

COMMITTEE REPORT  
SENATE.

FURTHER:

5/7/86

Date 5/11/86

Mr. President

The Committee on FINANCE considered CSHB 217(JUD)

interest rates on judgements and decrees, interest rates on agreements subject to the provisions of AS 06 and AS 45, and certain interest rate preemptions by the federal governments; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt 5 CS for CS HB 217 (Fix)
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE  
to Committee
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Paul Fritch  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

Justin D. ...  
...  
Jerry ...  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Paul Fritch  
Chairman  
No Rec  
Chairman recommendation

A M E N D M E N T

By Eliason

Offered in the Senate

TO: SCS CSHB 217(L&C)

Page 2, lines 4 - 11

Delete Section 3, Insert a new section to read:

\* Sec 3. AS 09.30.070 is amended to read:

Sec. 09.30.070. INTEREST ON JUDGMENTS. (a) The rate of interest on judgments and decrees for the payment of money is equal to the 12th Federal Reserve district discount rate as determined under AS 45.45.010(b) [10.5 PERCENT A YEAR], except that a judgment or decree founded on a contract in writing, providing for the payment of interest until paid at a specified rate not exceeding the legal rate of interest for that type of contract, bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree.

(b) Except when the court finds that the parties have agreed otherwise, prejudgment interest accrues from the day process is served on the defendant or the day the defendant received written notification of the claim, whichever is earlier. Evidence to be considered by the finder of fact may include the amount of the prejudgment interest that may be added to the award.

*Adopted*  
5/10/86

Offered: 5/7/86  
Referred: Finance

Original sponsors: Duncan, Pearce,  
Ringstad and Boucher

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

SENATE CS FOR CS FOR HOUSE BILL NO. 217 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to interest rates on judgments and  
7 decrees, interest rates on agreements subject to the  
8 provisions of AS 06 and AS 45, and certain interest  
9 rate preemptions by the federal government; and  
10 providing for an effective date."

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

12 \* Section 1. AS 06.20.320(a) is amended to read:

13 (a) A licensee or lender who, in the making or collection of a  
14 loan contract, does any act that [WHICH] violates AS 06.20.230 -  
15 06.20.260 or 06.20.280 - 06.20.310 shall at the option of the commis-  
16 sioner reimburse the portion of the interest and charges in excess of  
17 that provided in those sections, or, in the case of repeated vio-  
18 lations of those sections by the licensee, the commissioner may, upon  
19 a hearing, require the licensee to adjust the loan contract interest  
20 or other charges down to 10.5 percent a year [THE CONTRACT INTEREST  
21 LIMITATION SPECIFIED IN AS 45.45.010(a)].

22 \* Sec. 2. AS 06.40.160(a) is amended to read:

23 (a) A lender who, in the making of any contract, loan or premium  
24 finance agreement or the collection of interest or charges, does any  
25 act that [WHICH] violates AS 06.40.010, 06.40.020, 06.40.090, or  
26 06.40.110 - 06.40.130 shall at the option of the commissioner reim-  
27 burse that portion of the interest and charges in excess of that  
28 provided in those sections, or, in the case of repeated violations of  
29 those sections by the lender, the lender shall adjust the contract,

1 loan, or premium finance agreement interest and other charges down to  
2 10.5 percent a year [THE CONTRACT INTEREST LIMITATION SPECIFIED IN  
3 AS 45.45.010(a)].

4 \* Sec. 3. AS 09.30.070 is amended to read:

5 Sec. 09.30.070. INTEREST ON JUDGMENTS. The rate of interest on  
6 judgments and decrees for the payment of money is 14 [10.5] percent a  
7 year, except that a judgment or decree founded on a contract in writ-  
8 ing, providing for the payment of interest until paid at a specified  
9 rate not exceeding the legal rate of interest for that type of con-  
10 tract, bears interest at the rate specified in the contract if the  
11 interest rate is set out in the judgment or decree.

12 \* Sec. 4. AS 45.10.120(c) is repealed and reenacted to read:

13 (c) A seller or holder of a retail charge agreement, revolving  
14 charge agreement or other retail charge agreement may charge, receive  
15 and collect a service charge computed on the outstanding balance from  
16 month to month at a monthly rate that results in 17 percent a year.  
17 If the service charge so computed is less than \$1 for any month, then  
18 the service charge is \$1. The service charge may be computed on a  
19 schedule of fixed amounts if as so computed it is applied to all  
20 amounts of outstanding balances equal to the fixed amount minus a  
21 differential of not more than \$5 provided that it is also applied to  
22 all amounts of outstanding balances equal to the fixed amount plus at  
23 least the same differential.

24 \* Sec. 5. AS 45.45 is amended by adding a new section to read:

25 Sec. 45.45.015. ELECTION NOT TO OVERRIDE FEDERAL PREEMPTION. In  
26 accordance with Section 525 of P. L. 96-221 (the Depository Institu-  
27 tions Deregulation and Monetary Control Act of 1980), the state de-  
28 clines to override the federal interest rate preemption provisions  
29 contained in Sections 521, 522, and 523 of that act.

1 \* Sec. 6. This Act takes effect July 1, 1986.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB 217  
 Title: An Act relating to  
interest rates  
 Sponsor: Duncan, et al.  
 Requestor: House Special Committee on  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: \_\_\_\_\_  
Public Protection  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Loans Banking and Securities

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 80	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

	FY 85	FY 80	FY 87	FY 88	FY 89	FY 90
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

	FY 85	FY 80	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Attach a separate page if necessary

Prepared By: N. T. Lusk Phone: 465-2521  
 Division: Banking, Securities and Corporation Date: \_\_\_\_\_  
 Approved by Commissioner: Loren H. Lounsbury Date: 3/7/85  
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 11, 1986

SUBJECT: Title change in second house; clarity of proposed language (SCS CSHB 217(Fin))

TO: Senator Jan Faiks  
Senator John Sackett  
Co-Chairs, Senate Finance Committee

FROM: Theresa L. Bannister *JB*  
Legislative Counsel

This memo accompanies SCS CSHB 217(Finance) with the language that you requested.

The requested language poses the following problems:

Title Problems

The second part of the amendment submitted by the committee is contained in sec. 4 of the enclosed draft. It is my opinion that the inclusion of this language would require a title change, which would violate Rule 24(c) of the Uniform Rules. The title that passed the House refers to "interest rates on judgments and decrees". Section 4 addresses the timing of prejudgment interest and the admissibility of evidence related to possible awards of prejudgment interest. Neither subject fits within the title. It could also be argued that the proposed language would violate the single subject rule.

Clarity of Section 3. The language used for the change to sec. 3 of the bill does not make it clear, in my opinion, whether the rate is (1) the federal reserve rate or (2) the federal reserve rate increased by up to five percentage points as allowed under AS 45.45.010(b). In addition, the federal reserve rate is constantly shifting and there is no provision in the new language to indicate what date is to be

Senator Faiks  
Page 2  
May 11, 1986

used for determining the rate. I would suggest re-writing the section to read:

\*Sec. 3. AS 09.30.070 is amended to read:

Sec. 09.30.070. INTEREST ON JUDGMENTS. The rate of interest on judgments and decrees for the payment of money is equal to the annual rate charged member banks for advances by the 12th Federal Reserve District on the day the judgment is entered [10.5 PERCENT A YEAR], except that a judgment or decree founded on a contract in writing, providing for the payment of interest until paid at a specified rate not exceeding the legal rate of interest for that type of contract, bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree."

If you need further assistance with this bill, please advise.

TLB:mk  
m5/104

Enclosure

PROPOSED AMENDMENT TO SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE  
SUBSTITUTE FOR HB 217

06.05.208

(b) A bank may, in the case of extensions of credit made under this section, charge, collect and receive a service charge not in excess of seventeen percent (17%) per year.

page 2 line 16 delete 17 and insert 18

*Magrison*  
5/10/86

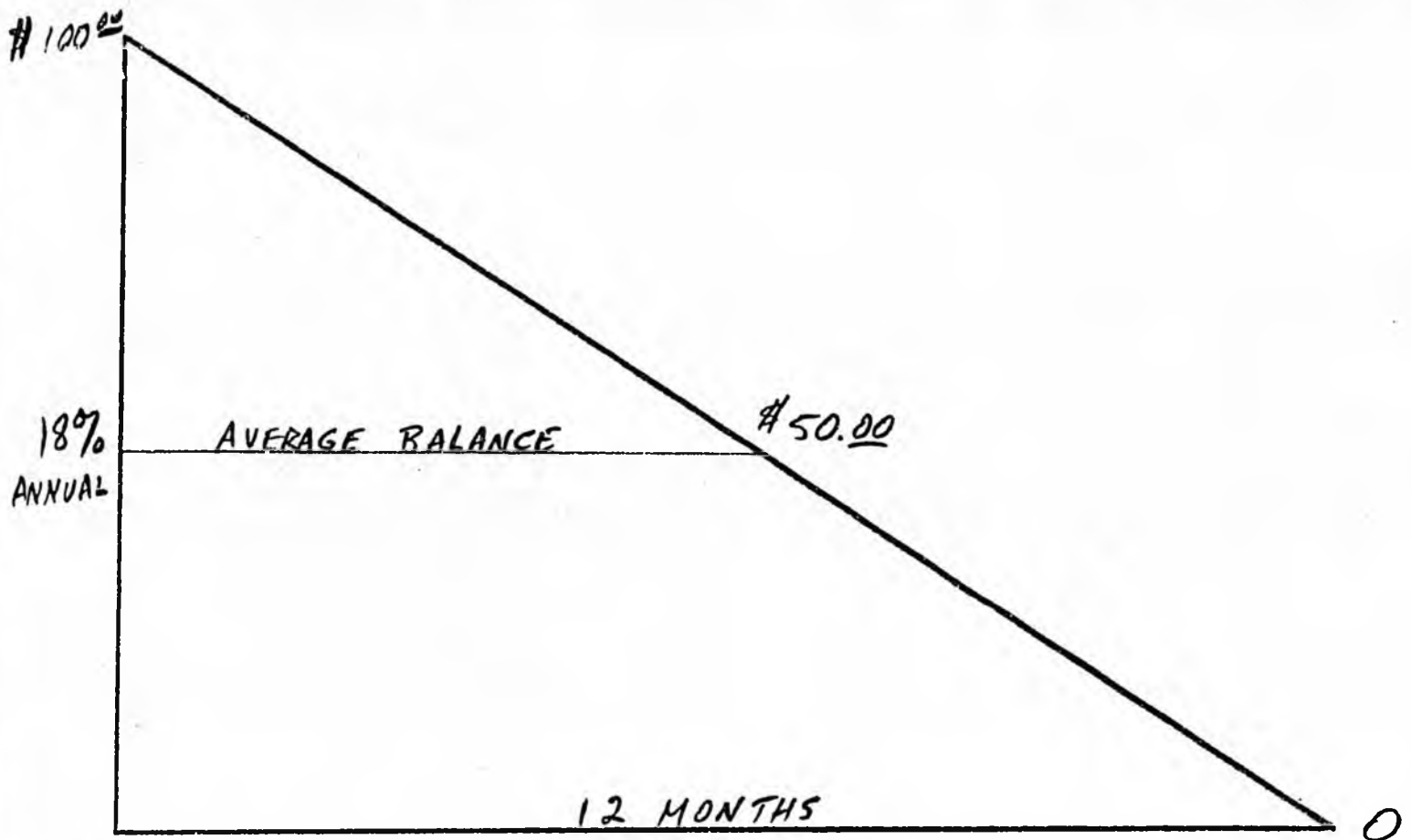
A M E N D M E N T

By Eliason

Offered in the SENATE

TO: SCS CSHB 217(L&C)

Page 2, line 6 after "is" delete "14 [10.5] percent  
a year" and insert "equal to the 12th Federal Reserve  
district discount rate as determined under AS 45.45.010(b)"



REVENUE	\$ 8.50
COSTS	
BORROW FUNDS TO FINANCE ACCTS REC AT 10%	\$ 5.00
POSTAGE	\$ 2.64
BAD DEBT COST	\$ 1.00
PERSONNEL COST	?
RENT	?
	—
TOTAL COST EXCEEDS	\$ 8.64

Magnuson  
5/10/86

Offered: 4/23/85  
Referred: Rules

Original sponsors: Duncan, Pearce,  
Ringstad and Boucher

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2

CS FOR HOUSE BILL NO. 217 (Judiciary)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to interest rates on judgments and  
7 decrees, interest rates on agreements subject to the  
8 provisions of AS 06 and AS 45, and certain interest  
9 rate preemptions by the federal government; and  
10 providing for an effective date."

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

12 \* Section 1. AS 06.20.320(a) is amended to read:

13 (a) A licensee or lender who, in the making or collection of a  
14 loan contract, does any act that [WHICH] violates AS 06.20.230 -  
15 06.20.260 or 06.20.280 - 06.20.310 shall at the option of the commis-  
16 sioner reimburse the portion of the interest and charges in excess of  
17 that provided in those sections, or, in the case of repeated vio-  
18 lations of those sections by the licensee, the commissioner may, upon  
19 a hearing, require the licensee to adjust the loan contract interest  
20 or other charges down to 10.5 percent a year [THE CONTRACT INTEREST  
21 LIMITATION SPECIFIED IN AS 45.45.010(a)].

22 \* Sec. 2. AS 06.40.160(a) is amended to read:

23 (a) A lender who, in the making of any contract, loan or premium  
24 finance agreement or the collection of interest or charges, does any  
25 act that [WHICH] violates AS 06.40.010, 06.40.020, 06.40.090, or  
26 06.40.110 - 06.40.130 shall at the option of the commissioner reim-  
27 burse that portion of the interest and charges in excess of that  
28 provided in those sections, or, in the case of repeated violations of  
29 those sections by the lender, the lender shall adjust the contract,

1 loan, or premium finance agreement interest and other charges down to  
2 10.5 percent a year [THE CONTRACT INTEREST LIMITATION SPECIFIED IN  
3 AS 45.45.010(a)].

4 \* Sec. 3. AS 06.45.060(5)(A)(vi) is amended to read:

5 (vi) the rate of interest may not exceed [THE  
6 GREATER OF 15 PERCENT A YEAR OR] the rate specified in  
7 AS 45.45.010(b);

8 \* Sec. 4. AS 09.30.070 is amended to read:

9 Sec. 09.30.070. INTEREST ON JUDGMENTS. The rate of interest on  
10 judgments and decrees for the payment of money is 14 [10.5] percent a  
11 year, except that a judgment or decree founded on a contract in writ-  
12 ing, providing for the payment of interest until paid at a specified  
13 rate not exceeding the legal rate of interest for that type of con-  
14 tract, bears interest at the rate specified in the contract if the  
15 interest rate is set out in the judgment or decree.

16 \* Sec. 5. AS 45.10.120(c) is repealed and reenacted to read:

17 (c) A seller or holder of a retail charge agreement, revolving  
18 charge agreement or other retail charge agreement may charge, receive  
19 and collect a service charge at a rate of 1.5 percent a month computed  
20 on the outstanding balance from month to month. If the service charge  
21 so computed is less than \$1 for any month, then the service charge is  
22 \$1. The service charge may be computed on a schedule of fixed amounts  
23 if as so computed it is applied to all amounts of outstanding balances  
24 equal to the fixed amount minus a differential of not more than \$5  
25 provided that it is also applied to all amounts of outstanding bal-  
26 ances equal to the fixed amount plus at least the same differential.

27 \* Sec. 6. AS 45.45.010(b) is amended to read:

28 (b) Interest may not [NO INTEREST MAY] be charged by express  
29 agreement of the parties in a contract or loan commitment which for

1 loans of \$10,000 or under is more than six and one-half [FIVE] per-  
2 centage points and for loans over \$10,000 and not more than \$25,000 is  
3 more than 10 percentage points above the annual rate charged member  
4 banks for advances by the 12th Federal Reserve District on the day on  
5 which the contract or loan commitment is made. A contract or loan  
6 commitment in which the principal amount exceeds \$25,000 is exempt  
7 from the limitation of this subsection.

8 \* Sec. 7. AS 45.45 is amended by adding a new section to read:

9 Sec. 45.45.015. ELECTION TO OVERRIDE FEDERAL PREEMPTION. In  
10 accordance with Section 525 of Public Law 96-221 (the Depository  
11 Institutions Deregulation and Monetary Control Act of 1980), the state  
12 declares that it overrides the federal interest rate preemption pro-  
13 visions contained in the following sections of that act:

14 (1) section 521, which amends the Federal Deposit Insurance  
15 Act (12 U.S.C. 1811-1832) with respect to the interest rate that may  
16 be taken, received, reserved, or charged on a loan or discount made,  
17 or on a note, bill of exchange, or other evidence of debt, by foreign  
18 bank branches and state-chartered banks that are insured in accordance  
19 with that act;

20 (2) section 522, which amends subchapter IV of the National  
21 Housing Act (12 U.S.C. 1724-1730g) with respect to the interest rate  
22 that may be taken, received, reserved, or charged on a loan or dis-  
23 count made, or on a note, bill of exchange, or other evidence of debt,  
24 by institutions that are insured under that subchapter; and

25 (3) section 523, which amends section 205 of the Federal  
26 Credit Union Act (12 U.S.C. 1785) with respect to the interest rate  
27 that may be taken, received, reserved, or charged on a loan by a  
28 credit union that is insured in accordance with subchapter II of the  
29 Federal Credit Union Act (12 U.S.C. 1781 - 1790).

1 \* Sec. 8. This Act takes effect July 1, 1985.

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

4/29/85

Date 5<sup>6</sup> MAY 86

Mr. President

The Committee on Labor & Commerce considered CSHB 217(Jud) interest rates on judgements and decrees, interest rates on agreements subject to the provisions of AS 06 and AS 45, and certain interest rate preemptions by the federal government; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for CSHB 217(L&C)
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

[Signature] do not pass  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman  
No. Rec  
Chairman recommendation