

CS FOR SENATE BILL NO. 161(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/28/94  
Referred: Rules

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 AS 09.30.070 is repealed and reenacted to read: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. Interest  
8 for each calendar year shall be calculated from the date of entry of the judgment or  
9 decree, at the rate determined by the commissioner of revenue under (b) of this section  
10 for that calendar year, except that a judgment or decree founded on a contract in  
11 writing, providing for an interest rate not exceeding the legal rate of interest for that  
12 type of contract, bears interest at the rate specified in the contract if the interest rate  
13 is set out in the judgment or decree.

14 (b) Not later than December 15 of each year the commissioner of revenue shall

1 determine the interest rate to be applied to judgments and decrees for the payment of  
2 money for the following calendar year. The rate shall be set at an amount equal to the  
3 average coupon issue yield equivalent, as determined by the secretary of the United  
4 States Treasury, of the average accepted auction price for auctions of 52-week United  
5 States' Treasury bills settled during the immediate December through November before  
6 the determination, rounded to the nearest 1/100 percent. The commissioner of revenue  
7 shall communicate this rate to the administrative director of the Alaska court system  
8 and to the revisor of statutes. The Alaska court system shall distribute notice of the  
9 interest rate.

10 (c) Except when the court finds that the parties have agreed otherwise,  
11 prejudgment interest shall be awarded on a money judgment. Prejudgment interest  
12 accrues from the date of injury or harm. Prejudgment interest for each calendar year  
13 from the date of injury or harm to the date of judgment shall be calculated at the rate  
14 determined by the commissioner of revenue under (b) of this section for that calendar  
15 year.

16 (d) Interest shall be computed daily to the date of payment and may not be  
17 compounded.

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

19 (b) If, in payment of taxes legally imposed, a remittance by a taxpayer through  
20 error or otherwise exceeds the amount due, and the municipality, on audit of the  
21 account in question, is satisfied that this is the case, the municipality shall refund the  
22 excess to the taxpayer. The refund of the excess shall include payment of [ WITH]  
23 interest on the excess tax payment computed from the date the municipality  
24 received the excess tax payment to the date the municipality paid the refund, at  
25 a rate equal to the average closing market yield equivalent of 52-week United  
26 States' Treasury bills as of the last business day of the calendar quarter  
27 immediately preceding the date the refund is made rounded to the nearest 1/100  
28 percent [AT EIGHT PERCENT FROM THE DATE OF PAYMENT]. A claim for  
29 refund filed one year after the due date of the 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 a calendar quarter at the rate of five percentage  
3 points above the annual rate charged member banks for advances by the 12th Federal  
4 Reserve District as of the first day of that calendar quarter, [OR AT THE ANNUAL  
5 RATE OF 11 PERCENT, WHICHEVER IS GREATER,] compounded quarterly as of  
6 the last day of that quarter.

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

8 (e) If a royalty or net profit share payment to which the state is entitled under  
9 AS 38.05.135 - 38.05.181 is overpaid, the amount overpaid bears interest in a calendar  
10 quarter at the rate of two percentage points above the annual rate charged member  
11 banks for advances by the 12th Federal Reserve District as of the first day of that  
12 calendar quarter, compounded quarterly as of the last day of that quarter.

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

14 (1) when a tax levied in this title becomes delinquent, it bears interest  
15 in a calendar quarter at the rate of five percentage points above the annual rate charged  
16 member banks for advances by the 12th Federal Reserve District as of the first day of  
17 that calendar quarter, [OR AT THE ANNUAL RATE OF 11 PERCENT,  
18 WHICHEVER IS GREATER,] compounded quarterly as of the last day of that quarter;

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

20 (a) If a tax levied under this title is overpaid, the amount overpaid bears  
21 interest in a calendar quarter at the rate of two percentage points above the annual rate  
22 charged member banks for advances by the 12th Federal Reserve District as of the first  
23 day of that calendar quarter, compounded quarterly as of the last day of that quarter.

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

25 (a) The rate of interest in the state is the rate determined annually by the  
26 commissioner of revenue under AS 09.30.070 [10.5 PERCENT A YEAR] and no  
27 more on money after it is due except as provided in (b) of this section.

28 \* Sec. 8. Beginning on January 1, 1995, postjudgment interest accrues under judgments or  
29 decrees entered on or after January 1, 1995, at the rate and in the manner specified in  
30 AS 09.30.070 as repealed and reenacted by sec. 1 of this Act. Postjudgment interest accrues  
31 under judgments or decrees entered before January 1, 1995, at the rate and in the manner

1 specified under law in effect at the time that judgment or decree was entered.

2 \* Sec. 9. For claims or causes of action for which judgment has not been entered before  
3 January 1, 1995, prejudgment interest accrues before January 1, 1995, at the rate and in the  
4 manner specified under law in effect at the time that claim or cause of action accrued. On  
5 or after January 1, 1995, prejudgment interest accrues on that claim or cause of action at the  
6 rate and in the manner specified in AS 09.30.070 as repealed and reenacted by sec. 1 of this  
7 Act.

8 \* Sec. 10. Beginning on the effective date of this section, interest accrues on overpayments  
9 or underpayments of royalties, net profit share payments, taxes, and on interest accrued on  
10 them before the effective date of this Act, at the rates and in the manner specified in  
11 AS 29.45.500(b), as amended by sec. 2 of this Act, in AS 38.05.135(d), as amended by sec.  
12 3 of this Act, in AS 38.05.135(e), as repealed and reenacted by sec. 4 of this Act, in  
13 AS 43.05.225(1), as amended by sec. 5 of this Act, and in AS 43.05.280(a), as repealed and  
14 reenacted by sec. 6 of this Act.

15 \* Sec. 11. Notwithstanding AS 09.30.070, the commissioner of revenue, by December 15,  
16 1994, shall determine the interest rate to be applied on judgments and decrees by the method  
17 provided in AS 09.30.070, as amended by sec. 1 of this Act, for calendar year 1995, and shall  
18 communicate that determination to the administrative director of the Alaska Court System and  
19 the revisor of statutes.

20 \* Sec. 12. Except for secs. 1, 7, 8, and 9 of this Act, this Act takes effect immediately  
21 under AS 01.10.070(c).

22 \* Sec. 13. Sections 1, 7, 8, and 9 of this Act take effect January 1, 1995.