

**CS FOR SENATE BILL NO. 161(JUD)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE SENATE JUDICIARY COMMITTEE**

**Offered: 4/25/94**  
**Referred: Finance**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to interest rates and calculation of interest under certain  
2 judgments and decrees and on refunds of certain taxes, royalties, or net profit  
3 shares; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* Section 1. AS 09.30.070 is repealed and reenacted to read:

6 Sec. 09.30.070. INTEREST ON JUDGMENTS; PREJUDGMENT INTEREST.

7 (a) Interest shall accrue on judgments and decrees for the payment of money from the  
8 date of entry of the judgment or decree. The interest rate in each calendar year shall  
9 be five percent above the 12th Federal Reserve District discount rate in effect on  
10 January 2 of that year, rounded to the nearest whole percentage point as provided in  
11 (c) of this section. Interest shall be compounded annually as of the last day of the  
12 year, and the interest rate shall be adjusted annually on January 2 of each year.  
13 However, a judgment or decree founded on a contract in writing, providing for an  
14 interest rate not exceeding the legal rate of interest for that type of contract, bears

1 interest at the rate specified in the contract if the interest rate is set out in the judgment  
2 or decree.

3 (b) Except when the court finds that the parties have agreed otherwise,  
4 prejudgment interest shall be awarded on a money judgment. Prejudgment interest  
5 accrues from the date of injury or harm. Prejudgment interest for each calendar year  
6 shall be calculated at the rate of five percent above the 12th Federal Reserve District  
7 discount rate in effect on January 2 of that year, rounded to the nearest whole  
8 percentage point as provided in (c) of this section. Interest shall be compounded  
9 annually as of the last day of the year.

10 (c) In rounding the 12th Federal Reserve District discount rate to the nearest  
11 whole percentage point, if the rate includes a percentage of

12 (1) less than 5/10ths of one percent, the rate shall be lowered to the  
13 next whole percentage point;

14 (2) 5/10ths of one percent or more, the rate shall be raised to the next  
15 whole percentage point.

16 \* Sec. 2. AS 29.45.500(b) is amended to read:

17 (b) If, in payment of taxes legally imposed, a remittance by a taxpayer through  
18 error or otherwise exceeds the amount due, and the municipality, on audit of the  
19 account in question, is satisfied that this is the case, the municipality shall refund the  
20 excess to the taxpayer. The refund of the excess shall include payment of [ WITH]  
21 interest on the excess tax payment computed from the date the municipality  
22 received the excess tax payment to the date the municipality paid the refund. The  
23 interest rate in each calendar year equals five percent above the 12th Federal  
24 Reserve District discount rate in effect on January 2 of that year, rounded to the  
25 nearest whole percentage point as provided in AS 09.30.070(c). Interest shall be  
26 compounded annually as of the last day of the year, and the interest rate shall be  
27 adjusted annually on January 2 of each year [AT EIGHT PERCENT FROM THE  
28 DATE OF PAYMENT]. A claim for refund filed one year after the due date of the  
29 tax is forever barred.

30 \* Sec. 3. AS 38.05.135(d) is amended to read:

31 (d) If a royalty or net profit share payment to which the state is entitled under

1 AS 38.05.135 - 38.05.181 is not paid when it becomes due under (c) of this section,  
2 the royalty or payment bears interest in each [A] calendar year [QUARTER] at the  
3 rate of five percent [PERCENTAGE POINTS] above the [ANNUAL RATE  
4 CHARGED MEMBER BANKS FOR ADVANCES BY THE] 12th Federal Reserve  
5 District discount rate in effect on January 2 of that year, rounded to the nearest  
6 whole percentage point as provided in AS 09.30.070(c). Interest shall be  
7 compounded annually as of the last day of the year, and the interest rate shall be  
8 adjusted annually on January 2 of each year [AS OF THE FIRST DAY OF THAT  
9 CALENDAR QUARTER, OR AT THE ANNUAL RATE OF 11 PERCENT,  
10 WHICHEVER IS GREATER, COMPOUNDED QUARTERLY AS OF THE LAST  
11 DAY OF THAT QUARTER].

12 \* Sec. 4. AS 38.05.135(e) is repealed and reenacted to read:

13 (e) If a royalty or net profit share payment to which the state is entitled under  
14 AS 38.05.135 - 38.05.181 is overpaid, the amount overpaid bears interest from the date  
15 the overpayment was made. The interest rate in each calendar year is five percent  
16 above the 12th Federal Reserve District discount rate in effect on January 2 of that  
17 year, rounded to the nearest whole percentage point as provided in AS 09.30.070(c).  
18 Interest shall be compounded annually as of the last day of the year, and the interest  
19 rate shall be adjusted annually on January 2 of each year.

20 \* Sec. 5. AS 43.05.225(1) is amended to read:

21 (1) when a tax levied in this title becomes delinquent, it bears interest  
22 in each [A] calendar year [QUARTER] at the rate of five percent [PERCENTAGE  
23 POINTS] above the [ANNUAL RATE CHARGED MEMBER BANKS FOR  
24 ADVANCES BY THE] 12th Federal Reserve District discount rate in effect on  
25 January 2 of that year, rounded to the nearest whole percentage point as provided  
26 in AS 09.30.070(c). Interest shall be compounded annually as of the last day of  
27 the year, and the interest rate shall be adjusted annually on January 2 of each  
28 year [AS OF THE FIRST DAY OF THAT CALENDAR QUARTER, OR AT THE  
29 ANNUAL RATE OF 11 PERCENT, WHICHEVER IS GREATER, COMPOUNDED  
30 QUARTERLY AS OF THE LAST DAY OF THAT QUARTER];

31 \* Sec. 6. AS 43.05.280(a) is repealed and reenacted to read:

1 (a) If a tax levied under this title is overpaid, the amount overpaid bears  
2 interest from the date the overpayment is made. The interest rate in each calendar year  
3 is five percent above the 12th Federal Reserve District discount rate in effect on  
4 January 2 of that year, rounded to the nearest whole percentage point as provided in  
5 AS 09.30.070(c). Interest shall be compounded annually as of the last day of the year,  
6 and the interest rate shall be adjusted annually on January 2 of each year.

7 \* Sec. 7. AS 45.45.010(a) is amended to read:

8 (a) The rate of interest in the state on money after it is due is, in each  
9 calendar year, five percent above the 12th Federal Reserve District discount rate  
10 on January 2 of that year, rounded to the nearest whole percentage point as  
11 provided in AS 09.30.070(c). Interest shall be compounded annually as of the last  
12 day of the year, and the interest rate shall be adjusted annually on January 2 of  
13 each year [IS 10.5 PERCENT A YEAR AND NO MORE ON MONEY AFTER IT  
14 IS DUE EXCEPT AS PROVIDED IN (b) OF THIS SECTION].

15 \* Sec. 8. Beginning on the effective date of this Act, postjudgment interest accrues under  
16 judgments or decrees entered on or after the effective date of this Act, at the rate and in the  
17 manner specified in AS 09.30.070 as repealed and reenacted by sec. 1 of this Act.  
18 Postjudgment interest accrues under judgments or decrees entered before the effective date of  
19 this Act, at the rate and in the manner specified under law in effect at the time that judgment  
20 or decree was entered.

21 \* Sec. 9. For claims or causes of action for which judgment has not been entered before  
22 the effective date of this Act, prejudgment interest accrues before the effective date of this  
23 Act, at the rate and in the manner specified under law in effect at the time that claim or cause  
24 of action accrued. On or after the effective date of this Act, prejudgment interest accrues on  
25 that claim or cause of action at the rate and in the manner specified in AS 09.30.070 as  
26 repealed and reenacted by sec. 1 of this Act.

27 \* Sec. 10. Beginning on the effective date of this section, interest accrues on overpayments  
28 of royalties, net profit share payments, taxes, and on interest accrued on them before the  
29 effective date of this Act, at the rates and in the manner specified in AS 29.45.500(b), as  
30 amended by sec. 2 of this Act, in AS 38.05.135(d), as amended by sec. 3 of this Act, in  
31 AS 38.05.135(e), as repealed and reenacted by sec. 4 of this Act, in AS 43.05.225(1), as

1 amended in sec. 5 of this Act, and in AS 43.05.280(a), as repealed and reenacted by sec. 6  
2 of this Act.

3 \* Sec. 11. This Act takes effect immediately under AS 01.10.070(c).