

Introduced: 2/20/85  
Referred: House Special Committee  
on State Loans and Judiciary

1 IN THE HOUSE

BY DUNCAN, PEARCE, RINGSTAD,  
AND BOUCHER

2 HOUSE BILL NO. 217

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 06.20.320(a) is amended to read:

10 (a) A licensee or lender who, in the making or collection of a  
11 loan contract, does any act that [WHICH] violates AS 06.20.230 -  
12 06.20.260 or 06.20.280 - 06.20.310 shall at the option of the commis-  
13 sioner reimburse the portion of the interest and charges in excess of  
14 that provided in those sections, or, in the case of repeated viola-  
15 tions of those sections by the licensee, the commissioner may, upon a  
16 hearing, require the licensee to adjust the loan contract interest or  
17 other charges down to 10.5 percent a year [THE CONTRACT INTEREST  
18 LIMITATION SPECIFIED IN AS 45.45.010(a)].

19 \* Sec. 2. AS 06.40.160(a) is amended to read:

20 (a) A lender who, in the making of any contract, loan or premium  
21 finance agreement or the collection of interest or charges, does any  
22 act that [WHICH] violates AS 06.40.010, 06.40.020, 06.40.090, or  
23 06.40.110 - 06.40.130 shall at the option of the commissioner reim-  
24 burse that portion of the interest and charges in excess of that  
25 provided in those sections, or, in the case of repeated violations of  
26 those sections by the lender, the lender shall adjust the contract,  
27 loan, or premium finance agreement interest and other charges down to  
28 10.5 percent a year [THE CONTRACT INTEREST LIMITATION SPECIFIED IN  
29 AS 45.45.010(a)].

1 \* Sec. 3. AS 06.45.060(5)(A)(vi) is amended to read:

2 (vi) the rate of interest may not exceed [THE  
3 GREATER OF] 15 percent a year [OR THE RATE SPECIFIED BY  
4 AS 45.45.010(b)];

5 \* Sec. 4. AS 36.90.001(b) is amended to read:

6 (b) If the state fails to make a payment due the contractor  
7 under this section within 30 days after receiving a contractor's  
8 billing, the state shall pay interest to the contractor [UNDER  
9 AS 45.45.010(a)] on the amount due at the following rate of interest:

10 (1) 10.5 percent a year except as provided in (2) of this subsection;

11 (2) if expressly agreed by the parties, a rate that is no more than  
12 five percentage points above the annual rate charged member banks for  
13 advances by the 12th Federal Reserve District on the day when the  
14 contract is made. A contract with a principal amount that exceeds  
15 \$25,000 is exempt from the limitation of (2) of this subsection.

16 \* Sec. 5. AS 36.90.001(c) is amended to read:

17 (c) The state or a political subdivision of the state is liable  
18 to a contractor registered under AS 08.18 for interest [AT THE RATE  
19 PROVIDED IN AS 45.45.010(a)] on retainage on a contract for public  
20 works or public construction. Interest on retainage accrues from the  
21 date of approval of a pay estimate until the date of payment to the  
22 contractor. A contract provision purporting to waive the interest  
23 provisions of this subsection is void as contrary to public policy.  
24 The interest rate to be paid on the retainage is (1) 10.5 percent a  
25 year except as provided in (2) of this subsection; (2) if expressly  
26 agreed by the parties, a rate that is no more than five percentage  
27 points above the annual rate charged member banks for advances by the  
28 12th Federal Reserve District on the day when the contract is made. A  
29 contract with a principal amount that exceeds \$25,000 is exempt from

1        the limitation of (2) of this subsection.

2        \* Sec. 6. AS 45.10.120(c) is repealed and reenacted to read:

3                (c) A seller or holder of a retail charge agreement, revolving  
4 charge agreement or other retail charge agreement may charge, receive  
5 and collect a service charge at a rate of 1.5 percent a month computed  
6 on the outstanding balance from month to month. If the service charge  
7 so computed is less than \$1 for any month, then the service charge is  
8 \$1. The service charge may be computed on a schedule of fixed amounts  
9 if as so computed it is applied to all amounts of outstanding balances  
10 equal to the fixed amount minus a differential of not more than \$5  
11 provided that it is also applied to all amounts of outstanding bal-  
12 ances equal to the fixed amount plus at least the same differential.

13        \* Sec. 7. AS 45.45.010(b) is repealed and reenacted to read:

14                (b) Parties to a contract or loan commitment may charge by  
15 express agreement a rate of interest that does not exceed 24 percent a  
16 year. A contract or loan commitment in which the principal amount  
17 exceeds \$25,000 is exempt from the limitation of this subsection.

18        \* Sec. 8. AS 44.33.020(11) is repealed.

19        \* Sec. 9. This Act takes effect July 1, 1985.  
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