

Alaska State Legislature

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Senate Labor and Commerce Committee

CSSB 122 (L&C) Real Estate Transfer Fees/Title Plants Sponsor Statement

Committee Substitute for Senate Bill 122 (Labor & Commerce) seeks to improve the transfer of title to real property in Alaska. The bill would ensure that Alaskans maintain oversight of title searches on real property. Companies that operate mainly overseas routinely solicit business in Alaska. While promising lower back office costs, these companies are divorced from actual, on the ground, Alaskan experience, increasing the chance of imperfections in title due to inaccurate or incomplete title searches. The bill would mandate that anyone performing a title search in Alaska be licensed in Alaska and reside here.

Additionally, Alaska law currently allows a deed to real estate to contain a covenant requiring a fee to be paid to the original seller for any subsequent transfer of title. While these transfer fee covenants benefit the original seller, who can look forward to a steady income in perpetuity without performing any service that might merit such a payment, it is a positive harm to each successive buyer. Courts in the state of New York outlawed the practice in 1852, calling it a vestige of feudalism. Recently, Idaho, Indiana, Mississippi, and Montana have passed their own prohibitions, making 41 states that have outlawed the practice. There appears to be no justification for allowing title fee covenants in Alaska.