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CS FOR HOUSE BILL NO. 234()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): HOUSE SPECIAL COMMITTEE ON OIL AND GAS

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the rate of interest payable on royalties or net profit shares."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 *** Section 1.** AS 38.05.135(d) is amended to read:

4 (d) If a royalty or net profit share payment to which the state is entitled under
5 AS 38.05.135 - 38.05.181

6 (1) is not paid when it becomes due under this section or is
7 underpaid when it becomes due under [(c) OF] this section and the error in the
8 amount of the underpayment is manifest or not the result of a redetermination
9 and recalculation following an inspection of records or an audit conducted under
10 AS 38.05.036, the unpaid amount of the royalty or net profit share payment bears
11 interest in a calendar quarter at the rate of five percentage points above the annual rate
12 charged member banks for advances by the 12th Federal Reserve District as of the
13 first day of that calendar quarter, or at the annual rate of 11 percent, whichever is
14 greater, compounded quarterly as of the last day of that quarter;

15 (2) is underpaid when it becomes due under this section and the

1 error in the amount of the underpayment is disclosed based on a redetermination
2 and recalculation following an inspection of records or an audit conducted under
3 AS 38.05.036, the unpaid amount of the royalty or net profit share payment bears
4 interest, if the date of the commissioner's notice to the lessee advising of the
5 underpayment is

6 (A) not more than two years after the payment due date, at
7 the annual rate of 11 percent for amounts that are unpaid for the period
8 between the payment due date and the date of the commissioner's
9 transmittal letter;

10 (B) more than two years but not more than three years
11 after the payment due date, at the annual rate of 11 percent for amounts
12 that are unpaid for two years after the payment due date and at the
13 annual rate of 5.5 percent for amounts that are unpaid for the period after
14 the second anniversary of the payment due date;

15 (C) more than three years but not more than four years
16 after the payment due date, at the annual rate of 11 percent for amounts
17 that are unpaid for two years after the payment due date, at the annual
18 rate of 5.5 percent for amounts that are unpaid for the period between the
19 second and third anniversaries of the payment due date, and at the annual
20 rate of 2.75 percent for amounts that are unpaid for the period between
21 the third and fourth anniversaries of the payment due date; and

22 (D) more than four years after the payment due date, at the
23 annual rate of 11 percent for amounts that are unpaid for two years after
24 the payment due date, at the annual rate of 5.5 percent for amounts that
25 are unpaid for the period between the second and third anniversaries of
26 the payment due date, and at the annual rate of 2.75 percent for amounts
27 that are unpaid for the period between the third and fourth anniversaries
28 of the payment due date, but the disputed amount of the royalty or net
29 profit share bears no interest for amounts that are unpaid for the period
30 after the fourth anniversary of the payment due date.

31 * Sec. 2. AS 38.05.135(e) is amended to read:

1 (e) If a royalty or net profit share payment to which the state is entitled under
2 AS 38.05.135 - 38.05.181 is overpaid, interest at the rate and compounded in the
3 manner provided in (d)(1) [(d)] of this section shall be allowed and paid on the
4 overpayment. The interest allowance is subject to the following:

5 (1) if the state grants a credit against future payments for the
6 overpayment, the state shall pay interest on the overpayment

7 (A) from the date that is the later of the date the overpayment
8 was

9 (i) due; or

10 (ii) received;

11 (B) to the date that is the earlier of the date

12 (i) of notice to the lessee of the credit; or

13 (ii) on which the lessee actually takes the credit;

14 (2) if the state refunds the overpayment, the state shall pay interest on
15 the overpayment

16 (A) from the date that is the later of the date the overpayment
17 was

18 (i) due; or

19 (ii) received;

20 (B) to the date the state issues the refund.



House Oil and Gas Committee – HB 234
April 7, 2005

Mr. Chairman and members of the committee, for the record, my name is Michael Hurley. I am director of state government relations for ConocoPhillips Alaska, based in Anchorage.

ConocoPhillips supports a change in the statutory interest rate for over and under payments of royalties to something much more reflective of the actual time value of money. The current statute, with its arbitrary, high fixed rate acts more like a penalty than a reimbursement of the opportunity cost of funds.

Let me first point out that from ConocoPhillips perspective, this hasn't historically been a big dollar issue one way or the other. The interest rate applicable to most of our production is governed by the royalty settlement agreement we have with the state. However as a matter of public policy, we believe interest should reflect the cost of funds, not be a cudgel to try to force people to pay more than they think they owe just out of fear.

Additionally, the current system often makes resolution of substantive issues difficult because of the magnitude of the dollars that end up being at stake, just due to the interest. At the current statutory 11% compounded quarterly, the interest can amount to 50% of the value of the underlying issue in just 4 years. And in just over 6 years can double the monetary value of an issue.

We believe that rather than acting as an incentive for producers to pay their royalties in a timely fashion, it has become a disincentive for the state to work out substantive issues.

Recapture of the true time value of money... that's fine. But having a rate that appears to be more of an onerous penalty seems out of step with a culture of encouraging resource development.

One thing we would suggest the committee consider is applying the new interest rate defined in HB 234 more broadly.

As currently drafted, section 2 of the bill applies only to interest charged on under and over payments of royalties. If you agree that this change makes sense, you should consider changing the corresponding statute on the tax side as well, which is defined in AS 43.05.225.

Thank you Mr. Chairman for this opportunity to testify, I'd be happy to try to answer any questions the committee may have.

Alaska Oil and Gas Association



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Testimony
of the
Alaska Oil and Gas Association
to the
House Special Committee on Oil and Gas
Regarding HB 234

April 7, 2005

Good afternoon. My name is Marilyn Crockett, and I am Deputy Director of the Alaska Oil and Gas Association ("AOGA"). AOGA is a private trade association whose 18 member companies account for a majority of the oil and gas exploration, development, production, transportation, refining and marketing activities in Alaska. On behalf of AOGA and its members, I thank you for this opportunity to testify on House Bill 234, relating to the accrual of interest for purposes of audit adjustments to (and other underpayments of) oil and gas royalty and net-profits-share payments to the State.

AOGA supports the purpose and intent of HB 234, and particularly the changes to the statutory rate of interest under AS 38.05.135(d) that are proposed in Section 2 of the Bill. Currently the statutory rate is five percentage points over the Federal Reserve "discount rate" or 11% APR, whichever is higher, and it is compounded quarterly. HB 234 would set the rate at two percentage points above the Federal Reserve "discount rate," would eliminate the 11% floor-rate, and would use simple interest and eliminate the quarterly compounding.

These changes under HB 234 would make the law much more reasonable and fair. Frankly, when prime interest rates are running below 6% as they are today and have been for several years, a statutory rate of 11% goes far beyond the line between proper compensatory interest and interest that constitutes a punishment for underpaying. AOGA believes that if abusive underpayments are a problem, there are better ways to deal with it than having punitive interest rates. But, from our experience, the great majority of royalty underpayments are not abusive. Under "paragraph 16" of the lease, a producer owes royalty on the highest of A) the price it gets for the oil, B) the posted price for oil from the same field, and C) the highest price any other producer is getting for its oil from that field. For competitive and antitrust reasons, individual companies cannot find out what other producers get for their oil. They only find out about other producers' prices if DNR makes a claim on that basis during audit. In such a situation, it is inappropriate to apply a punitive rate of interest for the underpayment.

HB 234 would change statutory interest back into a compensatory mechanism, instead of being an instrument of punishment. AOGA welcomes this change in philosophy about the purpose of statutory interest.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE VIC KOHRING DISTRICT 14

House Bill 234 Sponsor Statement

House Bill 234 revises the due date for payment of oil and gas royalties and net profit shares to the state. In addition, the legislation amends the interest rate charged for underpayment of royalties for oil and gas.

HB 234 is not a new concept. Similar legislation was proposed in 1993 by Governor Hickel. His administration recognized that a fixed interest rate becomes outdated and usurious if prevailing rates fall while the statutory rate can remain excessively high in comparison. Interest rates determine the level of compensation for the use of one's money while it is in the hands of another.

The current statute has not been significantly modified since 1993. Over the 12 years since then, we have seen interest rates fluctuate from as 5.75% to as low as .75%, substantially lower than the 11% currently charged by statute. HB 234 provides a mechanism for adjusting an interest rate that better reflects current and prevailing market rates.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB234-DNR-O&G-03-30-
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
Title Oil/Gas Royalty Due Date & Interest Rate RDU Resource Development
Component Oil and Gas Development
Sponsor House Oil and Gas
Requester House Oil and Gas Component No. 439

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	273.0	273.0	273.0	273.0	273.0	273.0
Travel	20.0	20.0	20.0	20.0	20.0	20.0
Contractual	4.5	4.5	4.5	4.5	4.5	4.5
Supplies	15.0	6.0	6.0	6.0	6.0	6.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	312.5	303.5	303.5	303.5	303.5	303.5

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	312.5	303.5	303.5	303.5	303.5	303.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	312.5	303.5	303.5	303.5	303.5	303.5

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal: ☐

POSITIONS

Full-time	3	3	3	3	3	3
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 234 would change the date from which interest on underpayments or nonpayments of oil and gas royalties and net profit share leases would be calculated (from the original due date to 60 days after notification by the state of an underpayment through an audit claim). This bill also amends the interest rate set under AS 38.05.135 for oil and gas royalties and net profit share payments from an 11 percent floor to two percent above the annual rate charged member banks for advances by the 12th Federal Reserve as of the first day of that calendar quarter (currently the federal discount rate is 3.75 percent resulting in a legal rate of 5.75 percent). In addition, HB 234 eliminates the quarterly compounding of interest.

Continued on next page.

Prepared by: Mark D. Myers, Director Phone 269-8800
Division Oil and Gas Date/Time 3/29/2005
Approved by: Tom Irwin, Commissioner Date 3/30/2005
Agency Natural Resources

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB234-DNR-O&G-0:

ANALYSIS CONTINUATION

Currently under AS 38.05.135(d), if a royalty or net profit share payment is not paid or is underpaid when it becomes due, the unpaid amount bears interest in a calendar quarter at the rate of five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District as of the first day of that calendar quarter or at the annual rate of 11 percent, whichever is greater, compounded quarterly. In short, the state is assured of a floor of 11 percent which compounds quarterly. In addition, interest is calculated from the original date that the payment was due. See AS 38.05.135(c). The same interest calculations also apply to refunds paid by the state to lessees as a result of over-payment (see AS 38.05.135(e)).

***This bill will result in a significant negative fiscal impact to the state. It is difficult to estimate the exact fiscal impact to the state. The Division of Oil and Gas examined the royalty refilings for just one company during the last four years (2001-2004) comparing the current interest rate and the proposed interest rate. Had the interest rate proposed in this bill been in effect, the state would have collected approximately \$12.4 million less in royalty refilings from this one company (after considering both underpayments and over-payments). When looking at all lessees, it is clear that the state would lose tens of millions of dollars on underpayments determined through audits.

In effect, the lessee gets an interest free loan on money that it owes the state from the month of production until the state conducts an audit and discovers that an underpayment has been made. Interest in all situations whether for oil and gas royalty sales or net profit shares are intended to account for the time value of money and to make the state (or the lessee) whole for under- (or over-) payments that occur in the normal course of business.

It should also be noted that because 25 percent of royalty revenues are dedicated to the Permanent Fund, underpayment means that the Permanent Fund is also losing the opportunity to invest the amount of the underpayment and receive a return on its investment.

Because the bill creates a major incentive for underpayment, the Division of Oil and Gas anticipates a significant increase in the number and scope of audits performed by the division. The division would require three additional Revenue Auditor V (Range 22 A) positions (3 x \$90,941 = \$272,823). An additional \$20,000 would be required for travel expenses associated with audits.

HB 234

HB 234 creates an incentive for oil and gas lessees to underpay royalties and net profit shares owed to the state. It would result in a loss of revenue to the state, and substantially increase the workload for the Division of Oil and Gas audit section. Companies would pay interest or underpayments only **after** a completed audit and then pay interest at a much lower rate (5.75 percent today) than their typical return on capital. In effect, the lessee gets an interest free loan on money that it owes the state from the month of production until the state conducts an audit and discovers that an underpayment has been made. Conversely, if the companies overpay, the state pays interest to the lessee from the date of the over payments. Over the past four years, this bill would have cost the state tens of millions of dollars. Because the bill creates a major incentive for underpayment, the Division of Oil and Gas anticipates a significant increase in the number and scope of audits performed by the division.

Background:

Currently under AS 38.05.135(d), if a royalty or net profit share payment is not paid or is underpaid when it becomes due, the unpaid amount bears interest in a calendar quarter at the rate of five percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District as of the first day of that calendar quarter or at the annual rate of 11 percent, whichever is greater, compounded quarterly. In short, the state is assured of a floor of 11 percent, which compounds quarterly. In addition, interest is calculated from the original date that the payment was due. This interest rate has acted as an incentive to industry to submit royalty and net profit share payments on time. While 11 percent may seem like a high rate, it is less than the typical rate of return expected by oil companies on capital employed (12 percent to 15 percent).

The amendments proposed by this bill would set a new rate without a floor and with a simple, non-compounding interest. Interest would not begin to accrue until 60 days after notification by the state through an audit claim or other redetermination.

HB 234 does the following:

- Changes the interest rate for royalties or net profit shares due the state to two percent above the annual rate charged member banks for advances by the 12th Federal Reserve as of the first day of that calendar quarter.
- Eliminates the 11 percent interest floor and the quarterly compounding of interest.
- Eliminates the requirement that interest on unpaid or underpaid royalties or net profit shares be calculated back to the original due date. Replaces it with the requirement that interest begin accruing 60-days **after** DNR notifies the lessee of the underpayment or lack of payment. In other words, there would be no interest on royalties or NPSL revisions as long as the lessee pays within 60 days of being notified.
- In the case of an overpayment to the state, the state continues under AS 38.05.135(e) to pay interest on the overpayment from the date that the overpayment was due or received to the date the state issues a refund.
- Interest in all situations whether for oil and gas royalty sales, lessee payments of royalties, lease rents and net profit shares are intended to account for the time value of money and to make the state (or the lessee) whole for under- (or over-) payments that occur in the normal course of business. In the situation where the lessee has underpaid its royalty, the state has not had use of this money and should receive some compensation for the opportunity cost of drawing on other revenues to make up the difference.
- In addition, because 25 percent of royalty revenues are dedicated to the Permanent Fund, underpayment means that the Permanent Fund is losing the opportunity to invest the amount of the underpayment and receive a return on its investment.
- This interest rate has acted as an incentive to industry to submit royalty and net profit share payments on time. This bill could have the effect of encouraging industry to not make any royalties or net profit share payments until 60 days after notification since it is interest free until then.

Unocal Alaska
Union Oil Company of California
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Kevin A. Tabler, Manager
Land/Government Affairs

March 29, 2005

Representative Vic Kohring
State of Alaska Legislature
Room 24, State Capitol
Juneau, Alaska 99801-1182

Re: Support for HB 234

Representative Kohring:

Union Oil Company of California is pleased to see the introduction of HB 234. Establishing a date certain when an error in the oil or gas royalty or net profit share payment due the State of Alaska (State) has been identified by the State and communicated to the producer and allowing for a sixty (60) day period of time to respond to such notification prior to interest penalty accumulation, is just and fair.

Under the current statute and procedure, notification to the producer of a potential underpayment is not normally received until years later through the audit process. At that time, it requires a certain amount of time for the producer to check its records, etc. to determine whether or not it agrees with the notification. Interest charges at an arbitrary and artificially "higher of" rate of 11% are accrued back to the period of time in dispute. In some cases, by the time the producer is notified, the interest accumulation can be as much, or nearly as much, as the amount owed.

This rate of interest creates a coercive environment in negotiations and discussions with the State. A company is forced to make a payment that it may dispute simply to stop the interest accumulation, and then is subsequently forced to negotiate and try and recoup any such overpayment. Since the amount of royalty due is always uncertain in the absence of a forward agreement with the State on royalties from particular fields, Unocal is constantly in negotiation with the State for additional royalties which may be due for prior production. The process, is unfair and usury.

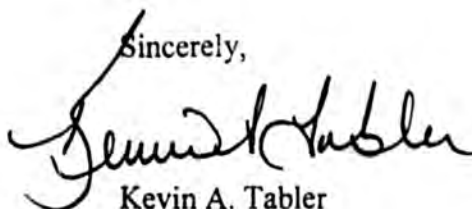
Representative Kohring
March 29, 2005
Page 2

Additionally, the elimination of the "higher of" provision from an arbitrary percentage to a rate of two (2) percent above a standard we can all look to, adjusting with the market, is a more reasonable and fair rate for unintentional underpayments and should be supported as a matter of fairness. In today's low interest environment, this rate adequately compensates the state for the lost opportunity costs of late payment of royalties.

Unocal encourages you and your committee to pass HB 234 out of the Oil and Gas Committee and support same through the legislative process.

Thank you for taking the initiative to address this area of inequity.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kevin A. Tabler".

Kevin A. Tabler

Memorandum



Marc D. Bond
Assistant Counsel
Law Department
Tel 907.263.7813
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DATE: March 31, 2005

TO: Kevin Tabler
Manager, Land and Government Affairs

SUBJECT: **Interest Rates on Royalties**
The History of Interest Rates on Judgments in Alaska

The basic concept of interest is to compensate one who is owed money by another for the time value of that money while it is in the hands of the other individual. The use of money is a commodity, and like any other commodity it has a value. Between individuals with arms length relationships, the value fluctuates depending upon the availability of money to loan. Subject to the usury laws, people freely set interest rates for the use of money in all manner of personal and commercial transactions.

A more difficult proposition arises when the government is called upon to establish a rate of interest for those who are involved in "involuntary transactions." These include the payment of interest on taxes or royalties which are owed. The situation is similar when money is recovered by a litigant in civil court by way of a judgment. When the interest rate on the money owed is established by contract, the court will award the contractual rate, subject, of course, to any usury restrictions. But when there is no contract between the litigants, or the contract does not set a rate of interest, the legislature has had to establish an interest rate on such judgments.

In 1962, when the legislature adopted the civil process, it adopted a provision on interest rates for judgments. In the early history of the state, interest rates were more stable and it was easy to fix a specific rate of interest.

Sec. 4.07. Interest on Judgments. The rate of interest on judgments and decrees for the payment of money is six percent per annum, except that a judgment or decree founded on a contract in writing providing for the payment of interest until paid at a specified rate exceeding six percent per annum and not exceeding eight percent per annum bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree.

101 SLA 1962, § 4.07 codified as AS 09.30.070.

Through the 1960's, as federal budget deficits and federal borrowing rose, interest rates also rose. In 1969, the legislature changed the rate to eight percent. 69 SLA 1969 § 1. Interest rates reached new highs at the conclusion of the Carter administration, and the legislature raised the judgment rate to ten and a half percent. 107 SLA 1980 §1.

In 1986, the legislature authorized the assessment of prejudgment interest starting with the day on which process was served or written notification of a claim. 139 SLA 1986 §3.

Throughout the 1990's, interest rates fell, and the defense bar and insurance industry (among others) complained that the 10.5% rate for prejudgment interest and judgment interest was well beyond that which would compensate a claimant for the time value of money. Accordingly, in 1997, tired of trying to chase interest rates, the legislature wisely elected to tie prejudgment and judgment interest rates to the federal discount rate.

* Sec. 18. AS 09.30.070(a) is amended to read:

(a) Notwithstanding AS 45.45.010, the rate of interest on judgments and decrees for the payment of money, including prejudgment interest, is three percentage points above the 12th Federal Reserve District discount rate in effect on January 2 of the year in which the judgment or decree is entered, except that a judgment or decree founded upon a contract in writing, providing for the payment of interest until paid at a specified rate not exceeding the legal rate of interest for that type of contract, bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree.

With a minor provision relating to letters of credit, the statute remains as written above. See 75 SLA 1999 §1.

The 12th Federal Reserve District discount rate in effect on January 2, 2005, was 3.25%, so the interest rate on judgments in Alaska for 2005 is 6.25%, or just a little more than half of the interest rate on royalties.

Call me if you have additional questions.

Attachments:

Legislative enactments regarding judgment interest rates

entered in complete specified in the offer, for the adverse party when file the offer and all enter judgment. An incidence of that offer is judgment after verdict. If been made under this offer, or if there are more than the offer, the claim, shall pay all shall pay reasonable was made, as follows: as made the disclosures l pay 75 percent of the

as made the disclosures 90 days before the trial le actual attorney fees; s before the trial began, al attorney fees. ey fees under (a) of this purposes of an award of withstanding (a) of this the Alaska Rules of Civil section, the offeree shall es of Civil Procedure and a) of this section. A party ve attorney fees under the 1 ch 48 SLA 1981; am § 2

visions of ch. 26, SLA 1997, see 1997 in the 1997 Temporary and

ments. — The 1997 amendment, 1997, rewrote subsection (a) and

— Section 9, ch. 139, SLA 1986 1986 amendment to this section s of action accruing after June 11,

26, SLA 1997 provides that the s, SLA 1997 apply "to all causes of or after August 7, 1997."

court must add prejudgment interest it to compare its value to that of the ent, in order to determine whether ore favorable than final judgment. 375 P.2d 54 (Alaska 1999). ormed prior to offer. — The trial f full attorney's fees violated para- id because Alaska Civ. R. 68 and this section apply only from the date judgment is made, the superior court defendant attorney's fees for services re the offer of judgment. Kellis v.

Crites, 20 P.3d 1112 (Alaska 2001).

Costs and attorney's fees. — An offer of judgment made under this statute does not include costs and attorney's fees not expressly mentioned in the offer. LaPerriere v. Shrum, 721 P.2d 630 (Alaska 1986).

An offer of judgment, made under Civil Rule 68 or this statute requires that costs allowable under Rule 79, and attorney's fees on a noncontested or partially contested basis under Rule 82 be awarded in addition to the principal sum specified in the offer. LaPerriere v. Shrum, 721 P.2d 630 (Alaska 1986).

Prejudgment interest. — Because prejudgment interest on the underlying claim in a legal malpractice action became part of the underlying judgment and, as such, stood apart from the interest awarded on the judgment for the malpractice claim, a reduction of interest under the pre-1997 versions of Alaska Civ. R. 68 and this section reached back only to the accrual of the malpractice claim. Power Constructors, Inc. v. Taylor & Hintze, 960 P.2d 20 (Alaska 1998).

President could not receive an enhancement of prejudgment interest if his award was characterized as a Jones Act award; however if the trial court characterized the president's damages award as an unseaworthiness award, he was entitled to an enhancement of prejudgment interest. Marine Solution Servs. v. Horton, 70 P.3d 393 (Alaska 2003).

Section inapplicable to prejudgment interest. — This statute is not a prejudgment interest statute; it addresses the procedures for and consequences of

making offers of judgment. Under Alaska law, prejudgment interest is compensatory, not a cost or penalty for litigation. Home Indem. Co. v. Lane Powell Moss & Miller, 43 F.3d 1322 (9th Cir. 1995).

Borrower's interest payments not included in prejudgment interest. — The superior court erred in permitting the jury's damage award to include prejudgment interest on a borrower's interest payments because this effectively compounds interest and results in double recovery. Tookalook Sales & Serv. v. McGahan, 846 P.2d 127 (Alaska 1993).

Appeal and remand. — Offers of judgment, in general, remain effective after appeal and remand; the parties' decision to resolve their dispute through an alternative to trial, however, can invalidate such an offer. Mackie v. Chizmar, 965 P.2d 1202 (Alaska 1998).

Applied in Fairbanks N. Star Borough v. Tundra Tours, Inc., 719 P.2d 1020 (Alaska 1986); Lloyd's & Inst. of London Underwriting Cos. v. Fulton, 2 P.3d 1199 (Alaska 2000).

Quoted in Wood v. Collins, 812 P.2d 951 (Alaska 1991); Navistar Int'l Transp. Corp. v. Pleasant, 887 P.2d 951 (Alaska 1994).

Cited in Alaska Hous. Fin. Corp. v. Salvucci, 950 P.2d 1116 (Alaska 1997); Bobich v. Hughes, 965 P.2d 1196 (Alaska 1998); Magill v. Nelbro Packing Co., 43 P.3d 140 (Alaska 2001); Fleegel v. Estate of Boyles, 61 P.3d 1267 (Alaska 2002); Lawson v. Helmer, 77 P.3d 724 (Alaska 2003).

Sec. 09.30.070. Interest on judgments; prejudgment interest.

(a) Notwithstanding AS 45.45.010, the rate of interest on judgments and decrees for the payment of money, including prejudgment interest, is three percentage points above the 12th Federal Reserve District discount rate in effect on January 2 of the year in which the judgment or decree is entered, except that a judgment or decree founded on a contract in writing, providing for the payment of interest until paid at a specified rate not exceeding the legal rate of interest for that type of contract, bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree.

(b) Except when the court finds that the parties have agreed otherwise and except as provided by AS 45.05.111(d), prejudgment interest accrues from the day process is served on the defendant or the day the defendant received written notification that an injury has occurred and that a claim may be brought against the defendant for that injury, whichever is earlier. The written notification must be of a nature that would lead a prudent person to believe that a claim will be made against the person receiving the notification, for personal injury, death, or damage to property.

(c) Prejudgment interest may not be awarded for future economic damages, future noneconomic damages, or punitive damages. (§ 4.07 ch 101 SLA 1962; am § 1 ch 69 SLA 1969; am § 1 ch 107 SLA 1980; am § 3 ch 139 SLA 1986; am §§ 18, 19 ch 26 SLA 1997; am § 1 ch 75 SLA 1999)✓

Cross references. — For provisions requiring judgment against the state to include legal interest, see AS 09.50.280. For legal rate of interest, see AS 45.010. For provisions relating to the effect of 1997 addition of (c) to Rule 58, Alaska Rules of Civil Procedure, see § 53, ch. 26, SLA 1997 in the 1997 Temporary and Special Acts. For a statement of legislative intent relating to the provisions of ch. 26, SLA 1997, see § 1, ch. 26, SLA 1997 in the 1997 Temporary and Special Acts. For severability of the provisions of ch. 26, SLA 1997, see § 56, ch. 26, SLA 1997 in the 1997 Temporary and Special Acts. For transitional

provisions relating to the applicability of the 1999 amendment of subsection (b), see § 26, ch. 75, SLA 1999 in the 1999 Temporary & Special Acts.

Effect of amendments. — The 1997 amendment, effective August 7, 1997, rewrote subsection (a) and added subsection (c).

The 1999 amendment, effective January 1, 2000, inserted "and except as provided by AS 45.05.111(d)" in the first sentence in subsection (b).

Editor's notes. — Under § 4, ch. 107, SLA 1980, the interest rate provided in this section applies only to judgments entered after July 1, 1980.

Sec. 4.07. Interest on Judgments. The rate of interest on judgments and decrees for the payment of money is six percent per annum, except that a judgment or decree founded on a contract in writing providing for the payment of interest until paid at a specified rate exceeding six percent per annum and not exceeding eight percent per annum bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree.

Article V. Miscellaneous

Sec. 5.01. Successive Actions. Successive actions may be maintained upon the same contract or transaction when a new cause of action arises under the contract.

Sec. 5.02. Corporate Sureties. When, by the laws of the state or by a charter, ordinance, rule, or regulation of a political subdivision, municipality, public corporation, or by a board, body, organization, court, or judge, a recognizance, stipulation, bond, undertaking, or bail in an action, suit, proceeding, or matter conditioned for the faithful performance of an act or duty or for the doing of an act or thing is permitted or required to be given with one or more sureties, it is sufficient compliance if the instrument is executed by a corporation which has complied with the laws of the state and is authorized by law to act as surety upon instruments and in proceedings, actions, suits, and matters as set out above.

Sec. 5.03. Parties Exempt from Giving Bond. In an action or proceeding in any court in which the state is a party or in which the state is interested, no bond or undertaking is required of the state or an officer of the state.

Sec. 5.04. Lis Pendens. In an action affecting the title to or the right of possession of real property, the plaintiff at the time of filing the complaint, or afterwards, and the defendant, when affirmative relief is claimed, at the time of filing the answer, or afterwards, may record in the office of the recorder of the recording district in which the property is situated a notice of the pendency of the action, containing the names of the parties, and the object of the action or defense, and a description of the property affected in that district. From the time of filing the notice for record, a purchaser, holder of a contract or option to purchase, or encumbrancer of the property affected has con-

structive notice of the pendency of the action and of its pendency against parties designated by their real names.

Sec. 5.05. Jurisdiction of the Parties. From the time of the service of a copy of the summons and complaint, or of the completion of the publication when service by publication is ordered, the court acquires jurisdiction and has control of all the subsequent proceedings. The voluntary appearance of the defendant is equivalent to personal service of a copy of the summons and complaint upon him.

Sec. 5.06. Death or Disability of a Party. In case of the death or disability of a party to an action, the court may at any time within two years after the death or disability, on motion, allow the action to be continued by or against his personal representatives or successor in interest.

Sec. 5.07. Defense Not Prejudiced by Assignment. If there is an assignment of a thing in action, the action by the assignee is without prejudice to any setoff or other defense existing at the time of, or before notice of the assignment. But this section does not apply to a negotiable promissory note or bill of exchange transferred in good faith and upon valuable consideration before due.

Sec. 5.08. Liability of Guardian Ad Litem for Costs. No person appointed guardian ad litem by a court for an infant or incompetent defendant is liable for the costs of the action.

Sec. 5.09. Guardian's Responsibility for Allowance against Infant Plaintiff. When costs or disbursements are adjudged against an infant plaintiff or incompetent, the guardian by whom he appeared in the action is responsible for the payment, and payment may be enforced against him as if he were the actual plaintiff.

Sec. 5.10. Costs Where Party Is a Representative. In actions in which an executor, administrator, trustee of an express trust, or a person authorized to represent a party is a party, costs may be allowed as in other cases. However, when costs are allowed against that party, they are chargeable solely upon the estate, fund, or party represented unless the court orders the costs to be paid by that party personally for mismanagement or bad faith in the conduct of the action.

Sec. 5.11. Costs Awarded a Borough, City, District, or Agencies. When the state or city, or other public agency, or any officer thereof in his official capacity is a party, costs shall be awarded on the same basis as against a natural person or party. However, if the action is brought upon the claim of a natural person, that person shall be liable for costs awarded against the state until after execution has been obtained against that person and the costs against that person are unsatisfied in whole or in part.

Sec. 5.12. Security for Costs of Plaintiff a Nonresident or Foreign Corporation. When the plaintiff is a nonresident or a foreign corporation, security for the attorney fees, which may be awarded against the plaintiff, may be required of the defendant. When required, proceedings in the action shall be stayed until an undertaking executed by a sufficient sureties is filed with the court to the effect that they will pay the attorney fees which are awarded against the plaintiff, not less than \$200. A new or an additional undertaking may be ordered by the court if the proof that the original undertaking is sufficient in amount or security is not satisfactory.

Sec. 5.13. Suits against Local Governments and Public Corporations. Suits against local governments and public corporations may be maintained against them in their local government or public corporate character and scope of its authority, or for the exercise of the rights of the plaintiff against some act or omission of the local government or public corporation.

Sec. 5.14. Costs Allowed Against Party. Except as otherwise provided by statute, the supreme court of the state may determine by rule or order what costs, including attorney fees, shall be allowed the prevailing party in an action.

Title II. Special Civil Actions and Provisional Remedies

Article VI. Adverse Claims

Sec. 6.01. Action to Determine Claim. Any person in possession of real property, or his tenant, or his agent, or his assignee, or his transferee, or his estate, or his interest in the property, may bring an action against another person claiming an estate or interest in the property.



LAWS OF ALASKA

1969

Source

Chapter No.

AS 09.30.130

69

AN ACT

Relating to the amount of interest allowed on judgments.

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

* Section 1. AS 09.30.070 is amended to read:

Sec. 09.30.070. INTEREST ON JUDGMENTS. The rate of interest on judgments and decrees for the payment of money is eight per cent per annum, except that a judgment or decree founded on a contract in writing, providing for the payment of interest until paid at a specified rate not exceeding the legal rate of interest for that type of contract, bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree, but in no event may it be more than 10 per cent per annum.

* Sec. 2. AS 45.45.010(a)(2) is repealed.

Approved by governor: May 5, 1969
Actual effective date: August 3, 1969

May 5, 1969
May 6, 1969

AN ACT

relating to offers of judgment and to prejudgment and post-judgment interest rates; and providing for an effective date.

* Section 1. AS 09.30.070 is amended to read:

Sec. 09.30.070. INTEREST ON JUDGMENTS. The rate of interest on judgments and decrees for the payment of money is 10.5 [EIGHT] percent a year, except that a judgment or decree founded on a contract in writing, providing for the payment of interest until paid at a specified rate not exceeding the legal rate of interest for that type of contract, bears interest at the rate specified in the contract if the interest rate is set out in the judgment or decree [, BUT IN NO EVENT MAY IT BE MORE THAN 10 PERCENT A YEAR].

* Sec. 2. AS 45.45.010(a) is amended to read:

(a) The rate of interest in the state is 10.5 [EIGHT] percent a year and no more on money after it is due except as provided in (b) of this section. [THE RATE OF INTEREST IN THE STATE IS SIX PERCENT A YEAR AND NO MORE ON (1) MONEY RECEIVED TO THE USE OF ANOTHER AND RETAINED BEYOND A REASONABLE TIME WITHOUT THE OWNER'S EXPRESS OR IMPLIED CONSENT; (2) MONEY DUE UPON THE SETTLEMENT OF MATURED ACCOUNTS FROM THE DAY THE BALANCE IS ASCERTAINED; OR (3) MONEY DUE OR TO BECOME DUE WHEN THERE IS A CONTRACT TO PAY INTEREST AND NO RATE IS SPECIFIED.]

* Sec. 3. AS 45.45.010 is amended by adding a new subsection to read:

(1) On or before the 60th day following the filing of an answer in



LAWS OF

1980

Source

CSHB 970 (Finance)

AN ACT

Making a special appropriation for
associations; and providing for

BE IT ENACTED BY THE LEGISLATURE OF

THE ACT FOLLOWS

Chapter 107

1 a civil action, and on the fifth day following the day discovery closes
2 as ordered by the court, either the party making a claim or the party
3 defending against a claim may serve upon the adverse party an offer to
4 allow judgment to be entered in complete satisfaction of the claim for
5 the money or property or to the effect specified in his offer, with
6 costs then accrued. If within 10 days after the service of the offer
7 the adverse party serves written notice that the offer is accepted,
8 either party may then file the offer and notice of acceptance together
9 with proof of service, and the clerk shall enter judgment. An offer
10 accepted within 10 days is considered withdrawn and evidence of that
11 offer is not admissible except in a proceeding to determine the form of
12 judgment after verdict. If the judgment finally entered on the claim
13 to which an offer has been made under this section is more favorable to
14 the offeree than the offer, the interest awarded under (a) of this
15 section and accrued up to the date judgment is entered shall be adjusted
16 as follows:

17 (1) if the offeree is the party making the claim, the in-
18 terest rate shall be increased by two percent a year;

19 (2) if the offeree is the party defending against the claim,
20 the interest rate shall be reduced by two percent a year.

21 * Sec. 4. The interest rate provided in sec. 1 of this Act applies only
22 to those judgments rendered after the effective date of this Act. The in-
23 terest rate provided in sec. 2 of this Act applies only to cases filed after
24 the effective date of this Act.

25 * Sec. 5. This Act does not amend Rule 68 of the Alaska Rules of Civil
26 Procedure.

27 * Sec. 6. This Act takes effect July 1, 1980.
28
29

Approved by the Governor: June 26
Actual Effective Date: July 2, 1980

Chapter 139

notice of acceptance together with proof of service, and the clerk shall enter judgment. An offer not accepted within 10 days is considered withdrawn and evidence of that offer is not admissible except in a proceeding to determine the form of judgment after verdict. If the judgment finally entered on the claim as to which an offer has been made under this section is not more favorable to the offeree than the offer, the interest awarded under AS 09.30.070 [AS 45.45.010(a)] and accrued up to the date judgment is entered shall be adjusted as follows:

- (1) if the offeree is the party making the claim, the interest rate shall be reduced by five [TWO] percent a year;
- (2) if the offeree is the party defending against the claim, the interest rate shall be increased by five [TWO] percent a year.

* Sec. 3. AS 09.30.070 is amended by adding a new subsection to read:

(b) Except when the court finds that the parties have agreed otherwise, prejudgment interest accrues from the day process is served on the defendant or the day the defendant received written notification that an injury has occurred and that a claim may be brought against the defendant for that injury, whichever is earlier. The written notification must be of a nature that would lead a prudent person to believe that a claim will be made against the person receiving the notification, for personal injury, death, or damage to property.

* Sec. 4. AS 09.60.010 is repealed and reenacted to read:

Sec. 09.60.010. COSTS AND ATTORNEY FEES ALLOWED PREVAILING PARTY. The supreme court shall determine by rule or order the costs, if any, that may be allowed a prevailing party in a civil action. Unless specifically authorized by statute or by agreement between the

parties, attorney fees may not be awarded for personal injury, death or property out of fault, as defined in AS 09. contested without trial, or fully court.

* Sec. 5. AS 09.17.040 and 09.17.050 the effect of amending Alaska Rule of jury to answer the special interrogator the amount of damages and the percent the parties and to itemize the verdict punitive damages as specified in AS 09

* Sec. 6. AS 09.17.080 enacted in amending Alaska Rule of Civil Procedure specific findings regarding the amount fault to be allocated among the parties

* Sec. 7. AS 09.17.040 and 09.17 the effect of amending Alaska Rule court to include a specific item in

* Sec. 8. AS 09.60.010 as amended of amending Alaska Rule of Civil Procedure attorney fees in certain civil actions statute or by agreement of the parties tested without trial or fully contested

* Sec. 9. APPLICABILITY. Sections causes of action accruing after 1975

* Sec. 10. SEVERABILITY. If provision thereof to any person or of of this Act and the application affected.

and experienced in the same discipline or school of practice as a directly related to a matter at issue; and
 by a board recognized by the state as having acknowledged
 ly related to the particular field or matter at issue.
 of (a) of this section do not apply if the state has not
 certified the witness in the particular field or matter at

ended to read:

ers of judgment. At any time more than 10 days before
 erty making a claim or the party defending against a claim
 party an offer to allow judgment to be entered in complete
 r the money or property or to the effect specified in the
 ed. If within 10 days after the service of the offer the
 notice that the offer is accepted, either party may then file
 pta nce together with proof of service, and the clerk shall
 ot accepted within 10 days is considered withdrawn, and
 admissible except in a proceeding to determine the form
 f the judgment finally entered on the claim as to which an
 this section is at least five percent less [NOT MORE]
 n the offer, or if there are multiple defendants at least
to the offeree than the offer, the offeree, whether the
or defending against the claim, shall pay all costs as
a Rules of Civil Procedure and shall pay reasonable
red by the offeror from the date the offer was made,
 ED UNDER AS 09.30.070 AND ACCRUED UP TO THE
 ITERED SHALL BE ADJUSTED] as follows:

er was served no later than 60 days after both parties
ired by the Alaska Rules of Civil Procedure, the offeree
is offeror's reasonable actual attorney fees [OFFEREE
 IG THE CLAIM, THE INTEREST RATE SHALL BE

REDUCED BY FIVE PERCENT A YEAR];

(2) if the offer was served more than 60 days after both parties
 made the disclosures required by the Alaska Rules of Civil Procedure but more
 than 90 days before the trial began, the offeree shall pay 50 percent of the
 offeror's reasonable actual attorney fees;

(3) if the offer was served 90 days or less but more than 10 days
 before the trial began, the offeree shall pay 30 percent of the offeror's reasonable
 actual attorney fees [OFFEREE IS THE PARTY DEFENDING AGAINST THE
 CLAIM, THE INTEREST RATE SHALL BE INCREASED BY FIVE PERCENT A
 YEAR].

* Sec. 17. AS 09.30.065 is amended by adding a new subsection to read:

(b) If an offeror receives costs and reasonable actual attorney fees under (a)
 of this section, that offeror shall be considered the prevailing party for purposes of an
 award of attorney fees under the Alaska Rules of Civil Procedure. Notwithstanding
 (a) of this section, if the amount awarded an offeror for attorney fees under the Alaska
 Rules of Civil Procedure is greater than a party would receive under (a) of this section,
 the offeree shall pay to the offeror attorney fees specified under the Alaska Rules of
 Civil Procedure and is not required to pay reasonable actual attorney fees under (a) of
 this section. A party who receives attorney fees under this section may not also
 receive attorney fees under the Alaska Rules of Civil Procedure.

* Sec. 18. AS 09.30.070(a) is amended to read:

(a) Notwithstanding AS 45.45.010, the [THE] rate of interest on judgments
and decrees for the payment of money, including prejudgment interest, is three
percentage points above the 12th Federal Reserve District discount rate in effect
on January 2 of the year in which the judgment or decree is entered [10.5
 PERCENT A YEAR], except that a judgment or decree founded on a contract in
 writing, providing for the payment of interest until paid at a specified rate not
 exceeding the legal rate of interest for that type of contract, bears interest at the rate
 specified in the contract if the interest rate is set out in the judgment or decree.

* Sec. 19. AS 09.30.070 is amended by adding a new subsection to read:

(c) Prejudgment interest may not be awarded for future economic damages.

Chapter 26

1 future noneconomic damages, or punitive damages.

2 * Sec. 20. AS 09.50.280 is amended to read:

3 Sec. 09.50.280. Judgment for plaintiff; punitive damages. If judgment is
4 rendered for the plaintiff, it shall be for the legal amount found due from the state with
5 [LEGAL] interest as provided under AS 09.30.070 [FROM THE DATE IT BECAME
6 DUE] and without punitive damages.

7 * Sec. 21. AS 09.55.440(u) is amended to read:

8 (a) Upon the filing of the declaration of taking and the deposit with the court
9 of the amount of the estimated compensation stated in the declaration, title to the estate
10 as specified in the declaration vests in the plaintiff, and that property is condemned
11 and taken for the use of the plaintiff, and the right to just compensation for it vests in
12 the persons entitled to it. The compensation shall be ascertained and awarded in the
13 proceeding and established by judgment. The judgment must include interest at the
14 rate of 10.5 percent a year [SET OUT IN AS 09.30.070] on the amount finally
15 awarded that [WHICH] exceeds the amount paid into court under the declaration of
16 taking. The interest runs from the date title vests to the date of payment of the
17 judgment.

18 * Sec. 22. AS 09.55.536(a) is amended to read:

19 (a) In an action for damages due to personal injury or death based upon the
20 provision of professional services by a health care provider, including a person
21 providing services on behalf of a governmental entity, when the parties have not
22 agreed to arbitration of the claim under AS 09.55.535, the court shall appoint within
23 20 days after filing of answer to a summons and complaint a three-person expert
24 advisory panel unless the court decides that an expert advisory opinion is not necessary
25 for a decision in the case. When the action is filed, the court shall, by order,
26 determine the professions or specialties to be represented on the expert advisory panel,
27 giving the parties the opportunity to object or make suggestions.

28 * Sec. 23. AS 09.55.536(c) is amended to read:

29 (c) Not more than 30 days after selection of the panel, the panel [IT] shall
30 make a written report to the parties and to the court, answering the following questions
31 and other questions submitted to the panel by the court in sufficient detail to explain

AN ACT

1 Relating to letters of credit under the Uniform Commercial Code; and providing for an effective
2 date.

3
4 * Section 1. AS 09.30.070(b) is amended to read:

5 (b) Except when the court finds that the parties have agreed otherwise and
6 except as provided by AS 45.05.111(d), prejudgment interest accrues from the day
7 process is served on the defendant or the day the defendant received written
8 notification that an injury has occurred and that a claim may be brought against the
9 defendant for that injury, whichever is earlier. The written notification must be of a
10 nature that would lead a prudent person to believe that a claim will be made against
11 the person receiving the notification, for personal injury, death, or damage to property.

12 * Sec. 2. AS 45.01.105(b) is amended to read:

13 (b) Where one of the following provisions of the code specifies the applicable
14 law, that provision governs and a contrary agreement is effective only to the extent

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FRBSF Discount Rate

"Discount Rate" on Advances to Depository Institutions under Sections 13 and 13a of the Federal Reserve Act in Effect at the Federal Reserve Bank of San Francisco

For more information:



The following is a list of rates of interest on our advances to, and discounts for, member banks and other depository institutions under Sections 13 and 13a of the Federal Reserve Act. Each rate (also referred to as the "discount rate") was in effect until the next date indicated.

SEARCH THE SITE:

Effective Date	Rate (% per annum)	Effective Date	Rate (% per annum)
2005 March 22	3.75*		
2005 February 2	3.5	1996 January 31	5
2004 December 14	3.25	1995 February 1	5.5
2004 November 10	3	1994 November 15	4.75
2004 September 21	2.75	1994 August 17	4
2004 August 10	2.5	1994 May 17	3.5
2004 June 30	2.25	1992 July 2	3
2003 June 25	2	1991 December 20 ⁽²⁾	3.5
2003 January 9	2.25 ⁽²⁾	1991 November 6	4.5
2002 November 6	0.75	1991 September 13	5
2001 December 11	1.25	1991 April 30	5.5
2001 November 6	1.5	1991 February 1	6
2001 October 2	2	1990 December 19	6.5
2001 September 17	2.5	1989 February 24	7
2001 August 21	3	1988 August 9	6.5
2001 June 27	3.5	1987 September 9	6
2001 May 15	3.5	1986 August 21	5.5
2001 April 18	4	1986 July 11	6
2001 March 20	4.5	1986 April 21	6.5
2001 January 31	5	1986 March 7	7
2001 January 4	5.5	1985 May 21	7.5
2001 January 3	5.75	1984 December 24	8
2000 May 16	6	1984 November 21 ⁽²⁾	8.5
SLF ⁽¹⁾	7.5	1984 April 13	9
Basic Discount Rate	5.5	1982 December 14	8.5
2000 March 21		1982 November 22	9
SLF	7.5	1982 October 11	9.50
Basic Discount Rate	5.5	1982 August 27	10

2000	February 2		1982	August 16	10.50
	SLF	7	1982	August 2	11
	Basic Discount Rate	5	1982	July 20	11.50
1999	November 16		1981	December 4	12
	SLF	6.75	1981	November 2	13
	Basic Discount Rate	4.75	1981	May 5	14
1999	October 1		1980	December 5	13
1999	August 24	4.75	1980	November 17	12
1998	November 17	4.5	1980	September 26	11
1998	October 15	4.75	1980	July 28	10
			1980	June 13	11
			1980	May 29	12
			1980	February 15	13

*** current rate**

The Federal Reserve Bank expresses no opinion on the applicability of the basic discount rate or surcharge to any transaction governed by a Federal or state usury or usury preemption statute.

(1) The Federal Reserve Board established a Century Date Change Special Liquidity Facility (SLF), a program for lending to depository institutions from October 1, 1999 through April 7, 2000. The interest rate charged on loans from the SLF is 150 basis points higher than the Federal Open Market Committee's intended federal funds rate.

(2) On January 9, 2003, Regulation A (Extensions of Credit by Reserve Banks) was amended to restructure Federal Reserve credit programs that resulted in a new method of establishing the discount rate. The rate change on January 9, 2003, did not reflect a change in the stance of monetary policy. See more information about the Discount Window.

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Chapter 20 **SECURITIES** Amends the Alaska Securities Act of 1959. Authorizes the Department of Commerce and Economic Development to set fees related to registration and application by regulation. Permits the use of certain registration, examination, and other procedures to avoid duplication of security regulation requirements. Exempts certain securities from the registration requirements of the Act. (HB 210)

Effective Date: September 8, 1991

Chapter 21 **1991 REVISOR'S BILL** Makes technical amendments to the Alaska Statutes to correct errors, repeal outdated provisions of law, and to otherwise improve the form and substance of the statutory law of the State. . . sectional analysis of the Act was published in House Journal Supplement No. 10, May 13, 1991. (HCS CSSR 86(JUD))

Effective Date: June 11, 1991

Chapter 22 **ANATOMICAL GIFTS** Clarifies that anatomical gifts do not require the consent of another person after the death of the donor. Requires certain hospital personnel, law enforcement officers, and emergency medical responders to make reasonable searches for a document of gift or other information identifying the bearer as either a donor or a person who has refused to make an anatomical gift. (CSSB 112(JUD))

Effective Date: September 8, 1991

Chapter 23

SLA 1991 Sponsored by Senate Rules by Request of Governor
AMENDMENTS AFFECTING INTEREST RATES ON STATE TAXES AND ROYALTIES AND DUE DATES ON ROYALTIES Effective October 31, 1991, replaces the 12 percent simple interest computation currently applied to interest on unpaid and overpaid taxes, royalties, and net profit share payments with a compounded interest computed using a floating rate tied to Federal Reserve rates, with a minimum rate of 11 percent. Makes that change applicable to taxes, royalties, and net profit shares that are unpaid or overpaid on that date and to the interest accrued on those unpaid and overpaid taxes, royalties, and net profit shares before that date. Requires that payment of a royalty becomes due on the date and in the manner specified in the lease in which the royalty is reserved or in a regulation of the Department of Natural Resources. (CSSB 158(FIN)(cfd am))

Effective Date: October 31, 1991

Summary of legislation that passed in 1991 changing the interest rate to 11% or 5 percentage points above 12% Fed Reserve rate, whichever is greater.

The 12% rate was in AS 43.05.225 prior to 1991 (see next page)

REVENUE AND TAXATION

Federal Reserve Statistical Release



H.15

Selected Interest Rates (Daily)

Skip to Content

Release Date: April 1, 2005

Weekly release dates and announcements | Historical data | About

Daily update Other formats: Screen reader | ASCII

The weekly release is posted on Monday. Daily updates of the weekly release are posted Tuesday through

H.15 DAILY UPDATE: WEB RELEASE ONLY
SELECTED INTEREST RATES

For immediate release
April 1, 2005

Yields in percent per annum

	2005 Mar 28	2005 Mar 29	2005 Mar 30	2005 Mar 31
Instruments				
Federal funds (effective) 1 2 3	2.79	2.72	2.74	2.96
Commercial paper 3 4 5				
Nonfinancial				
1-month	2.75	2.75	2.73	2.74
2-month	2.85			2.85
3-month				
Financial				
1-month	2.77	2.79	2.78	2.79
2-month	2.88	2.90	2.86	2.90
3-month	2.92	2.98	2.99	2.99
CDs (secondary market) 3 6				
1-month	2.81	2.81	2.82	2.83
3-month	3.03	3.04	3.06	3.06
6-month	3.33	3.33	3.33	3.34
Eurodollar deposits (London) 3 7				
1-month		2.80	2.81	2.81
3-month		3.02	3.04	3.05
6-month		3.32	3.33	3.34
Bank prime loan 2 3 8	5.75	5.75	5.75	5.75
Discount window primary credit 2 9	3.75	3.75	3.75	3.75
U.S. government securities				
Treasury bills (secondary market) 3 4				
4-week	2.64	2.66	2.66	2.58
3-month	2.79	2.78	2.77	2.73
6-month	3.10	3.08	3.06	3.04
Treasury constant maturities				
Nominal 10				
1-month	2.69	2.70	2.71	2.63
3-month	2.84	2.84	2.83	2.79
6-month	3.19	3.17	3.15	3.13
1-year	3.43	3.41	3.39	3.35
2-year	3.90	3.87	3.86	3.80
3-year	4.09	4.05	4.03	3.96
5-year	4.33	4.30	4.26	4.18
7-year	4.48	4.44	4.40	4.33
10-year	4.64	4.60	4.56	4.50

20-year 11	5.01	4.98	4.93	4.88
Inflation-indexed 12				
5-year	1.48	1.45	1.42	1.31
7-year	1.65	1.63	1.59	1.49
10-year	1.94	1.91	1.89	1.79
20-year	2.05	2.03	1.98	1.91
Inflation-indexed				
long-term average 13	2.03	2.01	1.97	1.89
Interest rate swaps 14				
1-year	3.86	3.85	3.85	3.82
2-year	4.30	4.28	4.27	4.21
3-year	4.53	4.50	4.48	4.42
4-year	4.67	4.64	4.62	4.55
5-year	4.77	4.74	4.72	4.65
7-year	4.92	4.89	4.86	4.80
10-year	5.08	5.06	5.03	4.96
30-year	5.38	5.36	5.34	5.28
Corporate bonds				
Moody's seasoned				
Aaa 15	5.52	5.48	5.44	5.40
Baa	6.22	6.20	6.17	6.14
State & local bonds 16				4.61
Conventional mortgages 17				6.04

See overleaf for footnotes				

FOOTNOTES

1. The daily effective federal funds rate is a weighted average of rates on brokered trades.
2. Weekly figures are averages of 7 calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. On a discount basis.
5. Interest rates interpolated from data on certain commercial paper trades settled by The Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). The 1-, 2-, and 3-month rates are equivalent to the 30-, 60-, and 90-day dates reported on the Board's Commercial Paper web page (www.federalreserve.gov/releases/cp).
6. An average of dealer offering rates on nationally traded certificates of deposit.
7. Bid rates for Eurodollar deposits collected around 9:30 a.m. Eastern time.
8. Rate posted by a majority of top 25 (by assets in domestic offices) insured U.S.-chartered commercial banks. Prime is one of several base rates used by banks to price short-term business loans.
9. The rate charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program, which became effective January 9, 2003. This rate replaces that for adjustment credit, which was discontinued after January 8, 2003. For further information, see

- www.federalreserve.gov/boarddocs/press/bcreg/2002/200210312/default.htm. The rate reported is that for the Federal Reserve Bank of New York. Historical series for the rate on adjustment credit is available at www.federalreserve.gov/releases/h15/data.htm.
10. Yields on actively traded non-inflation-index issues adjusted to constant maturities. Source: U.S. Treasury.
 11. A factor for adjusting the daily nominal 20-year constant maturity in order to estimate a 30-year rate can be found at www.treas.gov/offices/domestic-finance/debt-management/interest-rate/ltcomposi
 12. Yields on Treasury inflation protected securities (TIPS) adjusted to constant maturities. Source: U.S. Treasury. Additional information on both nominal and inflation-indexed yields may be found at www.treas.gov/offices/domestic-finance/debt-management/interest-rate/index.htm
 13. Based on the unweighted average bid yields for all Inflation Protected Securities with remaining terms to maturity of more than 10 years.
 14. International Swaps and Derivatives Association (ISDA(R)) mid-market par swap rates. Rates are for a Fixed Rate Payer in return for receiving three month LIBOR, and are based on rates collected at 11:00 a.m. Eastern time by Garban Intercapital plc and published on Reuters Page ISDAFIX(R)1. ISDAFIX is a registered service mark of ISDA. Source: Reuters Limited.
 15. Moody's Aaa rates through December 6, 2001 are averages of Aaa utility and Aaa industrial bond rates. As of December 7, 2001, these rates are averages of Aaa industrial bonds only.
 16. Bond Buyer Index, general obligation, 20 years to maturity, mixed quality; Thursday quotations.
 17. Contract interest rates on commitments for fixed-rate first mortgages. Source: FHLMC.

DESCRIPTION OF THE TREASURY NOMINAL AND INFLATION-INDEXED CONSTANT MATURITY SERIES

Yields on Treasury nominal securities at "constant maturity" are interpolated by the U.S. Treasury from the daily yield curve for non-inflation-indexed Treasury securities. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The constant maturity yield values are read from the yield curve at fixed maturities, currently 1, 3 and 6 months and 1, 2, 3, 5, 7, 10 and 20 years. This method provides a yield for a 10-year maturity, for example, even if no outstanding security has exactly 10 years remaining to maturity. Similarly, yields on inflation-indexed securities at "constant maturity" are interpolated from the daily yield curve for Treasury inflation protected securities in the over-the-counter market. The inflation-indexed constant maturity yields are read from this yield curve at fixed maturities, currently 5, 7, 10, and 20 years.

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