

**ALASKA STATE LEGISLATURE**  
**HOUSE STATE AFFAIRS STANDING COMMITTEE**

April 10, 2012

8:06 a.m.

**MEMBERS PRESENT**

Representative Bob Lynn, Chair  
Representative Wes Keller, Vice Chair  
Representative Paul Seaton  
Representative Peggy Wilson  
Representative Max Gruenberg  
Representative Pete Petersen

**MEMBERS ABSENT**

Representative Kyle Johansen

**COMMITTEE CALENDAR**

CS FOR SENATE CONCURRENT RESOLUTION NO. 17(STA)  
Celebrating the 100th anniversary of the Girl Scouts of the United States of America and proclaiming 2012 as the Year of the Girl.

- MOVED SCR 17 OUT OF COMMITTEE

HOUSE BILL NO. 355

"An Act relating to the membership of, and member qualifications for, the Alaska Public Offices Commission; prohibiting certain uses of names and addresses contained in certain reports to the commission; and providing for an effective date."

- MOVED CSHB 355(STA) OUT OF COMMITTEE

SENATE CONCURRENT RESOLUTION NO. 19

Proclaiming September 24, 2012, to be United States Marshals Day.

- MOVED SCR 19 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 104(JUD)

"An Act relating to manufactured homes, including manufactured homes permanently affixed to land, to the conversion of manufactured homes to real property, to the severance of manufactured homes from real property, to the titling, conveyance, and encumbrance of manufactured homes, and to

manufacturers' certificates of origin for vehicles; and providing for an effective date."

- MOVED CSSB 104(JUD) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SCR 17

SHORT TITLE: GIRL SCOUTS 100TH ANNIVERSARY

SPONSOR(s): SENATOR(s) DAVIS

01/17/12	(S)	READ THE FIRST TIME - REFERRALS
01/17/12	(S)	STA
02/02/12	(S)	STA AT 9:00 AM BUTROVICH 205
02/02/12	(S)	Moved CSSCR 17(STA) Out of Committee
02/02/12	(S)	MINUTE(STA)
02/03/12	(S)	STA RPT CS 5DP SAME TITLE
02/03/12	(S)	DP: WIELECHOWSKI, KOOKESH, PASKVAN, MEYER, GIESSEL
02/17/12	(S)	BEFORE THE SENATE ON FINAL PASSAGE
02/17/12	(S)	TRANSMITTED TO (H)
02/17/12	(S)	VERSION: CSSCR 17(STA)
02/20/12	(H)	READ THE FIRST TIME - REFERRALS
02/20/12	(H)	STA
04/05/12	(H)	STA AT 8:00 AM CAPITOL 106
04/05/12	(H)	Heard & Held
04/05/12	(H)	MINUTE(STA)
04/10/12	(H)	STA AT 8:00 AM CAPITOL 106

BILL: HB 355

SHORT TITLE: APOC: MEMBERSHIP; USE OF REPORT INFO

SPONSOR(s): REPRESENTATIVE(s) GUTTENBERG

02/22/12	(H)	READ THE FIRST TIME - REFERRALS
02/22/12	(H)	STA, JUD
04/10/12	(H)	STA AT 8:00 AM CAPITOL 106

BILL: SCR 19

SHORT TITLE: PROCLAIMING UNITED STATES MARSHALS DAY

SPONSOR(s): SENATOR(s) DYSON

01/18/12	(S)	READ THE FIRST TIME - REFERRALS
01/18/12	(S)	STA
02/23/12	(S)	STA RPT 5DP
02/23/12	(S)	DP: WIELECHOWSKI, KOOKESH, PASKVAN, MEYER, GIESSEL
02/23/12	(S)	STA AT 9:00 AM FAHRENKAMP 203

02/23/12 (S) Moved SCR 19 Out of Committee  
02/23/12 (S) MINUTE(STA)  
03/30/12 (S) BEFORE THE SENATE ON FINAL PASSAGE  
03/30/12 (S) TRANSMITTED TO (H)  
03/30/12 (S) VERSION: SCR 19  
04/02/12 (H) READ THE FIRST TIME - REFERRALS  
04/02/12 (H) STA  
04/10/12 (H) STA AT 8:00 AM CAPITOL 106

BILL: SB 104

SHORT TITLE: MANUFACT'D HOMES AS REAL PROP.;MUNI TAXES

SPONSOR(S): SENATOR(S) FRENCH

03/16/11 (S) READ THE FIRST TIME - REFERRALS  
03/16/11 (S) STA, JUD  
03/29/11 (S) STA AT 9:00 AM BUTROVICH 205  
03/29/11 (S) Heard & Held  
03/29/11 (S) MINUTE(STA)  
03/31/11 (S) STA AT 9:00 AM BUTROVICH 205  
03/31/11 (S) Moved SB 104 Out of Committee  
03/31/11 (S) MINUTE(STA)  
04/01/11 (S) STA RPT 2DP 3NR  
04/01/11 (S) DP: KOOKESH, MEYER  
04/01/11 (S) NR: WIELECHOWSKI, PASKVAN, GIESSEL  
04/06/11 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)  
04/06/11 (S) Heard & Held  
04/06/11 (S) MINUTE(JUD)  
04/15/11 (S) JUD AT 1:30 PM BUTROVICH 205  
04/15/11 (S) Heard & Held  
04/15/11 (S) MINUTE(JUD)  
01/18/12 (S) JUD AT 1:30 PM BELTZ 105 (TSBldg)  
01/18/12 (S) Moved CSSB 104(JUD) Out of Committee  
01/18/12 (S) MINUTE(JUD)  
01/20/12 (S) JUD RPT CS 4DP SAME TITLE  
01/20/12 (S) DP: FRENCH, COGHILL, WIELECHOWSKI,  
PASKVAN  
01/27/12 (S) TRANSMITTED TO (H)  
01/27/12 (S) VERSION: CSSB 104(JUD)  
01/30/12 (H) READ THE FIRST TIME - REFERRALS  
01/30/12 (H) L&C, STA  
04/04/12 (H) L&C AT 3:15 PM BARNES 124  
04/04/12 (H) Moved Out of Committee  
04/04/12 (H) MINUTE(L&C)  
04/05/12 (H) L&C RPT 3DP 3NR  
04/05/12 (H) DP: THOMPSON, MILLER, HOLMES  
04/05/12 (H) NR: JOHNSON, SADDLER, OLSON  
04/10/12 (H) STA AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

SENATOR BETTYE DAVIS  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As sponsor, thanked the committee for its remarks and for moving CSSCR 17(STA) out of committee in so timely a manner.

REPRESENTATIVE DAVID GUTTENBERG  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As sponsor, presented HB 355.

CHUCK KOPP, Staff  
Senator Fred Dyson  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented SCR 19 on behalf of Senator Dyson, sponsor.

SENATOR HOLLIS FRENCH  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As sponsor, presented SB 104.

GEORGE GINSBURG, Attorney at Law  
McGlinchey Stafford PLLC  
No city and state listed

**POSITION STATEMENT:** Answered questions during the hearing on SB 104.

SHELLY MELLOTT, Acting Director  
Director's Office  
Division of Motor Vehicles (DMV)  
Department of Administration  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on SB 104.

PATRICK GREEN, Director  
State Government Relations  
Wells Fargo & Company  
Des Moines, Iowa

**POSITION STATEMENT:** Provided information and answered questions during the hearing on SB 104.

**ACTION NARRATIVE**

[8:06:13 AM](#)

**CHAIR BOB LYNN** called the House State Affairs Standing Committee meeting to order at 8:06 a.m. Representatives Keller, Seaton, Petersen, and Lynn were present at the call to order. Representatives P. Wilson and Gruenberg arrived as the meeting was in progress.

[8:06:49 AM](#)

**SCR 17-GIRL SCOUTS 100TH ANNIVERSARY**

CHAIR LYNN announced that the first order of business was CS FOR SENATE CONCURRENT RESOLUTION NO. 17(STA), Celebrating the 100th anniversary of the Girl Scouts of the United States of America and proclaiming 2012 as the Year of the Girl.

[8:07:08 AM](#)

REPRESENTATIVE KELLER moved to report CSSCR 17(STA) out of committee with individual recommendations and the accompanying fiscal notes. [There being no objection, CSSCR 17(STA) was reported out of the House State Affairs Standing Committee.]

[8:07:24 AM](#)

REPRESENTATIVE KELLER said that in the process of hearing CSSCR 17(STA), he learned how much support The Girl Scouts of America gets from parents, girls, and scout leaders. He said it pleased him that The Girl Scouts of Alaska "definitely stick with their own values and have denied any direct relationship with or connection with Planned Parenthood."

[8:08:00 AM](#)

SENATOR BETTYE DAVIS, Alaska State Legislature, thanked the committee for its remarks and for moving CSSCR 17(STA) out of committee in so timely a manner.

[8:08:19 AM](#)

The committee took an at-ease from 8:08 a.m. to 8:10 a.m.

**HB 355-APOC: MEMBERSHIP; USE OF REPORT INFO**

[8:09:57 AM](#)

CHAIR LYNN announced that the next order of business was HOUSE BILL NO. 355, "An Act relating to the membership of, and member qualifications for, the Alaska Public Offices Commission; prohibiting certain uses of names and addresses contained in certain reports to the commission; and providing for an effective date."

[8:10:20 AM](#)

REPRESENTATIVE DAVID GUTTENBERG, Alaska State Legislature, as sponsor, presented HB 355. He said when a person goes to a commission that oversees the work he/she does, there are people in that occupation serving on that commission. Alaska appoints members to the Alaska Public Offices Commission as follows: two members of the Republican Party, two members of the Democratic Party, and another member at large. He said he was perturbed when he saw the list of Democrats appointed to APOC, because none of them had campaign filing experience. He said reporting can be problematic; it is all about disclosure.

REPRESENTATIVE GUTTENBERG directed attention to language on page 2, lines 8-9, of the proposed committee substitute (CS) for HB 355, Version 27-LS1388\I, Bullard, 4/3/12, which would ensure that one APOC member from each political party would have **"extensive experience in the financing of political campaigns and compliance with disclosure and reporting requirements."** He said there are three opportunities for that definition to be vetted: when the parties decide whose name to put forward, when the governor decides who to appoint, and when the legislature makes the final decision whether that person has enough experience. He said the rest of the language pertains to "having two non-voting members on [the commission] as advisors until all the members have been replaced with people with the campaign experience."

[8:13:28 AM](#)

REPRESENTATIVE SEATON moved to adopt the proposed committee substitute (CS) for HB 355, Version 27-LS1388\I, Bullard, 4/3/12, as a work draft. There being no objection, Version I was before the committee.

[8:13:46 AM](#)

REPRESENTATIVE GUTTENBERG explained that the original bill version included language that mirrored language in federal law, which prohibits information from on line disclosures from being used for building a database for campaigning or any other commercial purpose. That language [formerly Section 11] was removed from Version I, which now focuses solely on the qualifications of the APOC board.

CHAIR LYNN opined that the proposed legislation makes sense; the experience a candidate has needs to be brought to APOC.

[8:15:46 AM](#)

REPRESENTATIVE PETERSEN noted that HB 355 would not require the people whose names are submitted by the parties to have been candidates. He asked if that means they could have been a campaign volunteer or manager.

REPRESENTATIVE GUTTENBERG answered that is correct. He said the point is not to influence the decision making process, but to have people on the commission with a shared experience.

[8:16:38 AM](#)

REPRESENTATIVE GRUENBERG offered his understanding that HB 355 is the only proposed legislation still in circulation related to APOC.

CHAIR LYNN ascertained that no one else wished to testify.

[8:17:55 AM](#)

REPRESENTATIVE SEATON offered his understanding that under HB 355 there would be seven members of APOC, instead of five, but there would still be five voting members; therefore, the actual decision-making process would not be changed, but there would be more expertise available.

REPRESENTATIVE GUTTENBERG answered that is correct. He said the two, non-voting members "rotate out." He clarified, "When all the members have campaign experience, the two, non-voting advisory members are gone. They sit ... there to help the board; they don't vote."

[8:19:07 AM](#)

REPRESENTATIVE KELLER moved to report CSHB 355, Version 27-LS1388\I, Bullard, 4/3/12, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 355(STA) was reported out of the House State Affairs Standing Committee.

[8:19:23 AM](#)

The committee took an at-ease from 8:19 a.m. to 8:21 a.m.

**SCR 19-PROCLAIMING UNITED STATES MARSHALS DAY**

[8:21:28 AM](#)

CHAIR LYNN announced that the next order of business was SENATE CONCURRENT RESOLUTION NO. 19, Proclaiming September 24, 2012, to be United States Marshals Day.

[8:21:33 AM](#)

CHUCK KOPP, Staff, Senator Fred Dyson, Alaska State Legislature, presented SCR 19 on behalf of Senator Dyson, sponsor. He said the U.S. Marshals Service was formed by U.S. Congress through the Judiciary Act of 1789. Shortly after the U.S. purchased Alaska from Russia in 1867, Alaska was designated a military district of the U.S. and placed under the control of the War Department. Following that, Alaska was briefly governed in succession by the Treasury Department and the Naval Department, and the U.S. Marshals Service took over in the late 1880s, when the Wild West and gold rush were in full force. In 1897, Deputy Marshals William C. Watt and James Mark Rowan were the first to be killed in the line of duty. Shortly after that, Clyde Calhoun - a former U.S. Marshall from Dodge City, Kansas - died in Alaska in the line of duty.

MR. KOPP said the U.S. Marshals Service played a prominent role in Alaska's history up until 1955. In 1949, he noted, the Alaska Territorial Legislature formed the Alaska Territorial Police, but were not given criminal enforcement powers until they were made deputy U.S. Marshals in 1954. In 1955, the Territorial Police assumed full police powers, and in 1959, the State Territorial Police was formed, a large portion of which was comprised of former U.S. Marshals.

[8:24:03 AM](#)

MR. KOPP said SCR 19 would proclaim September 24 as U.S. Marshal Day in Alaska. He pointed to recommendations in the committee packet from: Joseph Masters, the commissioner of the Department

of Public Safety; the Alaska Peace Officers Association; and the Alaska Association of Chiefs of Police. He stated that of the first 14 police officers that were killed in the line of duty in Alaska from 1897 to 1955, eight were U.S. Marshals. He said today U.S. Marshals work with the Village Crime Reduction Program, the Sex Offender Registry Identification Compliance Project, and with the Badges and Books Program - a literacy and community relationship building project along the Yukon and Kuskokwim Rivers.

[8:25:04 AM](#)

MR. KOPP, in response to Chair Lynn, described the differences between a municipal policeman, an Alaska State Trooper, and a U.S. Marshal.

[8:26:12 AM](#)

MR. KOPP, in response to Representative P. Wilson, he indicated that [the U.S. Marshals] requested a one-time recognition of their service to Alaska, rather than a recognition that would be repeated annually. In response to a follow-up question, he confirmed that the sponsor does not intend for this issue to be brought up every year.

[8:27:19 AM](#)

REPRESENTATIVE GRUENBERG offered his understanding that there was no U.S. Marshall available to testify. He related that last year in his district, the U.S. Marshals manned a booth during a community event. He said he thought that was a good interaction with the children in his district, so he suggested the school principal invite the U.S. Marshals to visit the school. He said he would like to see more interaction happen, and suggested that perhaps 9/24 would be an appropriate day for the U.S. Marshals to outreach to the schools.

MR. KOPP said he thinks that is a great suggestion, and he said he would follow up on it.

[8:29:54 AM](#)

REPRESENTATIVE P. WILSON noted that 9/24 falls on a Monday.

[8:30:11 AM](#)

CHAIR LYNN, after ascertaining that there was no one else who wished to testify, closed public testimony.

[8:30:21 AM](#)

REPRESENTATIVE KELLER moved to report SCR 19 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SCR 19 was reported out of the House State Affairs Standing Committee.

[8:30:38 AM](#)

The committee took an at-ease from 8:30 a.m. to 8:32 a.m.

[8:32:14 AM](#)

**SB 104-MANUFACT'D HOMES AS REAL PROP.;MUNI TAXES**

[8:32:17 AM](#)

CHAIR LYNN announced that the final order of business was CS FOR SENATE BILL NO. 104(JUD), "An Act relating to manufactured homes, including manufactured homes permanently affixed to land, to the conversion of manufactured homes to real property, to the severance of manufactured homes from real property, to the titling, conveyance, and encumbrance of manufactured homes, and to manufacturers' certificates of origin for vehicles; and providing for an effective date."

[8:32:20 AM](#)

SENATOR HOLLIS FRENCH, Alaska State Legislature, as sponsor, presented SB 104. He said the proposed legislation would allow motor home owners convert their property to real property, which would help those owners get lower interest rates and more easily sell their homes when the time comes to do so. He said he was approached about the legislation by the banking industry. He said the bill, although complex, is about a simple idea. The owners would have to prove that they fixed their property to a piece of land that they own. He said the process is voluntary.

SENATOR FRENCH stated that the heart of the bill is on page 14, which sets out a manufactured property Act and shows how the person would qualify. In response to Chair Lynn, he said currently manufactured homes are considered personal property, although he said there are different views on that.

[8:34:29 AM](#)

SENATOR FRENCH said there are letters from bankers in the committee packet, which point out that currently there is not a good process for converting these homes to real property. He said there are bankers ready to testify. He listed the following supporters of SB 104: Alaska Land Title Association, First American Title, Wells Fargo, the Alaska Bankers Association, the latter of which is comprised of Alaska Pacific Bank, Denali State Bank, First Bank of Ketchikan, First National Bank of Alaska, KeyBank, Mt. McKinley Bank, Northrim Bank, and Wells Fargo Bank.

[8:35:14 AM](#)

CHAIR LYNN relayed that he holds a current Alaska real estate broker's license, and he said he knows how difficult it is for mobile home owners to get financing.

[8:35:48 AM](#)

SENATOR FRENCH, in response to Representative P. Wilson, said that to qualify, the manufactured home owner would have to own the land underneath it or have a 20-year lease. In response to Chair Lynn, he related that he moved up to Alaska with a mobile home during the oil boom. In response to a question, he offered his understanding that there is no language in the proposed legislation regarding the age of the mobile home.

[8:38:17 AM](#)

SENATOR FRENCH, in response to Representative Gruenberg, confirmed that most other states have similar laws, but said he does not know how many.

REPRESENTATIVE GRUENBERG noted that there is a short title on page 20, lines 22-23, and he asked if SB 104 was based on a model act. He asked about an industry standard.

SENATOR FRENCH surmised that it is not a model uniform act, but is similar to many acts in other states.

[8:39:43 AM](#)

REPRESENTATIVE GRUENBERG said that for tax purposes, depreciation of personal property is typically shorter than a depreciation of real property. He questioned whether a person's

decision to change to real property status under HB 104 would result in a change in his/her depreciation schedule.

SENATOR FRENCH said he does not know the answer.

8:40:33 AM

GEORGE GINSBURG, Attorney at Law, McGlinchey Stafford PLLC, said his firm is outside counsel to Wells Fargo. He stated that SB 104 is not a uniform act in the sense that the Uniform Commercial Code or some other statute that went through the Uniform Conference of Commissioners on Consumer State Laws is, but much of the language is very common and has been passed in many other states, at least through similar language. He confirmed Senator French's statement that Alaska is in the minority of states that have not yet passed similar legislation.

MR. GINSBURG said one reason people have difficulty getting financing of manufactured homes is because these days the private securitization market and the private secondary market for real estate loans has essentially evaporated, and just about everything is sold to Fannie Mae or Freddie Mac. He said in purchasing a real estate home involving a manufactured home, Fannie Mae and Freddie Mac require there has to be some state law mechanism that makes clear that a manufactured home permanently affixed to real estate is real estate, in fact, for purposes of state law. He said that is one of things that SB 104 is trying to accomplish.

MR. GINSBURG stated that when the process is concluded the way the proposed bill sets forth, two things happen: a manufactured home, which prior to that is most likely personal property is converted to real estate and there is a consistent public record both in the real estate recorder's office and the DMV where either a purchaser or lender can go check whether the home is personal or real property. Currently, in Alaska, home owners may have a home without a title and be in a position where they cannot sell the home, and if the home has been permanently affixed, they cannot get a title, because the DMV will not issue one to a home that is permanently affixed. Furthermore the owner is not able to encumber the home and use it to get a loan, because they don't have a title to protect the security interest, and since the property is not clearly real estate, it may not be covered by a deed or a mortgage. He said there is no consumer opposition to SB 104, because consumers realize that the proposed legislation is in their best interest.

[8:45:13 AM](#)

MR. GINSBURG, regarding Representative Gruenberg's question about taxes, said SB 104 does not expressly address any tax issues, but once the conversion procedure has been completed, until such time as the home is removed from the property, the home would be considered real estate for all purposes, as if it were built from ordinary building materials on site. He said he does not know Alaska tax laws, but stated his assumption that from that point forward, whatever tax laws would otherwise apply, including depreciation, would apply to a home that has been converted to real estate.

[8:46:10 AM](#)

CHAIR LYNN talked about someone who had purchased a brand new mobile home, but had to put on a new roof in order to get proper financing. He asked whether the U.S. Department of Housing and Urban Development (HUD) standards eliminate some of the older mobile homes because, for example, they may not have the kind of roof of a newer model.

[8:46:52 AM](#)

CHAIR LYNN handed the gavel to Vice Chair Keller.

[8:47:22 AM](#)

MR. GINSBURG said he thinks that older manufactured homes may not qualify, in part because people are now concerned about safety standards. He said manufactured homes for these purposes are given the meaning as defined in Uniform Commercial Code 2. He said he does not have that information in front of him, but could get back to the committee when he has found an answer.

[8:48:24 AM](#)

VICE CHAIR KELLER stated his assumption that "liability for the construction would belong to the bank and to the owner," not to the state.

MR. GINSBURG said the home would have to be permanently affixed. He said if Alaska is like most states, the home would have to be installed by a licensed installer, and somebody - an assessor, an appraiser, or someone in the context of a loan if the bank was making a loan - would have to examine the home to ensure it was permanently affixed. He stated, "I don't know that the bank

would incur any liability, but certainly there would be no liability to the state." He said the DMV would be relying on the affidavit of affixation; there would be no obligation on the division or any other state agency to confirm to its own satisfaction that permanent affixation occurred correctly. He said the title insurance companies also have a say in that.

[8:50:15 AM](#)

VICE CHAIR KELLER remarked that the fiscal note states that SB 104 would have only a small fiscal impact on the DMV, which would absorb implementation costs in its operating budget.

[8:52:33 AM](#)

REPRESENTATIVE GRUENBERG noted that there is a definition of manufactured home in AS 45.29.102.

MR. GINSBURG responded, "That is in Article 9 of the Uniform Commercial Code." He directed attention to page 2, Section 2, and he stated, "We have done our best in a number of instances to try and conform various definitions of manufactured home or real property to refer to manufactured home as defined in the section that you just mentioned." He said it is in the Uniform Commercial Code and in Article 9.

[8:54:49 AM](#)

MR. GINSBURG, in response to Representative Gruenberg, explained that in 2001, a new version of Article 9 of the Uniform Commercial Code took effect in every state, including Alaska.

[8:56:41 AM](#)

REPRESENTATIVE GRUENBERG said SB 104 looks like a good bill that could favorably affect his constituents; however, he offered his understanding that since most people living in manufactured homes in Anchorage do not own the land beneath the homes, they would not be able to take advantage of SB 104.

SENATOR FRENCH confirmed that is correct.

REPRESENTATIVE GRUENBERG asked if there are any plans to "make this sort of thing available" to people who don't have a 20-year lease or own the property beneath their manufactured homes.

SENATOR FRENCH replied that that may be possible, but not under SB 104.

REPRESENTATIVE GRUENBERG asked if there is legislation in any other state that accomplishes that.

[8:58:52 AM](#)

MR. GINSBURG answered not to his knowledge. He said, "Remember that the idea is legally to convert property to real estate, and we're talking about people who don't own the real estate. They may own the home, but ... it's placed on real estate that's owned by somebody else and which they occupy, as you say, pursuant to a short-term lease." He said that in other states, language was included in the legislation to specify that it would not apply to people who occupy homes in mobile home parks.

[8:59:50 AM](#)

SENATOR FRENCH, in response to Representative Petersen, offered his understanding that a person registers his/her manufactured home with the DMV once and subsequently pays annual taxes on the home.

[9:00:36 AM](#)

SHELLY MELLOTT, Acting Director, Director's Office, Division of Motor Vehicles (DMV), Department of Administration, in response to a question from Representative Petersen, said there is a one-time title fee of \$100 for manufactured homes.

REPRESENTATIVE PETERSEN asked what affect SB 104 would have on getting insurance for manufactured homes.

SENATOR FRENCH said he does not know, but pointed out that since the conversion to real property under SB 104 would be voluntary, the manufactured home owner could find that out.

[9:01:52 AM](#)

MR. GINSBURG offered his understanding that the American Land Title Association has an amendment to its policy that would ensure the manufactured home as real estate. He clarified that that is title insurance. Regarding home owner's insurance, he said he assumes that once the process is concluded, "somebody may be able to get insurance not otherwise available."

[9:03:16 AM](#)

VICE CHAIR KELLER stated his assumption that the bank has inspectors to verify that for which it loans money. Regarding a permanently affixed manufactured home, he indicated there may be considerations regarding the quality of the construction.

[9:04:03 AM](#)

REPRESENTATIVE SEATON noted that standards exist under 42 U.S.C., which is cited in AS 45.29.102. He asked if, under SB 104, untitled motor homes could be converted to real property. He further questioned whether ownership records on the DMV's database are publicly available.

[9:06:22 AM](#)

MS. MELLOTT said there is a process available if a title is lost, which is to get a bond for 1.5 times the appraised value of [the manufactured home] and bring the bond to the state, at which point the DMV would title the home based on that bond. She said, "At that point, we'd have to turn around and cancel the title, if they had a fixation affidavit, and then give them paperwork showing ... it's been recorded and the title's been cancelled."

MS. MELLOTT, regarding Representative Seaton's second question, stated that currently information on the DMV's database pertaining to motor vehicles is not public information, and [manufactured homes] are considered motor vehicles.

REPRESENTATIVE SEATON questioned if not having access to the database would be problematic.

[9:08:21 AM](#)

MR. GINSBURG directed attention to language [in Section 16], on page 8, [beginning on line 4], which would amend AS 28.10.264, and said there is a slightly different procedure from the one Ms. Mellott described. He said rather than issuing a title and then having the person surrender it, the DMV would note in its records that an application had been accepted; therefore, the records would show that there is no certificate of title on the home because it has been converted to real property. He said, "The bill does address a situation in which the ... homeowner does not have a title, but the home is permanently affixed and it is converted to real estate without the necessity of getting

title; although in that case a bond is required just to protect other people who may have some kind of interest in the home."

MR. GINSBURG stated that there are certain details, which would not be publicly searchable, but the fact that a home has been converted to real property via the procedure he just mentioned or the fact that the certificate of origin has been surrendered or the certificate of title has been surrendered would be publicly searchable in the DMV's records. He concluded, "That's part of the whole idea of the bill that you could look at both the division's records and the recorder's office [records] and see whether, in fact, the home has been converted to real estate, so you don't have to guess."

[9:11:34 AM](#)

MS. MELLOTT, in response to Representative Seaton, offered her understanding that there is no provision to make that information publicly available, although the information can be given to the owner of record, who can turn it over to whomever he/she chooses.

REPRESENTATIVE SEATON asked Ms. Mellott to confirm that through a bond a person could become the owner of record and the DMV could "supply that to the real estate issuer."

MS. MELLOTT responded yes.

[9:12:45 AM](#)

REPRESENTATIVE GRUENBERG stated that under Alaska law, a law adopted from another state is taken with the interpretation put upon it by the highest court of record that has reviewed that law. He said provisions on the same law enacted after the date of enactment in Alaska are not binding, but are persuasive. He asked Mr. Ginsburg "if this law was taken from the law of any other jurisdiction."

[9:14:09 AM](#)

MR. GINSBURG stated that he is unaware of any decisions of which Alaska would be burdened. He relayed that it is not a uniform law; in some states, for example, the law does not include the confirmation of conversion procedure. He said he thinks the idea of being bound by the laws of other states is not an issue regarding SB 104.

REPRESENTATIVE GRUENBERG asked if Wells Fargo or the banking industry has the ability to get a list of the states that have substantially similar laws so that courts construing this issue in the future could look at precedent.

[9:16:53 AM](#)

SENATOR FRENCH said he has a January 2009 National Consumer Law Center document entitled, "Titling Homes As Real Property." He said the publication covers the dozens of states that currently have conversion statutes and gives a synopsis of those statutes. He offered to make that publication available to the committee.

REPRESENTATIVE GRUENBERG suggested that assuming SB 104 passes, it may be sufficient to send that reference to the bill archives.

[9:18:12 AM](#)

PATRICK GREEN, Director, State Government Relations, Wells Fargo & Company, stated that SB 104 would affect only those manufactured home owners whose homes are on a permanent foundation and who own the land underneath. He said currently the banks are only able to give consideration to real estate loans based on the value of the land underneath the home. He said a vast majority of other states have the conversion process, which meets the guidelines of HUD and the government sponsored Fannie Mae and Freddie Mac, and it allows financing to borrowers in this situation at a much reduced cost. He said SB 104 is "a good piece of legislation" that benefits both the banking industry and consumers.

[9:19:20 AM](#)

MR. GREEN, in response to Vice Chair Keller, confirmed that the proposed legislation would not change the normal appraisal process. In response to another question, he confirmed that the banks would guide the borrower through the entire process. He deferred to Mr. Ginsburg to supply any further details.

[9:21:17 AM](#)

REPRESENTATIVE SEATON asked if "this" is necessary in order for manufactured homes to qualify for state energy rebate and weatherization programs.

[9:21:56 AM](#)

SENATOR FRENCH said he does not know the answer to the question, but said he does not believe "this would have any material effect on the way the situation exists today." He noted that those programs are available for apartment dwellers, but said most people do not want to invest money into property that they do not own.

[9:22:53 AM](#)

REPRESENTATIVE PETERSEN asked what affect the conversion from personal property to real property would have on insurance.

[9:23:30 AM](#)

MR. GREEN answered that he is not an insurance professional, but he said he thinks generally speaking the homeowner's insurance would be lower.

[9:24:10 AM](#)

VICE CHAIR KELLER closed public testimony.

[9:24:52 AM](#)

VICE CHAIR KELLER reopened public testimony.

[9:25:03 AM](#)

MR. GINSBURG directed attention to language in Section 8, on page 4, which provides that the Department of Administration "shall file, maintain, and appropriately maintain index records" as listed in the ensuing language in Section 8. He stated that the whole point of SB 104 is that a prospective purchaser and prospective lender can look at DMV's records to confirm that the item is now real estate and can be purchased by deed or be financed by a mortgage.

[9:26:31 AM](#)

VICE CHAIR KELLER stated his presumption that the DMV is aware of that and the small financial impact to the division.

[9:26:51 AM](#)

MS. MELLOTT reiterated that the DMV's records, by statute, are not public. She directed attention to language on page 11,

lines 6-9, which states the DMV would not only give acknowledgement of the title surrender to the applicant, but would also allow the person receiving that information to give the division the name and address of one other person to which the DMV also would send the information. She stated her assumption that a person could go through the recorder's office to obtain the information that the conversion from personal to real property had occurred.

[9:27:59 AM](#)

REPRESENTATIVE SEATON said he would like it clear on the record that the intent of SB 104 is not to end up with the unintended consequence of making DMV's records public.

[9:28:55 AM](#)

REPRESENTATIVE GRUENBERG directed attention to Section 7, on page 4, lines 14-19, which references a chapter in the Code of Civil Procedure entitled, "Actions Relating to Real Property". He said Section 7 would provide a definitional section pertaining to the definition of "manufactured home" and "real property". He said he wonders if someone has looked at Chapter 45 of Title 9 to see if there would have to be any other conforming amendments. He said he does not want to hold up the proposed legislation, but would like this issue brought to Legislative Legal and Research Services during the interim.

[9:31:43 AM](#)

SENATOR FRENCH said he would be happy to ask Legislative Legal and Research Services to address the issue, but he said he would not pledge his own resources to following up that concern. He pointed to the strong letters of support from various professionals in the banking industry.

[9:33:43 AM](#)

MR. GINSBURG, in response to Representative Petersen, explained that SB 104 provides for a bond, not for the purpose of obtaining a title to the manufactured home, but for the purpose of converting the home to real property in the event there is no title. The bond is designed to protect people in the future who have an interest in the home. He offered his understanding that if someone does not have a title and wants one, there is a procedure under Alaska law to get a title by posting a bond; however, he said that is a different issue.

[9:35:08 AM](#)

MS. MELLOTT confirmed Mr. Ginsburg's statement about obtaining a title through a bond when a person does not have proper ownership document of a vehicle or mobile home.

[9:35:37 AM](#)

VICE CHAIR KELLER closed public testimony.

[9:35:43 AM](#)

REPRESENTATIVE P. WILSON moved to report CSSB 104(JUD) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSSB 104(JUD) was reported out of the House State Affairs Standing Committee.

[9:36:06 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:36 a.m.