



March 14, 2017

The Honorable Neal Foster, Co-Chair
The Honorable Paul Seaton, Co-Chair
Alaska House of Representatives

Re: HB 90 Occupational Licensing; Investigation Costs

Dear Co-Chairs:

The Alaska Association of Realtors represent over 1800 of the nearly three thousand licensees across Alaska. We are writing to express great concern and opposition to House Bill 90 that is before you. We are concerned about the major policy shift that HB 90 represents, and find it unfortunate that neither our Commission (Alaska Real Estate Commission) nor the members of our Association (Alaska Association of Realtors) were consulted for input prior to this legislation being introduced, other than being notified. It appears that this legislation has been proposed to benefit a few professions that have unfortunately been unable to avoid high investigative costs. And at the same time while some professions experience much higher administrative costs of licensing there is no proposal to spread those type of costs to professions with much lower costs.

As such, we would like to make a few points for your consideration during the debate on this bill:

1. Our industry is simply not supportive of HB 90. It goes well beyond the mere allocation of investigative costs. Realtors should and always have taken full ownership of the costs of investigations. We are not in support of participating in the allocation of costs incurred by the other 42 boards.
2. If the Legislature were to pass HB 90, we believe the incentive for any particular group of licensees to hold themselves accountable, uphold their profession, and continue to make improvements to their professional standards would greatly diminish and the bar would be lowered.
3. There are approximately 3000 active real estate licensees in the State of Alaska - only a small portion of the 73,000 professional licenses issued in Alaska.
4. For more than 15 years, the bi-annual license fee, which is established in September prior to the expiration date of January 31st on even numbered years, has included an amount within the fee to recover all costs of investigations. There have been occasions when the carry-forward was in a deficit and had to be taken into consideration when biennial fees were assessed. Real estate licensees are paying their way for all costs created by the real estate industry including investigative charges.
5. Licensees have always been assessed all investigative costs associated with their particular boards/commissions. It's what is referred to as a "receipt-supported services".
6. If ongoing investigative costs do run the Real Estate Commission into a deficit then those costs will be included in the calculation of the next biennial fee. That increase serves to drive pressure amongst our professional licensees to reach a higher standard. It also attributes to the "yo-yo" effect of license fees because the costs for investigations are paid as they are incurred. And we accept that feature of the current system; it serves to keep us accountable to higher professional standards.

7. House Bill 90 is an attempt to move away from the "cost causer – cost payer" format we presently operate by. Under this proposal professional boards and commissions will loose control of their investigative costs. The incentive within professions to drive those costs down by holding each other accountable will no longer exist. Furthermore, there has been no testimony or evidence to suggest that the public interest is not currently being served or public safety has been jeopardized under the current system.
8. What is clear, however, is that certain professions with fewer licensees will benefit by spreading their investigative costs to those with more licensees; those that have been paying their way.

In closing, this proposed legislation House Bill 90 does nothing to further benefit Alaskans; it disincentives and discourages accountability within particular professional licensee groups; and only benefits a small, select group of professionals who are unwilling to pay for their own investigative costs.



Errol Champion, Chair
Industry Issues Committee
Alaska Association of Realtors