1,000]. On loans, the principal of which is \$50  
6 or less a licensee may charge, contract and receive interest at a rate  
7 not exceeding five per cent a month.

8 \* Sec. 5. AS 06.20.280 is amended to read:

9       Sec. 06.20.280. MAXIMUM CHARGE BY LICENSEE. No licensee may  
10 directly or indirectly charge, contract for, or receive any interest,  
11 discount, or consideration greater than that which he would be permitted  
12 by law to charge if he were not a licensee hereunder, upon the loan,  
13 use or forbearance of money, goods, or things in action, or upon the  
14 loan, use, or sale of credit, of the amount or value of more than \$5,000  
15 [\$1,000]. This section applies to any licensee who permits any person,  
16 as borrower or endorser, guarantor, or surety for any borrower, or  
17 otherwise, to owe directly or contingently or both to the licensee at  
18 any time a sum of more than \$5,000 [\$1,000] on principal.

19 \* Sec. 6. AS 06.20.290 is amended to read:

20       Sec. 06.20.290. PURCHASE OF WAGES FOR \$5,000 [\$1,000] OR LESS.  
21 For the purposes of this chapter, the payment of \$5,000 [\$1,000] or  
22 less in money, credit, goods, or things in action, as consideration for  
23 the sale or assignment of, or order for, the payment of wages, salary,  
24 commissions, or other compensation for services whether earned or to be  
25 earned is considered interest or a charge upon the loan from the date of  
26 payment to the date the compensation is payable. Such transaction is  
27 governed by this chapter

28 \* Sec. 7. AS 06.20.300(a) is amended to read:

29       (a) Except as authorized in this chapter, no person may directly

1 or indirectly charge, contract for, or receive any interest, discount,  
2 or consideration greater than that which he would be permitted by law  
3 to charge if he were not a licensee, upon the loan, use, or forbearance  
4 of money, goods, or things in action, or upon the loan, use, or sale of  
5 credit of the amount or value of \$5,000 [\$1,000] or less.

6 \* Sec. 8. AS 06.20.310 is amended to read:

7       Sec. 06.20.310. ILLEGAL INTEREST RATE. No loan of the amount or  
8 value of \$5,000 [\$1,000] or less for which a greater rate of interest,  
9 consideration or charge than is permitted by this chapter has been  
10 charged, contracted for or received, wherever made, may be enforced  
11 in the state, and every person participating therein in the state is  
12 subject to this chapter. This section does not apply to loans legally  
13 made in any state or territory of the United States which has in effect  
14 a regulatory small loan law similar in principle to this chapter.  
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