

Original sponsor: Rodey

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 19 (Finance)

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 rates of interest; and providing
7 for an effective date."

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

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

10 (b) Notwithstanding (a) of this section, a licensee who makes
11 open-end loans under this chapter or who makes a loan under this chapter
12 exceeding \$5,000 but not exceeding \$25,000 may elect to charge, contract
13 for, and receive interest not to exceed the greater of

14 (1) one and one-half percent a month; or

15 (2) eight percentage points above the Federal Reserve dis-
16 count rate on 90-day commercial paper charged to banks for advances by
17 the 12th Federal Reserve District [ON THE FIRST DAY OF THE MONTH BEFORE
18 THE CALENDAR QUARTER DURING WHICH THE LOAN IS MADE].

19 * Sec. 2. AS 06.20.310 is amended to read:

20 Sec. 06.20.310. ILLEGAL INTEREST RATE. (a) No loan of the
21 amount or value of \$25,000 or less for which a greater rate of interest,
22 consideration or charge than is permitted by this chapter has been
23 charged, contracted for or received, wherever made, may be enforced in
24 the state, and every person participating in such a loan in the state
25 is subject to this chapter.

26 (b) This section does not apply to loans legally made in any
27 state or territory of the United States which has in effect a regulatory
28 small loan law similar in principle to this chapter.

29 (c) This section does not apply to a loan as to which a licensee

1 refunds, tenders a refund, or credits an overcharge within 30 days after
2 the closing of the loan so the loan records reflect the permissible
3 interest, consideration or charge.

4 * Sec. 3. AS 06.20.320 is amended by adding a new subsection to read:

5 (d) A licensee is not liable under this section if, within 30
6 days after the closing of the loan, the licensee makes an adjustment in
7 the account of the borrower which removes any obligation to pay interest
8 or other charges in excess of the amount permitted under this chapter.

9 * Sec. 4. AS 09.55.440(a) is amended to read:

10 (a) Upon the filing of the declaration of taking and the deposit
11 with the court of the amount of the estimated compensation stated in
12 the declaration, title to the estate as specified in the declaration
13 vests in the plaintiff, and that property is condemned and taken for
14 the use of the plaintiff, and the right to just compensation for it
15 vests in the persons entitled to it. The compensation shall be ascer-
16 tained and awarded in the proceeding and established by judgment. The
17 judgment shall include lawful interest [AT THE RATE OF SIX PERCENT PER
18 YEAR] on the amount finally awarded which exceeds the amount paid into
19 court under the declaration of taking. The interest runs from the date
20 title vests to the date of payment of the judgment.

21 * Sec. 5. AS 45.45.010(b) is amended to read:

22 (b) No interest may be charged by express agreement of the
23 parties in a contract or loan commitment [DATED AFTER JUNE 4, 1976]
24 which is more than five percentage points above the annual rate charged
25 member banks for advances by the 12th Federal Reserve District on the
26 day on [THAT PREVAILED ON THE 25th DAY OF THE MONTH PRECEDING THE
27 COMMENCEMENT OF THE CALENDAR QUARTER DURING] which the contract or loan
28 commitment is made. A contract or loan commitment in which the princi-
29 pal amount exceeds \$25,000 [\$100,000] is exempt from the limitation of

1 this subsection.

2 * Sec. 6. AS 45.45.010(d) is repealed.

3 * Sec. 7. In accordance with sec. 501(b)(2) of P.L. 96-221, 94 Stat. 162,
4 the provisions of sec. 501(a)(1) of P.L. 96-221, 94 Stat. 161, do not apply
5 with respect to loans, mortgages, credit sales, and advances made in this
6 state.

7 * Sec. 8. In accordance with sec. 512 of P.L. 96-221, 94 Stat. 164, the
8 provisions of sec. 511 of P.L. 96-221, 94 Stat. 164, do not apply to busi-
9 ness and agricultural loans made in this state.

10 * Sec. 9. This Act takes effect immediately in accordance with AS 01.10.-
11 070(c).

PROPOSED AMENDMENT

New. Sec. 2 :

Section AS 06.20.310 is amended to read:

Sec. 06.20.310. Illegal interest rate. No loan of the amount or value of \$25,000 or less for which a greater rate of interest, consideration or charge than is permitted by this chapter has been charged, contracted for or received, wherever made, may be enforced in the state, and every person participating in such a loan in the state is subject to this chapter. This section does not apply to loans legally made in any state or territory of the United States which has in effect a regulatory small loan law similar ⁱⁿ ~~to~~ principle to this chapter. This section shall not apply to loans as to which a licensee refunds, tenders a refund, or credits any overcharge to reflect the permissible interest, consideration or charge within thirty days after ^{the closing of a loan} ~~receipt of notification of~~ ~~the violation by the department.~~

New Sec. 3 :

Section AS 06.20.320 by adding a new subsection (d) to read:

Sec. 06.20.320(d). A licensee has no liability under this section for violation of this chapter if, within thirty days after ^{closing a loan,} ~~[receipt of notification by the department of such violation,]~~ the licensee makes whatever adjustments in the appropriate account as are necessary to assure that the borrower will not be required to pay interest or other charges in excess of the amount permitted.

Original Sponsor: Rodey

Offered: 4/10/81
Referred: Finance

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 19 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

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A BILL

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7 for an effective date."

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FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 19

Title An Act relating to the legal rate of interest; and providing effec.date

Requested by S. Labor & Commerce Date 1/16/81

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	9	0
700 GRANTS CLAIMS ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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

1/19/81

PREPARED BY Willis F. Kirkpatrick, Dir. of Banking
 AGENCY Dept. of Commerce & Economic Development
 PHONE 465-2521

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Introduced: 1/13/81
Referred: Labor & Commerce

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BY RODEY

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4 TWELFTH LEGISLATURE - FIRST SESSION

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