

**ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE**

March 13, 2013

1:06 p.m.

MEMBERS PRESENT

Representative Wes Keller, Chair
Representative Bob Lynn, Vice Chair
Representative Neal Foster
Representative Gabrielle LeDoux
Representative Lance Pruitt
Representative Max Gruenberg

MEMBERS ABSENT

Representative Charisse Millett

COMMITTEE CALENDAR

CONFIRMATION HEARING(S):

Select Committee on Legislative Ethics

H. Conner Thomas - Nome
Janie Leask - Anchorage

- CONFIRMATION(S) ADVANCED

HOUSE BILL NO. 9

"An Act relating to secured transactions under the Uniform Commercial Code and to the regulation of funds transfers, including remittance transfers, under the Uniform Commercial Code and federal law; and providing for an effective date."

- MOVED HB 9 OUT OF COMMITTEE

HOUSE BILL NO. 57

"An Act adopting the Alaska Entity Transactions Act; relating to changing the form of entities, including corporations, partnerships, limited liability companies, business trusts, and other organizations; amending Rule 79, Alaska Rules of Civil Procedure, and Rules 602(b)(2), 602(c), and 605.5, Alaska Rules of Appellate Procedure; and providing for an effective date."

- HEARD & HELD

CONFIRMATION HEARING(S):

Commission on Judicial Conduct

- REMOVED FROM AGENDA

PREVIOUS COMMITTEE ACTION

BILL: HB 9

SHORT TITLE: SECURED TRANSACTIONS AND FUNDS TRANSFERS

SPONSOR(S): REPRESENTATIVE(S) GRUENBERG

01/16/13	(H)	PREFILE RELEASED 1/7/13
01/16/13	(H)	READ THE FIRST TIME - REFERRALS
01/16/13	(H)	L&C, JUD
02/20/13	(H)	L&C AT 3:15 PM BARNES 124
02/20/13	(H)	Moved Out of Committee
02/20/13	(H)	MINUTE(L&C)
02/22/13	(H)	L&C RPT 3DP 3NR
02/22/13	(H)	DP: REINBOLD, JOSEPHSON, OLSON
02/22/13	(H)	NR: CHENAULT, SADDLER, MILLETT
03/13/13	(H)	JUD AT 1:00 PM CAPITOL 120

BILL: HB 57

SHORT TITLE: ENTITY TRANSACTIONS ACT

SPONSOR(S): REPRESENTATIVE(S) HOLMES, OLSON

01/16/13	(H)	PREFILE RELEASED 1/11/13
01/16/13	(H)	READ THE FIRST TIME - REFERRALS
01/16/13	(H)	JUD
03/13/13	(H)	JUD AT 1:00 PM CAPITOL 120

WITNESS REGISTER

H. CONNER THOMAS, Appointee

Select Committee on Legislative Ethics

Nome, Alaska

POSITION STATEMENT: Testified as appointee to the Select Committee on Legislative Ethics.

JANIE LEASK, Appointee

Select Committee on Legislative Ethics

Anchorage, Alaska

POSITION STATEMENT: Testified as appointee to the Select Committee on Legislative Ethics.

DEBORAH E. BEHR, Chief Assistant Attorney General - Statewide
Section Supervisor
Legislation & Regulations Section
Civil Division (Juneau)
Department of Law (DOL);
Commissioner
National Conference of Commissioners on Uniform State Laws
Juneau, Alaska

POSITION STATEMENT: Assisted with the presentation of HB 9.

WILLIAM H. HENNING, Commissioner
National Conference of Commissioners on Uniform State Laws
Tuscaloosa, Alabama

POSITION STATEMENT: Assisted with the presentation of HB 9.

PAULA KELSEY, Recorder Manager
State Recorders Office
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Confirmed the State Recorders Office, with its current staff, is capable of handling the changes necessitated by HB 9.

STACY SCHUBERT, Director, Governmental Affairs & Public Relations
Alaska Housing Finance Corporation (AHFC)
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Testified in support of the revisions as proposed in HB 9 because they enhance AHFC's ability to repossess its security.

LUKE FANNING
Alaska Bankers Association;
Vice President, First National Bank Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 9.

REPRESENTATIVE LINDSEY HOLMES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 57 as one of the joint prime sponsors.

JAMES R. WALDO, Staff
Representative Lindsey Holmes
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented CSHB 57, Version 0, on behalf of Representative Holmes, a joint prime sponsor of HB 57.

HARRY HAYNSWORTH, Commissioner
the National Conference of Commissioners on Uniform State Laws

POSITION STATEMENT: During hearing of HB 57, offered comments as the chair of the committee that drafted the Model Entity Transactions Act (META).

DON HABEGGER, Director
Division of Corporations, Business, and Professional Licensing
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: During hearing of HB 57, answered questions.

ACTION NARRATIVE

[1:06:23 PM](#)

CHAIR WES KELLER called the House Judiciary Standing Committee meeting to order at 1:06 p.m. Representatives Keller, Lynn, Foster, and LeDoux were present at the call to order. Representatives Pruitt and Gruenberg arrived as the meeting was in progress. Representative Millett was excused.

CONFIRMATION HEARING(S):
Select Committee on Legislative Ethics

CONFIRMATION HEARING(S):
Select Committee on Legislative Ethics

[1:07:12 PM](#)

CHAIR KELLER announced that the first order of business would be consideration of the reappointment of H. Conner Thomas to the Select Committee on Legislative Ethics.

[1:07:40 PM](#)

H. CONNER THOMAS, Appointee, Select Committee on Legislative Ethics, in response to a question regarding why he wished to be reappointed, said he views serving on the Select Committee on Legislative Ethics as important, and he's enjoyed his service

thus far, adding that it's allowed him to do something beneficial for the people of Alaska.

REPRESENTATIVE FOSTER disclosed that he's known Mr. Thomas for many years, adding that he supports Mr. Thomas's [reappointment to the Select Committee on Legislative Ethics].

REPRESENTATIVE GRUENBERG disclosed that he's served with Mr. Thomas on the Select Committee on Legislative Ethics, referred to him as highly qualified, and expressed favor with his willingness to be reappointed.

CHAIR KELLER reminded members that signing the reports regarding appointments to boards and commissions in no way reflect individual members' approval or disapproval of the appointees, and that the nominations are merely forwarded to the full legislature for confirmation or rejection.

[The motion to advance from committee the nomination of H. Conner Thomas to the Select Committee on Legislative Ethics was offered later in the meeting.]

[1:10:08 PM](#)

CHAIR KELLER [announced that the next order of business would be consideration of the appointment of] Janie Leask to the Select Committee on Legislative Ethics.

[1:10:57 PM](#)

JANIE LEASK, Appointee, Select Committee on Legislative Ethics, in response to a question regarding why she wished to serve on the Select Committee on Legislative Ethics, explained that she believes in Alaska's ethics laws, believes that legislators and government officials are public servants, and believes that as such, they have a code of conduct [intended to] ensure continued public confidence in them. Serving on the Select Committee on Legislative Ethics would therefore provide her with an opportunity to also serve the public.

REPRESENTATIVE GRUENBERG disclosed that Ms. Leask is one of his constituents, characterized her as highly qualified, and indicated that he supports her [appointment].

CHAIR KELLER again reminded members that signing the reports regarding appointments to boards and commissions in no way reflect individual members' approval or disapproval of the

appointees, and that the nominations are merely forwarded to the full legislature for confirmation or rejection.

[1:13:32 PM](#)

REPRESENTATIVE GRUENBERG made a motion to advance from committee the nominations of H. Conner Thomas to the Select Committee on Legislative Ethics and Janie Leask to the Select Committee on Legislative Ethics. There being no objection, the confirmations were advanced from the House Judiciary Standing Committee.

HB 9 - SECURED TRANSACTIONS AND FUNDS TRANSFERS

[1:14:16 PM](#)

CHAIR KELLER announced that the next order of business would be HOUSE BILL NO. 9, "An Act relating to secured transactions under the Uniform Commercial Code and to the regulation of funds transfers, including remittance transfers, under the Uniform Commercial Code and federal law; and providing for an effective date."

[1:14:25 PM](#)

REPRESENTATIVE GRUENBERG, as the sponsor, characterized HB 9 as an important bill, and relayed that Sections 1 and 2 address [changes made in 2012 by the National Conference of Commissioners on Uniform State Laws (NCCUSL) to] Article 4A of the Uniform Commercial Code (UCC) - pertaining to [funds transfers]; and that the remaining sections address [changes made in 2010 by the NCCUSL to] Article 9 of the UCC - pertaining to secured transactions.

[1:15:43 PM](#)

DEBORAH E. BEHR, Chief Assistant Attorney General - Statewide Section Supervisor, Legislation & Regulations Section, Civil Division (Juneau), Department of Law (DOL); Commissioner, National Conference of Commissioners on Uniform State Laws (NCCUSL), after providing some general information about the NCCUSL, uniform laws, and the UCC, added that HB 9's proposed updates to Alaska law pertaining to Article 4A and Article 9 of the UCC need to be adopted by July 2013. She offered a few examples to illustrate how the UCC can impact commerce conducted across state lines - a common practice that individuals and businesses frequently engage in for both buying/selling products and borrowing/lending money - and relayed that all 50 states

[and the District of Columbia] adopted the UCC to ensure the reliability and predictability of such transactions. She indicated that the bill would [among other things] set out clear rules for secured transactions - [transactions involving a security interest in specified collateral intended to serve as security against default] - with regard to how to engage in such transactions, what state to file the associated documents in, what shall occur in instances wherein one of the parties relocates, and what shall occur in instances wherein the name of one of the parties is misspelled in the associated documents.

MS. BEHR mentioned that in Alaska, [certain] secured transactions are filed with the Department of Natural Resources' (DNR's) Recorders office. With regard to situations involving misspelled names on documents associated with secured transactions, she indicated that the bill would specify that the name used on a person's most-recently-issued valid driver's license, valid commercial driver's license, or valid state-issued identification (ID) shall be considered the name of the person, even if the person's name is also misspelled on those forms of ID. She referred to the latter proposed stipulation as a "safe harbor" provision. The goal of providing uniform rules pertaining to how to handle misspelled names is to avoid litigation, make things smoother, and make commerce run better across the states; such misspellings occur frequently and have nothing to do with fraud, she noted.

[1:19:38 PM](#)

MS. BEHR, in response to a question regarding what would occur should HB 9's proposed changes fail to be adopted by July 2013, relayed that Alaska would then be one of very few states in the nation not to have adopted [the NCCUSL's] updates to the UCC as thus far 32 states have adopted the updates and 16 states have legislation to do so pending. Therefore, she expected that should a question arise the court would look to the rules and attempt to apply them to the extent that it could. Without adoption of the rules, it could make issues more confusing. The banking industry and [securities] industry really like to have rules that everybody understands, and so it would be to Alaska's advantage to adopt the proposed changes in HB 9 by July 2013, she remarked.

[1:20:12 PM](#)

MS. BEHR explained that HB 9 also addresses what she referred to as "registered organizations." Since the code was adopted a

number of years ago, many new business organizations have come into existence. The main goal [of HB 9] is to specify that the state in which a new organization is formed is where the security agreement would be filed. In Alaska the new organization would file the security agreement with the Department of Commerce, Community & Economic Development. The third change in Article 9 deals with "after acquired property" such that the security agreement filed where the new organization is formed carries the perfection for four months after the organization moves and then the bank must file where the organization has moved. The fourth change addresses UCC Article A, which deals with funds transfers. Currently, paper checks are unusual to see as everything is usually performed by wire.

[1:23:52 PM](#)

MS. BEHR concurred with Representative Gruenberg that this language does address a glitch in the wire transfers portion of the banking statutes. Before Congress made a change with the Dodd-Frank Act it was clear that the electronic transfers dealing with consumer transactions were performed under federal law whereas commercial transactions were performed under state law. With the recent change in federal law there is debate as to whether remittance transfers are a specialty kind of electronic transfer or covered under [any state's] law. The proposed change in HB 9 would clearly specify that [remittance] transfers fall under state law. She reiterated that 32 states/jurisdictions have already adopted these changes with virtually no controversy. In terms of the Article 4 changes, five jurisdictions have adopted them and are pending in 28 legislatures. She pointed out that committee members' packets include a letter of support from the Alaska Bankers Association dated January 8, 2013.

[1:26:07 PM](#)

MS. BEHR, in response to Representative Gruenberg, explained that the letter in committee members' packets from DOL merely suggests scheduling a hearing for HB 9 as the department believes it's important that the UCC remain current. In response to Chair Keller, Ms. Behr specified that the Article 9 changes have been adopted in 32 jurisdictions, which includes Guam and Puerto Rico and pending in 16 more jurisdictions. The Article 4A changes have been adopted in five jurisdictions and pending in 28 other jurisdictions. She characterized the

aforementioned as a rapid movement to complete [the changes] this year.

[1:27:25 PM](#)

REPRESENTATIVE LEDOUX asked whether all 50 states, including Louisiana, use the UCC.

MS. BEHR replied yes.

REPRESENTATIVE GRUENBERG concurred.

[1:28:00 PM](#)

WILLIAM H. HENNING, Commissioner, National Conference of Commissioners on Uniform State Laws (NCCUSL), relayed that he was on the drafting committee that produced the portion of HB 9 that addresses the revisions to Article 9 of the UCC. In response to a request, he clarified that for the Article 4A revisions there are now 6 enactments and 29 introductions that have occurred in a very short time as it came to the forefront just late last year because of some changes in federal law. With regard to the Article 9 provisions, he confirmed that there have been 32 enactments in jurisdictions but are now 18 introductions with only three jurisdictions that haven't yet introduced the act, which are Maine, New York, and the U.S. Virgin Islands. It's important that this be [enacted/adopted] by July 1 because Article 9 is a national system. There was a major revision of Article 9 that became effective July 1, 2001. That legislation was put before the states in 1999 and requested those states that adopted it early to defer effectiveness. He explained that if all the states don't come online together on the same date, then problems could arise wherein the courts in one state will look to the law of that state, which may refer to the law of another state. There are situations that could result in no answer. Currently, all states but Arizona, for which there are technical reasons, will come online in July. Although it seems Arizona will come on line on September 1 rather than July 1, the hope is to get that changed.

MR. HENNING, in response to an earlier question, said that currently [the UCC] doesn't envision a national filing system to merge all the filings, although there has been a lot of discussion regarding that possibility since there is the electronic capacity to do so. Still, there would be many barriers, even within just one state. For instance, within a state a common name could generate many false positives, which

on the national level would create issues. Although no one is actively working on that at the moment, he said he wouldn't be surprised if in the next 5-10 years the first steps in such a project began.

[1:33:52 PM](#)

MR. HENNING explained that the 2010 revisions attempt to solve practical problems that have arisen under the new version of Article 9. He informed the committee that the drafting committee made it a policy not to revisit previously made policy decisions rather the drafting committee viewed itself as technicians working to get things to work right. Therefore, HB 9 is a technical bill that will fix problems and provide far greater certainty in a number of areas such that transaction costs are reduced. Ultimately, HB 9 is very pro-business and pro-growth.

[1:35:10 PM](#)

REPRESENTATIVE LEDOUX again asked if there is a way to review online whether a company is encumbered with UCC filings for all 50 states.

MR. HENNING answered that currently there is not a national system, and therefore the review would have to be done on a state-by-state basis. In further response to Representative LeDoux, Mr. Henning agreed that there would be advantages to such a searchable system. However, that hasn't occurred yet partially because the new version of Article 9 that was adopted in 2001 was actually written in the 1990s and the electronic capacity available today wasn't clear at the time. Therefore, the revision was drafted to continue the state filing system. He offered that although there would be impediments, such as false positives, the impediments could be overcome. To achieve [a national online system] would require the will, time, and funding, he opined. Furthermore, such action would likely result in some level of defunding of state offices, which causes disruption. Mr. Henning said he did agree with the premise and it may very well happen, however, it hasn't yet.

[1:38:09 PM](#)

CHAIR KELLER asked whether there has been resistance [to the revisions].

MR. HENNING responded that he is unaware of any resistance. He noted that folks from every sector in the economy participated in drafting the revisions. He noted that when the Uniform Law Commission drafts an act it brings in representatives from all interested parties. To his knowledge, there hasn't been a state - of those states where the revisions are at the point of adoption - where the revisions have been turned down.

[1:40:31 PM](#)

PAULA KELSEY, Recorder Manager, State Recorders Office, Department of Natural Resources, in response to a question, confirmed that the State Recorders Office, with its current staff, is capable of handling the changes necessitated by HB 9.

[1:42:13 PM](#)

STACY SCHUBERT, Director, Governmental Affairs & Public Relations, Alaska Housing Finance Corporation (AHFC), Department of Revenue, provided the following testimony:

AHFC through its multi-family lending department utilizes Article 9 of the UCC in securing some of its collateral when financing multi-family projects. The collateral, such as kitchen appliances, furniture, equipment, and the like is perfected through the recording of a UCC financing statement. The amendments as proposed in HB 9 enhance AHFC's as well as other creditors secured position by providing: 1) greater guidance as to the name of the debtor that is to be provided on the financing statement; 2) greater protection for an existing secured creditor having a security interest in after acquired property when the debtor moves to another state or merges with another entity. As an example, in the event that AHFC forecloses on a property and is also trying to repossess and sell the furniture and appliances, the amendments proposed in the bill would protect AHFC if the debtor has merged with another entity after the loan has closed. AHFC supports the revisions as proposed in HB 9 because they enhance AHFC's ability to repossess its security.

[1:43:43 PM](#)

LUKE FANNING, Vice President, First National Bank Alaska; Alaska Bankers Association, provided the following testimony:

I'm here today on behalf of the Alaska Bankers Association, which represents eight state, national, and federal savings banks in Alaska. Our member banks are responsible for 85 percent of the nonpublic commercial lending in Alaska as well as 2,500 employees across 130 branches statewide. The Alaska Bankers Association supports HB 9 because it provides for necessary amendments to Article 9 of the Uniform Commercial Code. Article 9 has been adopted in all 50 states and this legislation is necessary to address recent amendments made to the Article in 2010. The amendments have already been adopted in 32 other states and similar legislation is pending in many others. It is important that this bill be passed this session because the amendments will be effective July 1, 2013. If the bill is not passed this year, then Alaska will be inconsistent with the amendments already adopted in the majority of the states. The bottom line for us is that the bill is necessary to keep Article 9 up to date and to ensure that Alaska law is consistent with financial practices in the rest of the country. Failure to pass the bill could result in additional costs and uncertainty for Alaska businesses and financial services customers. Thank you for your time and consideration on the Alaska Bankers Association's position on this bill.

MR. FANNING, in response to a question, related that the Alaska Bankers Association is also in support of the Article 4A portion of HB 9.

[1:46:22 PM](#)

CHAIR KELLER, after ascertaining that no one else wished to testify, closed public testimony on HB 9.

[1:46:48 PM](#)

REPRESENTATIVE LYNN moved to report HB 9 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 9 was reported from the House Judiciary Standing Committee.

HB 57 - ENTITY TRANSACTIONS ACT

[1:47:24 PM](#)

CHAIR KELLER announced that the final order of business would be, HOUSE BILL NO. 57, "An Act adopting the Alaska Entity Transactions Act; relating to changing the form of entities, including corporations, partnerships, limited liability companies, business trusts, and other organizations; amending Rule 79, Alaska Rules of Civil Procedure, and Rules 602(b)(2), 602(c), and 605.5, Alaska Rules of Appellate Procedure; and providing for an effective date."

[1:47:56 PM](#)

REPRESENTATIVE LINDSEY HOLMES, Alaska State Legislature, as one of HB 57's joint prime sponsors, explained that HB 57 is designed to make it easier to do business in Alaska by reducing unnecessary burdens. Over time businesses merge and morph, HB 57 aims to allow the aforementioned to be done more efficiently. The bill applies to the following four transactions: mergers between different entities; conversions; an interest exchange; and domestication. Current Alaska law would require multiple steps and could cost a lot of money to perform the aforementioned transactions. This bill, HB 57, will make it easier to accomplish the aforementioned transactions in one single step. She explained that the point is to conclude with a sole entity that retains all the assets and liabilities of the business, which would also protect creditors.

[1:50:12 PM](#)

REPRESENTATIVE GRUENBERG moved to adopt the proposed committee substitute (CS) for HB 57, Version 28-LS0255\O, Kirsch/Bannister, 3/12/13, as the working document. There being no objection, Version O was before the committee.

REPRESENTATIVE HOLMES informed the committee that the one change encompassed in Version O is the change from 5 days to 10 days on page 35, line 25. The change was made per the request of the Department of Commerce, Community & Economic Development (DCCED) and would provide the department five more days to respond to certain filings.

[1:51:17 PM](#)

JAMES R. WALDO, Staff, Representative Lindsey Holmes, Alaska State Legislature, related that HB 57 is about creating an efficient marketplace for the various types of businesses/entities that can exist in Alaska including a limited

liability company (LLC), a limited liability partnership, and a corporation. The various types of business entities often need to communicate with each other and engage in other transactions. This legislation establishes an environment such that the various business entities can engage in transactions without having to "jump through extra hoops." For example, in order for an Alaska limited liability company to merge with an Alaska corporation both of which were created, formed, and do business in Alaska, the businesses would first have to create another limited liability company in another state under that state's laws, merge the Alaska limited liability company with that state's new limited liability company. The now merged limited liability company would need to then be converted to a corporation under that state's laws. The next step would be to transfer the new corporation back to Alaska and merge with the Alaska corporation. The goal of HB 57 is to create an efficient marketplace in Alaska such that businesses can perform all of the aforementioned in Alaska without all of the extra time, legal work, and costs. Mr. Waldo informed the committee that HB 57 is also a piece of legislation that's the result of the Uniform Law Commission. He acknowledged the complexity of the issue and the law surrounding it, but highlighted its importance in keeping Alaska businesses competitive and growing.

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MR. WALDO, in response to questions, opined that HB 57 won't add additional burdens to entities in Alaska, which will still operate under the statute under which they were originally created. This legislation, he said, merely adds an additional "super highway" for businesses to engage in transactions with other businesses.

[1:57:41 PM](#)

HARRY HAYNSWORTH, Commissioner, the National Conference of Commissioners on Uniform State Laws (NCCUSL), began by informing the committee that he is a retired law professor and was a dean of various law schools during his career. He then informed the committee that he was the chair of the committee that drafted the Model Entity Transactions Act (META). He concurred with the explanations of the overall purpose of [HB 57]. While one may think it's lengthy and complicated, it's not as it simply sets forth the procedures to follow to enact the aforementioned four types of transactions. The pattern is the same in all [transactions], just the voting to approve it is different. The act [HB 57] very much simplifies the process for any of the

transactions and clarifies the legal effect of each of them in such a way that it applies to any state or transaction. Mr. Haynsworth noted the act is a joint project of the Commissioners of the Uniform State Laws and the American Bar Association (ABA), which is why it's a model act rather than a uniform act; it involves corporations, both for-profit and not for-profit, allowing them to merge, convert, and domesticate to have interest exchanges as well as the unincorporated entities such as the partnerships and LLCs. The ABA has jurisdiction over the corporate codes, both the Model Business Corporation Act and the Model Nonprofit Corporation Act. This joint effort provides a "junction box" statute that allows all these transactions to take place between and among the various entities wherever they may be located. Therefore, it facilitates these transactions, substantially reduces the costs, and clarifies a lot of issues that previously existed about these various transactions.

[2:01:02 PM](#)

MR. HAYNSWORTH, in response to Representative Gruenberg, specified that at least six states have adopted this act and it's pending in about six others. He didn't recall there ever being objection to this rather the issue has been getting folks interested enough to propose it. Every time that it has been considered by legislatures it has been adopted unanimously as members have realized the benefits.

[2:02:40 PM](#)

REPRESENTATIVE GRUENBERG, noting that he supports HB 57, asked why the fact that it is a joint effort between the Commissioners of the Uniform State Laws and the ABA preclude it from being a uniform act rather than a model act.

MR. HAYNSWORTH explained that a decision was made that it needed to be a model act rather than a uniform act because of its involvement with the Model Business Corporation Act and the Model Nonprofit Corporation Act.

[2:04:16 PM](#)

REPRESENTATIVE GRUENBERG asked whether the adoption of HB 57 necessitates the adoption of various other laws to allow the creation of these entities within the state.

MR. HAYNSWORTH stated that Alaska statute already provides for most of the types of entities, including the general partnership

statute, the limited partnership statute, a limited liability company act, the for-profit and nonprofit corporation codes, as well as some cooperative act. A uniform limited cooperative act, which allows cooperatives to engage in any type of business, is the only one that Alaska may not have and want to consider. He noted that cooperatives aren't covered by this act as many states don't want to allow them to convert or merge.

[2:06:05 PM](#)

REPRESENTATIVE GRUENBERG asked Representative Holmes whether HB 57 includes the Uniform Limited Cooperative Act. If not, he asked why. He then asked whether it would be appropriate to allow some of the other entities to be established in Alaska.

REPRESENTATIVE HOLMES clarified that to the best of her knowledge Alaska doesn't yet have a Uniform Limited Cooperative Act, and thus it wasn't included in HB 57. All the entities referenced in HB 57 are already referenced in Alaska law, and therefore there should be no need to update. With regard to whether there would be a desire to create a Uniform Limited Cooperative Act in Alaska, she said she didn't know since she is very unfamiliar with such entities.

[2:08:30 PM](#)

CHAIR KELLER, noting that business contract law is Representative Holmes' expertise, asked how often she encountered a problem.

REPRESENTATIVE HOLMES explained that she introduced HB 57 because she has been told in her role as a member of the ABA's Committee of Corporate Council that these [transactions] happen frequently in Alaska. She then provided examples. In further response to Chair Keller, Representative Holmes relayed that HB 57 will make it easier and cheaper to do business in Alaska. Therefore, she opined that it will make Alaska a more attractive place. She noted that HB 57 provides an option along with current law.

[2:12:38 PM](#)

REPRESENTATIVE GRUENBERG asked whether there is any serious opposition to the bill.

MR. HAYNSWORTH related his understanding that there has never been opposition to this. There aren't more enactments [of the

act] because the bar association of the particular states haven't been interested enough to push it. However, whenever it has come forward, it sails through, he stated.

MR. WALDO, in further response to Representative Gruenberg, explained that although HB 57 is a new bill in the Twenty-Eighth Alaska State Legislature it was also dealt with in the Twenty-Seventh Alaska State Legislature. He recalled that in 2011 the Council of State Governments recommended it as model legislation for the states. Mr. Waldo also related the lack of opposition.

REPRESENTATIVE HOLMES added that the bill addressing this in the Twenty-Seventh Alaska State Legislature was slowed in order to ensure it was correct because it deals with many different statutes. She, too, related that she knew of no opposition [to HB 57].

[2:17:39 PM](#)

DON HABEGER, Director, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community & Economic Development, noted that the division worked with the Department of Law on a number of issues that were of [concern with the bill last session], including an administrative change so that the department would have 10 days rather than 5 days to respond to certain filings. Mr. Habeger then related satisfaction with [Version 0] and the division's role in it.

[2:20:11 PM](#)

REPRESENTATIVE GRUENBERG inquired as to whether anything in Version 0 is so different from the model act that it wouldn't be considered a model act.

[2:21:40 PM](#)

MR. HAYNSWORTH, regarding the change in Version 0 from 5 days to 10 days on page 35, line 25, related that the [Uniform Law Commission] believes that whatever is necessary for the filing offices of the state to have consistent procedures across the spectrum [of entities] should be followed. Therefore, if the other statutes provide for 10 days, then this statute should as well. The filing statutes in HB 57 should be consistent with the other filing provisions for other entities. After reviewing the bill, Mr. Haynsworth said that he didn't find anything in it to the contrary. Furthermore, nothing in the bill would be inconsistent with what is in the model act or authorized to be

in the model act. Therefore, he commended the drafters as [HB 57] is totally parallel and consistent with existing state statute.

CHAIR KELLER announced that HB 57 [Version 0] would be held over.

[2:25:30 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 2:25 p.m.