

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

May 10, 2022

9:06 a.m.

**MEMBERS PRESENT**

Representative Zack Fields, Co-Chair  
Representative Ivy Spohnholz, Co-Chair  
Representative Calvin Schrage  
Representative Liz Snyder

**MEMBERS ABSENT**

Representative David Nelson  
Representative James Kaufman  
Representative Ken McCarty

**COMMITTEE CALENDAR**

HOUSE BILL NO. 301

"An Act relating to the establishment of a renewable portfolio standard for regulated electric utilities; and providing for an effective date."

- MOVED CSHB 301(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 405

"An Act relating to the establishment of trusts; requiring the filing of certain trust information; and requiring compliance with a federal law."

- HEARD & HELD

HOUSE BILL NO. 406

"An Act relating to the validity of trusts involving persons sanctioned by the United States Department of the Treasury; and relating to the recording of documents conveying land to persons sanctioned by the United States Department of the Treasury."

- HEARD & HELD

HOUSE BILL NO. 408

"An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System; relating to the use of virtual currency for money transmission;

relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 301

SHORT TITLE: UTILITIES: RENEWABLE PORTFOLIO STANDARD

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/04/22	(H)	READ THE FIRST TIME - REFERRALS
02/04/22	(H)	ENE, L&C, FIN
03/08/22	(H)	ENE AT 10:15 AM BARNES 124
03/08/22	(H)	Heard & Held
03/08/22	(H)	MINUTE(ENE)
03/10/22	(H)	ENE AT 10:15 AM BARNES 124
03/10/22	(H)	Heard & Held
03/10/22	(H)	MINUTE(ENE)
03/15/22	(H)	ENE AT 10:15 AM BARNES 124
03/15/22	(H)	Heard & Held
03/15/22	(H)	MINUTE(ENE)
03/17/22	(H)	ENE AT 10:15 AM BARNES 124
03/17/22	(H)	Heard & Held
03/17/22	(H)	MINUTE(ENE)
03/22/22	(H)	ENE AT 10:15 AM BARNES 124
03/22/22	(H)	-- MEETING CANCELED --
03/24/22	(H)	ENE AT 10:15 AM BARNES 124
03/24/22	(H)	-- MEETING CANCELED --
04/26/22	(H)	ENE AT 10:15 AM BARNES 124
04/26/22	(H)	Heard & Held
04/26/22	(H)	MINUTE(ENE)
04/28/22	(H)	ENE AT 10:15 AM BARNES 124
04/28/22	(H)	Moved CSHB 301(ENE) Out of Committee
04/28/22	(H)	MINUTE(ENE)
04/29/22	(H)	ENE RPT CS(ENE) NEW TITLE 3DP 1NR 2AM
04/29/22	(H)	DP: TUCK, FIELDS, SCHRAGE
04/29/22	(H)	NR: CLAMAN
04/29/22	(H)	AM: KAUFMAN, RAUSCHER

05/02/22 (H) L&C AT 3:15 PM BARNES 124  
05/02/22 (H) Heard & Held  
05/02/22 (H) MINUTE(L&C)  
05/06/22 (H) L&C AT 9:00 AM BARNES 124  
05/06/22 (H) Heard & Held  
05/06/22 (H) MINUTE(L&C)  
05/09/22 (H) L&C AT 3:15 PM BARNES 124  
05/09/22 (H) -- Delayed to 5/10/22 at 9:00 am --  
05/10/22 (H) L&C AT 9:00 AM BARNES 124

BILL: HB 405

SHORT TITLE: ESTABLISHMENT OF TRUSTS

SPONSOR(s): LABOR & COMMERCE

04/04/22 (H) READ THE FIRST TIME - REFERRALS  
04/04/22 (H) L&C  
04/08/22 (H) L&C AT 9:00 AM BARNES 124  
04/08/22 (H) -- MEETING CANCELED --  
04/15/22 (H) L&C AT 9:00 AM BARNES 124  
04/15/22 (H) Heard & Held  
04/15/22 (H) MINUTE(L&C)  
04/18/22 (H) L&C AT 3:15 PM BARNES 124  
04/18/22 (H) Heard & Held  
04/18/22 (H) MINUTE(L&C)  
04/20/22 (H) JUD REFERRAL ADDED AFTER L&C  
04/20/22 (H) BILL REPRINTED  
04/22/22 (H) L&C AT 9:00 AM BARNES 124  
04/22/22 (H) Heard & Held  
04/22/22 (H) MINUTE(L&C)  
04/25/22 (H) L&C AT 3:15 PM BARNES 124  
04/25/22 (H) <Bill Hearing Postponed to 4/27/22>  
04/27/22 (H) L&C AT 3:15 PM BARNES 124  
04/27/22 (H) Heard & Held  
04/27/22 (H) MINUTE(L&C)  
05/09/22 (H) L&C AT 3:15 PM BARNES 124  
05/09/22 (H) -- Delayed to 5/10/22 at 9:00 am --  
05/10/22 (H) L&C AT 9:00 AM BARNES 124

BILL: HB 406

SHORT TITLE: MORATORIUM ON TRUSTS/PROPERTY ACQUISITION

SPONSOR(s): LABOR & COMMERCE

04/04/22 (H) READ THE FIRST TIME - REFERRALS  
04/04/22 (H) L&C  
04/08/22 (H) L&C AT 9:00 AM BARNES 124  
04/08/22 (H) -- MEETING CANCELED --  
04/15/22 (H) L&C AT 9:00 AM BARNES 124

04/15/22	(H)	Heard & Held
04/15/22	(H)	MINUTE(L&C)
04/20/22	(H)	JUD REFERRAL ADDED AFTER L&C
04/20/22	(H)	BILL REPRINTED
04/22/22	(H)	L&C AT 9:00 AM BARNES 124
04/22/22	(H)	Heard & Held
04/22/22	(H)	MINUTE(L&C)
04/25/22	(H)	L&C AT 3:15 PM BARNES 124
04/25/22	(H)	<Bill Hearing Postponed to 4/27/22>
04/27/22	(H)	L&C AT 3:15 PM BARNES 124
04/27/22	(H)	Heard & Held
04/27/22	(H)	MINUTE(L&C)
05/09/22	(H)	L&C AT 3:15 PM BARNES 124
05/09/22	(H)	-- Delayed to 5/10/22 at 9:00 am --
05/10/22	(H)	L&C AT 9:00 AM BARNES 124

**WITNESS REGISTER**

EVAN ANDERSON, Staff  
 Representative Zack Fields  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** During the hearing on HB 405, explained two amendments on behalf of Representative Fields, sponsor of the amendments.

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CHRISSI THURMAN, State Recorder  
 Recorder's Office  
 Department of Natural Resources (DNR)  
 Anchorage, Alaska

**POSITION STATEMENT:** During the hearing on HB 406, answered a question.

**ACTION NARRATIVE**

[9:06:24 AM](#)

**CO-CHAIR IVY SPOHNHOLZ** called the House Labor and Commerce Standing Committee meeting to order at 9:06 a.m.

Representatives Schrage, Snyder, Fields, and Spohnholz were present at the call to order.

**HB 301-UTILITIES: RENEWABLE PORTFOLIO STANDARD**

[9:07:26 AM](#)

CO-CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 301, "An Act relating to the establishment of a renewable portfolio standard for regulated electric utilities; and providing for an effective date." [Before the committee was CSHB 301(ENE), amended on 5/6/22.]

[9:07:41 AM](#)

CO-CHAIR FIELDS moved to report CSHB 301(ENE), as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 301(L&C) was reported out of the House Labor and Commerce Standing Committee.

**HB 405-ESTABLISHMENT OF TRUSTS**

[9:08:00 AM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 405, "An Act relating to the establishment of trusts; requiring the filing of certain trust information; and requiring compliance with a federal law."

[9:09:28 AM](#)

CO-CHAIR FIELDS, to give context on the [three] amendments about to be proposed, recounted that the committee listened to input from various stakeholders. He offered his appreciation to the committee for taking up the amendments to provide a template that future legislatures can work with, given it is too late this session to move the bill. He encouraged stakeholders to again weigh in after the amendments to relate the extent to which the amendments resolve suggestions and concerns.

[9:09:56 AM](#)

CO-CHAIR FIELDS moved to adopt Amendment 1 to HB 405, labeled 32-LS1620\B.1, Bannister, 4/26/22, which read:

Page 1, line 1, following the first occurrence of "of":

Insert "certain"

Page 2, line 2:

Following "to":

Insert "certain"

Following "trusts;":

Insert "relating to Alaska Native corporation settlement trusts;"

Delete "requiring"

Insert "relating to"

Page 1, line 5, through page 2, line 6:

Delete all material and insert:

"\* **Section 1.** AS 13.36.005 is amended by adding a new subsection to read:

(c) If the establishment or relocation of a trust is subject to AS 13.36.030, the trust must be established or relocated under AS 13.36.030 before registering under this section."

Page 4, following line 1:

Insert a new subsection to read:

"(g) This section does not apply to a trust that constitutes a settlement trust as defined in 43 U.S.C. 1602 (Alaska Native Claims Settlement Act), or to a settlor, trustee, or beneficiary of a trust that constitutes a settlement trust as defined in 43 U.S.C. 1602 (Alaska Native Claims Settlement Act)."

Reletter the following subsections accordingly.

[9:10:00 AM](#)

CO-CHAIR SPOHNHOLZ objected for the purpose of explanation.

[9:10:06 AM](#)

EVAN ANDERSON, Staff, Representative Zack Fields, Alaska State Legislature, on behalf of Co-Chair Fields, sponsor of the amendment, explained that Amendment 1 was created after conversations with several Alaska Native regional corporations. They stated that Alaska Native Settlement Trusts (ANSTs) were established through the 1971 Alaska Native Claims Settlement Act (ANCSA), but that these trusts were largely not utilized until the 2017 Tax Cuts and Jobs Act (TCJA). From these

conversations, they continued, it seemed clear that the reporting requirements being sought for all trusts through HB 405 should not count for these settlement trusts. Therefore, Mx. Anderson said, Amendment 1 would create a broad exemption for those settlement trusts.

[9:11:17 AM](#)

CO-CHAIR FIELDS offered his understanding that Amendment 1 would entirely resolve any concerns had by Alaska Native corporations. He requested that the corporations let him know if any further refinement is needed.

CO-CHAIR SPOHNHOLZ expressed her appreciation for the intent of Co-Chair Fields in working on HB 405, as well as the collaborative process in fine tuning the legislation to prevent creating any unintentional harm. She noted that the committee is seeking to improve the bill through these amendments and then work with stakeholders on further refinements over the interim.

[9:12:06 AM](#)

CO-CHAIR SPOHNHOLZ removed her objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

[9:12:16 AM](#)

CO-CHAIR FIELDS moved to adopt Amendment 2 to HB 405, labeled 32-LS1620\B.2, Bannister, 4/28/22, which read:

Page 3, lines 16 - 17:

Delete "within 30 days after"

Insert "on or before January 30 of the calendar year that follows the calendar year in which"

[9:12:18 AM](#)

CO-CHAIR SPOHNHOLZ objected for the purpose of explanation.

[9:12:23 AM](#)

MX. ANDERSON, on behalf of Co-Chair Fields, sponsor of the amendment, noted that Amendment 2 came after feedback from representatives of the trust industry. They said the bill had a strong reporting requirement for any time changes are made to a trust, such as a new beneficiary or new settlor. For example, they related, the committee heard testimony that every time a

new grandchild is born a trust might be subject to fines. So, Amendment 2 was built in direct response to that feedback, they said. The disclosure requirement would instead be on an annual basis - any changes would be reported by January 30 of the following year to the Department of Commerce, Community, and Economic Development (DCCED). This would line it up with the federal tax cycle, Mx. Anderson continued, making it reliable and easy to plan for. They noted that people can also report changes at the time those changes occur [rather than waiting until January 30 of the following year].

MX. ANDERSON, in response to Co-Chair Spohnholz, confirmed that this is just when there is a change to the trust, this is not a requirement to report annually or file documents on an annual basis if there haven't been any changes to the trust.

[9:14:02 AM](#)

CO-CHAIR SPOHNHOLZ removed her objection to Amendment 2. There being no further objection, Amendment 2 was adopted.

[9:14:11 AM](#)

CO-CHAIR FIELDS moved to a adopt Amendment 3 to HB 405, labeled 32-LS1620\B.3, Bannister, 4/29/22, which read:

Page 1, line 1, following the first occurrence of "of":

Insert "**certain**"

Page 1, line 2:

Following "to":

Insert "**certain**"

Following "**trusts;**":

Insert "**relating to charitable trusts;**"

Delete "**requiring**"

Insert "**relating to**"

Page 4, following line 1:

Insert a new subsection to read:

"(g) This section does not apply to a trust that is described as a charitable trust under 26 U.S.C. 4947(a)(1) (Internal Revenue Code of 1954)."

Reletter the following subsections accordingly.

[9:14:13 AM](#)

CO-CHAIR SPOHNHOLZ objected for the purpose of explanation.

[9:14:15 AM](#)

CO-CHAIR FIELDS explained Amendment 3 would exempt charitable trusts, which was a suggestion made by stakeholders.

[9:14:36 AM](#)

CO-CHAIR SPOHNHOLZ removed her objection to Amendment 3. There being no further objection, Amendment 3 was adopted.

CO-CHAIR SPOHNHOLZ said the committee looks forward to any feedback that stakeholders want to provide on the legislation, as amended.

[HB 405 was held over.]

**HB 406-MORATORIUM ON TRUSTS/PROPERTY ACQUISITION**

[9:15:21 AM](#)

CO-CHAIR SPOHNHOLZ announced that the final order of business would be HOUSE BILL NO. 406, "An Act relating to the validity of trusts involving persons sanctioned by the United States Department of the Treasury; and relating to the recording of documents conveying land to persons sanctioned by the United States Department of the Treasury."

[9:15:40 AM](#)

CO-CHAIR FIELDS moved to adopt Amendment 1 to HB 406, labeled 32-LS1631\B.3, Bannister, 4/25/22, which read:

Page 1, line 1:

Delete "**the validity of trusts involving**"

Page 1, line 2, following "**Treasury**":

Insert "**serving as trustees or receiving a distribution as a beneficiary**"

Page 1, lines 5 - 10:

Delete all material and insert:

"\* **Section 1.** AS 13.36.071 is amended by adding a new subsection to read:

(e) A person that is listed on the most recent Specially Designated Nationals and Blocked Persons List published by the United States Department of the Treasury, Office of Foreign Assets Control, may not accept a trusteeship or serve as a trustee, act to preserve trust property under (c) of this section, or inspect or investigate trust property under (d) of this section.

**\* Sec. 2.** AS 13.36.073(a) is amended to read:

(a) Except as otherwise provided in the trust instrument, a vacancy in a trusteeship occurs if

(1) a person designated as a trustee rejects the trusteeship, [OR] is considered to have rejected the trusteeship under AS 13.36.071, or is prohibited under AS 13.36.071(e) from accepting the trusteeship or serving as a trustee;

(2) a person designated as a trustee cannot be identified or does not exist;

(3) a trustee resigns, including resignation under AS 13.36.074(d);

(4) a trustee is disqualified or removed under AS 13.36.076;

(5) a trustee dies;

(6) a guardian or conservator is appointed for an individual serving as a trustee.

**\* Sec. 3.** AS 13.36.074 is amended by adding a new subsection to read:

(d) Notwithstanding (a) and (b) of this section, a trustee shall resign if the trustee is listed on the most recent Specially Designated Nationals and Blocked Persons List published by the United States Department of the Treasury, Office of Foreign Assets Control. If the trustee does not resign, a beneficiary of the trust may remove the trustee without obtaining approval of the court.

**\* Sec. 4.** AS 13.36.076(a) is amended to read:

(a) A trustee may be removed from office

(1) by the decision of a trust protector under AS 13.36.370(b)(1);

(2) by the decision of another person specified in the trust instrument;

(3) under a procedure specified in the trust instrument;

(4) by a court on petition by the settlor, a co-trustee, a qualified beneficiary, or the court on its own initiative, if

(A) the court finds there is a basis for removal under (b) of this section, there is not a trust protector or another specified person who is currently acting and who may be contacted by the settlor, trustee, or qualified beneficiary in person, by mail, electronically, or by another means, and there is not a procedure for removal specified in the trust instrument; or

(B) notwithstanding the appointment of a trust protector under AS 13.36.370 or the existence of a procedure for trustee removal specified in the trust instrument, there has been a serious breach of trust as specified under (b)(1) of this section;

**(5) by a beneficiary under AS 13.36.074(d).**

\* **Sec. 5.** AS 13.36.153 is amended by adding a new subsection to read:

(k) Notwithstanding any other provision of this chapter, a trustee may not make a distribution to a beneficiary if the beneficiary is listed on the most recent Specially Designated Nationals and Blocked Persons List published by the United States Department of the Treasury, Office of Foreign Assets Control, unless the failure to make the distribution would jeopardize

(1) a deduction or exclusion originally claimed with respect to a contribution to a trust that qualified for the annual exclusion under 26 U.S.C. 2503(b), the marital deduction under 26 U.S.C. 2056(a) or 26 U.S.C. 2523(a), or the charitable deduction under 26 U.S.C. 170(a), 26 U.S.C. 642(c), 26 U.S.C. 2055(a), or 26 U.S.C. 2522(a) (Internal Revenue Code);

(2) the qualification of a transfer as a direct skip under 26 U.S.C. 2642(c) (Internal Revenue Code);

(3) an election to treat a corporation as a subchapter S corporation under 26 U.S.C. 1362 (Internal Revenue Code); or

(4) another specific tax benefit for which the contribution originally qualified for income, gift, estate, or generation-skipping transfer tax purposes under 26 U.S.C. (Internal Revenue Code)."

Renumber the following bill sections accordingly.

Page 2, line 5:

Delete "AS 13.36.380, enacted by sec. 1 of this Act, does"

Insert "AS 13.36.071(e), enacted by sec. 1 of this Act, AS 13.36.073(a), as amended by sec. 2 of this Act, AS 13.36.074(d), enacted by sec. 3 of this Act, AS 13.36.076(a), as amended by sec. 4 of this Act, and AS 13.36.153(k), enacted by sec. 5 of this Act, do"

Page 2, line 6, following "Act":

Insert "or to the trustees and distributions of a trust formed before the effective date of this Act"

[9:15:43 AM](#)

CO-CHAIR SPOHNHOLZ objected for the purpose of explanation.

[9:15:45 AM](#)

CO-CHAIR FIELDS specified that Amendment 1 and Amendment 2 would rewrite HB 406 with sweeping changes based on input from the trust industry group. He said the amendments are designed to ensure that people on a sanctions list aren't hiding wealth in a trust. He stated that the tool originally written into the bill around making a trust invalid was probably not the best structured tool, which is what Amendment 1 attempts to fix.

[9:16:26 AM](#)

EVAN ANDERSON, Staff, Representative Zack Fields, Alaska State Legislature, on behalf of Co-Chair Fields, reiterated that Amendment 1 is a substantial rewrite of Section 1 of HB 406. They explained that the amendment would prohibit certain activities by individuals rather than describing a trust as invalid when the trust has an Office of Foreign Assets Control (OFAC) member. Specifically, they said, Amendment 1 would prohibit people on the OFAC list from accepting positions within a trust structure and the amendment would also prohibit distributions from a trust to any individuals on the OFAC sanctions list. The intent, Mx. Anderson continued, is to back away from nullifying the actions of a trust and focus instead on individuals who are bad actors and describe what the consequences for them might be. This was written with a lot of collaboration from the trust industry, they reiterated.

[9:17:40 AM](#)

CO-CHAIR SPOHNHOLZ removed her objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

[9:17:47 AM](#)

CO-CHAIR FIELDS moved to adopt Amendment 2 to HB 406, labeled 32-LS1631\B.4, Bannister, 4/27/22, which read:

Page 1, lines 2 - 3:

Delete "documents conveying land to persons sanctioned by the United States Department of the Treasury"

Insert "certain real property interest transfers and beneficial ownership information on the transfers"

Page 1, line 11, through page 2, line 2:

Delete all material and insert:

"\* **Sec. 2.** AS 34.15 is amended by adding a new section to read:

**Sec. 34.15.360. Recording of beneficial ownership information.** (a) If the transfer of a real property interest is accomplished without a mortgage or similar form of financing or is financed by a financial institution that is not regulated by 31 U.S.C. 5318(h), or if the purchaser of the real property interest is a corporation, trust, or other legal entity organized in a foreign country, the transfer and the beneficial ownership information for each beneficial owner of the real property interest transferred, including by gift, shall be offered for recording under AS 40.17 within 30 days after the transfer is finalized. Documents offered for recording under this subsection must comply with the applicable requirements for recording under AS 40.17.030 and 40.17.110.

(b) The beneficial ownership information under (a) of this section shall be offered for recording by

(A) the title insurance company or its agent that is used for the transfer;

(B) if there is no person that satisfies (A) of this subsection, the escrow company or its agent that handles the transfer;

(C) if there is no person that satisfies (A) or (B) of this subsection, the transferee's attorney;

(D) if there is no person that satisfies (A) - (C) of this subsection, the transferor's attorney;

(E) if there is no person that satisfies (A) - (D) of this subsection, the transferee's real estate broker or agent;

(F) if there is no person that satisfies (A) - (E) of this subsection, the transferor's real estate broker or agent;

(G) if there is no person that satisfies (A) - (F) of this subsection, the transferee; or

(H) if there is no person that satisfies (A) - (G) of this subsection, the transferor.

(c) A person that fails to comply with this section is subject to a civil penalty of \$150 for each day the person fails to comply.

(d) In this section,

(1) "beneficial owner" means

(A) an individual or entity that owns all or part of the real property interest as a result of the transfer;

(B) with respect to an entity that owns all or part of the real property interest as a result of the transfer, an individual who, through a contract, arrangement, understanding, relationship, or other method, directly or indirectly exercises substantial control over the entity, or owns or controls 25 percent or more of the ownership interests of the entity;

(2) "beneficial ownership information" means

(A) a beneficial owner's full legal name;

(B) a beneficial owner's date of birth, if the beneficial owner is a natural person;

(C) a beneficial owner's date and location of organization, if the beneficial owner is not a natural person;

(D) a beneficial owner's residential address, if the beneficial owner is a natural person, and any business street address; and

(E) one of the following, if the beneficial owner has one of the following:

(i) a beneficial owner's tax identification number or employer identification number;

(ii) if the beneficial owner does not have a tax identification number or an employer identification number, the beneficial owner's data universal numbering system number issued by Dun and Bradstreet; or

(iii) a number assigned to the beneficial owner by the United States Department of the Treasury Financial Crimes Enforcement Network."

Page 2, line 5, following "APPLICABILITY.":  
Insert "(a)"

Page 2, following line 6:  
Insert a new subsection to read:  
"(b) AS 34.15.360, enacted by sec. 2 of this Act, applies to a real property interest that is transferred on or after the effective date of this Act."

[9:17:48 AM](#)

CO-CHAIR SPOHNHOLZ objected for the purpose of explanation.

[9:17:53 AM](#)

MX. ANDERSON, on behalf of Co-Chair Fields, said Amendment 2 was a good opportunity to work with the Recorder's Office and with national advocates, such as Global Financial Integrity (GFI). During testimony before the committee [on 4/22/22], they recounted, GFI provided geographical targeting orders and statistics. It turns out, they continued, that Alaska is one of the top three or top five real estate markets in the US that are unregulated by the US Department of the Treasury. Rather than waiting on those regulations to come sometime in the future, they said, Amendment 2 would rewrite Section 2 of HB 405 to follow that reporting structure. So, Mx. Anderson explained, any real estate transactions that could be categorized as high risk, such as those that are paid with all cash or those that are financed by a non-US bank, would automatically trigger a reporting requirement of beneficial ownership information directly to the Recorder's Office by the real estate professionals involved with that sale. It is hoped, they added, that this doesn't require the same level of staffing by the Recorder's Office, as it is specifically and narrowly targeted and so it should be a low number of overall transactions in Alaska. However, when those transactions are happening, it will ensure that Alaska regulators know who is involved in those sales.

[9:19:37 AM](#)

CO-CHAIR SPOHNHOLZ asked whether Amendment 2 would reduce the oversight burden and fiscal note associated with HB 406.

[9:20:26 AM](#)

CHRISSE THURMAN, State Recorder, Recorder's Office, Department of Natural Resources (DNR), replied that as the bill currently stands it is unclear who would do the enforcement of the tracking of the beneficial information. She said she is concerned about that because it is not the authority that the Recorder's Office holds right now. She stated that the fiscal note is undetermined at this time but based on Amendment 2 she does see that it could be reduced substantially.

[9:21:11 AM](#)

CO-CHAIR SPOHNHOLZ related that this legislation is complicated, which is why the committee is only adopting amendments today and not taking any final action. She said it must be ensured that what is being done is understood in detail, but it sounds like [Amendment 2] would reduce some of the burden and fiscal note associated with compliance.

CO-CHAIR SPOHNHOLZ removed her objection to Amendment 2. There being no further objection, Amendment 2 was adopted.

[9:21:56 AM](#)

CO-CHAIR FIELDS requested Mx. Anderson address the other issues that were brought up during the bill's previous hearing.

MX. ANDERSON recounted that in testimony before the committee, it was brought up repeatedly that no state in the US asks for this kind of information. They explained that the reason no other state asks for beneficial ownership information for trusts or trust income is that 43 US states tax income, which means distributions from trusts or any trust earning income are subject to tax. The federal taxation requirements are high for trusts, they stated, over \$600 in income each year, just like for an individual; or, if a trust ends up in an estate tax situation or an inheritance tax situation, it must be over \$12 million for an individual or \$24 million for a married couple. So, state taxes on these trusts are significant across the country, Mx. Anderson continued, and when someone files their taxes for their trust or their distributions from a trust, they are sharing more than all the information that is being asked for in HB 406 with state regulators. It would typically be a

department of revenue or department of taxation within a given state, they noted, that is tracking this information, so Alaska is one of the small number of states that is not tracking any of this information.

[9:23:57 AM](#)

CO-CHAIR FIELDS reiterated that he would like to hear further information from stakeholders after the adoption of these amendments, given that there is a new paradigm with aggressive foreign actors who have been documented to hide their wealth in the US [by taking] advantage of trusts, and Alaska needs to address that.

[HB 406 was held over.]

[9:24:31 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 9:24 a.m.