

Offered: 5/7/86
Referred: Finance

Original sponsors: Duncan, Pearce,
Ringstad and Boucher

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 217 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

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

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

23 (a) A lender who, in the making of any contract, loan or premium
24 finance agreement or the collection of interest or charges, does any
25 act that [WHICH] violates AS 06.40.010, 06.40.020, 06.40.090, or
26 06.40.110 - 06.40.130 shall at the option of the commissioner reim-
27 burse that portion of the interest and charges in excess of that
28 provided in those sections, or, in the case of repeated violations of
29 those sections by the lender, the lender shall adjust the contract,

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 09.30.070 is amended to read:

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

12 * Sec. 4. AS 45.10.120(c) is repealed and reenacted to read:

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

24 * Sec. 5. AS 45.45 is amended by adding a new section to read:

25 Sec. 45.45.015. ELECTION NOT TO OVERRIDE FEDERAL PREEMPTION. In
26 accordance with Section 525 of P. L. 96-221 (the Depository Institu-
27 tions Deregulation and Monetary Control Act of 1980), the state de-
28 clines to override the federal interest rate preemption provisions
29 contained in Sections 521, 522, and 523 of that act.

1 * Sec. 6. This Act takes effect July 1, 1986.