

Alaska State Legislature

Session:
State Capitol
Juneau, AK 99801
Phone: (907) 465-2995
Fax: (907) 465-6592



Interim:
716 W 4th Avenue, Suite 430
Anchorage, AK 99501-2133
Phone: (907) 269-0250
Fax: (907) 269-0249

Representative Lesil McGuire
Chair, Judiciary Committee

SPONSOR STATEMENT HB 446

"An Act relating to the amount of a civil penalty for an unlawful act or practice in the conduct of trade or commerce."

The Federal Trade Commission recently reported that *Alaska topped the nation in fraud complaints last year: 249 per 100,000 people*. Unfortunately, Alaska's current consumer protection laws provide one of the lowest allowable civil penalties of any state. To strengthen Alaska's consumer protection law and send a message to those who prey on Alaska consumers, HB 446 seeks to increase the civil penalties authorized under Alaska's Unfair Trade Practices and Consumer Protection Act.

Under current law, when a person or company violates an injunction prohibiting unfair or deceptive business practices, it is subject to a maximum penalty of \$25,000. HB 446 will increase that maximum allowable civil penalty to \$50,000.

The current Act also provides for a \$5,000 civil penalty for each violation of the Act. HB 446 will increase this amount to a range between \$1,000 and \$25,000 per violation. The current \$5,000 penalty in the Act was established in 1970 when the Act was passed. Adjusting for inflation alone, this penalty should be \$20,200 (inflation from January 1970 to January 2005 was 405%). An increase to \$25,000 is a very modest increase.

Obtaining injunctive relief and civil penalties are the tools that enable the Attorney General to protect Alaska consumers against unfair and deceptive trade practices. These changes are vital enforcement tools that strengthen the Act. All civil penalties are assessed by a court only after a violation of the Act has been proven. All penalty payments go directly to the State of Alaska. Your support of this important legislation is appreciated.