

## **Sponsor Statement**

### **SB 299 Bad Check Charge**

[SB 299](#) seeks to clarify [AS 09.68.115](#), the statute that pertains to “bounced checks” and to clarify current law that leaves businesses vulnerable to litigation that questions their costs for collecting on insufficient-funds checks.

Currently this statute does not allow aggrieved creditors or their agents to assess a *fixed surcharge* on bounced checks. This is problematic as the plaintiff must first give the check writer an opportunity to “make good” on the bounced check plus the “costs incurred by the plaintiff up to a maximum of \$25, and then they must also keep a separate ledger to track and defend their costs incurred in the collection procedure.

Many states have statutes that allow creditors to assess a statutory penalty for an insufficient-funds check. These fees go up to as high as \$40 per check, and some even charge interest rate per year that begins on the date the check was issued.

This bill proposes to impose a flat fee of \$30 for a bounced check, which more accurately reflects the cost of collecting on these bad checks and frees the creditor from the burden of having to document “costs incurred” on each bounced check. Currently this fee can be up to, but no greater than \$25. It is common practice for banks to assess a flat \$25 fee for bad checks and does not require them to send a letter of notification or make a phone call.

Passage of SB 299 will make it less likely for the statute to be challenged and will put Alaska on par with other states that specify a statutory penalty fee for bad checks and lessens the burden currently placed on businesses as they attempt to collect payment for goods they have already provided to their customers.