

# COMMITTEE REPORT

## HOUSE

5/13/81

FURTHER:

(11)

Date: June 8, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 524

"An Act relating to small loans; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass  
 do pass with attached amendments(s)  
 replace with CS for HB 524 (L+C)  same title  
 new title  
and recommends individual use  
 AND attaches a "Letter of Intent"  New fiscal Note  
 reports it back without recommendation  
 referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

F. [Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Do Not Pass  
Do Not Pass  
[Signature]  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_

F. [Signature]  
Vice CHAIRMAN

Original sponsor: Labor and Commerce  
Committee by request

Offered: 5/13/81  
Referred: Finance

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 524 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 06.20.230(a) is amended to read:

10 (a) Subject to the provisions of (d) of this section a [A] licen-  
11 see may lend any sum of money not exceeding \$25,000 and may charge,  
12 contract for, and receive on the loan interest at a rate not exceeding  
13 three percent a month on that part of the unpaid principal balance of a  
14 loan not in excess of \$500; two percent a month on the remainder of any  
15 unpaid principal balance exceeding \$500 but not exceeding \$1,000; and  
16 one percent a month on the remainder of any unpaid principal balance  
17 exceeding \$1,000 but not exceeding \$25,000. On loans the principal of  
18 which is \$50 or less a licensee may charge, contract and receive inter-  
19 est at a rate not exceeding five percent a month.

20 \* Sec. 2. AS 06.20.230 is amended by adding a new subsection to read:

21 (d) The maximum amounts listed for the loan categories under (a)  
22 of this section may be annually adjusted according to changes in the  
23 consumer price index. An adjustment shall be made if the change,  
24 calculated to the nearest percentage point, in the consumer price index  
25 for Anchorage is 10 percent or more of the consumer price index for  
26 Anchorage for November 1978. Adjustments shall be made only in incre-  
27 ments of 10 percent. An adjustment shall be effective on April 1 of  
28 each year. An adjustment under this subsection may not result in a  
29 decrease in the maximum amounts for the loan categories under (a) of

1 this section below the maximum amounts in effect on the effective date  
2 of this Act. On or before March 1 the department shall publish the  
3 changes in maximum amounts listed under (a) of this section. If the  
4 method of calculation of the consumer price index is revised by the  
5 United States Department of Labor, Bureau of Labor Statistics, the  
6 consumer price index for Anchorage for 1978 as revised shall be used  
7 for computations under this subsection.

8 \* Sec. 3. AS 06.20.260 is amended by adding a new paragraph to read:

9 (6) a late payment fee of not more than 10 percent of the  
10 payment which is due or \$15, whichever is less.

11 \* Sec. 4. AS 06.20.900 is amended by adding a new paragraph to read:

12 (4) "consumer price index" means the final consumer price  
13 index for the year for all urban consumers: average, all items,  
14 1967 = 100, for Anchorage, Alaska, published by the United States  
15 Department of Labor, Bureau of Labor Statistics; if the consumer price  
16 index is superseded, the index referred to is the index which the Bureau  
17 of Labor Statistics represents as most accurately reflecting changes in  
18 the purchasing power of the dollar for consumers.

19 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
20 070(c).

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 524  
 Title An Act relating to Small Loans  
 Requested by House Labor & Commerce Date April 30, 1981

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Consumer Protection  
 BRU, Program, or Subprogram(s) Affected Financial Institutions  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE April 30, 1981 PREPARED BY Willis F. Kirkpatrick  
 AGENCY Department of Commerce & Economic Development  
 PHONE 465-2521  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SCS CSHB 524 (L&C)  
 Title An Act relating to Small Loans  
 Requested by Senate Labor & Commerce Date April 13, 1982

II. FISCAL DETAIL  
 Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Consumer Protection  
 BRU, Program, Or Subprogram(s) Affected Banking & Securities  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-				

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-				
FEDERAL FUNDS	-0-	-0-				
OTHER (Specify Source)	-0-	-0-				
POSITIONS	-0-	-0-				

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)



Lawrence P. Carroll, Acting Director for

IV. DATE April 13, 1982 PREPARED BY Willis F. Kirkpatrick, Director  
 AGENCY Banking, Securities, Small Loans & Corp.  
 Original: Legislative Finance PHONE 465-2521  
 cc: Budget and Management

Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

HB 524

I. REQUEST

Bill/Resolution No. HB 524

Title An Act relating to Small Loans

Requested by House Labor & Commerce

Date April 30, 1981

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development

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BRU, Program, or Subprogram(s) Affected Financial Institutions

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
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700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
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III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

*Willis F. Kirkpatrick*

IV. DATE April 30, 1981

PREPARED BY Willis F. Kirkpatrick

AGENCY Department of Commerce & Economic Development

PHONE 465-2521

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Original sponsor: Labor and Commerce  
Committee by request

Offered: 5/13/81  
Referred: Finance

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11 see may lend any sum of money not exceeding \$25,000 and may charge,  
12 contract for, and receive on the loan interest at a rate not exceeding  
13 three percent a month on that part of the unpaid principal balance of a  
14 loan not in excess of \$500; two percent a month on the remainder of any  
15 unpaid principal balance exceeding \$500 but not exceeding \$1,000; and  
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23 consumer price index. An adjustment shall be made if the change,  
24 calculated to the nearest percentage point, in the consumer price index  
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26 Anchorage for November 1978. Adjustments shall be made only in incre-  
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28 each year. An adjustment under this subsection may not result in a  
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18 the purchasing power of the dollar for consumers.

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20 070(c).

TESTIMONY FOR HB 524

PRESENTED BY DOUGLAS S. BISBEE

JUNE 8, 1981

MY NAME IS DOUGLAS BISBEE AND I AM HERE TODAY AS AN EMPLOYEE OF BENEFICIAL FINANCE, AND SPEAKING IN FAVOR OF THIS BILL.

HB 524 EFFECTS ONLY FINANCE COMPANIES LICENSED TO DO BUSINESS IN ALASKA. AT THE PRESENT TIME, THERE ARE TWO SUCH COMPANIES, BENEFICIAL AND HOUSEHOLD FINANCE, WITH BRANCH OFFICES IN FAIRBANKS AND ANCHORAGE. DUE TO INFLATED OPERATING COSTS IN RECENT YEARS, OUR BUSINESS HAS CONTRACTED INSTEAD OF EXPANDED. BENEFICIAL HAS CONSOLIDATED ITS NINE BRANCHES SERVING SEVERAL COMMUNITIES TO TWO. THIS BILL WOULD HELP THAT PROBLEM AND INSURE THAT MONEY IS AVAILABLE TO NEEDY BORROWERS OF SMALL AMOUNTS BY ADDING SUBSECTION (D) TO 06.20.230 WHICH DOES THE FOLLOWING:

1. INDEXES THE <sup>Bracketed</sup> BRACKETED AMOUNTS (PRESENTLY 500-1000) TO THE ANCHORAGE COST PRICE INDEX IN INCREMENTS OF 10%.
2. DOES NOT CHANGE EXISTING RATE
3. PROVIDES FOR THE DEPARTMENT OF BANKING TO REVIEW THE CPI AT THE END OF EACH YEAR, EVALUATE THE CHANGES AND NOTIFY LICENSEES OF CHANGES.

SEC. 3 OF THE BILL ALLOWS FOR THE COLLECTION OF A LATE OR DEFAULT CHARGE ON A ~~DATE~~ PAYMENT. FINANCE COMPANIES ARE THE ONLY LENDERS IN ALASKA NOT ALLOWED THIS FEE WHICH COMPENSATES FOR THE ADDITIONAL WORK REQUIRED TO COLLECT THE PAYMENT.

YOUR FAVORABLE CONSIDERATION IS REQUESTED

Introduced: 4/23/81  
Referred: Labor & Commerce and  
Finance

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COMMITTEE BY REQUEST

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24 annual change in the consumer price index for Anchorage is 10 percent  
25 or more of the consumer price index for Anchorage for November 1978.  
26 Adjustments shall be made only in increments of 10 percent. An increase  
27 made under this section may not exceed 10 percent in any year. An  
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10 070(c).

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