

SB

272

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
APR 28 2004
SENATE FINANCE
COMMITTEE

DATE: 04/21/04

FURTHER:

DATE TURNED IN TO OFFICE: 28 April 2004

Finance Committee considered

SENATE BILL NO. 272

SB 272 DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

"An Act relating to certain monetary advances in which the deposit or other negotiation of certain instruments to pay the advances is delayed until a later date; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 272 - (FIN)
- adopt previous _____ CS CS forthcoming - (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:
 Same Title
 New Title

House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero.	FN#
		Fin forthcoming			
		DCED			
		\$			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero.	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATION	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>		✓		
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

APR 28 2004

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 272 (FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Deferred Deposit Advances RDU Banking, Securities & Corporations (115)
(Payday Loans) Component Banking, Securities & Corporations
Sponsor Senate Rules
Requester Senate Finance Component No. 1233

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	78.0	78.0	78.0	78.0	78.0	78.0
Travel	12.0	12.0	12.0	12.0	12.0	12.0
Contractual	35.0	45.0	50.0	55.0	65.0	70.0
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment	4.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	130.5	136.5	141.5	146.5	156.5	161.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1156)	94.5	52.5	119.3	84.0	150.8	115.5
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Increase in Revenues (RSS)	130.5	136.5	141.5	146.5	156.5	161.5
TOTAL	130.5	136.5	141.5	146.5	156.5	161.5

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	2					
Part-time	0					
Temporary	0					

ANALYSIS: (Attach a separate page if necessary)

This legislation requires the Division of Banking, Securities and Corporations to license and supervise Alaska's payday lending establishments. The division anticipates two additional staff will be needed to implement these provisions.

Personal Services: One Financial Institution Examiner I working 3/4 time (\$46.3) and one Administrative Clerk III working 3/4 time (\$31.7) will conduct examinations of the new licensees. Regulation of these new licensees is expected to generate a significant number of consumer complaints and inquiries which will necessitate the need for a new clerk.

Prepared by: Mark Davis, Director Phone (907) 465-2521
Division: Banking, Securities & Corporations Date/Time 4/28/04 6 29 PM
Approved by: Edgar Blatchford, Commissioner Date 4/28/2004
Agency: Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 272(FIN)

ANALYSIS CONTINUATION

Travel: In-state and out-of-state travel to verify establishments have licenses and to examine licensed establishments

Contractual: Hearings for applicants who file formal complaints regarding the denial of applications or revocation of a license (\$35.0), rent (\$1.2), and miscellaneous contractual expenses for two new employees (\$2.5)

Supplies: Miscellaneous contractual expenses for two new employees (\$2.5)

Equipment: Computer equipment for new staff (\$4.0)

Change in Revenues: The total revenue for the first year would be an estimated \$94.5.

The division anticipates an increase in revenues (Receipt Supported Services/RSS) as a result of collecting new licensing fees required by this legislation. This estimate is based on the assumption that there are 20 establishments who will each pay \$3.0 for a biennial license which equates to \$60.0 in revenues on an annual basis in FY05. We estimate that the number of establishments would increase by 6 establishments in each of the next five years and then level off at 50 establishments.

The division also estimates there will be additional revenues collected to recover the cost of examining establishments for compliance with the provisions of this legislation. We estimate that we would recoup approximately \$1.125 per examination. This is based on the assumption that each examination would require an average of 15 examination hours at a cost of \$75 per hour. The division estimates that the cost of travel to be reimbursed will be \$12.0.

Attention: Sheila
Of Senator Wilken's office
RE: CS SB 272 (FIN)
Date: 4/28/04 Time: 11:40 A.M

The attached Senate Finance CS incorporates the amendment(s) your boss sponsored. Please review and approve so the bill can be forwarded to the Senate Secretary.

The CS is your copy.

Thanks,
Senate Finance Secretary

Mindy #4935

Robin #2618

Approved: _____
(please initial)

Return ASAP

*FYI
Lynne has
approved #4
changes
already*

*A-OK
Sheila
4/28*

Proof

23-LS1516V

CS FOR SENATE BILL NO. 272(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE

OK'd by
Lynne 4/28/04
11:40am
OK'd by
Sheila
2:10pm
4/29/04

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to certain monetary advances in which the deposit or other negotiation
2 of checks to pay the advances is delayed until a later date; and providing for an effective
3 date."

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

5 * Section 1. AS 06.01.020(a) is amended to read:

6 (a) Notwithstanding other provisions of this title, the department may by order
7 authorize state financial institutions, except licensees subject to AS 06.20, [OR]
8 AS 06.40, or AS 06.50, to exercise any of the powers conferred upon, or to be subject
9 to any of the limitations imposed upon, a federally chartered financial institution doing
10 business in this state with deposits insured by an agency of the federal government if
11 the department finds that the exercise of the power or imposition of the limitation both

- 12 (1) serves the public convenience and advantage; and
13 (2) equalizes and maintains the quality of competition between state
14 financial institutions and federally chartered financial institutions.

1 * Sec. 2. AS 06.01.050(3) is amended to read:

2 (3) "financial institution" means an institution subject to the regulation
3 of the department under this title; in this paragraph, "institution" includes a
4 commercial bank, savings bank, credit union, premium finance company, small loan
5 company, bank holding company, financial holding company, trust company, [AND]
6 savings and loan association, and a deferred deposit advance licensee under
7 AS 06.50;

8 * Sec. 3. AS 06 is amended by adding a new chapter to read:

9 **Chapter 50. Deferred Deposit Advances.**

10 **Article 1. Licensing.**

11 **Sec. 06.50.010. License required.** A person, including a person doing
12 business from outside this state, may not engage in the business of making or offering
13 to make deferred deposit advances in this state without having a license under this
14 chapter. A separate license is required for each location from which the person
15 conducts the business.

16 **Sec. 06.50.020. Qualifications for license.** (a) To qualify for a license, an
17 applicant shall

18 (1) have cash assets of at least \$25,000, as determined under generally
19 accepted accounting principles, except an applicant who wants to engage in the
20 business of making advances at more than one location in the state shall have cash
21 assets of at least \$25,000 for each location;

22 (2) demonstrate the financial responsibility, financial condition,
23 business experience, character, and general fitness that reasonably warrant the
24 department's belief that the applicant's business will be conducted lawfully and fairly;
25 when determining whether this qualification has been met, and for the purpose of
26 investigating compliance with this chapter, the department may review

27 (A) the relevant business records of the applicant and the
28 adequacy of the capital of the applicant;

29 (B) the competence, experience, integrity, and financial ability
30 of the applicant, and, if the applicant is an entity, of any person who is a
31 member, partner, director, senior officer, or owner of 10 percent or more of the

1 equity of the applicant; and

2 (C) a record of conviction, on the part of the applicant or a
3 person described in (B) of this paragraph, of

4 (i) criminal activity, fraud, or other act of personal
5 dishonesty;

6 (ii) an act, an omission, or a practice that constitutes a
7 breach of a fiduciary duty; or

8 (iii) a suspension, a revocation, a removal, or an
9 administrative act by an agency or a department of the United States or
10 a state from participation in the conduct of a business;

11 (3) if the person has a physical business location in the state, have a
12 physical business location that is accessible by and convenient to the public;

13 (4) have a current business license issued under AS 43.70; and

14 (5) if applicable, have a certificate of incorporation under
15 AS 10.06.218, have a certificate of authority under AS 10.06.705, have a copy of
16 articles of organization that satisfies AS 10.50.090, be registered under AS 10.50.605,
17 have a statement of foreign qualification filed under AS 32.06.922, have a certificate
18 of limited partnership filed under AS 32.11.060, or be registered under AS 32.11.420.

19 (b) The requirements in (a) of this section are continuing in nature and may be
20 reviewed periodically by the department.

21 **Sec. 06.50.030. Application.** (a) An application for a license must be in
22 writing and under oath, in a form prescribed by the department by regulation, and
23 include at least

24 (1) the legal name, residence, and business address of the applicant
25 and, if the applicant is not a natural person, of each member, partner, director, senior
26 officer, or owner of 10 percent or more of the equity of the applicant;

27 (2) the address and physical location of the principal place of business
28 named in the application; and

29 (3) other information the department may require with respect to the
30 applicant and, if the applicant is not a natural person, about the applicant's members,
31 partners, directors, senior officers, or owners of 10 percent or more of the equity of the

1 applicant.

2 (b) The applicant shall submit with the application the bond required by
3 AS 06:50.040 and a nonrefundable application fee in an amount that is established by
4 the department by regulation and that does not exceed \$3,000. The application fee for ~~the~~
5 the initial license may not be prorated.

6 **Sec. 06.50.040. Bond.** (a) An applicant for a license shall file with the
7 application a bond

8 (1) in a form to be approved by the department;

9 (2) in which the applicant is the obligor; and

10 (3) in the sum of \$25,000 for a business with one location and \$50,000
11 for a business with more than one location.

12 (b) Only one bond is required for an application for a business with more than
13 one location.

14 (c) The bond required by (a) of this section is for the use of the state and a
15 person who may have a cause of action against the obligor under this chapter.

16 (d) The bond must state that the obligor will

17 (1) faithfully conform to and abide by the provisions of this chapter
18 and regulations adopted by the department under this chapter; and

19 (2) pay to the state and to a person all money that may become due or
20 owing to the state or to the person from the applicant under this chapter.

21 (e) The bond must remain in effect for three years following the denial of a
22 renewal of a license or the expiration of a license.

23 (f) If, at any time, the department finds that a bond filed under (a) of this
24 section is unsatisfactory for any reason, the department may require the licensee to
25 file, within 10 days after the receipt of a written demand, an additional bond to comply
26 with this section.

27 (g) The licensee shall file a new bond that complies with this section each time
28 a license is renewed.

29 **Sec. 06.50.050. Investigation by department.** Within 60 days after an
30 applicant files a completed application, the bond, and an application fee, the
31 department shall investigate whether the applicant satisfies the qualifications of

1 AS 06.50.020(a). If the department finds that the applicant satisfies the qualifications,
2 it shall approve the application and issue the applicant a license to engage in the
3 business of making deferred deposit advances.

4 **Sec. 06.50.060. Conditions precedent to license.** The requirements of
5 AS 06.50.030 - 06.50.050 are conditions precedent to the issuance of a license under
6 this chapter. The license permits the applicant to make advances under this chapter at
7 the location specified in the application.

8 **Sec. 06.50.070. Duration of license.** A license issued under this chapter is
9 valid for two calendar years. Each license remains in force through the calendar year
10 after the calendar year in which the license was issued unless surrendered, suspended,
11 or revoked under this chapter.

12 **Sec. 06.50.080. Renewal of license.** A license issued under this chapter shall
13 be renewed on or before the date set by the department by submitting to the
14 department a completed renewal application on a form established by the department
15 and paying a nonrefundable renewal fee established by the department, which may not
16 exceed \$3,000. #4

17 **Sec. 06.50.090. Denial of license or renewal.** (a) If the department
18 determines that an applicant is not qualified to receive a license or a license renewal,
19 the department shall notify the applicant in writing within 20 days that the application
20 has been denied and state the basis for the denial.

21 (b) The decision of the department to deny an application or a renewal may be
22 reviewed in the manner provided in AS 44.62.330 - 44.62.630 (Administrative
23 Procedure Act).

24 (c) If the denial of a renewal is upheld, the former licensee shall return the
25 license to the department within 10 days after the former licensee receives notice of
26 the denial.

27 (d) A license application shall be considered withdrawn within the meaning of
28 this section if the applicant fails to respond to a written notification of a deficiency in
29 the application within 60 days after the date of the notification.

30 (e) If a license renewal is denied or if a license is surrendered, suspended, or
31 revoked, all accounts of the licensee remain subject to this chapter until paid in full.

1 **Article 2. Licensee Transfer, Assignment, Control, and Change.**

2 **Sec. 06.50.200. Transfer or assignment.** Except for the transfer of a license
3 to a new location under AS 06.50.220, a licensee may not transfer or assign the
4 licensee's license.

5 **Sec. 06.50.210. Change in control.** The prior written approval of the
6 department is required for the continued operation of a licensee's deferred deposit
7 advance business when a change in control of the licensee is proposed. The
8 department may require the information it considers necessary to determine whether a
9 new application is required. The licensee requesting approval of the change in control
10 shall pay all reasonable expenses incurred by the department to investigate and
11 approve or deny the change in control.

12 **Sec. 06.50.220. Change in location or name.** A licensee shall notify the
13 department in writing at least 15 days before any proposed change in the licensee's
14 business location or name, and shall provide the department with the information
15 described in AS 06.50.030(a).

16 **Sec. 06.50.230. Conduct of other business.** A licensee may conduct other
17 business at a location where it engages in making advances unless it conducts the
18 other business for the purpose of evading or violating the provisions of this chapter.

19 **Article 3. Department Supervision.**

20 **Sec. 06.50.300. Suspension or revocation of license.** (a) The department
21 may suspend or revoke a license under AS 44.62 (Administrative Procedure Act) if the
22 department finds that

23 (1) the licensee has failed to pay the license fee, failed to maintain the
24 required bond in effect, or failed to comply with a demand, ruling, or requirement of
25 the department made under this chapter;

26 (2) the licensee has violated a provision of this chapter or a regulation
27 adopted by the department under this chapter; or

28 (3) a fact or condition exists that, if it had existed at the time of the
29 original application for the license, clearly would have constituted ground for denial of
30 the issuance of the license.

31 (b) If the reason for suspension or revocation of a licensee's license at one

1 location applies generally to all locations operated by the licensee, the department may
2 suspend or revoke all licenses issued to the licensee.

3 **Sec. 06.50.310. Reports to department.** (a) On or before March 15 of each
4 year, a licensee shall file with the department a composite annual report for the
5 preceding calendar year in the form prescribed by the department relating to all
6 advances made by the licensee. The department may require that the report be
7 submitted under oath or affirmation, or with notice that false statements made are
8 punishable as unsworn falsification under AS 11.56.210.

9 (b) The report must include

10 (1) the total number and dollar amount of advances made by the
11 licensee;

12 (2) the total number of individual customers who received advances;

13 (3) the minimum, maximum, and average amount of advances;

14 (4) the average annual percentage rate of the fee charged for advances;

15 (5) the average number of days of the advances;

16 (6) the total number and dollar amount of returned checks;

17 (7) the total number and dollar amount of checks paid by advance
18 recipients;

19 (8) the total number and dollar amount of checks charged off as a loss;

20 (9) the total dollar amount of outstanding advances as of the last day of
21 the calendar year;

22 (10) the total number of outstanding advances as of the last day of the
23 calendar year; and

24 (11) any other information the department determines is required to
25 conduct its review.

26 (c) Within 15 days after the occurrence of any of the following events, a
27 licensee shall file a written report with the department describing the event and its
28 expected effect on the activities of the licensee in the state:

29 (1) filing for bankruptcy or reorganization by the licensee;

30 (2) institution of suspension or revocation proceedings against the
31 licensee by a state or other governmental authority;

1 (3) a felony indictment or felony conviction of the licensee and, if the
2 licensee is not a natural person, of a member, partner, director, senior officer, or holder
3 of 10 percent or more of the licensee's equity; and

4 (4) other events that the department determines and identifies by
5 regulation that may impair the ability of the licensee to operate its business under this
6 chapter.

7 (d) In the discretion of the department, the occurrence of an event in (c) of this
8 section may constitute grounds for suspension or revocation of a license.

9 **Sec. 06.50.320. Records.** (a) A licensee shall maintain all records relating to
10 this chapter at the location for which the licensee has a license. The records must
11 conform to generally accepted accounting principles and practices in a manner that
12 will enable the department to determine whether the licensee is complying with the
13 provisions of this chapter. The department shall have unrestricted access to the
14 records of the licensee.

15 (b) A licensee shall retain records relating to an advance for at least two years
16 after the last entry on the advance, unless otherwise required by the department.

17 (c) A licensee shall retain records of an advance that is the subject of a court
18 action for at least two years after a judgment or settlement of the court action.

19 **Sec. 06.50.330. Examinations and investigations.** (a) The department shall
20 examine the business records of a licensee at intervals the department considers
21 appropriate. In addition, for the purpose of discovering violations of this chapter or
22 securing information lawfully required, the department may, at any time, investigate
23 the advances, business transactions, and records of a licensee. For these purposes, the
24 licensee shall provide the department with unrestricted access to the offices, places of
25 business, and records of the licensee. Within 30 days after the department requests
26 payment, the licensee shall pay the department the cost of examination at a rate of \$75
27 an hour for each examiner.

28 (b) For the purposes of this section, the department may administer oaths or
29 affirmations and, upon its own motion or upon request of a party, may subpoena
30 witnesses, compel the attendance of witnesses, take evidence, and require the
31 production of material that is relevant to the investigation, including the existence,

1 description, nature, custody, condition, and location of books, documents, and other
 2 tangible items, and the identity and location of persons having knowledge of relevant
 3 facts, or other material reasonably calculated to lead to the discovery of admissible
 4 evidence.

5 (c) Upon failure without lawful excuse to obey a subpoena or to give
 6 testimony, and upon reasonable notice to all persons affected by the failure, the
 7 department may apply to the superior court for an order compelling compliance.

8 **Article 4. Licensee Practices and Recipient Rescission and Payment.**

9 **Sec. 06.50.400. Advance agreement.** (a) An advance shall be documented in
 10 a written agreement that is signed by the advance recipient and on a form approved by
 11 the department.

12 (b) The agreement must clearly and conspicuously disclose
 13 (1) the name of the licensee;
 14 (2) the date of the advance;
 15 (3) the principal amount of the advance;
 16 (4) a statement of the total amount of fees that may be charged under
 17 AS 06.50.460(a) as a condition of making the advance, expressed both as a dollar
 18 amount and as an annual percentage rate;
 19 (5) the repayment terms;
 20 (6) the due date;
 21 (7) an itemization of all disbursements, including disbursements to
 22 third parties;
 23 (8) the name and title of the employee who signs the agreement on
 24 behalf of the licensee; and
 25 (9) any other item required to be disclosed under state or federal law.

26 (c) The written agreement required by (a) of this section may not require an
 27 advance recipient to waive any rights under 15 U.S.C. 1692 - 1692o (Fair Debt
 28 Collection Practices Act) or other state or federal laws that regulate debt collection
 29 practices.

30 **Sec. 06.50.410. Maximum amount of advances.** A licensee, including a
 31 licensee with more than one location, may not make advances to an advance recipient

1 that exceed \$500 outstanding in advances to the recipient at one time.

2 **Sec. 06.50.420. Prohibition on dividing advance amount or increasing**
3 **number of advances.** A licensee may not induce or permit an advance recipient to
4 divide the amount of an advance, or to become obligated, directly, contingently, or
5 both, for more than one advance at the same time, if the purpose or result is to obtain
6 additional origination fees under AS 06.50.460(a)(1).

7 **Sec. 06.50.430. Prohibition on collateral and services.** The licensee may
8 not accept collateral or services as security for or payment of an advance.

9 **Sec. 06.50.440. Duration of advances.** The minimum duration of an advance
10 is 14 days.

11 **Sec. 06.50.450. Prohibition on advances on behalf of another.** A licensee
12 may not make an advance to a person who purports to be acting on behalf of another
13 person.

14 **Sec. 06.50.460. Fees.** (a) Notwithstanding any other provision of law, except
15 for the fee allowed under AS 06.50.510(b)(3) and where federal law provides
16 otherwise, a licensee may only charge

17 (1) a nonrefundable origination fee in an amount not to exceed \$5; and

18 (2) a fee that does not exceed \$15 for each \$100 of an advance, or 15
19 percent of the total amount of the advance, whichever is less.

20 (b) A licensee may not charge a fee other than the fees allowed under (a) of
21 this section.

22 (c) The fees allowed by (a) of this section are considered earned at the time of
23 the transaction and may not be prorated.

24 (d) A licensee may not charge the advance recipient an additional fee to access
25 the proceeds of an advance.

26 **Sec. 06.50.470. Renewal of advance.** (a) The minimum term of a renewal of
27 an advance is 14 days.

28 (b) A licensee may not renew an advance more than two consecutive times,
29 after which the licensee shall require the advance recipient to repay the advance in
30 full.

31 (c) A licensee may not renew an advance for fees greater than the fees under

1 AS 06.50.460(a).

2 **Sec. 06.50.480. Rescission.** A person who receives an advance may rescind
3 an advance without cause and without cost, except for the nonrefundable origination
4 fee, at any time before the close of business on the business day following the day on
5 which the advance was made by paying the principal amount of the advance to the
6 licensee in cash or other immediately available funds.

7 **Sec. 06.50.490. Prohibited arbitration requirement.** A licensee may not
8 require a recipient to agree to mandatory arbitration.

9 **Sec. 06.50.500. Posted fee notice.** A licensee shall post a notice in each
10 business location that discloses the fees that the licensee charges for advances. The
11 fees in the notice must be expressed as a dollar amount, as an annual percentage rate
12 for 14 days for each \$100, and as an annual percentage rate for 30 days for each \$100.
13 The notice must also contain any other reasonably necessary information required by
14 the department by regulation. The notice shall be posted so that it is conspicuous to an
15 advance recipient or a potential advance recipient. The lettering in the notice must be
16 legible and at least one inch in height.

17 **Sec. 06.50.510. Required disclosures before disbursement.** (a) Before
18 disbursing funds under an advance, a licensee shall provide a clearly written statement
19 that is separate from the written advance agreement required by AS 06.50.400(a).
20 This disclosure statement must be reviewed and signed by the advance recipient. The
21 licensee shall keep the signed original in the advance file for the recipient and give a
22 copy to the recipient.

23 (b) The disclosure statement required by (a) of this section must

24 (1) indicate the advance is intended to address short-term, not long-
25 term, financial needs;

26 (2) include an explanation of all fees for advances and renewals of
27 advances;

28 (3) state that the licensee may charge an advance recipient a bad check
29 fee for costs as allowed under AS 09.68.115(a)(2) if a payment is returned unpaid;

30 (4) state that, in the event of the advance recipient's default, the
31 licensee may sue the recipient and recover up to \$700 over the amount of the payment

1 and, if the payment is a check, recover as permitted under AS 06.50.550(b);

2 (5) give the department's address and telephone number for receiving
3 calls regarding customer complaints and concerns;

4 (6) state that the licensee may not accept collateral or services for an
5 advance;

6 (7) state that the check given as security for the advance may be
7 negotiated as part of the advance;

8 (8) state that

9 (A) the advance recipient may rescind the advance without
10 cause at any time before the close of business on the business day following
11 the day on which the licensee makes the advance by paying the principal
12 amount of the advance to the licensee in cash or other immediately available
13 funds;

14 (B) if the advance recipient rescinds under this paragraph, the
15 origination fee is not refundable, but the licensee may not charge the recipient
16 another fee, except for a bad check fee for costs as allowed under
17 AS 09.68.115(a)(2) if the payment is returned unpaid;

18 (9) state that a criminal action may not be brought against the advance
19 recipient for failure to pay the advance; and

20 (10) include other information reasonably required by the department
21 to inform and protect advance recipients.

22 **Sec. 06.50.520. Payment by licensee.** (a) A licensee may give an advance
23 recipient the amount of the advance in cash, by the licensee's business check, by a
24 money order, or by a reasonable electronic payment mechanism, including an
25 electronic funds transfer to the advance recipient's account.

26 (b) A licensee may not use another form of payment than the form of payment
27 authorized in (a) of this section to make an advance to an advance recipient. In this
28 subsection, "another form of payment" includes coupons, merchandise, services, or
29 chattel of any kind.

30 **Sec. 06.50.530. Payment by advance recipient.** (a) An advance recipient
31 may repay an advance

1 (1) in cash;
2 (2) by negotiation of the recipient's check that secures the advance; or
3 (3) with the agreement of the licensee, a debit card, a cashier's check,
4 an electronic funds transfer from the recipient's bank account, or a reasonable
5 electronic payment mechanism to which the parties agree.

6 (b) An advance is paid in full when the advance recipient repays the advance
7 under (a) of this section, or when the advance recipient rescinds the advance under
8 AS 06.50.480.

9 (c) A licensee may not accept payment of an advance from the proceeds of
10 another advance provided by the same licensee.

11 **Sec. 06.50.540. Default fees.** If a payment received from an advance
12 recipient is returned unpaid to a licensee, the licensee may not collect the fees allowed
13 by this chapter unless the fees are disclosed in the agreement for the advance under
14 AS 06.50.400.

15 **Sec. 06.50.550. Collection or court action after default.** (a) If an advance
16 recipient defaults, before assigning the payment obligation to a third party for
17 collection and before initiating a court action against the recipient, a licensee

18 (1) shall attempt in good faith to contact the advance recipient at
19 reasonable times by telephone or mail to discuss the delinquency and to offer the
20 recipient a payment plan under (2) of this subsection;

21 (2) shall offer the recipient a payment plan under which

22 (A) the recipient may repay the delinquent advance over an
23 extended period of time, which may not exceed six months;

24 (B) at least five percent of the outstanding balance is due when
25 the payment plan is signed;

26 (C) an additional fee by the licensee is not allowed, except for a
27 bad check fee for costs as allowed under AS 09.68.115(a)(2);

28 (3) in addition to the contact required by (1) of this subsection, shall
29 send a certified letter to the recipient's last known address at least 15 days before the
30 action that makes the offer described in (2) of this subsection and that informs the
31 recipient of the licensee's intent to proceed with a court action.

1 (b) The licensee may initiate a court action against a defaulting recipient to
 2 recover damages and costs allowed under AS 09.68.115 if the licensee has complied
 3 with (a) of this section. Notwithstanding AS 09.68.115, the total of all damages and
 4 costs, including damages recovered under AS 09.68.115(a), may not exceed the
 5 amount of the payment by \$700.

6 **Sec. 06.50.560. Threat of criminal action prohibited.** A licensee may not
 7 threaten an advance recipient with criminal action as a result of the recipient's default.

8 **Article 5. Miscellaneous Provisions.**

9 **Sec. 06.50.600. Regulations.** The department may adopt regulations under
 10 AS 4.62 (Administrative Procedure Act) to implement this chapter.

11 **Sec. 06.50.610. Relationship to federal and other state law.** (a) If a
 12 provision of this chapter is preempted by or conflicts with federal law in a particular
 13 situation, the provision does not apply to the extent of the preemption or conflict.

14 (b) If a provision of this chapter conflicts with another state law in a particular
 15 situation, the provision in this chapter governs to the extent of the conflict.

16 **Article 6. General Provisions.**

17 **Sec. 06.50.900. Definitions.** In this chapter, unless the context requires
 18 otherwise,

19 (1) "advance" means a deferred deposit advance;

20 (2) "advance recipient" means a borrower to whom an advance is
 21 made;

22 (3) "control," in the case of a person who is not a natural person,
 23 means direct or indirect ownership, the right to vote or otherwise control 10 percent or
 24 more of the governance interest of the entity, or the ability of a person to elect a
 25 majority of the directors;

26 (4) "deferred deposit advance" means a transaction in which a person

27 (A) accepts a dated check from a person seeking an advance;

28 (B) agrees to hold the check for a specified period of time
 29 before depositing or otherwise negotiating the check; and

30 (C) pays to the advance recipient, credits to the account of the
 31 advance recipient, or pays to another person on behalf of the advance recipient

1 the amount of the check less the charges allowed under this chapter;

2 (5) "department" means the Department of Community and Economic
3 Development;

4 (6) "license" means a license issued under this chapter;

5 (7) "licensee" means a person to whom a license has been issued under
6 this chapter.

7 * **Sec. 4.** AS 44.62.330(a) is amended by adding a new paragraph to read:

8 (61) Department of Community and Economic Development relating
9 to the licensing and regulation of persons making deferred deposit advances under
10 AS 06.50.

11 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 **TRANSITION: EXISTING ACTIVITIES.** (a) Notwithstanding the licensing
14 requirements of AS 06.50.010 - 06.50.090, enacted by sec. 3 of this Act, a person who, on the
15 day before the effective date of secs. 1 - 5 of this Act, is engaged in the business of making
16 deferred deposit advances may continue to make deferred deposit advances for 60 days after
17 the effective date of secs. 1 - 5 of this Act without being licensed under AS 06.50, enacted by
18 sec. 3 of this Act. Beginning on the 51st day after the effective date of secs. 1 - 5 of this Act,
19 a person described in this subsection shall be licensed under AS 06.50.010 in order to
20 continue making deferred deposit advances.

21 (b) In this section, "deferred deposit advance" has the meaning given in
22 AS 06.50.900, enacted by sec. 3 of this Act.

23 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 **TRANSITIONAL PROVISIONS: REGULATIONS.** The Department of Community
26 and Economic Development may proceed to adopt regulations necessary to implement this
27 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
28 before the effective date of secs. 1 - 5 of this Act.

29 * **Sec. 7.** Section 6 of this Act takes effect immediately under AS 01.10.070(c).

30 * **Sec. 8.** Sections 1 - 5 of this Act take effect January 1, 2005.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 27 April 2004 TIME: 10:10am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please

CS SB 272 (FIN) 23-LS1516\U

Plus 1 amendment attached

Call if any questions

Mindy
Mindy

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSSB 272 (L&C)
 Publish Date: _____

DRAFT

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Deferred Deposit Advances RDU Banking, Securities & Corporations (115)
(Payday Loans) Component Banking, Securities & Corporations
 Sponsor House Labor & Commerce
 Requester House Labor & Commerce Component No. 1233

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	104.0	104.0	104.0	104.0	104.0	104.0
Travel	12.0	12.0	12.0	12.0	12.0	12.0
Contractual	35.0	45.0	50.0	55.0	65.0	70.0
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment	4.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	156.5	162.5	167.5	172.5	182.5	187.5

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	134.5	164.5	202.3	238.0	274.8	311.5
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Increase in Revenues (RSS)	156.5	162.5	167.5	172.5	182.5	187.5
TOTAL	156.5	162.5	167.5	172.5	182.5	187.5

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	2					
Part-time	0					
Temporary	0					

ANALYSIS: (Attach a separate page if necessary)

This legislation requires the Division of Banking, Securities and Corporations to license and supervise Alaska's payday lending establishments.

The division anticipates two additional staff will be needed to implement these provisions.

Personal Services: One Financial Institution Examiner I (\$61.7) and one Administrative Clerk III (\$42.3)

Travel: In-state and out-of-state travel to verify establishments have licenses and to examine licensed establishments.

Contractual: Hearings for applicants who file formal complaints regarding the denial of applications or revocation of a license (\$100.0), rent (\$1.2), and miscellaneous contractual expenses for two new employees (\$2.5)

Prepared by: Mark Davis, Director
 Division: Banking, Securities & Co
 Approved by: Edgar Blatchford, Commi
 Agency: Department of Community & Economic Development

Phone (907) 465-2521
 Date/Time 4/28/04 9:32 AM
 Date 4/28/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 272

ANALYSIS CONTINUATION

Supplies: Miscellaneous contractual expenses for two new employees (\$2.5)

Equipment: Computer equipment for new staff (\$4.8)

Change in Revenues: The division anticipates an increase in revenues (Receipt Supported Services/RSS) as a result of collecting new licensing fees required by this legislation. This estimate is based on the assumption that there will be 20 establishments who will each pay \$5000 for an annual license which equates to \$100.0 in revenues on an annual basis.

The division also estimates there will be additional revenues collected to recover the cost of examining establishments for compliance with the provisions of this legislation. We estimate that we would recoup approximately \$1,125 per examination for examinee's hours from the cost examination of these licensees, plus \$12.0 for reimbursable travel. We estimate that over the next 5 years, the number of licensees will increase to about 50, and then level off. Thus, we estimate an average of 6 new licensees per year, which results in the increased revenues each year through 2010.

The total revenue for the first year would be an estimated \$74.5.

Note: This division was able to verify the existence of 20 establishments in Alaska at this time, we estimate that this figure could grow to 50 in the next five years.

Not offered

SENATE FINANCE
COMMITTEE

Amendment Number: #1

Bill Number: SB 272

Sponsor: Bunde Date: 4/28/04

Logged In By: Robin

AMENDMENT

By Senator Bunde

TO: CSSB 272 (L&C)

Page 4, line 4

Delete "2000"

Insert "3000"

Failed

SENATE FINANCE
COMMITTEE

Amendment Number: #2
Bill Number: SB 272
Sponsor: Hoffman Date: 4/28/04
Logged In By: Mindy

23-LS1516U.1
Bannister
4/27/04

AMENDMENT

OFFERED IN THE SENATE
TO: CSSB 272(L&C)

BY SENATOR HOFFMAN

- 1 Page 10, line 10:
- 2 Delete "14"
- 3 Insert "30"
- 4
- 5 Page 10, line 27:
- 6 Delete "14"
- 7 Insert "30"
- 8
- 9 Page 10, line 28:
- 10 Delete "two consecutive times"
- 11 Insert "once"
- 12
- 13 Page 11, lines 11 - 12:
- 14 Delete "as an annual percentage rate for 14 days for each \$100, and"

SENATE FINANCE

COMMITTEE

Amendment Number: #2

Bill Number: SB 272

Sponsor: Hoffman Date: 4/29/04

Logged In By: Mindy

23-LS1516U.1

Bannister

4/27/04

AMENDMENT

Divided Question

OFFERED IN THE SENATE

BY SENATOR HOFFMAN

TO: CSSB 272(L&C)

1 Page 10, line 10:

2 Delete "14"

3 Insert "30"

4

5 Page 10, line 27:

6 Delete "14"

7 Insert "30"

8

9 Page 10, line 28:

10 Delete "two consecutive times"

11 Insert "once"

12

13 Page 11, lines 11 - 12:

14 Delete "as an annual percentage rate for 14 days for each \$100, and"

#2A

#2B

#2A

SENATE FINANCE COMMITTEE
4/28/2004 COMMITTEE ACTION

Bill Number	SB 272		
Amendment	#2 ft		
Motion	acopt		
<u>Motion by</u>	Hoffman		
<u>Objection by</u>	Wilken		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Bunde			✓
Senator Dyson			✓
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stevens			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea		2	
Nay		5	
Absent			
<u>MOTION</u>	FAIL		

lines 1-7 and 13 & 14
of amendment #2

SENATE FINANCE COMMITTEE
~~4 FEB 2004~~ **COMMITTEE ACTION**

Bill Number	SB 272		
Amendment	#2B		
Motion			
<u>Motion by</u>			
<u>Objection by</u>			
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Dyson			✓
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stevens			✓
Senator Bunde			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea	2		
Nay	5		
Absent			
<u>MOTION</u>	FAIL		

lines 9-11 of Amendment #2

Failed
amended

SENATE FINANCE
COMMITTEE
Amendment Number: #3
Bill Number: SB 272
Sponsor: Bunde Date: 4/2/04
Logged In By: Mindy

AMENDME JT

By Senator Bunde

TO: CSSB 272 (L&C)

Page 4, line 4

Delete "2000"

Insert ~~3000~~ "5000"

Page 5, line 16

Delete 2000

Insert ~~3000~~ "5000"

SENATE FINANCE COMMITTEE
4/28/2003 COMMITTEE ACTION

Bill Number	SB 272		
Amendment	#3		
Motion	amended & adopted		
<u>Motion by</u>	Bunde		
<u>Objection by</u>	Wilken		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Olson	✓		
Senator Stevens			✓
Senator Bunde	✓		
Senator Dyson			✓
Senator Hoffman			✓
Co-Chair Green			✓
Co-Chair Wilken	✓		
<u>Tally</u>			
Yea	3		
Nay	4		
Absent			
<u>MOTION</u>	FAIL		

Adopted

SENATE FINANCE
COMMITTEE

Amendment Number: ~~#4~~
Bill Number: SB 272
Sponsor: Bunde Date: 4/2/04
Logged in By: Mindy

AMENDMENT

By Senator Bunde

TO: CSSB 272 (L&C)

Page 4, line 4

Delete "2000"

Insert "3000"

Page 5, line 16

Delete 2000

Insert 3000

(equals Amendment #3)
unamended

SENATE FINANCE COMMITTEE
4/20/2009 COMMITTEE ACTION

Bill Number	SB 272		
Amendment	# 4		
Motion	adopt		
<u>Motion by</u>	Bunde		
<u>Objection by</u>	Wilken none		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Hoffman			
Senator Olson			
Senator Stevens			
Senator Bunde			
Senator Dyson			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSB 272(L&C)
(S) Publish Date: 4/21/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Deferred Deposit Advances RDU Banking, Securities & Corporations (115)
(Payday Loans) Component Banking, Securities & Corporations
Sponsor Senate Rules
Requester Senate Labor & Commerce Component No. 1233

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	104.0	104.0	104.0	104.0	104.0	104.0
Travel	12.0	12.0	12.0	12.0	12.0	12.0
Contractual	103.7	103.7	103.7	103.7	103.7	103.7
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment	4.8					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	226.0	221.2	221.2	221.2	221.2	221.2

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1156)	74.5	46.5	93.3	72.0	118.8	97.5
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services	226.0	221.2	221.2	221.2	221.2	221.2
TOTAL	226.0	221.2	221.2	221.2	221.2	221.2

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	2					
Part-time	0					
Temporary	0					

ANALYSIS: (Attach a separate page if necessary)

This legislation requires the Division of Banking, Securities and Corporations to license and supervise Alaska's payday lending establishments.

The division anticipates two additional staff will be needed to implement these provisions.

Personal Services: One Financial Institution Examiner I (\$61.7) and one Administrative Clerk III (\$42.3)

Travel: In-state and out-of-state travel to verify establishments have licenses and to examine licensed establishments.

Continued on Next Page

Prepared by: Mark Davis, Director Phone (907) 465-2521
Division Banking, Securities & Corporations Date/Time 4/20/04 11:48 AM
Approved by: Edgar Blatchford, Commissioner Date 4/20/2004
Agency Department of Community & Economic Development

FISCAL NOTE #1

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 272(L&C)

ANALYSIS CONTINUATION

Contractual: Hearings for applicants who file formal complaints regarding the denial of applications or revocation of a license (\$100.0), rent (\$1.2), and miscellaneous contractual expenses for two new employees (\$2.5).

Supplies: Miscellaneous contractual expenses for two new employees (\$2.5).

Equipment: Computer equipment for new staff (\$4.8).

Change in Revenues: The division anticipates an increase in revenues (Receipt Supported Services/RSS) as a result of collecting new licensing fees required by this legislation. This estimate is based on the assumption that there are 20 establishments who will each pay \$2.0 for a biennial license which equates to \$20.0 in revenues on an annual basis in FY05. We estimate that the number of establishments would increase by 6 establishments in each of the next five years and then level off at 50 establishments.

The division also estimates there will be additional revenues collected to recover the cost of examining establishments for compliance with the provisions of this legislation. We estimate that we would recoup approximately \$1,125.00 per examination. This is based on the assumption that each examination would require an average of 15 examination hours at a cost of \$75 per hour.

The total revenue for the first year would be an estimated \$74.5.

SENATOR
JOHN J. COWDERY
Anchorage



January - May:
State Capitol, Suite 101
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

Committees
Chair: Rules
Chair: Transportation
Chair: World Trade &
State/Federal Relations
Legislative Council
State Affairs

Senate

May - December:
716 W. 4th Avenue
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Senator_John_Cowdery@legis.state.ak.us

SPONSOR STATEMENT FOR SB 272

"An Act relating to certain monetary advances in which the deposit or other negotiation of certain instruments to pay the advances is delayed until a later date ..."

The deferred deposit advance industry, recognizing consumer demand for small, short-term credit, has rapidly expanded across the United States. Thirty-nine states and the District of Columbia specifically regulate this service; Alaska is currently unregulated.

The purpose of SB 272 is to regulate deferred deposit/payroll advance businesses in two ways. One is consumer protection – requiring reasonable fees and preventing predatory lending tactics. The second is to protect deferred deposit/payroll advance businesses from unreasonable regulatory burdens.

SB 272 proposes licensing and record-keeping requirements, limits on terms and the number of allowable renewals, fees, and reasonable limits on the amount of the advances. It would provide the consumer detailed information about the type of service and require full disclosure for all fees and costs incurred during the advance process.

Additionally, provisions of the bill create a next day "change of mind" provision allowing the consumer time to reconsider their decision for any reason. Also included is a requirement that the borrower be offered a repayment installment plan.

Additionally, SB 272 clearly states that businesses may not threaten customers with criminal action as a result of a payment deficit.

I urge your support for this legislation.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 23, 2004

SUBJECT: Sectional summary of CSSB 272(L&C) relating to certain monetary advances (Work Order No. 23-LS1516\U)

TO: Senator John Cowdery
Attn: Richard

FROM: *TB*
Theresa L. Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Adds licensees under the new chapter to the list of persons who are not covered by the authority of the Department of Community and Economic Development to authorize state financial institutions to exercise the powers of, or be subject to the limitations of, a federally chartered financial institution.

Section 2. Adds deferred deposit licensees to the definition of "financial institution" for the administration chapter of title on banks and financial institutions.

Section 3. Establishes a new chapter relating to deferred deposit advances.

Sec. 06.50.010. Requires a license for engaging in the business of making or offering deferred deposit advances.

Sec. 06.50.020. Lists the qualifications for a license.

Sec. 06.50.030. Requires an application for a license to be written, under oath, and on the Department's form, and identifies what it must include. Requires submission of an application fee and the bond required by sec. 06.50.040.

Sec. 06.50.040. Requires a bond. Sets the amount. Indicates what it must state regarding the obligation of the obligor. Requires the bond to remain in effect for three years after denial of a renewal of a license, or after the expiration of a license. Allows the department to require additional bonding if the filed bond is unsatisfactory.

Sec. 06.50.050. Directs the department to investigate the applicant and to issue the license if it finds the applicant satisfies the qualifications.

Sec. 06.50.060. Makes the requirements of certain statutes conditions precedent to the license.

Sec. 06.50.070. States that a license is valid for two calendar years.

Sec. 06.50.080. Indicates when and how a license is renewed.

Sec. 06.50.090. Requires the department to notify an applicant who is not qualified for a license or a license renewal. Allows for review of the denial under the Administrative Procedure Act. Requires a licensee to return a license to the department after the licensee receives notice that the denial of a renewal was upheld. When a license renewal is denied, or a license is surrendered, suspended, or revoked, subjects a licensee's accounts to this chapter until paid in full.

Sec. 06.50.200. Generally prohibits the transfer of a license, except to a new location.

Sec. 06.50.210. Requires the prior written approval of the department for a change in control of the licensee.

Sec. 06.50.220. Requires a licensee to notify the department before a proposed change in the business location or name.

Sec. 06.50.230. Allows a licensee to conduct other business at the licensed location except to evade or violate the chapter.

Sec. 06.50.300. Allows the department to suspend or revoke a license under certain conditions.

Sec. 06.50.310. Requires a licensee to file an annual report with the department. Lists what the report must include. Requires a licensee to file a report when certain events occur. Indicates that the department may consider one of the events to constitute grounds for suspension or revocation of a license.

Sec. 06.50.320. Requires a licensee to maintain its records at the location for which the licensee has the license. Establishes certain criteria for the records. Allows the department access to the records. Requires the licensee to retain advance records for two years after the last entry on the advance. Requires a licensee to retain advance records for at least two years after judgment in or settlement of a court action on the advance.

Sec. 06.50.330. Directs the department to examine the records of a licensee. Allows the department to examine a licensee's advances, business transactions, and records. Requires the licensee to provide the department with access to the licensee's offices,

places of business, and records. Requires a licensee to pay for an hourly examination rate. Gives the department certain other investigative powers. Allows the department to apply to the superior court to compel compliance with a subpoena or to compel testimony.

Sec. 06.50.400. Establishes certain requirements for advances, including a written signed agreement, a form approved by the department, certain disclosures, and prohibition of a particular waiver.

Sec. 06.50.410. Sets a maximum amount that a licensee may advance to one recipient at one time.

Sec. 06.50.420. Prohibits a licensee from inducing or permitting a recipient to divide advance amounts or to become indebted for more than one advance at one time in order to obtain more origination fees.

Sec. 06.50.430. Prohibits a licensee from accepting collateral or services as security or payment for an advance.

Sec. 06.50.440. Sets the minimum length of an advance.

Sec. 06.50.450. Prohibits a licensee from making an advance to someone acting on another's behalf.

Sec. 06.50.460. Establishes the fees that a licensee may charge. States that these fees are considered earned at the time of the advance and may not be prorated. Prohibits a fee to access the advance money.

Sec. 06.50.470. Sets the minimum term of an advance renewal. Prohibits renewing an advance more than two consecutive times. Prohibits renewal fees from being greater than the fees under sec. 06.50.460(a).

Sec. 06.50.480. Permits a recipient to rescind an advance without cause. Sets the conditions for the rescission.

Sec. 06.50.490. Prohibits requiring a recipient to agree to mandatory arbitration.

Sec. 06.50.500. Requires a licensee to post a notice in each business location that discloses the licensee's fees. Establishes some criteria for the notice.

Sec. 06.50.510. Requires a licensee to provide a disclosure statement before disbursing funds. States what the disclosure must contain.

Sec. 06.50.520. Indicates how a licensee may pay the advance amount to the recipient.

Sec. 06.50.530. Indicates how a recipient may repay an advance. States when the advance is paid in full. Prohibits a licensee from accepting payment from the proceeds of another advance by the same licensee.

Sec. 06.50.540. Sets the conditions for a licensee collecting certain fees when a recipient's payment is returned unpaid.

Sec. 06.50.550. When a recipient defaults, requires a licensee to take certain steps before assigning the payment obligation for collection and before initiating a court action. Allows a licensee to initiate a court action to recover damages and costs allowed under AS 09.68.115 if the licensee satisfies with certain conditions. Sets a maximum on the damages and costs that may be recovered.

Sec. 06.50.560. Prohibits a licensee from threatening a recipient with criminal action as a result of the recipient's default.

Sec. 06.50.600. Authorizes the department to adopt regulations for the chapter.

Sec. 06.50.610. Limits the application of the chapter if it is preempted by or conflicts with federal law. States that this chapter governs if it conflicts with another state law.

Sec. 06.50.900. Defines terms for the chapter.

Section 4. Adds the department's licensing and regulation of persons making advances to the administrative adjudication portion of the Administrative Procedure Act.

Section 5. Establishes some transitional provisions for the new chapter to cover current persons who are in the business of making advances.

Section 6. Establishes some transitional provisions for the department to start adopting regulations for the new chapter.

Section 7. Gives sec. 6 an immediate effective date.

Section 8. Gives secs. 1 - 5 an effective date.

If I may be of further assistance, please advise.

TLB:lmb
04-121.lmb

Cash Alaska submission for Compass Piece, Anchorage Daily News, March 9, 2004.
by: Joe Davidson, General Manager, Cash Alaska, 1415 Gambell, Anch, Ak 99501
907 277-8224 (ph); 907 277-5204 (fax).

Payroll Advance Loans Can Prevent Bigger Problems

In my opinion, the Executive Director of AkPIRG, made an excellent case in his Compass article for passing the newly amended bill, CSHB389, regulating payday lending in Alaska. Although I am not personally aware of any payday lending nightmares such as he mentions in his article, I've read of similar situations that have occurred Outside prior to regulation. Currently 38 states are regulated by state statute. This new version, which has been worked on by the Attorney Generals office and the Alaska State Division of Banking and Securities, would go a long way toward eliminating potential abuses in Alaska.

Because the bill would limit rollovers to just two, fees would be held to a reasonable limit, and payday lending would be in line with it's stated intent of small, short-term cash advances against a person's next pay check. Generally people use these advances for an unexpected bill or to cover a temporary cash shortfall. In our experience at Cash Alaska, we find that most people don't rollover their advances but pay them off within the 15 day term. The majority of our customers utilize payday advances 5 or fewer times total over the course of 12 months, below the national average.

Most of us have bounced a check at one time or another and are aware that the average Alaskan NSF bank charge is \$18 with an additional merchant charge of \$25. Not only is the \$30 fee for a \$200 advance, as mentioned in the Compass article, a good financial alternative to paying the total of \$43 NSF charges occurring from just one bounced check but it can also prevent additional financial problems. In Alaska, paying rent late by 3 days can cost up to \$100; a credit card late fee can start at \$29; and late payment on a utility bill could result in a temporary loss of service, a late fee, and new hook-up charges. For most people facing a temporary cash shortage, a payday advance is the best alternative available in the marketplace.

AkPIRG suggests people could take ATM advances against their credit cards or take out a small loan from a bank or credit union. Although most payday advance customers have credit cards, they are often maxxed out. In Alaska and across the country, most banks and credit unions simply don't offer the small loans of \$500 and under because they aren't economically feasible for them, as they are far riskier and present more collection problems. In fact, the growth of the payday lending industry is a direct result of meeting a consumer demand in the financial services market that wasn't being met by more traditional lending institutions.

The article accurately reported that payday lending is unregulated in the State of Alaska. However, Cash Alaska operates under the \$500 exemption in the Small Loans Act which has been affirmed by both a court case and in writing by the Division of Banking and Securities. The industry could continue to operate legally regardless of whether a law passes this year or not. Isn't it better that Alaska, like other states, enact these consumer protections and regulate the industry rather than continue to allow unsupervised lending?

STATE LAW GOVERNING DEFERRED DEPOSIT SERVICES/PAYDAY ADVANCE

STATES	Deferred Deposit Available under Law	Permitted Fees	Permitted Period	Max. Amount of Check
Alabama	Yes	17.5% of the amount advanced	min. of 10 days and max. or 31 days	\$500
Arizona	Yes	15% of the check	min. of 5 days	\$500
Arkansas	Yes	10% of the check + \$10 charge + \$5 fee on 1st transaction	min. of 6 days and max. of 31 days	\$400
California	Yes	15% of the check	max of 30 days	\$300
Colorado	Yes	20% of the 1st \$300 - 7.5% on amt greater than \$300	max. of 40 days	\$500
Delaware	Yes	rate determined by parties	max. of 60 days	\$500
DC	Yes	scale of fees	max. of 31 days	\$1,000
Florida	Yes	10% of advance + \$5 verification fee	min. of 7 days and max. of 31 days	\$500
Hawaii	Yes	15% of the check	max. of 32 days	\$600
Idaho	Yes	rate determined by parties	term determined by parties	\$1,000
Illinois	Yes	N/A	max of 30 days	\$400
Indiana	Yes	15% of the check on the 1st \$100; 10% over \$100; fee cannot exceed \$35	min. of 14 days	\$400
Iowa	Yes	15% of the check on 1st \$100; 10% on subsequent \$100 increments	max. of 31 days	\$500
Kansas	Yes	scale of fees	max. of 30 days	\$860
Kentucky	Yes	\$15 per \$100 on face amt of check	min. of 14 days and max. of 60 days	\$500
Louisiana	Yes	16.75% of the check	max. of 30 days	\$350
Michigan	Yes *	n/a	n/a	n/a
Minnesota	Yes	scale of fees	max. of 30 days	\$350
Mississippi	Yes	18% of the check	max. of 30 days	\$400
Missouri	Yes	no limit, but total fees, inc rollovers, can't exceed 75% of loan	min. of 14 days and max. of 31 days	\$500
Montana	Yes	cannot exceed 25% of amount advanced	max. of 31 days	\$300
Nebraska	Yes	\$15 per \$100 on face amt of check	max. of 31 days	\$500

Nevada	Yes	rate determined by parties	term determined by parties	1/3 of borrower's
New Hampshire	Yes	rate determined by parties, however, after initial term of loan interest can't be > 6% per yr.	min. of 7 days and max. of 30 days	\$500
New Mexico	Yes *	rate determined by parties	term determined by parties	\$2,500
N. Dakota	Yes	20% of amount borrowed	max. of 45 days inc rollover period	\$500
Ohio	Yes	\$5 per \$50 + 5% per month	cannot exceed 6 months	\$500
Oklahoma	Yes	\$15% of the 1st \$300 + 10% on amount greater than \$300	min. of 13 days and max. of 45 days	\$500
Oregon	Yes	rate of loan determined by parties	max. of 60 days	\$50,000
Rhode Island	Yes	10% of the check or \$5, whichever is greater	fixed term of 14 days	\$300
S. Carolina	Yes	15% of the check	max. of 31 days	\$300
S. Dakota	Yes *	rate determined by parties	term determined by parties	N/A
Tennessee	Yes	15% of check or \$30, whichever is lesser	max of 31 days	\$500
Texas	Yes	scale of fees	no less than 7 days	N/A
Utah	Yes	rate determined by parties	term determined by parties	N/A
Virginia	Yes	15% of advance amt	min. of 7 days	\$500
Washington	Yes	15% of the principal on first \$500 borrowed; 10% on amount of \$500	max. of 45 days	\$700
Wisconsin	Yes *	rate determined by parties	term determined by parties	\$25,000
Wyoming	Yes	\$30 or 20% per mo. on the principal balance of check	one calendar month	no statutory cap
Alaska Proposed Draft	Yes	15% of the amount advanced	min. of 15 days	\$1,000

Deferred deposit services are not permitted under state law in the following jurisdictions: Connecticut, Georgia, Maine, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Vermont, and West Virginia.

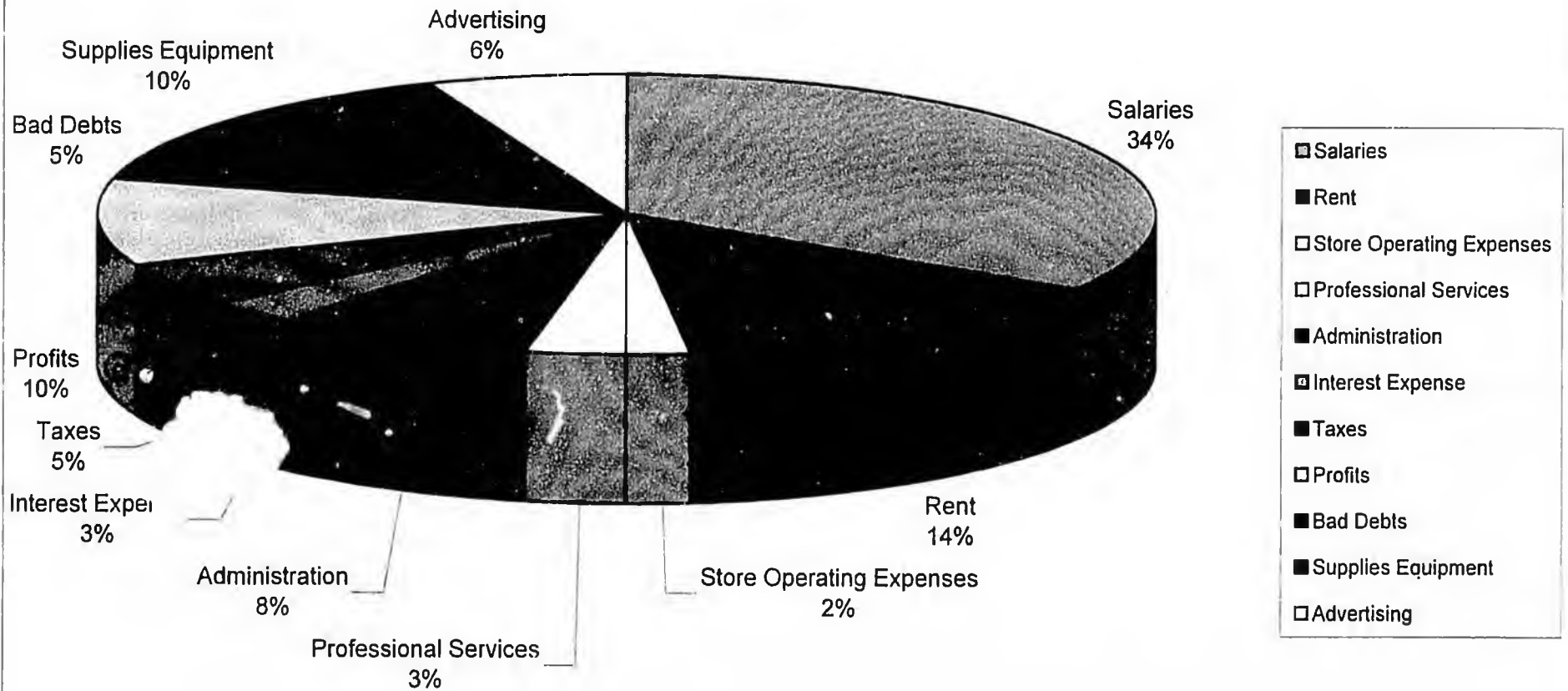
* States regulated by Small Loan Acts or Dept of Commerce
Data current as of 10/03 per Financial Services of America (FISCA)

COMPARISON OF CSSB272 TO CURRENT LAW

*Submitted by:
CASH Alaska*

	CSHB389 DEFERRED DEPOSIT BILL	CURRENT STATUS
REGULATION	Specifically, and by law	Operates under Small Loan Act Exemption of \$500
AUDIT & INVESTIGATIONS	By Division of Banking & Securities	None
REGULATORY OVERSIGHT	State Division of Banking & Securities	None
STATISTICS/REPORTS	Submissions to Division of Banking	None
ADVANCE LIMIT	\$500	\$500
ROLLOVERS	Limit of 2	No Limit
ALLOWABLE FEE	\$15/ \$100 advanced - \$5 origination fee	Decided by individual lenders
TERMS OF ADVANCE	Minimum of 14 days	Between lender and consumer
CONSUMER PROTECTIONS	<p>Right of Rescission mandated</p> <p>Required disclosure of charges, interest, terms, penalties, and rights</p> <p>Certified mailing to borrower offering payment plan option before legal action</p> <p>Payment plan option for up to 6 months with no add'l charge except \$25 fee</p>	<p>No Right of Rescission required</p> <p>Annual Percentage Rate only</p> <p>Legal action 15 days after notification by mail to consumer</p> <p>Between lender and consumer</p>
PENALTY FOR BAD CHECK	Limits penalty to \$700	Limits penalty to \$1000

Where do fees for Deferred Deposit Advance Services go?



Data for this chart compiled by the Check Cashers Association of New, based on data from a public filing with the Securities Exchange Commission by a company offering deferred deposit services in several mid-west states.



CHECK CASHERS ASSOCIATION OF NEW YORK, INC.
 500 Fifth Avenue, Suite 2410, New York, NY 10110, 212-268-1911, Fax 201-487-3954

OFFICERS:

James Eustace, *President*
 Matthew Bardach, *Vice President*
 Jay Brodsky, *Treasurer*
 Andrew Boisselle, *Secretary*

EXECUTIVE DIRECTOR:

Henry F. Shyne

GENERAL COUNSEL:

Gerald Goldman

PLATINUM ASSOCIATE

MEMBERS:

- Cashpoint Network Services
- Chase Manhattan Bank
- Marshall & Sterling, Inc.
- Most Distribution Services, Inc.
- The Pay-O-Matic Corporation
- Travelers Express/MoneyGram™
- Western Union® Financial Services

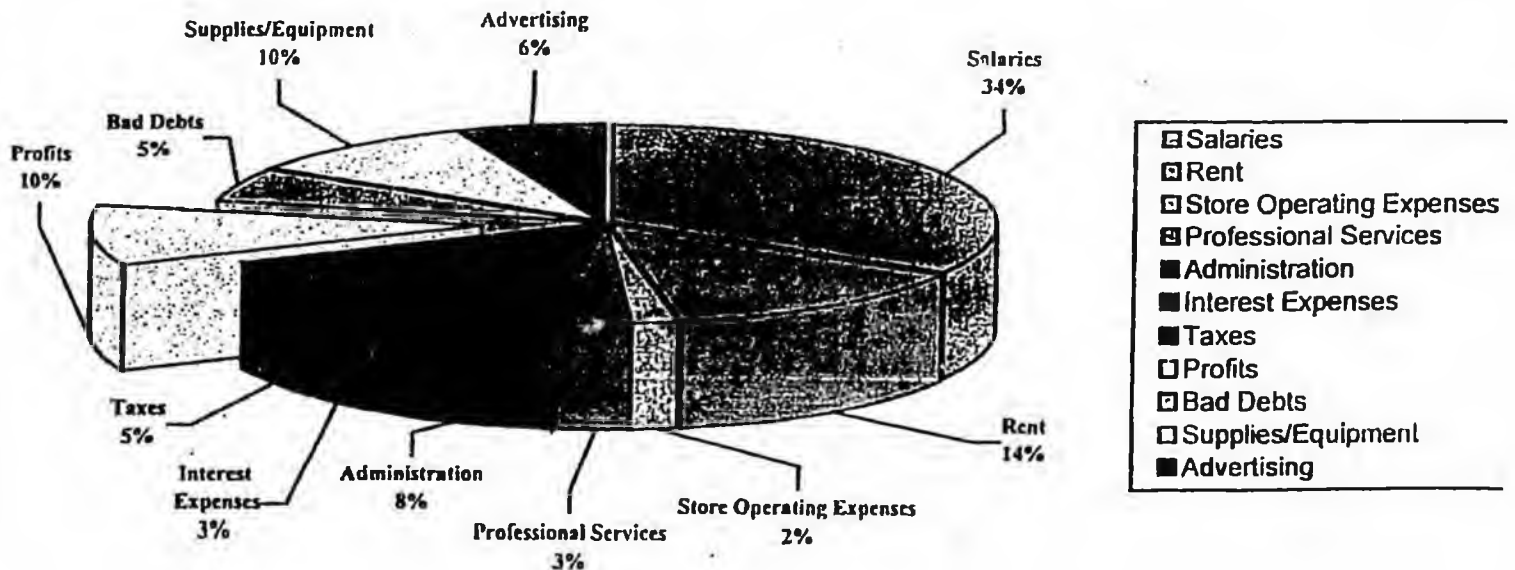
The Costs of Providing Emergency Advance Services

The businesses that will provide Emergency Advance services are primarily small, family run operations. A number of factors play a part in determining the cost of providing this vital service to working New Yorkers. The legislation supported by the Check Cashers Association of New York calls for a \$15 fee per \$100 advanced. This would be among the lowest rates charged for deferred deposit services in the country and far lower than the \$25 to \$40 now charged by some out of state lenders advertising services to New York residents.

The Check Cashers Association of New York State has reviewed available data from several sources to determine how much licensed check cashers would expect to make on each transaction. This included reviewing a study from the State of Tennessee, a government filing made by a company that operates 250 check cashing outlets in the Midwest and other available data. Each of these sources confirm that the single largest expense area for check cashers would be the salaries paid to people working at the outlets in New York. Based on the \$15 fee per \$100 advance proposed in the New York legislation, the data uncovered by the Check Cashers Association of New York indicates that **New York businesses providing Emergency Advance services would earn only \$1.50 to \$3.00 on each \$100 transaction.**

Where do fees for Emergency Advance Services go?

(Data for this chart was obtained from a public filing with the Securities and Exchange Commission by a company offering deferred deposit services in several states, including Kentucky, Tennessee, Missouri and Illinois.)



Cost Comparison

CONSUMER DILEMMA

A consumer who is between paydays and has insufficient savings must immediately pay a \$50 utility bill and a \$50 minimum

OPTIONS

OPTION#1
\$100 Deferred
Deposit Advance

\$15 TOTAL

OPTION#2
2 late
payments

\$50 reconnect fee to utility company
\$29 late fee to credit card company

\$79 TOTAL

**PLUS TEMPORARY LOSS OF
UTILITY AND NEGATIVE
EFFECT ON CREDIT RECORD**

OPTION#3
2 bounced
checks

\$22 NSF Fee to Bank
+\$25 Fee from Vendor
\$47 in Fees Per Check
X 2 Checks

\$94 TOTAL

**PLUS STIGMA OF
WRITING BAD CHECK**

Alaska AK Payday Loan Online

Alaska Payday Loans & Cash Advance

[Apply Now](#) \$ [How it Works](#) \$ [Security & Privacy](#) \$ [Questions](#)

\$500 Alaska Payday Loan

No Credit Check, No Application Fee

U.S. Personal Cash Advance will give alaska residence up to a \$500.00 payday loan just by simple filling out a payday loan online form. We specialize in giving you cash until payday loans to help your financial needs. If your Alaska and need an instant cash payday loan you can start now and receive your payday cash advance instantly! It quick and simple at **U.S. Personal Cash Advance!** To begin just click the "Start" button below to start your fast payday loan online.

Give Me A Cash Payday Loan

U.S. Cash the only way to get a Payday Loan online Quickly

[<Alaska Payday Loan Start Here>](#)

SERVING PAYDAY LOANS ACROSS AMERICA

EZPayDayCash.com
 "The easiest way to get your payday loan!"



FEES

EZPaydaycash charges \$25 per \$100 advanced to you.

Schedule of Fees

Annual Percentage Rate (APR)

Term Loan Amount (in days)	\$200		\$300		\$400		\$500	
	Fee	APR	Fee	APR	Fee	APR	Fee	APR
7	\$50	1303.57%	\$75	1303.57%	\$100	1303.57%	\$125	1303.57%
8	\$50	1140.62%	\$75	1140.62%	\$100	1140.62%	\$125	1140.62%
9	\$50	1013.88%	\$75	1013.88%	\$100	1013.88%	\$125	1013.88%
10	\$50	912.50%	\$75	912.50%	\$100	912.50%	\$125	912.50%
11	\$50	829.54%	\$75	829.54%	\$100	829.54%	\$125	829.54%
12	\$50	760.42%	\$75	760.42%	\$100	760.42%	\$125	760.42%
13	\$50	701.92%	\$75	701.92%	\$100	701.92%	\$125	701.92%
14	\$50	651.78%	\$75	651.78%	\$100	651.78%	\$125	651.78%
15	\$50	608.33%	\$75	608.33%	\$100	608.33%	\$125	608.33%
16	\$50	570.31%	\$75	570.31%	\$100	570.31%	\$125	570.31%
17	\$50	536.76%	\$75	536.76%	\$100	536.76%	\$125	536.76%
18	\$50	506.94%	\$75	506.94%	\$100	506.94%	\$125	506.94%
19	\$50	480.26%	\$75	480.26%	\$100	480.26%	\$125	480.26%
20	\$50	456.25%	\$75	456.25%	\$100	456.25%	\$125	456.25%
21	\$50	434.52%	\$75	434.52%	\$100	434.52%	\$125	434.52%
22	\$50	414.77%	\$75	414.77%	\$100	414.77%	\$125	414.77%
23	\$50	396.74%	\$75	396.74%	\$100	396.74%	\$125	396.74%
24	\$50	380.21%	\$75	380.21%	\$100	380.21%	\$125	380.21%

Terms & Conditions

Parties. In this Loan Note and Disclosure ("Note") you are the "Borrower". We are Avantis Financial, LLC ("Lender"), a South Dakota LLC, licensed as South Dakota Money Lender. This Note and Disclosure may also be referred to as the "Agreement".

Amount of Cash Advance Loan. You may be eligible and apply for a loan from \$150 to \$500 in \$50 increments. The exact amount of the loan amount, if any, will be determined by a variety of factors including, but not necessarily limited to, your ability to repay the loan, your current income, and your checking account status. We do not discriminate based upon age, sex, race, ethnicity, gender, national origin, or handicap.

Fee Schedule. You will be charged a flat fee of \$30 per one hundred dollars advanced to you. There will be no discount or refund of the Finance Charges if you repay your loan early.

Promise to Pay. You promise to pay to us or to our order, in one payment, on the date indicated in the Payment Schedule, the Total of Payments. On or after the day your loan comes due you authorize us to effect one or more ACH debit entries to your Account at the Bank. You may revoke this authorization at any time up to 3 business days prior to the due date. However, if you timely revoke this authorization, you authorize us to prepare and submit one or more checks drawn on your Account to repay your loan when it comes due. If there are insufficient funds on deposit in your Account to effect the ACH debit entry or to pay a check or otherwise cover the loan payment on the due date, you promise to pay us all sums you owe by mailing a check or Money Order payable to: Avantis Financial, LLC.

Return Item Fee. You agree to pay \$30 if an item in payment of what you owe is returned unpaid or an ACH debit entry, the authorization for which was not properly revoked by you, is rejected by the Bank for any reason.



GET YOUR
PAYDAY LOAN

- HOME
- MEMBERS
- NEW CUSTOMERS
- HOW IT WORKS
- FAQ
- ABOUT US
- FEE SCHEDULE
- FINANCIAL TIPS
- CONTACT US
- QUIK REWARDS

Fee Schedule

		Loan Amounts available depending on your earnings & approval				
		\$100	\$200	\$300	\$400	\$500
Term in Days	Annual Percentage Rate	Finance Charge				
4	1825.00%	\$20	\$40	\$60	\$80	\$100
5	1460.00%	\$20	\$40	\$60	\$80	\$100
6	1216.67%	\$20	\$40	\$60	\$80	\$100
7	1042.86%	\$20	\$40	\$60	\$80	\$100
8	912.50%	\$20	\$40	\$60	\$80	\$100
9	811.11%	\$20	\$40	\$60	\$80	\$100
10	730.00%	\$20	\$40	\$60	\$80	\$100
11	663.64%	\$20	\$40	\$60	\$80	\$100
12	608.33%	\$20	\$40	\$60	\$80	\$100
13	561.54%	\$20	\$40	\$60	\$80	\$100
14	521.43%	\$20	\$40	\$60	\$80	\$100
15	486.67%	\$20	\$40	\$60	\$80	\$100
16	456.25%	\$20	\$40	\$60	\$80	\$100
17	429.41%	\$20	\$40	\$60	\$80	\$100
18	405.56%	\$20	\$40	\$60	\$80	\$100



Webmasters: Click Here to earn money with Quik Payday

How to determine your Due Date

All loan due dates must be on your payday. The minimum number of days a loan can be taken for is 4 days. The maximum number of days a loan can be taken for is 18 days.

- If you get paid once a week: You must use the subsequent payday.
- If you get paid twice a month or every other week: You must use your next payday. If your next payday is less than 4 days away then you must use the following payday.
- If you get paid once a month: If your payday is less than 18 days away then you must use your next payday. If your payday is over 18 days away you can only take the loan for 18 days. You can extend your loan on the loan due date until your next payday. The maximum term for a Quik Payday loan is 18 days.

COMPARISON OF CSHB389 TO CURRENT LAW

Distributed by
Sen. Cowdery

	CSHB389 DEFERRED DEPOSIT BILL	CURRENT STATUS
REGULATION	Specifically, and by law	Operates under Small Loan Act Exemption of \$500
AUDIT & INVESTIGATIONS	Minimum every 18 months	None
REGULATORY OVERSIGHT	State Division of Banking & Securities	None
STATISTICS/REPORTS	Submissions to Division of Banking	None
ADVANCE LIMIT	\$500	\$500
ROLLOVERS	Limit of 2	No Limit
ALLOWABLE FEE	\$15/ \$100 advanced - \$5 origination fee	Decided by individual lenders
TERMS OF ADVANCE	Minimum of 14 days	Between lender and consumer
CONSUMER PROTECTIONS	<p>Right of Rescission mandated</p> <p>Required disclosure of charges, interest, terms, penalties, and rights</p> <p>Certified mailing to borrower offering payment plan option before legal action</p> <p>Payment plan option for up to 6 months with no add'l charge except \$25 fee</p>	<p>No Right of Rescission required</p> <p>Annual Percentage Rate only</p> <p>Legal action 15 days after notification by mail to consumer</p> <p>Between lender and consumer</p>
PENALTY FOR BAD CHECK	Limits penalty to \$700	Limits penalty to \$1000

Subject: SB 272 Payday Lending

Date: Wed, 21 Apr 2004 21:51:13 -0800

From: Frank Puschak <fjp111@corecom.net> to SB272

To: Senator_Con_Bunde@legis.state.ak.us, Senator_Fred_Dyson@legis.state.ak.us,
Senator_Ben_Stevens@legis.state.ak.us, Senator_Lyman_Hoffman@legis.state.ak.us,
Senator_Gary_Wilken@legis.state.ak.us, Senator_Lyda_Green@legis.state.ak.us,
Senator_Donny_Olson@legis.state.ak.us

HB389 is the companion bill
to SB272

First, I should that I am a state employee, a bank examiner in the Division of Banking, Securities, and Corporations. I did help revise the House version of payday lending - HB 389. However, I am writing as a private citizen.

Although it is not perfect, it is a start. At present payday lending is done through a loophole in the Small Loans Act. People whose circumstances use this service have no protection. The basis for this bill is abuses reported in Fairbanks. About 40 states have adopted laws regulating this type of lending. What ensures consumer protection is the statutory authority of the Division of Banking, Securities, and Corporations.

Under AS 06.01.030 the Division can issue cease and desist orders to stop violations or potential violation of the statute. Under AS 06.01.035 penalties for violations of institutions regulated by the Division include misdemeanors, felonies, fines, or civil penalties. This bill allows the customer to cancel a transaction as well as be advised of where to go for complaints and problems - the Division of Banking, Securities, and Corporations.

The fiscal note is another matter. The Division of Banking, Securities, and Corporations is a profit center - it generates more than it spends. Unfortunately, the Division is not on a program receipts basis. If that were so, it could support the fiscal note without the need for the additional revenue the bill brings in through fees and licensing. Although all revenue generated by the Division goes directly to the general fund, the bill does bring in revenue through application fees, examination fees, and licensing. It protects the less financially capable Alaska citizens and is deserving of your approval.

One final note - HB 389 has a lower limit to obtain information on stockholders - 10 percent. I encourage you to adopt the 10 percent limit to obtain information on stockholders. The 10 percent limit is the standard in our banking statutes, Title 6, as well in federal statutes. This threshold gives regulators a more comprehensive picture of persons who can affect the management or board of directors, and to whom we can look to financially support the entity if needed.

If you wish any further information, I would be pleased to provide it. Thank you for your consideration.

SENATE FINANCE COMMITTEE

SIGN-IN

SB 272-DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

NAME: Terry Lutz Subject/Bill No: SB 272
Co./Dept./Title: Div. Banking Phone: 465-2521
Address: 150 3rd St Zip: 99811

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

4/27/04 PM

SENATE FINANCE COMMITTEE

SIGN-IN

SB 272-DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

NAME: PAT LUBY Subject/Bill No: SB 272
 Co./Dept./Title: AARP ADVOCACY DIRECTOR Phone: 907-762-3314
 Address: 3601 C ST #1426 A/A Zip: 99503
 Do you wish to testify? Yes No Respond To Questions

NAME: Deborah S Yink Subject/Bill No: SB 272
 Co./Dept./Title: CASH ALASKA Phone: 9072480785
 Address: 6234 Tonawanda Dr. Zip: 99502
 Do you wish to testify? Yes No Respond To Questions

NAME: Terry L Lutz Subject/Bill No: SB 272
 Co./Dept./Title: Dir. of Banking, Sec. of State Phone: 465-5447
 Address: 180 3rd St JENNESEN Zip: 99811
 Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____
 Do you wish to testify? Yes No Respond To Questions

4/27/04
AM
~~not to~~
did not
testify in
AM

SENATE FINANCE COMMITTEE

SIGN-IN

SB 272-DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

✓ NAME: PAT LUBY Subject/Bill No: SB 272
Co./Dept./Title: AARP Adv. Director Phone: 907-762-3318
Address: 3601 CST #1420 A/A 99503 Zip: _____
Do you wish to testify? Yes No Respond To Questions

✓ NAME: Deborah Fink Subject/Bill No: SB 272
Co./Dept./Title: Cash Alaska Phone: 907 2480785
Address: 6234 Tanaina Dr. Zip: 99502
Do you wish to testify? Yes No Respond To Questions

NAME: Tetty Lutz Subject/Bill No: SB 272
Co./Dept./Title: DIU BANKING, SEC. & CO. INC. Phone: 5447
Address: 150 3rd ST Zip: 99811
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/21/04

FURTHER: Finance

Date of 5-Day Notice: 4/1/04
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/21/04

Labor and Commerce Committee considered SENATE BILI. NO. 272

SB 272 DEFERRED DEPOSIT ADVANCES (PAYDAY LOANS)

"An Act relating to certain monetary advances in which the deposit or other negotiation of certain instruments to pay the advances is delayed until a later date; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 272 (LEC)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- Same Title
- New Title

House Bill:

- Same Title
- Technical Title Change
- New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DCEO	4/21/04	✓			1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Seekins	<i>Sam Seekins</i>			✓	
Davis	<i>Betty Davis</i>				✓
French	<i>[Signature]</i>		X		
G Stevens	<i>[Signature]</i>			✓	
Bunde	CHAIR: <i>C Bunde</i>			✓	

Bill History/Action Display



BILL: SB 272

SHORT TITLE: DEFERRED DEPOSIT ADVANCES
(PAYDAY LOANS)

BILL VERSION:

CURRENT STATUS: (S) FIN

STATUS DATE: 04/21/04

SPONSOR(s): RLS

HEARING: (S) FIN Apr 27 9:00 AM SENATE FINANCE 532 TELECONFERENCE

TITLE: "An Act relating to certain monetary advances in which the deposit or other negotiation of certain instruments to pay the advances is delayed until a later date; and providing for an effective date."

Bill Root: [Display Bill Root](#) [Next Bill](#)

[Full Text](#) [Fiscal Notes](#)

[Committee Action with Bill History](#)

Jrn-Date	Jrn-Page	Action
01/21/04	1972	(S) READ THE FIRST TIME - REFERRALS
01/21/04	1972	(S) L&C, FIN
04/21/04	2982	(S) L&C RPT CS 1DNP 3NR 1AM NEW TITLE
04/21/04	2982	(S) NR: BUNDE, SEEKINS, STEVENS G;
04/21/04	2982	(S) DNP: FRENCH; AM: DAVIS
04/21/04	2982	(S) FN1: (CED)
04/21/04	2982	(S) REFERRED TO FINANCE

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