

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

April 6, 2005

3:54 p.m.

MEMBERS PRESENT

MEMBERS ABSENT

COMMITTEE CALENDAR

PREVIOUS COMMITTEE ACTION

WITNESS REGISTER

ACTION NARRATIVE

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at [4:26:34 PM](#)

[The transcripts for HB 151 are forthcoming.]

^#hb169

HB 169-REAL ESTATE LICENSEE EDUCATION

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CHAIR ANDERSON announced that the next order of business would be HOUSE BILL NO. 169, "An Act relating to the educational requirements for certain real estate brokers, associate brokers, and salespersons with new or suspended licenses; and allowing real estate brokers to hire certain experts to review real estate transactions; and providing for an effective date."

REPRESENTATIVE ROKEBERG moved to adopt CSHB 169, Version 24-LS0424\S, Bannister, 4/04/05, as the working document. There being no objection, Version S was before the committee.

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REPRESENTATIVE ROKEBERG informed the committee that there is a three-page sectional analysis of the proposed CS. He explained that aside from some conforming amendments, there are only two substantive sections. He indicated that those two substantive

sections include Section 4, which creates 20 hours of post-licensing education within the first year of an individual receiving the initial license. The aforementioned section was requested by the Alaska Association of Realtors. The other substantive section, Section 14, provides that a real estate broker may contract with an attorney of an associate broker to assist with the review of real estate transactions. He noted that statute requires that brokers supervise all the activity of the licensees underneath them. [Section 14] allows for brokers to obtain additional personnel in the form of an attorney.

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REPRESENTATIVE ROKEBERG stated that he has a conceptual amendment [that he would like to offer].

REPRESENTATIVE LYNN declared a conflict of interest because he is an licensed real estate associate broker.

REPRESENTATIVE ROKEBERG declared a conflict of interest as well.

CHAIR ANDERSON announced that both members would be required to vote.

REPRESENTATIVE ROKEBERG moved that the committee adopt Conceptual Amendment 1 [with handwritten changes], which read as follows:

Page 1, Lines 2-3:

Delete: "allowing real estate brokers to hire certain experts to review real estate transactions;"

Insert: "allowing for review of real estate transactions by attorneys or associate brokers;"

Page 4, Line 4:

Delete: "cancel the suspension."

Insert: "renew a suspended license."

Page 4, Line 9:

Delete: "canceling the suspension of a license"

Insert: "renewing a suspended license"

Page 5, Line 13:

Delete: "five"

Insert: "seven"

Page 8, Line 20

Delete: "Use of experts."

Insert: "Review of transactions."

CHAIR ANDERSON objected for discussion purposes.

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REPRESENTATIVE ROKEBERG explained that the first section of Conceptual Amendment 1 changes the term "experts" in the title to "review of". Representative Rokeberg then said that he needed to make an amendment to Conceptual Amendment 1.

CHAIR ANDERSON asked for a brief at ease.

The committee took an at-ease from 5:41:31 p.m. to 5:41:52 p.m.

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REPRESENTATIVE ROKEBERG moved that the committee adopt the following amendments to Conceptual Amendment 1, such that on page 4, line 4, the language reading "renew a suspended license." would be replaced by "reinstate a suspended license." and the language on page 4, line 9, reading "renewing a suspended license" would be replaced by "reinstating a suspended license". There being no objection, the amendment to Conceptual Amendment 1 was adopted and thus Conceptual Amendment 1, as amended, was before the committee.

REPRESENTATIVE ROKEBERG, continuing to discuss Conceptual Amendment 1 [as amended], stated that the change specified for page 5, line 13, is per the request of the Real Estate Association. He explained that the rationale for the aforementioned change is that the associate broker should consistent with brokers because they are one in the same.

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REPRESENTATIVE ROKEBERG, un response to Representative Guttenberg, specified that the change on page 5, line 13, of Conceptual Amendment 1 [as amended] conforms to existing statute.

REPRESENTATIVE ROKEBERG, continuing to discuss the Conceptual Amendment 1 [as amended], finished by stating that on page 8, line 20, the header on that section needed to be changed from "**Use of experts.**" to "**Review of transactions.**"

CHAIR ANDERSON removed his objection and asked if there were any other concerns.

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CHAIR ANDERSON announced that Conceptual Amendment 1 [as amended] was adopted.

DAVE FEEKEN, Industry Issues Legislative Chair, Alaska Association of Realtors, stated that this bill came from the industry brokers that wanted education to be required for brokers who were taking over managerial positions. He indicated that this type of educational requirement is already mandated by several states. He explained that there pre-licensing education to obtain a license teaches the individual how to pass the test while post-licensing education addresses practical applications within the industry. He related that the states that have implemented these kinds of requirements have seen a reduction in complaints at the real estate commission level.

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MR. FEEKEN stated that the issue of supervision and review of transactions came from large brokerage firms requesting the ability to retain an attorney to help review the large number of transactions, and from firms that only perform large commercial transactions.

CHAIR ANDERSON asked if there were any questions.

REPRESENTATIVE CRAWFORD related that over the years he has bought several homes and has noticed that some realtors are better than other realtors, which he attributed to the years of experience of the realtor. He agreed that more education is a good thing. He asked if Mr. Feeken could describe what the education would consist of and whether there could be some sort of apprenticeship before the [realtors] are "turned loose."

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MR. FEEKEN agreed that education is important and that the emphasis is primarily put on practical applications of writing offers, legal matters, and the use of good solid language in sales and customer relations. The impetus is on the real estate commission to create this [education], he said.

REPRESENTATIVE LYNN opined that he would like to see the emphasis be placed on practical real estate rather than just salesmanship.

MR. FEEKEN said that the biggest complaint that he receives is the lack of knowledge in practical things like filling out forms and doing paperwork.

REPRESENTATIVE LYNN suggested that perhaps the first listing an agent works up and for which he or she receives a deposit, the agent can be mentored by a more experienced agent or broker.

CHAIR ANDERSON stated that this was so noted, and then indicated to the committee that they needed to go adopt a zero committee fiscal note, since the committee is waiting for a fiscal note from the Department of Administration. He noted that the fiscal note could be amended [during the remaining committee process].
Chair Anderson

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CHAIR ANDERSON announced that there being no objection, the committee would adopt a zero fiscal note for the House Labor and Commerce Standing Committee.

MR. FEEKEN mentioned that the [Alaska Real Estate Association] supports all of the previously adopted amendments.

PEGGY MCCONNOCHIE, Member, Key Industry Issues Workgroup, Alaska Association of Realtors; Education Chair, Subcommittee of the Alaska Real Estate Commission, informed the committee that the aforementioned educational subcommittee had originated the idea here in Alaska. She then stated that she looks forward to increasing the professionalism and consumer protection of the industry.

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BRAD FLETCH, Public Member, Alaska Real Estate Commission, gave his full support of the bill as well as Version S, as amended.

JERRY ROYCE, Royce and Associates, noted that he supported the bill. He pointed out that Section 11 requires Alaskan applicants to complete the post-education requirements before the license is issued. However, "Section 26-3" specifies that applicants have a year to complete this, and therefore it's not accurate in regard to what this legislation specifies.

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MR. ROYCE then turned attention to Section 14, which specifies that use of experts are allowed. He suggested using the language "attorney, broker, associate broker through their employing broker" rather than "attorney or associate broker" in Section 14. He explained that per [AS 08.88].403 a broker can technically pay an associate broker from another firm directly based on the language in the legislation, although that's inconsistent with the requirement that all payments made to a licensee be paid through the employing broker. If it is an in-house broker versus an independent broker, then it's not a problem. However, if it's a small broker without an associate broker, then that small broker must rely on [an outside reviewer from another firm]. He opined that he did not want an inconsistency in state law such that a broker from a different firm pays an outside associate broker directly [to review a transaction]. He suggested that the payment should go through the associate broker's broker.

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MR. ROYCE then pointed out in Section 16, under [AS 08.88].990 (12)(A), that the definition of "initial license" is a little confusing. It appears that [an initial license] would require a person moving from a broker to an associate broker status, that it would be necessary to do the required educational update every time the individual's [professional] status is changed.

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REPRESENTATIVE ROKEBERG stated firmly that Mr. Royce's interpretation of Section 14 is flawed in that an associate broker cannot work for more than one broker at a time.

MR. ROYCE highlighted that the language [in Section 14] specifies that [a broker] can pay an associate broker, but it doesn't specify that the associate broker has to be under the [broker's] license. Therefore, he suggested that the language allowing an associate broker to be brought in could be construed to mean that an associate broker from another firm could be brought in to review [transactions].

REPRESENTATIVE ROKEBERG specified, "You can't, because that's the way the statute is; you have to be employed by a broker." He reiterated that [an associate broker] can only work for one broker at a time. He emphasized the need to read the language in the context of the entire chapter.

MS. MCCONNOCHIE explained that once the education is given after licensing, there is not a requirement to take the post-licensing education again throughout a real estate career.

CHAIR ANDERSON, upon determining there was no one else who wished to testify, closed public testimony.

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REPRESENTATIVE LYNN moved to report CSHB 169, Version 24-LS0424\S, Bannister, 4/04/05, as amended, out of committee with individual recommendations and the accompanying zero Labor and Commerce fiscal notes. There being no objection, CSHB 169(L&C) was reported from the House Labor and Commerce Standing Committee.

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ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [5:59:22 PM](#).