

ALASKA LEGISLATURE

2586

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

753

Grover: "Because no one's perfect. I tell the executives every day, 99.9 percent is not good enough, when it comes to food safety."

Thompson: "What about 60 percent?"

Grover: "Sixty percent is not good enough when it comes to food safety."

Grover argues as long as critical violations are being corrected promptly, then the system is working. Inspectors are doing their job, and the restaurants are following the advice of the inspectors as they come through.

Most fast food restaurants are owned by individuals, but most chains say they inspect every restaurant that has their name on it.

In a letter to Dateline, Burger King says it is "Extremely disappointed" by (the) findings... We want to assure our guests we will quickly investigate... and take immediate and appropriate actions..." The president of Wendy's writes, "one critical violation on a health inspection report is one too many." And Hardees says, "We must always do better. Any critical deficiency is unacceptable - which is why we address them immediately." McDonald's says "No one cares more about operating clean, safe restaurants than McDonald's."

All are unanimous in agreeing with KFC that "Food safety is our number one priority." The Velottas, whose little boy became almost died, hope that's true.

Velotta: "Every single time I go to a fast food restaurant, there's that doubt in the back of my mind that they could get sick. Every single time."

SENATE COMMITTEE REPORT

DATE: 04/21/04

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 4/23/04

Judiciary Committee considered

HOUSE BILL NO. 378

HB 378 FOOD, DRUGS, COSMETICS, CERTAIN DEVICES

"An Act relating to the Alaska Food, Drug, and Cosmetic Act, including sales, advertising, certain devices, food donors, and food banks; making certain violations of organic food provisions and of the Alaska Food, Drug, and Cosmetic Act unfair methods of competition and unfair or deceptive acts or practices under certain of the state's unfair trade practices and consumer protection laws; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- 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#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LAW	2/2			✓	1
DEC	1/14	✓			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
Ellis <i>[Signature]</i>			✓	
French <i>[Signature]</i>			X	
Therrien <i>[Signature]</i>			X	
CHAIR: Seekins <i>[Signature]</i>			✓	

SENATE COMMITTEE REPORT

DATE: 04/6/04

FURTHER: Judiciary
Finance

DATE TURNED IN TO OFFICE: 4/21/04

State Affairs Committee considered HOUSE BILL NO. 378

HB 378 FOOD, DRUGS, COSMETICS, CERTAIN DEVICES

"An Act relating to the Alaska Food, Drug, and Cosmetic Act, including sales, advertising, certain devices, food donors, and food banks; making certain violations of organic food provisions and of the Alaska Food, Drug, and Cosmetic Act unfair methods of competition and unfair or deceptive acts or practices under certain of the state's unfair trade practices and consumer protection laws; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- 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 # _____

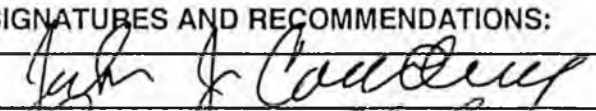
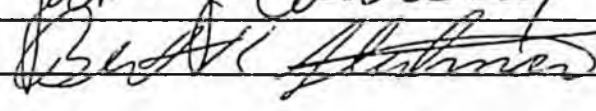

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
Law	2/12/04			✓	1
DEC	1/14/04	✓			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Cowdery</i> <i>Stedman</i> 	✓			
			✓	
<i>G. Skovns</i> CHAIR: 			✓	

SENATE FINANCE COMMITTEE

SIGN-IN

HB 378-FOOD, DRUGS, COSMETICS, CERTAIN DEVICES

NAME: Ernesta Ballard Subject/Bill No: _____

Co./Dept./Title: Commissioner DC Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Kristin Ryan Subject/Bill No: _____

Co./Dept./Title: DEC Director 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

HB

379

HFIN

FILE

HOUSE BILL NO. 379

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE WEYHRAUCH

Introduced: 1/20/04

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing an office of citizenship assistance in the Department of Labor and
2 Workforce Development."

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

4 * Section 1. AS 23.05 is amended by adding a new section to read:

5 Sec. 23.05.125. Office of citizenship assistance. (a) The office of
6 citizenship assistance is established in the office of the commissioner. The office shall

7 (1) provide employment information and referrals to services for legal
8 aliens, including employment services, such as job placement services, and
9 information about how labor unions, administrative agencies, and court actions may be
10 used to deal with claims or charges of job discrimination, illegal termination of
11 employment, sexual harassment, and unsafe working conditions; and

12 (2) advise the commissioner on

13 (A) improving employment opportunities for legal aliens;

14 (B) preventing employment discrimination against legal aliens;

1 and

2 (C) cooperating with state and federal agencies to accomplish
3 the office's mission.

4 (b) In this section, "legal alien" means an individual who resides in Alaska, is
5 not a citizen of the United States, and is in compliance with the individual's federal
6 visa requirements.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB379-DOLWD-CO-04-21-04
 () Publish Date: _____

Revision Date/Time: 04-21-04 11:09 AM
 Title: Office of Citizenship Assistance

Department: Labor and Workforce Development
 RDU: Office of the Commissioner
 Component: Commissioner's Office

Sponsor: Representative Weyhrauch
 Requester: House FIN

Component Number: 340

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	64.0	64.0	64.0	64.0	64.0	64.0
Travel	3.0	3.0	3.0	3.0	3.0	3.0
Contractual	15.6	15.6	15.6	15.6	15.6	15.6
Supplies	9.7	3.5	3.5	3.5	3.5	3.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	92.3	86.1	86.1	86.1	86.1	86.1

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	92.3	86.1	86.1	86.1	86.1	86.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	92.3	86.1	86.1	86.1	86.1	86.1

Estimate of any current year (FY2004) cost: None

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

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Guy Bell, Director
 Division: Administrative Services Division
 Approved by: Greg O'Clary, Commissioner
 Agency: Department of Labor and Workforce Development

Phone: 465-2720
 Date/Time: 4/21/04 11:20 AM
 Date: 4/21/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL VERSION: HB379-DOLWD-CO-04-21-04

ANALYSIS: (continued)

HB 379 establishes the Office of Citizenship Assistance. The Office will provide employment information and referrals to public and private resources to persons who reside in the state, are not a citizen of the United States, and are in compliance with federal visa requirements. The Office will have an office located in Juneau that will be staffed by an Employment Security Analyst II. The Office will establish a web page and retain the services of language interpreters. Costs are estimated at \$92,250 and include:

Personal Services

Employment Security Analyst II	Range 17	64,000
--------------------------------	----------	--------

Travel

4 trips to assist clients	3,000
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Contractual

Interpreter Fees	4,000	
Phones (office and toll free number)	1,200	
Postage	1,000	
Office Lease	3,000	
Dept Overhead (10% of Pers Svcs)	6,400	
		15,600

Supplies

Office Supplies	2,000
Informational Booklets and Publications	1,500

One Time Items to Establish Office

PC and Printer	3,750	
Phones and Fax Machine	1,250	
Desk and Chair	850	
Chairs for Waiting Clients	300	
		9,650

ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH



ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

SPONSOR STATEMENT

(907) 465-3744
FAX (907) 465-2273

Citizen Assistance Office

“An act establishing an Office of Citizenship Assistance in the Department of Labor and Workforce Development.”

House Bill 379 would create an office to assist naturalized citizens and citizen candidates in Alaska.

HB 379 establishes the Office of Citizenship Assistance in the Department of Labor and Workforce Development. Naturalized citizens and people who are actively pursuing United States citizenship could receive help navigating through state employment and federal immigration agencies.

The Office of Citizenship Assistance would also act as a liaison between individuals, the office of the Commissioner and state and federal agencies as well as private sector. Under this legislation the Office would assist in immigration services, employment services, affordable legal service, medical services, and educational opportunities. Information would be available regarding job discrimination, sexual harassment, and unsafe working conditions.

Alaska has a rich history of immigration. Through this legislation, the Office would be sensitive to the diverse cultural backgrounds of those it would serve. This Office will bridge the transition of adjustment for incoming new citizens to Alaska.

FISCAL NOTE

needs amending

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 379
(H) Publish Date: 3/24/04

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Office of Citizenship Assistance RDU: Office of the Commissioner
Component: Commissioner's Office
Sponsor: Representative Weyhrauch
Requester: House L&C Component Number: 340

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	64.0	64.0	64.0	64.0	64.0	64.0
Travel	3.0	3.0	3.0	3.0	3.0	3.0
Contractual	35.6	35.6	35.6	35.6	35.6	35.6
Supplies	9.7	3.5	3.5	3.5	3.5	3.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	112.3	106.1	106.1	106.1	106.1	106.1

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	112.3	119.0	119.0	119.0	119.0	119.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	112.3	106.1	106.1	106.1	106.1	106.1

Estimate of any current year (FY2004) cost: None
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Guy Bell, Director Phone 465-2720
Division: Administrative Services Division Date/Time 2/27/04 8:22 AM
Approved by: Greg O'Claray, Commissioner Date 2/27/2004
Agency: Department of Labor and Workforce Development

FISCAL NOTE #1

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL VERSION: HB 379

ANALYSIS: (continued)

HB 379 establishes the Office of Citizenship Assistance. The Office will provide employment information and referrals to public and private resources to persons who reside in the state, are not a citizen of the United States, and are in compliance with federal visa requirements. The Office will have an office located in Juneau that will be staffed by an Employment Security Analyst II. The Office will establish a web page and retain the services of language interpreters. Costs are estimated at \$112,250 and include:

Personal Services

Employment Security Analyst II	Range 17	64,000
--------------------------------	----------	--------

Travel

4 trips to assist clients		3,000
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Contractual

Interpreter Fees (200 hrs @ \$120/hour)	24,000	
Phones (office and toll free number)	1,000	
Postage	1,000	
Office Lease	3,000	
Dept Overhead (10% of Pers Svcs)	6,400	
		35,600

Supplies

Office Supplies	2,000
Informational Booklets and Publications	1,500

One Time Items to Establish Office

PC and Printer	3,750	
Phones and Fax Machine	1,250	
Desk and Chair	850	
Chairs for Waiting Clients	300	
		9,650

HB

379

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
MAY 05 2004
SENATE FINANCE
COMMITTEE

DATE: 5/2/04

FURTHER:

DATE TURNED IN TO OFFICE: May 5, 2004

Finance Committee considered HOUSE BILL NO. 379

HB 379 OFFICE OF CITIZENSHIP ASSISTANCE

"An Act establishing an office of citizenship assistance in the Department of Labor and Workforce Development."

and recommends:

- be replaced with _____ CS _____ (_____)
- 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#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
Labor	4/21/04	92.3			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Frank Lopez</i>			✓	
<i>George B. ...</i>			✓	
<i>Ben ...</i>	X			
COCHAIR: <i>Lynne Green</i>	✓			
COCHAIR: <i>...</i>	✓			

REPORTED OUT
MAY 05 2004
SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 379
(H) Publish Date: 4/21/04

Revision Date/Time: 04-21-04 11:09 AM Department: Labor and Workforce Development
Title: Office of Citizenship Assistance RDU: Office of the Commissioner
Component: Commissioner's Office
Sponsor: Representative Weyhrauch
Requester: House FIN Component Number: 340

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	64.0	64.0	64.0	64.0	64.0	64.0
Travel	3.0	3.0	3.0	3.0	3.0	3.0
Contractual	15.6	15.6	15.6	15.6	15.6	15.6
Supplies	9.7	3.5	3.5	3.5	3.5	3.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	92.3	86.1	86.1	86.1	86.1	86.1

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	92.3	86.1	86.1	86.1	86.1	86.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	92.3	86.1	86.1	86.1	86.1	86.1

Estimate of any current year (FY2004) cost: None
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
See attached analysis.

Prepared by: Guy Bell, Director Phone 465-2720
Division: Administrative Services Division Date/Time 4/21/04 11:20 AM
Approved by: Greg O'Claray, Commissioner Date 4/21/2004
Agency: Department of Labor and Workforce Development

FISCAL NOTE #2

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL VERSION: HB 379

ANALYSIS: (continued)

HB 379 establishes the Office of Citizenship Assistance. The Office will provide employment information and referrals to public and private resources to persons who reside in the state, are not a citizen of the United States, and are in compliance with federal visa requirements. The Office will have an office located in Juneau that will be staffed by an Employment Security Analyst II. The Office will establish a web page and retain the services of language interpreters. Costs are estimated at \$92,250 and include:

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--------------------------------	----------	--------

Travel

4 trips to assist clients	3,000
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Contractual

Interpreter Fees	4,000	
Phones (office and toll free number)	1,200	
Postage	1,000	
Office Lease	3,000	
Dept Overhead (10% of Pers Svcs)	6,400	
		15,600

Supplies

Office Supplies	2,000
Informational Booklets and Publications	1,500

One Time Items to Establish Office

PC and Printer	3,750	
Phones and Fax Machine	1,250	
Desk and Chair	850	
Chairs for Waiting Clients	300	
		9,650

ALASKA STATE LEGISLATURE

Representative Bruce Weyhrauch

HOUSE DISTRICT 4

ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

(907) 465-3744
FAX (907) 465-2273

SPONSOR STATEMENT

Citizen Assistance Office

“An act establishing an Office of Citizenship Assistance in the Department of Labor and Workforce Development.”

House Bill 379 would create an office to assist naturalized citizens and citizen candidates in Alaska.

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The Office of Citizenship Assistance would also act as a liaison between individuals, the office of the Commissioner and state and federal agencies as well as private sector. Under this legislation the Office would assist in immigration services, employment services, affordable legal service, medical services, and educational opportunities. Information would be available regarding job discrimination, sexual harassment, and unsafe working conditions.

Alaska has a rich history of immigration. Through this legislation, the Office would be sensitive to the diverse cultural backgrounds of those it would serve. This Office will bridge the transition of adjustment for incoming new citizens to Alaska.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Salvador S. LumLa
P.O. BOX 20514
Juneau, AK 99802
Tel (907) 586-1256
Cell (907) 321-6077

22 April 2004

Alaska State Legislature
REPRESENTATIVE BRUCE WEYHRAUCH

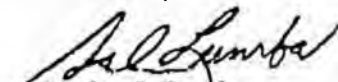
SUBJECT: HB 379
RE: Office of Citizenship Assistance

Sir Bruce:

The undersigned do hereby manifest his all-out support on the final approval and implementation of House Bill No. 379 Re: Office of Citizenship Assistance, including the finance appropriation, the Finance Committee public hearing thereof was held yesterday 0830 21 April 2004 at Rm. 519 Capitol Building, Juneau, Alaska.

The aforesaid enactment is of great importance and must be given utmost priority consideration. Likewise, the recipients to such services are looking forward to its immediate implementation statewide.

More Power,


Salvador S. LumLa

April 20, 2004

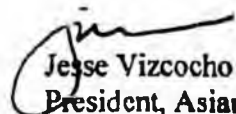
Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

I appreciate all your efforts in sponsoring HB 379 which will greatly benefit not only the immigrants, minorities, and other under represented members of our community but also our great state, the State of Alaska.

Thank you once again for your care and hard work.

Sincerely,



Jesse Vizcocho
President, Asian American & Pacific Islander Association of Alaska.
Phone:(907) 562-0125
E-mail: jessviz@acsalaska.net

April 20, 2004

Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

Thank you once again for your care and hard work.

Sincerely,

Vilma Rollins

Vilma Rollins

Member, FCA

Phone:(907)248-1054

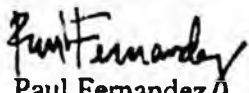
April 20, 2004

Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

Thank you once again for your care and hard work.

Sincerely,

A handwritten signature in cursive script that reads "Paul Fernandez".

Paul Fernandez

Member, FCA

Phone:(907)336-1578

April 20, 2004

Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

I appreciate all your efforts in sponsoring HB 379 which will greatly benefit not only the immigrants, minorities, and other under represented members of our community but also our great state, the State of Alaska.

Thank you once again for your care and hard work.

Sincerely,

Josie Isla
Owner, Blessed Assurance Assisted Living.
Phone:(907) 349-1402
E-mail: rccity7648697@msn.com

April 20, 2004

Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

Thank you once again for your care and hard work.

Sincerely,


Finau Malupo
Tongan Community
Phone:(907)243-3080

April 20, 2004

Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

I appreciate all your efforts in sponsoring HB 379 which will greatly benefit not only the immigrants, minorities, and other under represented members of our community but also our great state, the State of Alaska.

Thank you once again for your care and hard work.

Sincerely,


Evelyn Falzerano
Phone:(907) 830-2202

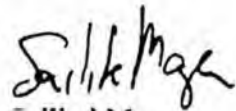
April 20, 2004

Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

Thank you once again for your care and hard work.

Sincerely,



Sailitai Maga

Pastor, First Samoan United Methodist Church

Phone:(907) 223-5669

April 20, 2004

Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

Thank you once again for your care and hard work.

Sincerely,



Lauro Villareal

Member, FCA

Phone:(907)336-4295

April 20, 2004

Dear Representative Weyrauch,

I am writing this letter in support of House Bill 379- an act establishing the office of citizenship assistance.

I appreciate all your efforts in sponsoring HB 379 which will greatly benefit not only the immigrants, minorities, and other under represented members of our community but also our great state, the State of Alaska.

Thank you once again for your care and hard work.

Sincerely,

Rolando Torralba
CEO, Eklutna Glacier Bottling Company
Phone:(907) 351-6622

April 22, 2004

Dear Rep. Bruce Weyrauch:

Please be informed that we are supporting the House Bill 379 for the purpose of creating th Office of Citizenship Assistance.

We are deeply touched by your commitment to bring the immigrant issues to the forefront of the legislative agenda. Through your leadership, your co-legislators will join you in your vision to bring this vital service to the people of the State of Alaska.

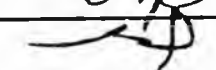
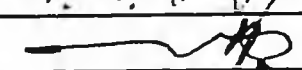
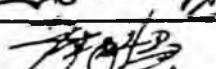
This is a win-win situation. You will win the confidence and respect of your constituents and in return they will win a vital service to improve the lives of the immigrants.

Thank you for your great service to the people of the State of Alaska.

Your constituents:

NAME	ADDRESS	TELEPHONE	SIGNATURE
Mary Ellen Madas	3000 - Riverwood Dr. Juneau AK 99801	796-2151	Mary Ellen Madas
Carmencita T. Punduhayan	6590 Glacier Hwy. # 89 Juneau AK 99801	789-3922	Carmencita T. Punduhayan
EREDDIE ABAD	P.O. BOX 34895 JUNO AK 99805	957 0809	Erredie Abad
I'vie Holzenberg	3055 U. Road Juneau AK 99801	(907) 789-7889	I'vie Holzenberg
		780-3684	
MARTINA MISTRAL	5905 CROUCHILL # 36 JUNO AK 99805	(907) 789-7889	MARTINA MISTRAL
Jesse Newman	5821 N. Douglas Hwy.	(907) 723-8797	Jesse Newman
Lillian A. Lim	2492 MEANDER WAY	789-5638	Lillian A. Lim
EDUARDO Y SACERA	3727 PORTAGE BLVD #A	790-1825	Eduardo Y Sacera
MILA CTUDILID	4159 JERZY DR.	(907) 789-1849	Mila Ctudilid
AIDEN BALALING	432 EAST FIRST ST.	(907) 586-4372	Aiden Balaling
MIRIAM E. BALALING	432 East. First ST. JUNEAU AK.	(907) 586-4372	Miriam E. Balaling
Innocent J. Rawley	2901 Linda Ave. JUNEAU AK	(907) 789-1419	Innocent J. Rawley
EUGENE TABOADA	373 S. FRANKLIN ST.	(907) 463-3748	Eugene Taboada
Cherrie T. Sals	3441 Valley Blvd	(907) 789-0103	Cherrie T. Sals
Kenneth B. Cramer	P.O. Box 34261 Phoenix, AK-99503	(907) 789-7830	Kenneth B. Cramer
Arlene S. Wiles	9015 Long Run Dr. JUNEAU AK 99801	(907) 789-6132	Arlene S. Wiles
SUNNY NIEMKA	2201 QUINN DR. AK JUNO AK.	(907) 463-5878	Sunny Niemka
ARNEL LACUIDA	4450 JUMP ST. JUNO AK	(907) 523-6948	Arnel Lacuida

NAME	ADDRESS	TELEPHONE	SIGNATURE
MARIO D. LIM	3491 Meander Way Jva	789 5638	
ALFONSO SORIANO	P.O. BOX 94351	789 2328	
Juanma Danner	6737 GRAY ST.	789 2225	
Merissa C. Sabalada	P.O. Box 54351	790-4443	S. O. S.
DUNG CAO	5905 CHURCHILL #58	780 4158	
NGA NGUYEN	5905 CHURCHILL # 58	780 4158	
CLARIBEL R. SOLANO	8201 Dogwood Ln Junco AK	780-4102	Claribel
Danielle M Ames	6590 Glacier Hwy #1219	780-4715	D. Ames
Heather George	8477-88 Thunder Mt	790-8026	
Claudia Santana	4520 Karotta Dye	523-0898	
LARRY MENDOZA	5850 LEMON ST	789 8414	
Violita Lumbra	6590 Glacier Hwy #22	790-3295	
CELIA LUMBRA	2422 MARSHA DUE	790-2455	
Catalina Flamy	3232 Meadow Ln	790-5156	
DITHA ABAD	5950 LUND ST	780-3643	
Michael Slante	8435 Valley Blvd	789-0650	
Mary R. Monte	851 Thayer Pkwy	790-1818	Mary R. Monte
Virginia A. Laboca	9451 Stephen Richard Dr #35	789-4457	Virginia A. Laboca

NAME	ADDRESS	TELEPHONE	SIGNATURE
LORRISO TARAWATA	—	790-3557	
GERARDO JUAN	MENANDILL TOP	463-8449	
KENDEL F. MARTIN	90 Bar 3136 JUREMA	789-1819	/Kenel F. Martin
YANA T. TORRES	2528 Tula - Atunwaka	489-4588	Yana Torres
Ann Deegan	9301 Emby Ln. AK	796-2032	Ann M. Deegan
Don Gable	1800 Northway Dr. I-71	532-5295	Don Gable
HAROLD LAMPERT	8205 DEWEECHMAN AK	209-7131	Harold Lamper
DAVE M REYES	8411 VAREY BLD	790-6641	Dave M. Reyes
ABRAHAM C. LAZO	6232-GULLWAY WY. AK	780-4647	Abraham C. Lazo
MARCO BONOMO	P.O. Box 32584 JUNEAU AK 99803	780-4308	Marco Bonomo
MAURILIO AVILA	1800 Northway Dr. 178	789-7208	Maurilio Avila
MARINA AVILA	162 Northway Dr. 1-2	882-2861	Marina Avila
CHESTER ARAPA	6590 ELACIER WY #220	780-4922	Chester Arapa
NINA PATER	4052 DUTH DR. CO	789-3743	Nina Pater
1211 JUNIATA WY	18840 CALI AVE	789-2637	
JUAN TORRES	4213 Tula BLD.	789-0957	Juan Torres
MARQUES DUARTE	9319 STEPHEN EICHARDS	790-2010	Marques Duarte
ALVARO	6596 KLEIN HWY #135	780-4518	Alvaro

NAME	ADDRESS	TELEPHONE	SIGNATURE
BERNARD M. OLAIM	750 STEPHEN RICHARD 123	790 5582	
ANTONIO CHAVEZ	7875 GLACIER HWY	780-2264	
EMERLITA PUNONGBAYAN	8846 GAIL AVE	789-2637	
Ceraldine Garcia	8900 KANCOY ST.	209-41-91	
Rebecca E. Pintang	# 370 Blue Jay Switzer, Mobile Lt. Park Juneau AK	6408	Rebecca E. Pintang
Ronny Yadao	6590 Alameda Hwy #229	(907) 780-6733	Ronny Yadao
- Juan Yadao	" "	"	Juan Yadao
BERNARD T. YADAO	" "	"	Bernard T. Yadao
Ariel T. YADAO	9950 STEPHEN RICHARDS #10	789-2382	
Vilia C. Estigoy	P.O. Box 21012 Juneau AK 99	790-3233	V. Estigoy
Madalena B. Estigoy	P.O. Box 21012 Juneau AK 99802	780-5211	M. Estigoy
Julian R. Estigoy	P.O. Box 21012 Juneau AK 99802	780-5211	J. Estigoy
Jermi Undadero	6035 GULL WAY Juneau AK 99801	780-51-71	
Yordeliza Undadero	6035 Gull way Juneau AK 99801	780-51-71	J. Undadero
Louisea Dorian	6035 Gull Way Juneau AK 99801	780-51-71	L. Dorian
FRANCIS S. GACETA	6035 GULLWAY JUNEAN AK. 99801	780-51-71	F. Gaceta
DANILO R. GACETA	6035 GULLWAY, JUNEAU, AK.	780-51-71	D. Gaceta
ASELA CARMELITA GACETA	6035 GULL WAY, JUNEAU, AK	780-51-71	A. Gaceta

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Maria S. Larino	6037 Gullway Juneau AK 99801	788-51-71	M. Larino
Yanes Elizabeth	6032 Gullway	780-4647	ME
Jose R. Elizalde	6032 Gullway	780-4644	Jose R. Elizalde
Clemente Lopez	10027 Gull Way	780-6271	[Signature]
Fely Elizalde	6027 Gullway Juneau	780-6271	FEL
Sandra L. Lopez	6027 Gull Way	780-6271	[Signature]
POMPIO ZANDRIA	5000 Glacier Hi.	780-4611	[Signature]
K. F. Yeh Tang	5000 Glacier Hwy	780-8690	[Signature]
L. Helena Bohulano	2212 Birchwood Ave.	760-2370	[Signature]
Efraim L. Yonker	3000 Birchwood Dr	790-2151	[Signature]
DENETRIO XARD	5950 LUND ST.	780-3643	[Signature]
Milagros C. Palao	6590 Glacier Hwy lot 277		
	Juneau, AK	780-6291	M. Palao
Esther Echivane	#270 Blue Jay Summit	780-6408	Echivane
Vangie Labocea	Juneau, AK.	790-2310	Labocea
Tessie M. Penongdyan	Juneau AK. 99801	789-1934	Tessie M. Penongdyan
MARLYN RODRIGUEZ	JUNEAU, AK 99801	789-8420	[Signature]
RODEL N. BOHULANO	JUNEAU, AK 99801	780-6910	[Signature]

NAME	ADDRESS	TELEPHONE	SIGNATURE
Janita Harding	P.O. Box 70665 Juneau AK 99802	780-6299	Janita Harding
Myrna Regalado	1081 Glacier Ave. Juneau AK	723-8400	Myrna Regalado
NEUMA REGALADO	P.O. BOX 20402 JUNE 99802	523-9023	Neuma Regalado
NATHANIEL SAUTAO	8425 CANYON DRIVE	528-1091	Nathaniel Sautao
LORELA T. SAGUCIO	4213 TAKU BLVD. JUNEAU AK.	789-0351	Lorela T. Sagucio
Blonetta C Aguilera	9340 Miner Dr. JUNEAU AK	789-4712	Blonetta C Aguilera
Anastacia Najera	1800 Northwood Dr. L 90 Juneau		Anastacia Najera
Kevin Li	2809 Maesta Dr.	789-2640	Kevin Li
Thelma Carilli	1800 Northwood	780-2574	Thelma Carilli
Maicel Pasin	4213 Taku Blvd	789-0331	Maicel Pasin
Naty Jozz	6310 Glacier Hwy #2	780-3579	Naty Jozz
Nels Rooker	4026 C Delta Drive	465-1623	Nels Rooker
EDUVIGES P. ANTONIO	6310 Glacier Hwy 2 Juneau	780-6981	Eduviges P. Antonio
VICENTE ALINSON	4482 ABBY way	780-8646	Vicente Alinson
Myrna B. Gonzales	9095 Sheip Way - Juneau AK	9801-789-5191	Myrna B. Gonzales

SENATE FINANCE COMMITTEE

SIGN-IN

HB 379-OFFICE OF CITIZENSHIP ASSISTANCE

✓ NAME: MARIA D. Lim Subject/Bill No: HB 379
Co./Dept./Title: Private Citizen Phone: 907 789 5638
Address: 3496 Meander Way Zip: 99801
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

SENATE COMMITTEE REPORT

DATE: 04/28/04

FURTHER: Finance

DATE TURNED IN TO OFFICE: 5/2/04

State Affairs Committee considered HOUSE BILL NO. 379

HB 379 OFFICE OF CITIZENSHIP ASSISTANCE

"An Act establishing an office of citizenship assistance in the Department of Labor and Workforce Development."

and recommends:

- be replaced with _____ CS _____ (_____)
- 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#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DLWD	4/2/04	✓			2

APPROPRIATION - no fiscal note

Cowdery
Stedman
Gress

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>John Cowdery</i>			✓	
<i>Bert Stedman</i>	✓			
<i>Paul Gress</i>	✓			
CHAIR: <i>[Signature]</i>	✓			

G. Spiens

HB

389

HFIN

FILE

Replacement

1

AMENDMENT

OFFERED IN THE HOUSE FINANCE COMMITTEE
BY REPRESENTATIVE CROFT

TO: CS HB 389 (L&C)

Page 10, line 10:

Delete: "14"

Insert: "30"

Page 10, line 27:

Delete: "14"

Insert: "30"

Page 11, line 12:

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

Renumber accordingly.

no OBJ
adopted 4-21-04

23-LS1341U
Bannister
4/20/04

CS FOR HOUSE BILL NO. 389()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION**

BY

**Offered:
Referred:**

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

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 that 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 **S. c. 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 \$2,000. The application fee for
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 \$2,000.

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 a fee greater than the fee 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 44.62 (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 interests 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 61st 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.

AMENDMENT

OFFERED IN THE HOUSE FINANCE COMMITTEE
BY REPRESENTATIVE CROFT

TO: CS HB 389 (L&C)

Page 10, line 1:

Delete: "14"

Insert: "30"

Renumber accordingly.

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AKPIRG

Alaska Public Interest Research Group

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April 20, 2004

Fax to: Members of the House Finance Committee

Pages: 4 total

From: Steve Cleary - AkPIRG Phone: 278-3661

RE: HB 389 - Deferred Deposit Advances (Payday Loans)

Dear House Finance Committee Members:

AkPIRG has been working to protect consumers in Alaska since 1974. We are attempting to modify HB 389 to better protect vulnerable consumers in Alaska. We have been working together with AARP, the Archdiocese of Anchorage, Anchorage Neighborhood Housing and the Alaska Legal Services Corporation to highlight the dangers of payday loans and how they trap consumers into a cycle of debt.

The Georgia legislature recently passed legislation that limits payday lenders to a 60% APR. Payday lending is currently in a legal vacuum in Alaska. HB 389 legalizes this industry in Alaska at the levels that most lenders are currently charging, which amounts to an APR over 400%. We have consistently argued that this is too high a rate for vulnerable consumers to pay and that it should be lowered by reducing the \$15 per \$100 charge allowed.

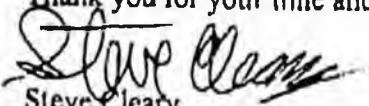
The industry has claimed they will be forced out of business by that. So we have come up with a compromise that will both reduce the interest rate and maintain the industry profit - which is to lengthen the minimum term of the loan to 30 days. This will allow consumers two pay periods to pay the loan back and will also allow military personnel who have chosen to be paid only once a month a better shot at paying back the loan without defaulting.

Industry representatives have claimed that the longer term will cost them more money and they will need to charge more for the loans. Yet they have offered no proof of this. One payday lender in testimony (see attached from House Labor and Commerce Feb 23, 2004) has proven that they make 26,000 loans a year to 24,000 customers. If these customers were offered two more weeks to pay, it would not alter their profits. In addition, since nearly all the loans were taken out by individual customers, it is unclear why the industry pushed for two rollovers in the bill, since the vast majority of their customers are not rolling over at all.

We advocate two simple changes to HB 389:

1. Extend the minimum term of the loan from 14 to 30 days.
2. Reduce the number of rollovers allowed from 2 to 1.

Thank you for your time and consideration.


Steve Cleary
AkPIRG Executive Director

Number 2066

DEBRA FINK, owner, Cash Alaska, testified in support of HB 389 and responded:

I'm with Mr. Sniffen. I don't know how you do it. In our stores, we are all connected. So, within the four stores that I own, there is never any danger of someone going beyond the \$500 limit. I suspect, for other stores that have multiple locations, they could work something else like that out as well. I don't still think there's any way of knowing whether somebody is going across town to another place, and taking out a loan that brings their total in excess of \$500. But, certainly within our business, in our own stores, we can control that.

Number 2030

Essentially, a 36 percent interest rate, although even that sounds like a lot when you just say that number, would not be enough to allow the industry to stay in business. If you'll just sort of be patient with me for a moment. As someone mentioned, we did about 26,000 loans last year. Incidentally, we had 24,000 customers who did those 26,000 loans. Someone else had a question like that, I think.

In any event, at the 36 percent rate, based on the number of loans I did, to round up slightly, we would have brought in \$120,000 in fees. I have four locations and I have nine people who are working full time. Our stores are open 80 hours a week. I have nine full time people who are working to provide this service to the community. Those nine people, with their salaries and benefits are making about \$40,000 each, which is \$360,000 which is already three times the 36 percent cap that people are recommending. So you can see, that just to offer the service, with that small portion of our overall overhead, it would just be impossible.

We also have two and a half people working in our collections division, I have a full time auditor, who just does the payroll advances, and I have store managers, I have a general managers. So, we're getting into payroll costs that are higher than the industry average, we're about 40 percent, of our \$15 fee, just to cover the people that are helping and taking care of the customer. That doesn't count our lease, our utilities, our \$120,000 computer system that keeps all of our stores connected so that we can

limit the maximum dollar amount of loans out. It's very expensive to run a business up here.

Number 1925

A recent study was done. I passed out some of the sheets here to some of the folks in attendance. On Tennessee, Kentucky, Illinois, and Wisconsin, they broke down where this \$15 per \$100 goes, and they end up with about a 10 percent profit, which is about \$1.50 per \$100 that's profit. The rest is what it costs to simply provide the service. I haven't done my figures exactly this way, but this is certainly in the ballpark.

I, too, would like to charge only 36 percent, or 5 percent, but the service simply couldn't be offered at a 36 percent cap.

CHAIR ANDERSON stated

We have to be realistic, too, when you say your service to the community, but I mean, you're in the business to make money. Your testimony, in addition, is that you're not making a windfall from this. So, when you look at other states, like California and such, where there are numerous stores, such as yours, here there are less, it sounds like you answered the question when someone said, "Are there multiple consumers coming in with potential loans every month?" and you said there are 24,000 customers for 26,000 loans, so that's almost one loan per customer.

Number 1857

MS. FINK replied:

I can't speak for any business, other than my own, up here. I do know the community, and they seem pretty responsible to me. I would also like to point out that in most states, where people have been charging \$15 per \$100, which, incidentally, is under the national average, so we're going for the low end, rate wise up here, but in states where they have even the average rate of about \$17 per \$100, stand-alone stores that are not part of chains, are going out of business, like crazy.

In fact, up here, the majority of people that I was aware of that started doing the payroll advances five and six years ago are no longer doing it, because it's just not financially feasible. Stand-alone stores

FROM : AIWA AKPIRG

FAX NO. : 9072769300

Apr. 20 2004 03:39PM P4

would have a very difficult time staying alive, even
with this bill that's in front of you today.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS HB369 (L&C)
() 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: Labor & Commerce
Requester: House 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	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 4/21/04 8:23 AM
Approved by: Edgar Blatchford, Commissioner Date 4/21/2004
Agency: Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CS HB389 (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.



April 19, 2004

The Honorable John Harris, Co-Chair
House Finance Committee
Alaska State Capitol, Room 507
Juneau, Alaska 99801-1182

The Honorable Bill Williams, Co-Chair
House Finance Committee
Alaska State Capitol, Room 515
Juneau, Alaska 99801-1182

RE: HB 389 (House Labor and Commerce Committee) – Oppose

Dear Co-Chairs Harris and Williams:

On behalf of the 76,000 AARP members in Alaska, we wish to express our strong opposition to HB 389 regarding deferred deposit advances, also known as payday loans, sponsored by the House Labor and Commerce Committee. Under the plain language of Alaska's general usury statute and small loans act, the maximum interest rate of 36 % under the usury statute should apply to payday lending. HB 389 would eliminate the cap on interest rates for these loans and allow usurious lending.

There are reasons why the federal government, the Consumer Federation of America, Consumer's Union, the National Consumer Law Center and AARP consider payday loan operators as predatory lenders.

Payday loans usually affect the most vulnerable segment of the population; those that cannot secure credit or a small loan from traditional financial institutions, often because the loan amount is small, or they do not have the necessary collateral. Those who live from paycheck to paycheck must resort to "fringe" banking services such as payday loans if an emergency arises.

Cash-strapped consumers rarely have the ability to repay the entire loan when their payday arrives because that would leave them with little to nothing to live on until the next paycheck. Lenders then encourage consumers to roll-over or refinance one payday loan with another. The result is that the consumer pays another round of charges and obtains no additional cash in return. For example, if a consumer is charged 15% on the face amount of a check of \$200, the consumer receives \$170 in cash, which amounts to an annual percentage rate of 458% if the loan is repaid in two weeks (this is subtracting the interest rate paid from the loan amount). If the consumer cannot repay the loan in two weeks, however, the loan is rolled over into a new payday loan, and the annual percentage rate jumps to a staggering 917%. It is not hard to see how the consumer becomes trapped in a cycle of debt.

This legislation would legalize payday loans, thereby authorizing interest rates that exceed state usury limits more than ten times over. At minimum, HB 389 would allow loans of up to \$500 to be made at a 15% interest rate, which translates to an annual percentage rate (APR) of **391 percent**, with the potential for skyrocketing rates, as explained above. It would also allow payday lenders to charge an origination fee, with no limit set. And although this origination fee is not considered interest in the bill, in fact it will have the identical effect, as the consumer must repay this fee to renew the loan. To claim that this fee is not interest, when it serves the same service, is to remove it from any Truth-in-Lending obligations. This is unconscionable.

In addition, this legislation allows what are known as "touch and go" loans, where borrowers can take out a new loan immediately after paying off an old loan, resulting in borrowers entering a never-ending cycle of using two lenders to continually pay off each other, while plunging the borrower into ever-deeper debt.

As stated above, to renew the loan, consumers would have to repay the origination fee as well as the \$15 per \$100 loan charges. Research in several states, such as Illinois, Indiana, and Wisconsin, shows that consumers typically take out 10-12 payday loans a year. This is not surprising; if a consumer is so desperate for cash that they will pay nearly 400% in interest to take out a loan, it is unlikely they will be able to repay the loan at the end of the loan term, which is typically no longer than two weeks. The consumer then repays the interest over and over again to extend the loan term, as they do not have the money to repay the principal. The limit on renewals in this bill will not end this practice in any way. There is no limit on the number of loans that can be taken out by the consumer, just a limit on the dollar amount from one lender or its affiliates. Consumers often have multiple loans outstanding from multiple lenders, using one loan to pay off another. (Arizona law requires payday lenders to use Telecheck to make sure that an individual has not already borrowed from other payday lenders.)

AARP, in collaboration with the Consumer Federation of America, Consumer's Union, and the National Consumer Law Center, has been working on predatory lending issues for several years. As part of this effort on predatory lending, our organizations have developed a model bill recognizing that consumers, particularly those who are "unbanked," may have a need for small loans but they should not pay usurious rates to receive them. Further, the repayment terms of the loan must be reasonable so consumers are not trapped in debt. Our model bill calls for a repayment period of two weeks for every \$50 borrowed, which allows consumers to pay back their loans without having to go deeper into debt. We also advocate a 36 percent annual interest rate cap, which is consistent with Alaska's existing small loan act. (Some states set this cap below 36 percent.) The model also prohibits lenders from extending loans to consumers who already have \$300 outstanding in payday loans, either from the same lender or any other lender. Payday loans are heavily marketed in low-income areas and near military bases as "fast, easy, credit" with no credit checks, a practice we consider predatory. We have found payday lenders who market to older persons who have high medical costs or high prescription costs by encouraging retirees to treat their Social Security check like a paycheck.

Many of our AARP members are veterans. We find it particularly onerous that payday lenders target young military families who, because of deployment overseas, may find themselves cash-strapped. Several news accounts have discussed this situation faced by our military families during our current activities in Iraq and Afghanistan.

Consumers who are considered high-risk borrowers often have a difficult time getting credit on reasonable terms. But they deserve protection from deceptive and unfair lending practices. We

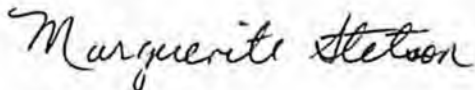
do not think it is in the best interest of Alaska citizens to enable payday lenders to further entrap their customers in a cycle of debt. AARP urges the members of the Senate Labor and Commerce Committee to oppose this legislation. Send a message, loud and clear, that the Alaska Legislature will not support organizations that rip off our most vulnerable citizens.

AARP recommends a "NAY" vote on HB 389.

Should you have any questions about our position, please feel free to contact Marie Darlin, Coordinator of the AARP Capital City Task Force (907-586-3637), Patrick Luby, AARP Advocacy Director (907-762-3314) or me (907-245-5259).

Thank you for your consideration.

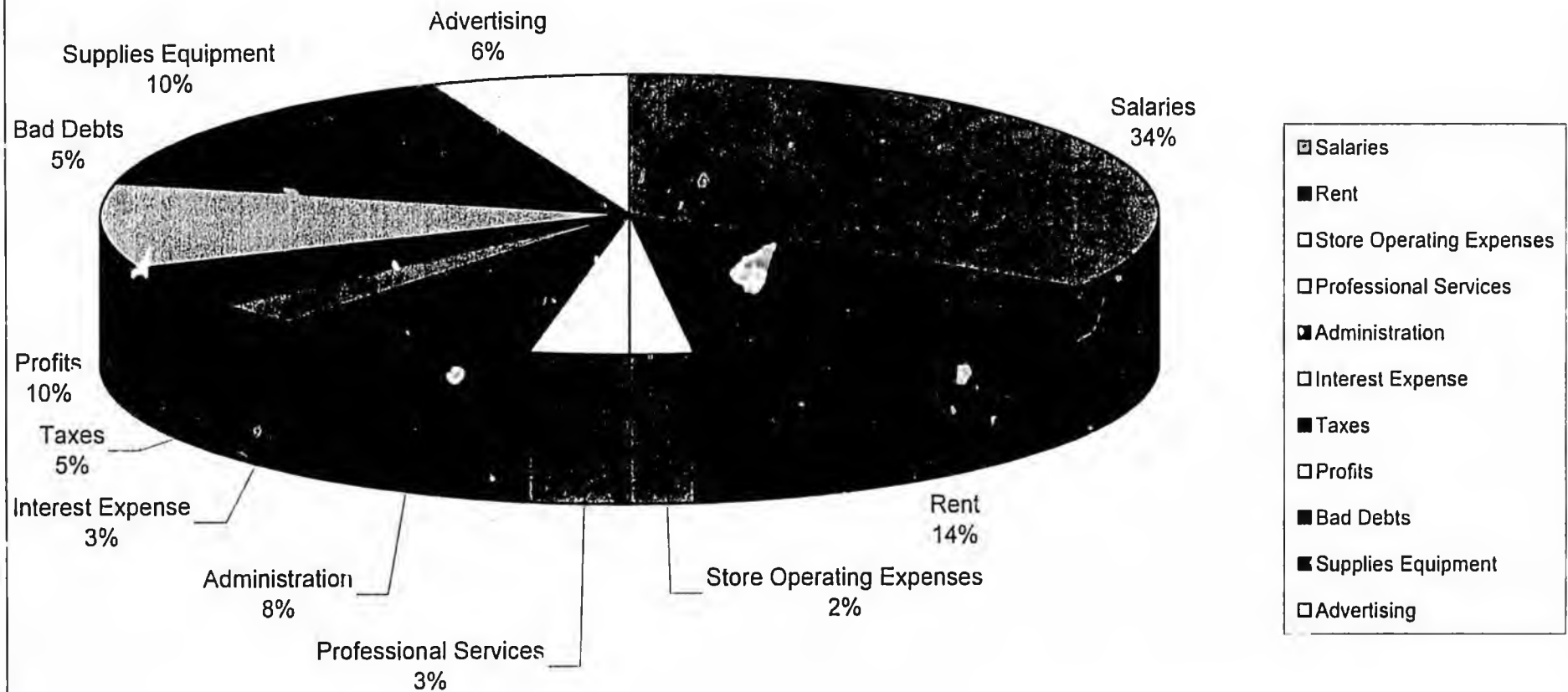
Sincerely,



Marguerite Stetson
AARP State Coordinator for Advocacy
3009 Northwood Street
Anchorage, AK 99517-1871
907-245-5259 (voice)
907-245-5279 (fax)
ffmas@aurora.uaf.edu

CC: Vice-Chair Kevin Meyer
Representative Mike Chenault
Representative Bud Fate
Representative Richard Foster
Representative Mike Hawker
Representative Bill Stoltze
Representative Eric Croft
Representative Reggie Joule
Representative Carl Moses
Marie Darlin
Patrick Luby

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*
 David Brodsky, *Treasurer*
 Andrew Boisselle, *Secretary*

The Costs of Providing Emergency Advance Services

EXECUTIVE DIRECTOR:
 Henry F. Shyne

GENERAL COUNSEL:
 Harold Goldman

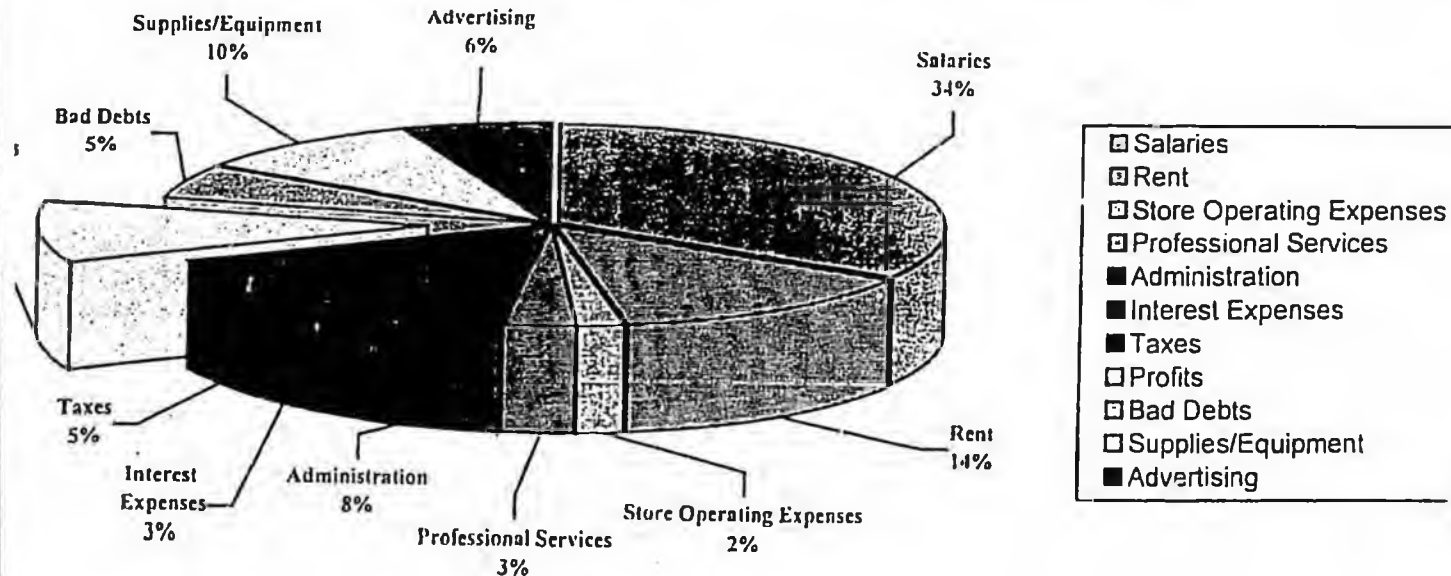
PLATINUM ASSOCIATE MEMBERS:
 Ashpoint Network Services
 Chase Manhattan Bank
 Marshall & Sterling, Inc.
 Post Distribution Services, Inc.
 The Pay-O-Matic Corporation
 Travelers Express/MoneyGram™
 Western Union® Financial Services

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.)



COMPARISON OF CSHB389 TO CURRENT LAW

	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

LAW OFFICES OF
DAVID J. SCHMID
ATTORNEY AT LAW
600 "L" Street, Suite 503
Anchorage, Alaska 99501
TELEPHONE (907) 270-4335 FAX (907) 278-1812

April 20, 2004

Deborah Fink
Cash Alaska
2917 Spenard Rd.
Anchorage, AK 99503

Re: Vickie A. Hardy vs. Fine Pawn, Inc., Case No. 3AN-03-05191 (CI)

Dear Ms. Fink:

This letter is in response to your inquiry regarding the status of the superior court action in Vickie A. Hardy vs. Fine Pawn, Inc. dba Alaska First Cash, Case No. 3AN-03-05191 (CI), in which this office represents the defendant, Alaska First Cash. The lawsuit relates to two "payday" loans that were made by Alaska First Cash to the plaintiff. The lawsuit alleges that the interest rate charged for the loans was unlawful because it exceeded the usury rate, and seeks damages and injunctive relief enjoining Alaska First Cash from charging interest at rates higher than the usury rate for any future payday loans.

Our research demonstrates that the legislature intended to exempt such loans from the usury rate when it enacted, and subsequently amended, the provisions of AS 06.20.330, under the Alaska Small Loans Act. Enclosed is a copy of our opposition and cross-motion for summary judgment that was recently filed in the action, which details the legislative history regarding this provision and which, we believe, conclusively demonstrates that such loans were intended by the legislature to be exempt from any interest rate regulation, including the usury statute. It also attaches copies of the relevant legislative materials and hearing transcripts identified in our opposition. We are confident that the court will rule that such loans are exempt from usury, and will dismiss the plaintiff's claims against Alaska First Cash.

With regard to your inquiry as to the legal effect of a possible ruling by the superior court that such loans are subject to the usury rate, at this point, such ruling would only be binding against Alaska First Cash, and would be subject to reversal on appeal by the Alaska Supreme Court. Even if the court's ruling were to be upheld by the Supreme Court, it would not have any immediate effect on other payday lenders, in the absence of another lawsuit filed against them.

Very truly yours



Eric R. Cossman

ERC/na
enclosures

FISCAL NOTE

Updated

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 389 (L&C)
() 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: 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	102.5	102.5	102.5	102.5	102.5	102.5
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment	4.8					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	224.8	220.0	220.0	220.0	220.0	220.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1156)	64.0	69.0	64.0	69.0	74.0	79.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 CF/Mental Health						
1156 Receipt Supported Services	224.8	220.0	220.0	220.0	220.0	220.0
TOTAL	224.8	220.0	220.0	220.0	220.0	220.0

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) and miscellaneous contractual expenses for two new employees (\$2.5)

Prepared by: Mark Davis, Director Phone (907) 465-2521
Division: Banking, Securities & Corporations Date/Time 3/5/04 3:07 PM

Approved by: Edgar Blatchford, Commissioner Date 3/5/2004
Agency: Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSHB 389 (L&C)

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 50 establishments who will each pay \$500 for a license. 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 \$39.0 from the cost examination of these licensees.

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT FOR CS HB 389 (L&C) BY: Representative Tom Anderson

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."

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

In developing the regulation process CS HB 389 (L&C) adheres to two important aspects of the deferred deposit/payroll advance issue: first, consumer protection – shielding citizens from unconscionable fees and predatory lending tactics; and second, business protection – allowing businesses who are filling a legitimate need for the Alaskan consumer to operate without unreasonable regulatory burdens.

CS HB 389 (L&C) 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.

Additionally, CS HB 389 (L&C) clearly states that businesses may not threaten customers with criminal action as a result of a payment deficit.

CS HB 389 (L&C) does not regulate traditional pawnshop activities of loans under \$500; the focus is on deferred deposits and business providing this service.

I urge your support for this legislation.

Sectional Analysis for HB 389

Section 1. States the purpose of the Act.

Section 2. Establishes a new chapter relating to deferred deposit advances

Sec. 06.50.010 prohibits a person from engaging in the business of making deferred deposit advances without a license. Requires a separate license for each location.

Sec. 06.50.020 establishes the qualifications that a person must meet to qualify for a license. This covers mandatory liquid assets and demonstrations regarding financial responsibility, financial condition, business experience, character, and general fitness. Makes these requirements continuing in nature and subject to periodic review by the department of Community and Economic Development

Sec. 06.50.030 establishes requirements for the license application. Requires submission of a nonrefundable investigation fee for each business location. Directs the department to investigate whether the applicant satisfies the requirement and, if the applicant satisfies the requirements and the department approves the application, to issue the license. Make the license effective for the year in which issued, unless surrendered, suspended, or revoked. Establishes procedures for renewal.

Sec. 06.50.040 establishes the procedures for denial of a license or of a license renewal.

Sec. 06.50.050 prohibits the transfer or assignment of a license, except for transfer to a new location under Sec. 06.50.070.

Sec. 06.50.060 requires the prior written approval of the department for the continued operation of a licensee's deferred deposit advance business when a change in control of the licensee is proposed. Requires the licensee requesting approval to pay any costs (up to a stated amount) that are incurred by the department to investigate the request for approval.

Sec. 06.50.070 requires a licensee to notify the department in writing at least 15 days before any proposed change in the licensee's business location or name and to provide the department with certain information.

Sec. 06.50.080 allows the department, after notice and a hearing, to suspend or revoke a license if the department finds that the licensee has engaged in certain listed activities.

Sec. 06.50.090 requires a licensee to file with the department a composite annual report relating to all advances made by the licensee during the preceding calendar year. Also requires a licensee to file with the department (within 15 days after the occurrence of certain listed events) a written report describing the event and its expected effect on the activities of the licensee in the state.

Sec. 06.50.100 establishes certain criteria that a licensee must follow when keeping its records, including the manner in which they must be kept, their location, and the length of time they must be kept.

Sec. 06.50.110 provides examination and investigative powers for the department and corresponding obligations of licensees regarding these examinations and investigations. Authorizes the department to apply to the superior court for an order compelling compliance if there is a failure without legal excuse to obey a subpoena or give testimony.

Sec. 06.50.120 state that the Administrative Procedure Act, AS 44.62, applies to department action taken under the chapter, except where other procedures are provided in the chapter.

Sec. 06.50.130 establishes certain requirements for deferred deposit advances.

Sec. 06.50.130(a) requires an advance to be documented in a written agreement signed by the recipient. States certain items the agreement must include.

Sec. 06.50.130(b) states that a licensee may not be an organization.

Sec. 06.50.130(c) sets a maximum principal amount for an advance.

Sec. 06.50.130(d) allows a licensee to charge an origination fee. Treats the fee as fully earned as of the date of the transaction and states that the fee is not considered interest. Prohibits a licensee from charging another fee unless expressly allowed by the chapter.

Sec. 06.50.130(e) requires a licensee to post a notice of the licensee's fees in each licensed location. Indicates how much a licensee may charge.

Sec. 06.50.130(f) allows an advance recipient to rescind an advance without cost if done not later than the end of the next business day after the advance.

Sec. 06.50.130(g) requires a licensee to provide written notice to the advance recipient of certain listed information before disbursing the money.

Sec. 06.50.130(h) prohibits a licensee from accepting more than one instrument as security for each advance. Requires the licensee to endorse the instrument with the licensee's actual business before depositing or otherwise negotiating the instrument. Allows an advance recipient to redeem the instrument before the deposit or other negotiation of the instrument by making payment.

Sec. 06.50.130(i) indicates how a licensee may pay the advance recipient, but prohibits the licensee from charging an additional fee to the recipient to access the proceeds of the advance.

Sec. 06.50.130(j) allows a licensee to charge an advance recipient and additional fee if the advance is renewed rather than paid in full when due.