

# FISCAL NOTE

Bill Version: CSHB 13 (L&C)

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**STATE OF ALASKA  
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected Commerce & Econ. Dev.  
 Title Regulation of Escrow Accounts BRU Banking, Securities and Corporations  
 Component Banking, Securities and Corporations  
 Sponsor Rep. Rokeburg  
 Requester House Labor and Commerce Component Serial No. 1233

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) cost: \_\_\_\_\_

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Please see attached bill analysis.

Prepared by Franklin T. Elder, Acting Director Phone 465-2521  
 Division Banking, Securities and Corporations Date/Time 1/22/99 9:00 AM  
 Approved by Commissioner Deborah B. Sedwick Date 1/24/99  
 Agency Commerce and Economic Development

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HB 13

An Act relating to escrow accounts

Sec. 34.75.070 provides that the Department of Commerce and Economic Development has some supervisory responsibility should a person party to an escrow closing have a complaint. This provision, as written, is not acceptable. It would appear that the department has an obligation to "supervise" when no specific authority is granted. Action could be initiated against the state for "not supervising" in case of loss.

Possible amendment to address what the department's responsibility actually is to "supervise" settlement agents. The following is taken, in part, from AS 45.50.495; 45.50.501; and 45.50.511.

In HB 13, see Section 3, page -3-, line 25, Sec 34.75.070. Department supervision.

Sec. 34.75.070. Investigative power of the department. (a) When the department, upon receipt of a written complaint from a party to an escrow of the settlement agent, has cause to believe that a settlement agent has engaged in, is engaging in, or is about to engage in a practice in violation of this chapter, the department may

1. Request persons, party to the escrow, to file a statement or report in writing, under oath, on forms prescribed by the department, setting out all facts and circumstances concerning the proposed violation, and other information considered necessary;
2. Examine under oath the settlement agent and any person subject to the complaint;
3. Examine record, books, documents, account, or paper that the department considers necessary;
4. Make true copies of any or all items listed in (3) of this subsection, which may be offered in evidence in place of originals.

(b) The department may issue subpoenas to require the attendance of witnesses or the production of documents or other evidence, administer oaths, and conduct hearings to aid in the investigation or inquiry into the complaint.

(c) As a result of the investigation by the department a finding of violation may exist the department shall

1. Seek assurances of voluntary compliance or,
2. Refer the findings to the Attorney General who may bring an action in the name of the state against the settlement agent found to be in violation of this chapter. The action may be brought in the superior court in the judicial district in which the settlement agent is doing business or the settlement agent's principal place of business in the state, or, with the consent of the parties, in any other judicial district in the state.

[Note: the attempt is to allow an aggrieved person a process to file a complaint with some assurance that any alleged violation would be reviewed. The department's responsibility would be to review the complaint and determine summary findings. These findings could

1. Dismiss the complaint as unfounded.
2. Work with the settlement agent to assure voluntary compliance.
3. Refer the findings to the Attorney General's office for action (restrain by injunction).]