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House Health & Social Services Committee Co-Chair

*Serving House District 16: College Gate, Russian Jack, Nunaka Valley, & Reflection Lake
Committee Member: Resources, Energy, & Legislative Budget & Audit*

Questions and Answers Document

House Bill 110:

Vehicle and Boat Transfer on Death Titles

Does the Transfer on Death (TOD) title include trailers? Snow machines? Motorcycles?

The (TOD) titles as proposed by HB 110 apply to all vehicles and boats that receive titles through the Division of Motor Vehicles (DMV), which includes some trailers, motorcycles, and manufactured homes that are at least in part transportable. It does not apply to snow machines as they do not receive titles.

If boats under 24 feet long are exempt from the titling requirement, does this mean that individuals with boats under this length will not be able to take advantage of the TOD title?

Boats under 24 feet long are exempt from the titling requirement, however there is a provision under existing state statute, (AS 05.25.056(f)), that permits owners of smaller boats to apply for titles. This provision effectively allows for owners of smaller boats to also take advantage of the TOD title proposed in HB 110.

The late Rep. Gruenberg's Bill from 2016 only applied to vehicles, why has HB 110 further expanded this to include boats?

Boat titles are a new concept that were recently implemented in 2018 by the DMV, and in 2016 did not yet exist. There was concern with the original bill that including boats would be complicated and may conflict with federal regulations for the transfer of vessels after death. However, now that the DMV issues titles, and does not issue titles for federally documented vessels, this will no longer be an issue.

When a beneficiary(ies) receive the boat or vehicle do they also receive the debts and liabilities attached to the asset?

Yes. The debts follow the asset, as they do similarly with TOD deeds. TOD titles are subject to creditor's claims, However, designated beneficiary(ies) reserve the right to refuse the asset designated to them if they do not wish to take on the responsibilities and costs associated with inheriting the asset.

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Is there a tax that applies to the transfers of assets that would take place through TOD titles?

The short answer is most likely not.

There is no estate tax in Alaska, however there is a federal estate tax that applies to exceptionally large estates. The federal estate tax starts when an estate exceeds \$11.6 million in value, at which point a 40% tax applies. The vast majority of transfers through TOD titles would not be taxed.

Further questions may be directed to Megan Holland at 465-4940