

Offered: 4/28/83
Referred: Rules

Original sponsor: Bettisworth

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 246 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the deregulation of interest
7 rates; and providing for an effective date."

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

9 * Section 1. AS 06.20.230(a) is amended to read:

10 (a) A licensee may lend any sum of money not exceeding \$25,000
11 and may charge, contract for, and receive on the loan interest at a
12 rate agreed on by contract [NOT EXCEEDING THREE PERCENT A MONTH ON
13 THAT PART OF THE UNPAID PRINCIPAL BALANCE OF A LOAN NOT IN EXCESS OF
14 \$850; TWO PERCENT A MONTH ON THE UNPAID PRINCIPAL BALANCE EXCEEDING
15 \$850 BUT NOT EXCEEDING \$10,000; AND AT A RATE AGREED BY CONTRACT ON
16 THE REMAINDER OF ANY UNPAID PRINCIPAL BALANCE EXCEEDING \$10,000 BUT
17 NOT EXCEEDING \$25,000].

18 * Sec. 2. AS 06.40.120(c) is amended to read:

19 (c) The service charge may not exceed interest at a rate agreed
20 on by contract. A [THE NOMINAL ANNUAL RATE OF 15 PERCENT PLUS AN AD-
21 DITIONAL CHARGE OF \$10 PER PREMIUM FINANCE AGREEMENT WHICH NEED NOT BE
22 REFUNDED UPON CANCELLATION OR PREPAYMENT. HOWEVER, ANY] borrower may
23 prepay the [HIS] premium finance agreement in full at any time before
24 the due date of the final payment and in that event the unearned
25 service charge shall be refunded. The amount of any refund shall be
26 calculated in accordance with regulations adopted by the commissioner.

27 * Sec. 3. AS 09.55.440(a) is amended to read:

28 (a) Upon the filing of the declaration of taking and the deposit
29 with the court of the amount of the estimated compensation stated in

1 the declaration, title to the estate as specified in the declaration
2 vests in the plaintiff, and that property is condemned and taken for
3 the use of the plaintiff, and the right to just compensation for it
4 vests in the persons entitled to it. The compensation shall be ascer-
5 tained and awarded in the proceeding and established by judgment. The
6 judgment shall include lawful interest [AT THE RATE OF SIX PERCENT PER
7 YEAR] on the amount finally awarded which exceeds the amount paid into
8 court under the declaration of taking. The interest runs from the
9 date title vests to the date of payment of the judgment.

10 * Sec. 4. AS 45.10.120(b) is amended to read:

11 (b) A seller or holder of a retail installment contract may
12 charge, receive and collect a service charge on the outstanding bal-
13 ance at a rate agreed on by contract [WHICH SHALL NOT EXCEED THE
14 FOLLOWING RATES MULTIPLIED BY THE NUMBER OF MONTHS, INCLUDING A FRAC-
15 TION OF A MONTH IN EXCESS OF 15 DAYS AS ONE MONTH, ELAPSING BETWEEN
16 THE DATE OF THE CONTRACT AND THE DUE DATE OF THE LAST INSTALLMENT,

17 (1) ON SO MUCH OF THE UNPAID BALANCE AS DOES NOT EXCEED
18 \$1,000, FIVE-SIXTHS OF ONE PERCENT;

19 (2) IF THE UNPAID BALANCE EXCEEDS \$1,000, ON SO MUCH OF THE
20 UNPAID BALANCE AS EXCEEDS \$1,000, TWO-THIRDS OF ONE PERCENT;

21 (3) IF THE TOTAL SERVICE CHARGE SO COMPUTED IS LESS THAN
22 \$12, BUT IF THE DUE DATE OF THE LAST INSTALLMENT OF THE CONTRACT IS
23 EIGHT MONTHS OR LESS AFTER ITS EFFECTIVE DATE, \$10].

24 * Sec. 5. AS 45.10.120(c) is amended to read:

25 (c) A seller or holder of a retail charge agreement, revolving
26 charge agreement or other retail charge agreement may charge, receive
27 and collect a service charge at a rate agreed on by contract [NOT TO
28 EXCEED THE FOLLOWING RATES COMPUTED] on the outstanding balance [BAL-
29 ANCES FROM MONTH TO MONTH,

1 (1) ON SO MUCH OF THE OUTSTANDING BALANCE AS DOES NOT
2 EXCEED \$1,000, ONE AND ONE-HALF PERCENT PER MONTH;

3 (2) IF THE OUTSTANDING BALANCE IS MORE THAN \$1,000, ONE-
4 TWELFTH OF THE ANNUAL RATE PERMITTED UNDER AS 45.45.010(b) PER MONTH
5 ON THE EXCESS OVER \$1,000 OF THE OUTSTANDING BALANCE;

6 (3) IF THE SERVICE CHARGE SO COMPUTED IS LESS THAN \$1 FOR
7 ANY MONTH, \$1;

8 (4) THE SERVICE CHARGE MAY BE COMPUTED ON A SCHEDULE OF
9 FIXED AMOUNTS IF AS SO COMPUTED IT IS APPLIED TO ALL AMOUNTS OF OUT-
10 STANDING BALANCES EQUAL TO THE FIXED AMOUNT MINUS A DIFFERENTIAL OF
11 NOT MORE THAN \$5 PROVIDED THAT IT IS ALSO APPLIED TO ALL AMOUNTS OF
12 OUTSTANDING BALANCES EQUAL TO THE FIXED AMOUNT PLUS AT LEAST THE SAME
13 DIFFERENTIAL].

14 * Sec. 6. AS 45.45.010(a) is amended to read:

15 (a) The rate of interest in the state is 10.5 percent a year and
16 no more on money after it is due except as provided by express agree-
17 ment of the parties in a contract or loan commitment [IN (b) OF THIS
18 SECTION].

19 * Sec. 7. AS 06.20.230(a) is amended to read:

20 (a) A licensee may lend any sum of money not exceeding \$25,000
21 and may charge, contract for, and receive on the loan interest at a
22 rate not exceeding three percent a month on that part of the unpaid
23 principal balance of a loan not in excess of \$850; two percent a month
24 on the unpaid principal balance exceeding \$850 but not exceeding
25 \$10,000; and at a rate agreed by contract on the remainder of any
26 unpaid principal balance exceeding \$10,000 but not exceeding \$25,000
27 [AGREED ON BY CONTRACT].

28 * Sec. 8. AS 06.40.120(c) is amended to read:

29 (c) The service charge may not exceed interest at the nominal

1 annual rate of 15 percent plus an additional charge of \$10 per premium
2 finance agreement which need not be refunded upon cancellation or
3 prepayment. However, any [A RATE AGREED ON BY CONTRACT. A] borrower
4 may prepay the premium finance agreement in full at any time before
5 the due date of the final payment and in that event the unearned
6 service charge shall be refunded. The amount of any refund shall be
7 calculated in accordance with regulations adopted by the commissioner.

8 * Sec. 9. AS 45.10.120(b) is amended to read:

9 (b) A seller or holder of a retail installment contract may
10 charge, receive and collect a service charge which shall not exceed
11 the following rates multiplied by the number of months, including a
12 fraction of a month in excess of 15 days as one month, elapsing be-
13 tween the date of the contract and the due date of the last install-
14 ment,

15 (1) on so much of the unpaid balance as does not exceed
16 \$1,000, five-sixths of one percent;

17 (2) if the unpaid balance exceeds \$1,000, on so much of the
18 unpaid balance as exceeds \$1,000, two-thirds of one percent;

19 (3) if the total service charge so computed is less than
20 \$12, but if the due date of the last installment of the contract is
21 eight months or less after its effective date, \$10 [ON THE OUTSTANDING
22 BALANCE AT A RATE AGREED ON BY CONTRACT].

23 * Sec. 10. AS 45.10.120(c) is amended to read:

24 (c) A seller or holder of a retail charge agreement, revolving
25 charge agreement or other retail charge agreement may charge, receive
26 and collect a service charge not to exceed the following rates com-
27 puted [AT A RATE AGREED ON BY CONTRACT] on the outstanding balances
28 from month to month, [BALANCE]

29 (1) on so much of the outstanding balance as does not

1 exceed \$1,000, one and one-half percent per month;

2 (2) if the outstanding balance is more than \$1,000, one-
3 twelfth of the annual rate permitted under AS 45.45.010(b) per month
4 on the excess over \$1,000 of the outstanding balance;

5 (3) if the service charge so computed is less than \$1 for
6 any month, \$1;

7 (4) the service charge may be computed on a schedule of
8 fixed amounts if as so computed it is applied to all amounts of out-
9 standing balances equal to the fixed amount minus a differential of
10 not more than \$5 provided that it is also applied to all amounts of
11 outstanding balances equal to the fixed amount plus at least the same
12 differential.

13 * Sec. 11. AS 45.45.010(a) is amended to read:

14 (a) The rate of interest in the state is 10.5 percent a year and
15 no more on money after it is due except as provided in (i) of this
16 section [BY EXPRESS AGREEMENT OF THE PARTIES IN A CONTRACT OR LOAN
17 COMMITMENT].

18 * Sec. 12. AS 06.20.230 is amended by adding new subsections to read:

19 (b) Notwithstanding the provisions of (a) of this section, a
20 licensee who makes open-end loans under this chapter may charge,
21 contract for, and receive interest at a rate not exceeding three
22 percent a month on that part of the unpaid principal balance of a loan
23 not in excess of \$850; two percent a month on the unpaid principal
24 balance exceeding \$850 but not exceeding \$10,000; and at a rate agreed
25 by contract on the remainder of any unpaid principal balance exceeding
26 \$10,000 but not exceeding \$25,000.

27 (c) Interest on loans under (b) of this section shall be com-
28 puted according to the actuarial method on the entire unpaid principal
29 balance as determined in AS 06.20.285(b).

1 * Sec. 13. AS 06.45.060(5)(A) is amended by adding a new subparagraph
2 to read:

3 (xii) the rate of interest may not exceed the
4 greater of 15 percent a year or the rate specified as
5 AS 45.45.010(b);

6 * Sec. 14. AS 45.45.010 is amended by adding a new subsection to read:

7 (i) No interest may be charged by express agreement of the
8 parties in a contract or loan commitment which is more than five
9 percentage points above the annual rate charged member banks for
10 advances by the 12th Federal Reserve District on the day on which the
11 contract or loan commitment is made. A contract or loan commitment in
12 which the principal amount exceeds \$25,000 is exempt from the limita-
13 tion of this subsection.

14 * Sec. 15. The legislative audit division shall report to the First
15 Session of the Fifteenth Legislature on or before March 15, 1987 concerning
16 the effects of the amendments made in secs. 1 - 6 of this Act on the people
17 of the state and in particular those persons seeking or receiving credit.

18 * Sec. 16. AS 06.20.230(b) and (c), AS 06.45.060(5)(A)(vi), and AS 45.-
19 45.010(b) are repealed.

20 * Sec. 17. Sections 1 - 6 and secs. 15 and 16 of this Act take effect
21 July 1, 1983.

22 * Sec. 18. Sections 7 - 14 of this Act take effect July 1, 1987.