

Offered: 4/23/85  
Referred: Rules

Original sponsors: Duncan, Pearce,  
Ringstad and Boucher

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

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CS FOR HOUSE BILL NO. 217 (Judiciary)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to interest rates on judgments and decrees, interest rates on agreements subject to the provisions of AS 06 and AS 45, and certain interest rate preemptions by the federal government; and providing for an effective date."

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

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

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

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

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(a) A lender who, in the making of any contract, loan or premium finance agreement or the collection of interest or charges, does any act that [WHICH] violates AS 06.40.010, 06.40.020, 06.40.090, or 06.40.110 - 06.40.130 shall at the option of the commissioner reimburse that portion of the interest and charges in excess of that provided in those sections, or, in the case of repeated violations of those sections by the lender, the lender shall adjust the contract,

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1 loan, or premium finance agreement interest and other charges down to  
2 10.5 percent a year [THE CONTRACT INTEREST LIMITATION SPECIFIED IN  
3 AS 45.45.010(a)].

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

5 (vi) the rate of interest may not exceed [THE  
6 GREATER OF 15 PERCENT A YEAR OR] the rate specified in  
7 AS 45.45.010(b);

8 \* Sec. 4. AS 09.30.070 is amended to read:

9 Sec. 09.30.070. INTEREST ON JUDGMENTS. The rate of interest on  
10 judgments and decrees for the payment of money is 14 [10.5] percent a  
11 year, except that a judgment or decree founded on a contract in writ-  
12 ing, providing for the payment of interest until paid at a specified  
13 rate not exceeding the legal rate of interest for that type of con-  
14 tract, bears interest at the rate specified in the contract if the  
15 interest rate is set out in the judgment or decree.

16 \* Sec. 5. AS 45.10.120(c) is repealed and reenacted to read:

17 (c) A seller or holder of a retail charge agreement, revolving  
18 charge agreement or other retail charge agreement may charge, receive  
19 and collect a service charge at a rate of 1.5 percent a month computed  
20 on the outstanding balance from month to month. If the service charge  
21 so computed is less than \$1 for any month, then the service charge is  
22 \$1. The service charge may be computed on a schedule of fixed amounts  
23 if as so computed it is applied to all amounts of outstanding balances  
24 equal to the fixed amount minus a differential of not more than \$5  
25 provided that it is also applied to all amounts of outstanding bal-  
26 ances equal to the fixed amount plus at least the same differential.

27 \* Sec. 6. AS 45.45.010(b) is amended to read:

28 (b) Interest may not [NO INTEREST MAY] be charged by express  
29 agreement of the parties in a contract or loan commitment which for

1 loans of \$10,000 or under is more than six and one-half [FIVE] per-  
2 centage points and for loans over \$10,000 and not more than \$25,000 is  
3 more than 10 percentage points above the annual rate charged member  
4 banks for advances by the 12th Federal Reserve District on the day on  
5 which the contract or loan commitment is made. A contract or loan  
6 commitment in which the principal amount exceeds \$25,000 is exempt  
7 from the limitation of this subsection.

8 \* Sec. 7. AS 45.45 is amended by adding a new section to read:

9 Sec. 45.45.015. ELECTION TO OVERRIDE FEDERAL PREEMPTION. In  
10 accordance with Section 525 of Public Law 96-221 (the Depository  
11 Institutions Deregulation and Monetary Control Act of 1980), the state  
12 declares that it overrides the federal interest rate preemption pro-  
13 visions contained in the following sections of that act:

14 (1) section 521, which amends the Federal Deposit Insurance  
15 Act (12 U.S.C. 1811-1832) with respect to the interest rate that may  
16 be taken, received, reserved, or charged on a loan or discount made,  
17 or on a note, bill of exchange, or other evidence of debt, by foreign  
18 bank branches and state-chartered banks that are insured in accordance  
19 with that act;

20 (2) section 522, which amends subchapter IV of the National  
21 Housing Act (12 U.S.C. 1724-1730g) with respect to the interest rate  
22 that may be taken, received, reserved, or charged on a loan or dis-  
23 count made, or on a note, bill of exchange, or other evidence of debt,  
24 by institutions that are insured under that subchapter; and

25 (3) section 523, which amends section 205 of the Federal  
26 Credit Union Act (12 U.S.C. 1785) with respect to the interest rate  
27 that may be taken, received, reserved, or charged on a loan by a  
28 credit union that is insured in accordance with subchapter II of the  
29 Federal Credit Union Act (12 U.S.C. 1781 - 1790).

1 \* Sec. 8. This Act takes effect July 1, 1985.