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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

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
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

TESTIMONY FOR HB 524

PRESENTED BY DOUGLAS S. BISBEE May 11, 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 AND ELIMINATES THE NEED FOR LEGISLATURE TO CONSIDER FUTURE RATE INCREASES.
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 LATE 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