

**ALASKA STATE LEGISLATURE**  
**SENATE JUDICIARY STANDING COMMITTEE**

May 8, 2006  
9:06 a.m.

**MEMBERS PRESENT**

Senator Ralph Seekins, Chair  
Senator Charlie Huggins, Vice Chair  
Senator Gene Therriault  
Senator Hollis French  
Senator Gretchen Guess

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

CS FOR HOUSE BILL NO. 316(JUD)

"An Act extending the termination date for the Board of Governors of the Alaska Bar Association; and providing for an effective date."

MOVED CSHB 316(JUD) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 316

SHORT TITLE: EXTEND BOARD OF GOVERNORS ABA

SPONSOR(S): REPRESENTATIVE(S) STOLTZE, GRUENBERG

01/09/06	(H)	PREFILE RELEASED 12/30/05
01/09/06	(H)	READ THE FIRST TIME - REFERRALS
01/09/06	(H)	JUD, FIN
04/26/06	(H)	JUD AT 1:00 PM CAPITOL 120
04/26/06	(H)	Heard & Held
04/26/06	(H)	MINUTE(JUD)
05/04/06	(H)	JUD AT 3:00 PM CAPITOL 120
05/04/06	(H)	DETENTION /I.D. OF PERSONS;CONTEMPT OF CT
05/05/06	(H)	FIN AT 8:30 AM HOUSE FINANCE 519
05/05/06	(H)	<Pending Referral>
05/05/06	(H)	JUD AT 1:00 PM CAPITOL 120
05/05/06	(H)	-- Rescheduled from 05/04/06 --
05/06/06	(H)	JUD RPT CS(JUD) 4DP
05/06/06	(H)	DP: COGHILL, WILSON, KOTT, MCGUIRE
05/06/06	(H)	FIN AT 1:30 PM HOUSE FINANCE 519

05/06/06 (H) -- Meeting Canceled --  
05/07/06 (H) FIN RPT CS(JUD) 6DP 4NR  
05/07/06 (H) DP: HAWKER, FOSTER, JOULE, KERTTULA,  
STOLTZE, MEYER;  
05/07/06 (H) NR: WEYHRAUCH, HOLM, MOSES, CHENAULT  
05/07/06 (H) TRANSMITTED TO (S)  
05/07/06 (H) VERSION: CSHB 316(JUD)  
05/07/06 (H) FIN AT 12:00 AM HOUSE FINANCE 519  
05/07/06 (H) Moved CSHB 316(JUD) Out of Committee  
05/07/06 (H) MINUTE(FIN)  
05/07/06 (S) READ THE FIRST TIME - REFERRALS  
05/07/06 (S) JUD

#### **WITNESS REGISTER**

Representative Bill Stoltz  
Alaska State Capitol  
Juneau, AK 99801-1182  
**POSITION STATEMENT:** Introduced HB 316

Pat Davidson. Legislative Auditor  
Legislative Audit Division  
PO Box 113200  
Juneau, Alaska 99811  
**POSITION STATEMENT:** Answered questions regarding HB 316

Theresa Obermeyer, Attorney  
Anchorage, Alaska  
**POSITION STATEMENT:** Commented on HB 316

#### **ACTION NARRATIVE**

**CHAIR RALPH SEEKINS** called the Senate Judiciary Standing Committee meeting to order at [9:06:54 AM](#). Present were Senators Hollis French, Charlie Huggins, Gene Therriault, Gretchen Guess, and Chair Ralph Seekins.

#### **HB 316-EXTEND BOARD OF GOVERNORS ABA**

[9:07:14 AM](#)

CHAIR RALPH SEEKINS announced CSHB 316(JUD) to be up for consideration.

REPRESENTATIVE BILL STOLTZ, sponsor, introduced the bill. House Bill 316 would extend the sunset date of the Board of Governors of the Alaska Bar Association until June 30, 2007.

[9:09:58 AM](#)

SENATOR HOLLIS FRENCH asked Representative Stoltz to articulate some of the issues concerning the Board.

REPRESENTATIVE STOLTZ responded that the issue of Alaska Bar dues merits scrutiny and further discussion, which constitutes the reason for only extending the sunset one-year. The original bill version asked for a three-year extension. Also there are innumerable issues within the Alaska Bar that need attention.

[9:11:50 AM](#)

SENATOR GENE THERRIAULT said he has been contacted by a number of attorneys who expressed concern regarding the Bar dues.

REPRESENTATIVE STOLTZ said he has heard that many times. The dues are among the highest in the country.

[9:13:20 AM](#)

PAT DAVIDSON, Legislative Auditor, offered to answer questions.

SENATOR THERRIAULT advised Ms. Davidson that he was interested in the fund balance and hearing her opinion on whether or not the Alaska Bar Association should be brought under a state agency.

MS. DAVIDSON responded that at the end of 2004 the fund balance was \$2.7 million dollars. \$676,000 was designated by the Board of Governors as the working capital. \$120,000 was designated for asset acquisition and \$1.9 million is shown as undesignated, however of that, \$1.1 million is in the lawyers fund for client protection.

With regard to its legal status, that was some debate when they developed recommendations in the report. One recommendation is for the Bar Association to go to mandatory legal education.

[9:16:07 AM](#)

During the course of the audit, Legislative Research issued the idea of keeping the revenues and expenditures out of the budget process. There are many arguments on both sides. The Association has approximately an \$800,000 surplus in the fund balance, which represents half a year funding. Title 8 says that the fees are supposed to support the cost of the Board and a 50 percent surplus is slightly high.

CHAIR SEEKINS asked Ms. Davidson to explain what client protection means.

MS. DAVIDSON advised there is a client protection fund for when clients feel their funds have been misused by attorneys. They can appeal to the Bar Association for refund.

[9:18:59 AM](#)

CHAIR SEEKINS asked whether that fund shows any activity.

MS. DAVIDSON advised there were \$72,000 in claims award made in 2004.

CHAIR SEEKINS asked whether she knew the five-year average.

MS. DAVIDSON offered to do the research and provide further details to the committee.

CHAIR SEEKINS speculated that the fund was over reserved.

[9:20:22 AM](#)

SENATOR THERRIAULT asked Ms. Davidson whether updating equipment or expanding office space was involved in any of the funds.

MS. DAVIDSON noted they have an asset acquisition of \$120,000 reserved.

CHAIR SEEKINS asked the amount of money that is spent on meetings.

[MS. DAVIDSON referred to the audit packet]

SENATOR THERRIAULT commented that the Senate did not file a companion bill on the subject and that the issue of whether the Bar should have legislative review or control has been around for years. He speculated whether The Alaska State Legislature should consider a total shut down and recreation of the Alaska Bar Association in order to "take care of the problems." He said it should be considered.

[9:24:39 AM](#)

MS. DAVIDSON responded to the earlier budget question and advised that \$262,000 was expensed on the category of "annual meeting and others" in 2004.

SENATOR CHARLIE HUGGINS asked how a person would get invited to one of their meetings.

SENATOR FRENCH responded one would have to join the Bar and pay the dues.

CHAIR SEEKINS asked the amount of the dues.

SENATOR FRENCH offered that he recently wrote a check for \$550 to cover the yearly dues.

SENATOR HUGGINS suggested organizations that are flush with cash could help a lot of people if they were to contribute to needy organizations such as "victim's rights."

[9:26:05 AM](#)

CHAIR SEEKINS said many attorneys suggest that the dues are high, the parties are lavish, the Association is over-reserved in funds and yet they do not want any legislative oversight. He suggested that the Legislature should raise the subject of "Bar control" at another time.

[9:27:19 AM](#)

TERESA OBERMEYER, Attorney, regretfully relayed her opinion that the Alaska Bar Association is steeped in favoritism. She pledged to help improve that factor. She charged that discipline in the Bar Association was a complete failure and used the example of former Attorney General Greg Renkes. She referenced the 550 licensed Alaska attorneys who are active out of state and said the overwhelming majority of them have never even been to Alaska. The rate of passage of the Alaska Bar is less than 60 percent and she suggested that Alaska attorneys should have a fairer chance to pass and practice law in state.

CHAIR SEEKINS closed public testimony. He clarified that the bill would extend the termination date for the Board of Governors to June 30, 2007 and at that time it would begin a "wind down" process, which would take one year.

SENATOR THERRIAULT agreed and asked Ms. Davidson whether the Legislature would have the authority to move the sunset date forward next year and initiate the wind down process earlier than June 30, 2007.

MS. DAVIDSON said she did not know.

[9:34:03 AM](#)

CHAIR SEEKINS speculated that the Legislature could accelerate the wind down process if they were creating a new entity.

SENATOR THERRIAULT agreed.

SENATOR GRETCHEN GUESS asked Representative Stoltz to comment on the discussion.

REPRESENTATIVE STOLTZ responded that either route would bring the issues to the forefront. He deferred to the decision of the committee.

SENATOR FRENCH moved CSHB 316(JUD) from committee with individual recommendations and attached fiscal notes. Hearing no objections, the motion carried.

There being no further business to come before the committee, Chair Seekins recessed the meeting to the call of the chair at [9:38:31 AM](#).