

HOUSE BILL NO. 269

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES GARDNER AND CRAWFORD

Introduced: 1/19/10

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to deferred deposit advances."**

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

3 *** Section 1.** AS 06.50.010 is amended to read:

4 **Sec. 06.50.010. License required.** A person, including a person doing
5 business from outside this state, may not engage in the business of making or offering
6 to make deferred deposit advances in this state without having a license under this
7 chapter. A separate license is required for each physical location [OR INTERNET
8 WEBSITE] from which the person conducts the business.

9 *** Sec. 2.** AS 06.50.310(b) is amended to read:

10 (b) The report must include

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

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

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

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

1 **and the total amount of fees collected for advances;**

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

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

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

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

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

9 (10) the total number of outstanding advances as of the last day of the
10 calendar year; [AND]

11 (11) **the total number of advance recipients who entered into a**
12 **payment plan offered by the licensee under AS 06.50.550(a)(2);**

13 **(12) the total number of advance recipients whose advances the**
14 **licensee assigned to another person for collection;**

15 **(13) the total number of defaulting advance recipients against**
16 **whom an action was filed in court by the licensee or by a third party to whom the**
17 **licensee assigned the advances for collection;**

18 **(14) the total dollar amount collected by the licensee, or by a third**
19 **party to whom the licensee assigned the advances for collection, from advance**
20 **recipients as a result of court action, including settlement of a court action,**
21 **brought against the advance recipients to collect the advances; and**

22 **(15)** any other information the department determines is required to
23 conduct its review.

24 * **Sec. 3.** AS 06.50.440 is amended to read:

25 **Sec. 06.50.440. Duration of advances.** The minimum duration of an advance
26 is **31** [14] days.

27 * **Sec. 4.** AS 06.50.460(a) is amended to read:

28 (a) Notwithstanding any other provision of law, except for the fee allowed
29 under AS 06.50.510(b)(3) and where federal law provides otherwise, a licensee may
30 only charge

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

1 (2) a fee that does not exceed \$5 [\$15] for each \$100 of an advance, or
2 15 percent of the total amount of the advance, whichever is less.

3 * **Sec. 5.** AS 06.50.470(b) is amended to read:

4 (b) A licensee may not renew an advance more than one time [TWO
5 CONSECUTIVE TIMES], after which the licensee shall require the advance recipient
6 to repay the advance in full.

7 * **Sec. 6.** AS 06.50.500 is amended to read:

8 **Sec. 06.50.500. Posted fee notice.** A licensee shall post a notice in each
9 business location that discloses the fees that the licensee charges for advances. The
10 fees in the notice must be expressed as a dollar amount and [,] as an annual percentage
11 rate for 31 [14] days for each \$100 [, AND AS AN ANNUAL PERCENTAGE RATE
12 FOR 30 DAYS FOR EACH \$100]. The notice must also contain any other reasonably
13 necessary information required by the department by regulation. The notice shall be
14 posted so that it is conspicuous to an advance recipient or a potential advance
15 recipient. The lettering in the notice must be legible and at least one inch in height.

16 * **Sec. 7.** AS 06.50 is amended by adding a new section to article 4 to read:

17 **Sec. 06.50.570. Prohibition against Internet and telephone lending.** A
18 person, including a person doing business from outside this state, may not make an
19 advance in this state over the Internet or the telephone.

20 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 **APPLICABILITY.** AS 06.50.440, as amended by sec. 3 of this Act, AS 06.50.460(a),
23 as amended by sec. 4 of this Act, AS 06.50.470(b), as amended by sec. 5 of this Act, and
24 AS 06.50.570, as added by sec. 7 of this Act, do not apply to a deferred deposit advance that
25 is made before the effective date of this Act. In this section, "deferred deposit advance" has
26 the meaning given in AS 06.50.990.