

Introduced: 2/13/84
Referred: Labor and Commerce
and Finance

1 IN THE SENATE BY JOSEPHSON BY REQUEST

2 SENATE BILL NO. 485

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the permissible interest and
7 service charges of financial institutions; and
8 providing for an effective date."

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

10 * Section 1. AS 06.05.208 is amended to read:

11 Sec. 06.05.208. REVOLVING CREDIT PLANS. (a) A financial insti-
12 tution [BANK] may extend credit under an agreement with a buyer of
13 goods or services under which one or more advances may be made from
14 time to time by the financial institution [BANK] for the account of
15 the buyer by means of the financial institution [BANK] purchasing from
16 a seller of goods or services instruments evidencing obligations
17 arising out of sales made by the seller to the buyer.

18 (b) Notwithstanding any other provision of state law, a finan-
19 cial institution [A BANK] may, in the case of extensions of credit
20 made under this section, charge, collect and receive interest at a
21 rate agreed on by contract not to exceed 24 percent a year and may
22 charge, collect, and receive service charges, transaction, setup fees,
23 reasonable delinquency and default charges, including attorneys fees
24 and other similar charges, as agreed on by contract [A SERVICE CHARGE
25 NOT IN EXCESS OF THE LIMITATIONS FOR THE SAME SERVICE CHARGES AND
26 TRANSACTIONS AS PROVIDED IN AS 45.10.120(c)].

27 [(c) THE BANK SHALL SUPPLY THE BUYER WITH WHOM AN AGREEMENT IS
28 MADE UNDER (a) OF THIS SECTION, A STATEMENT SETTING OUT THE MAXIMUM
29 SERVICE CHARGE PERMITTED UNDER AS 45.10.120(c)]

1 (d) In this section "financial institution" includes banks,
2 trust companies, and savings and loan associations chartered by state
3 or federal law.

4 * Sec. 2. AS 06.05.209 is amended to read:

5 Sec. 06.05.209. ISSUE OF CREDIT CARDS. (a) A financial insti-
6 tution [BANK] is not prohibited from issuing unsolicited credit cards
7 or other similar credit granting devices but the bank may not hold the
8 customer liable for charges made on a credit card or other device
9 before its acceptance by the customer. Before an unsolicited card is
10 considered accepted by the customer, the customer shall execute and
11 furnish to the financial institution [BANK] a written statement of
12 acceptance.

13 (b) A financial institution [BANK] may issue a credit card or
14 other similar credit-granting device to a customer for obtaining
15 money, goods, services or anything else of value and [THE BANK,] when
16 credit is extended under this section, the financial institution,
17 notwithstanding any other provision of state law, may impose interest
18 at a rate agreed on by contract not to exceed 24 percent a year and
19 may impose service charges, transaction charges, setup fees,
20 reasonable delinquency and default charges, including attorney fees
21 and other similar charges, as agreed on by contract [A SERVICE CHARGE
22 NOT IN EXCESS OF THE LIMITS FOR SERVICE CHARGES PROVIDED IN AS
23 45.10.120(c)]. However, in addition, when cash is advanced under this
24 section, the financial institution [BANK] may impose a setup charge
25 that [WHICH] does not exceed three percent of the funds advanced, or
26 \$12, whichever is less, except that on loans of under \$100 a minimum
27 not exceeding \$3 may be charged.

28 (c) In addition to charges authorized under (b) of this section,
29 a financial institution [BANK] may charge an annual fee for the

1 issuance of a credit card or other similar credit granting device.

2 (d) If charges permitted under (b) of this section are changed
3 under a credit card agreement by the amendment of that agreement in
4 accordance with the terms of the agreement the new charges may be made
5 applicable to balances outstanding at the time of amendment as well as
6 balances that accrue after amendment if: (1) the agreement provides
7 that service charges may be changed from time to time with such
8 effect; (2) at least 30 days' notice of an increase in charges is
9 given to the holder of the credit card; and (3) in the case of an
10 increase, the holder does not surrender the credit card before the
11 effective date of the amendment. A financial institution is not
12 required to give notice of a decrease in charges to the holder of the
13 credit card.

14 (e) In this section "financial institution" includes banks,
15 trust companies, and savings and loan associations chartered by state
16 or federal law.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).