

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

March 21, 2023

3:05 p.m.

MEMBERS PRESENT

Representative Laddie Shaw, Chair
Representative Stanley Wright, Vice Chair
Representative Ben Carpenter
Representative Jamie Allard
Representative Jennie Armstrong
Representative Andi Story

MEMBERS ABSENT

Representative Craig Johnson

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

Alaska State Commission for Human Rights

Sheila Cernich - Unalakleet

CONFIRMATION(S) ADVANCED

Alaska Public Offices Commission

Eric Feige - Unalakleet

CONFIRMATION(S) ADVANCED

HOUSE BILL NO. 81

"An Act relating to the transfer of a title on the death of the owner; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 81

SHORT TITLE: VEHICLES/BOATS: TRANSFER ON DEATH TITLE

SPONSOR(S): REPRESENTATIVE(S) RAUSCHER

02/22/23 (H) READ THE FIRST TIME - REFERRALS

02/22/23	(H)	TRA, STA
03/02/23	(H)	TRA AT 1:00 PM BARNES 124
03/02/23	(H)	Heard & Held
03/02/23	(H)	MINUTE(TRA)
03/07/23	(H)	TRA AT 1:00 PM BARNES 124
03/07/23	(H)	Moved HB 81 Out of Committee
03/07/23	(H)	MINUTE(TRA)
03/08/23	(H)	TRA RPT 6DP 1NR
03/08/23	(H)	DP: C.JOHNSON, SUMNER, MCKAY, MINA, VANCE, MCCABE
03/08/23	(H)	NR: STUTES
03/21/23	(H)	STA AT 3:00 PM GRUENBERG 120

WITNESS REGISTER

ERIC FEIGE, Appointee
 Alaska Public Offices Commission
 Unalakleet, Alaska
POSITION STATEMENT: Testified as appointee to the Alaska Public Offices Commission.

SHEILA CERNICH, Appointee
 Alaska State Commission for Human Rights
 Anchorage, Alaska, Alaska
POSITION STATEMENT: Testified as appointee to the Alaska State Commission for Human Rights.

REPRESENTATIVE GEORGE RAUSCHER
 Alaska State Legislature
 Juneau, Alaska
POSITION STATEMENT: Presented HB 81, as the prime sponsor.

RYAN MCKEE, Staff
 Representative George Rauscher
 Alaska State Legislature
 Juneau, Alaska
POSITION STATEMENT: Presented the sectional analysis for HB 81, on behalf of Representative Rauscher, prime sponsor.

JEFFREY SCHMITZ, Director
 Division of Motor Vehicles
 Department of Administration
 Anchorage, Alaska
POSITION STATEMENT: Answered questions during the hearing on HB 81.

BETHANN CHAPMAN

Representing Self
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 81.

ACTION NARRATIVE

[3:05:42 PM](#)

CHAIR LADDIE SHAW called the House State Affairs Standing Committee meeting to order at [3:05] p.m. Representatives Carpenter, Allard, Armstrong, Story, Wright, and Shaw were present at the call to order.

Alaska Public Offices Commission
Alaska State Commission for Human Rights

[3:06:34 PM](#)

CHAIR SHAW announced that the first order of business would be confirmation hearings on the governor's appointees to the Alaska Public Offices Commission and the Alaska State Commission for Human Rights.

[3:07:10 PM](#)

ERIC FEIGE, Appointee, Alaska Public Offices Commission, provided an overview of his personal background and a brief history of his work experience, highlighting a 4-year "stint" in the Alaska State Legislature. He stated that he wished to serve on the Alaska Public Offices Commission (APOC) as a desire to give back to the state. He remarked that the Alaskan people must have faith and confidence in their elected officials. He shared his belief that he was equipped with the intellectual depth and judicious temperament required for the job. He recalled his experience with APOC as a former legislator, adding that if confirmed, he would be the only member with previous legislative experience, which would offer a unique perspective on matters. He said he would not tolerate use of the commission's resources in a political stunt, explaining that his judgements on appeals would consider the facts, existing law, and the overall circumstances. He emphasized that the people of Alaska deserved transparency and unbiased deliberation.

CHAIR SHAW invited questions from members of the committee.

[3:10:40 PM](#)

REPRESENTATIVE ARMSTRONG asked what Mr. Feige hoped to achieve on the commission and where he saw room for improvement.

MR. FEIGE said he wasn't hoping to achieve anything aside from assigning fair and judicious decisions.

[3:11:12 PM](#)

REPRESENTATIVE ALLARD asked Mr. Feige whether Alaska should have a public offices commission.

MR. FEIGE declined to debate that question, as the decision rested with the legislature and the governor.

REPRESENTATIVE ALLARD restated the question, asking whether Alaska should have a public offices commission.

MR. FEIGE opined that it served a useful function.

REPRESENTATIVE ALLARD asked whether any other state had a commission like APOC.

MR. FEIGE did not know the answer.

[3:12:57 PM](#)

REPRESENTATIVE CARPENTER, in reference to Mr. Feige's resume, asked what type of professional consulting services he was participating in.

MR. FEIGE said he was purely serving an administrative role in his wife's business.

REPRESENTATIVE CARPENTER restated his question in an attempt to rule out any conflicts of interest. He asked what sector of the workforce Mr. Feige and his wife consulted for.

MR. FEIGE said most of his wife's work was in natural resources. He assured the committee that there was no involvement in lobbying due to the Ethics Act.

[3:15:08 PM](#)

The committee took an at-ease.

[3:15:29 PM](#)

CHAIR SHAW opened public testimony on the appointment of Mr. Feige to APOC. After ascertaining that no one wished to testify, he closed public testimony.

[3:15:53 PM](#)

The committee took a brief at-ease.

[3:16:05 PM](#)

CHAIR SHAW welcomed Sheila Cernich, appointee to the Alaska State Commission for Human Rights (ASCHR).

[3:16:36 PM](#)

SHEILA CERNICH, Appointee, ASCHR, provided an overview of her personal background and a brief history of her work experience, noting that she was born blind and had lived through times of prevalent discrimination due to her disability. She believed that all people deserved equality. She said she was fair and dedicated and noted her experience traveling the world. She opined that she would be an asset to ASCHR.

CHAIR SHAW invited questions from members of the committee.

[3:18:27 PM](#)

REPRESENTATIVE ARMSTRONG asked Ms. Cernich to elaborate on her involvement in political, community, and social issues, as listed on her resume.

MS. CERNICH disclosed that she was a registered Republican, which she described as immaterial to who she was personally. She shared her belief that every person deserved equality. She listed her activity with the Republican Party, offering to resign her positions if necessary.

REPRESENTATIVE ARMSTRONG asked whether Ms. Cernich viewed lesbian, gay, bisexual, transgender, and queer (LGBTQ) people were deserving of equal treatment.

MS. CERNICH responded that she believed every person deserved equality in accordance with the law. She added that she had no negative views on the gay community.

[3:20:14 PM](#)

REPRESENTATIVE STORY highlighted the commission's duty to study discrimination. In that regard, she asked what specifically deserved the committee's inquiry in Ms. Cernich's opinion.

MS. CERNICH opined that anyone who filed a claim of discrimination should be considered. She reiterated her belief that the law should determine how the commission should proceed with each claim.

REPRESENTATIVE STORY asked whether Ms. Cernich was hoping to focus on a specific area while serving on the commission.

MS. CERNICH opined that physical and mental disabilities were important and often overlooked.

[3:22:07 PM](#)

REPRESENTATIVE ALLARD read the following statement:

In Alaska it is illegal to discriminate in employment, places of public accommodation, sale or rental of real property, financing and credit, practices by the state or its political subdivisions because of race, color, religion, sex, national origin, physical or mental disability, and in some instances because of age, marital status, changes in marital status, pregnancy, parenthood, sexual orientation/gender identity or "expression."

REPRESENTATIVE ALLARD asked whether Ms. Cernich promised to uphold the law to protect the aforementioned classes.

MS. CERNICH answered, "Absolutely."

CHAIR SHAW opened public testimony on the appointment of Ms. Cernich. After ascertaining that no one wished to testify, he closed public testimony.

[3:23:34 PM](#)

The committee took a brief at-ease.

[3:23:55 PM](#)

REPRESENTATIVE WRIGHT moved to advance the confirmation of Eric Feige to the Alaska Public Offices Commission and Sheila Cernich to the Alaska State Commission for Human Rights for

consideration in the joint session of the House and Senate. There being no objection, the confirmations were advanced.

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

[3:25:05 PM](#)

The committee took a brief at-ease.

HB 81-VEHICLES/BOATS: TRANSFER ON DEATH TITLE

[3:27:09 PM](#)

CHAIR SHAW announced that the final order of business would be HOUSE BILL NO. 81, "An Act relating to the transfer of a title on the death of the owner; and providing for an effective date."

[3:27:42 PM](#)

REPRESENTATIVE GEORGE RAUSCHER, Alaska State Legislature, as prime sponsor, presented HB 81. He provided the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

The process of probate in the state of Alaska can take anywhere from six months to several years, and can cost family members and beneficiaries thousands, potentially tens of thousands of dollars in legal and filing fees. While the State Legislature has already taken great strides to reduce the costs of probate, there is still much room for improvement.

House Bill 81 continues in spirit with the Uniform Real Property Transfer on Death Act (URPTDA), which unanimously passed both the House and Senate in 2014. URPTDA created the Transfer on Death (TOD) deed, which allows for nonprobate transfers of real property. TOD deeds allow Alaskans to select a beneficiary who will receive the property at their passing and removes that property from the process of probate.

In 2016, legislation similar to HB 81 was introduced but the legislation failed to pass that session. HB81

is nearly identical, although it expands the concept to apply both to vehicles and boats that are issued titles through the state.

HB81 continues the ongoing effort to reduce the costs of probate for Alaskans and creates a streamlined service through the DMV through which they can designate beneficiaries for both cars and boats through a simple form. The TOD titles will be available for all boats and vehicles for which the DMV provides titles, which also includes some mobile manufactured homes under AS 45.29.102(66). The program will be self-sustaining through fees.

At no cost to the state, HB 81 will allow countless Alaskans to pass down boats, vehicles, and some manufactured homes to beneficiaries with more ease, and will help simplify and streamline the potentially complicated, costly, and painful process of probate following the death of a loved one.

[3:31:10 PM](#)

RYAN MCKEE, Staff, Representative George Rauscher, Alaska State Legislature, on behalf of Representative Rauscher, prime sponsor, provided the sectional analysis for HB 81 [included in the committee packet], which read as follows [original punctuation provided]:

Section 1:

Adds a new section under AS 05.25 that allows owners of boats, for which the Department of Administration (DoA) issues titles, to obtain a transfer on death (TOD) title.

Section 2:

Amends AS 13.33.101(a) to add a transfer of a boat or vehicle by a TOD title to the existing list of acceptable nonprobate transferable property.

Section 3:

Creates a provision under AS 13.33 for a transfer on death (TOD) title for boats and vehicles. Creates and defines the mechanism through the Division of Motor

Vehicles (DMV), by which individuals will obtain, revoke, or change their transfer on death title and defines the parameters of the transfer on death title.

(a) - (c) Obtaining a TOD Title

- Creates a provision under AS 13.33 for a transfer on death title for vehicles and boats for which DoA issues titles. o This includes some manufactured homes for which the DMV issues titles under AS 45.29.102(66). These homes are without a permanent foundation and transportable in one or more sections.
- Requires that the transfer of title to the designated beneficiary occurs when the sole owner or last surviving joint owner of the vehicle dies.
- Requires that owners of the boats or vehicles file a form through the DMV and pay associated fees to apply for a TOD title.
- Limits the TOD titles to two beneficiaries.

(d) TOD titles effective without notice or consideration

- Provides that TOD titles will not require notice or acceptance by the designated beneficiary.
- Provides that TOD titles will not be subject to consideration, the process by which there is an exchange or "quid pro quo" required from the recipient of the assets.
 - o Language taken from TOD deed statute under AS 13.48.060.

(e) TOD titles are nontestamentary

- States that TOD titles are nontestamentary, meaning that the associated vehicles do not need to be provided for in the decedents will.

(f) - (g) Revocation or Change to TOD titles

- Provides that the owner may revoke or change the designated beneficiary on the TOD at any time without the beneficiary's consent.
- Explains the process by which owners may revoke or change a TOD title.
 - o The owner can either assign and deliver the certificate of title for the vehicle to another person, thereby revoking the TOD title, or;
 - o file with the DMV to reissue the title without a designated beneficiary or with a different designated beneficiary.

(h) Designated beneficiaries right to disclaim interest

- Allows designated beneficiaries to refuse the boat or vehicle designated to them in a TOD title.
 - o Language taken from TOD deed statute under AS 13.48.100.

(i) TOD titles subject to decedent's creditors, contracts, etc.

- Subjects the TOD title to creditor's claims against the owner's estate, as well as to other interests, contracts, liens, encumbrances, assignments, and other interests.
- These interests remain attached to the boat or vehicle after it is transferred to the designated beneficiary.

(j-m) Enforcing liability upon TOD titles

- Imposes the same procedures for enforcing liability upon TOD titles that is applied to TOD deeds under AS 13.48.110 and AS 13.48.088.
 - o Provides that the estate may enforce liability against boats or vehicles with TOD titles if the owner's estate does not cover an allowed claim.
 - o States that if there are multiple vehicles and/or boats, and a liability exists in the deceased's estate, the liability will be apportioned to each asset in proportion to its net value.
 - o Requires that a proceeding to enforce a liability must begin within 12 months of the owner's passing and can only begin once proper notification to beneficiaries has occurred.
 - o Stipulates that TOD titles do not affect rights of ownership before the owner's death, and do not affect rights of the designated beneficiary or creditors of the owner(s).
 - o TOD titles do not give legal or equitable preference to the designated beneficiary.
 - o TOD titles do not affect designated beneficiaries' eligibility for state public assistance. (n-p) Uniform standard of survivorship, requirements to receive TOD title
- Requires that the designated beneficiary survive the previous owner by 120 hours.

- Requires that the designated beneficiary submit proof of the owner's death and an application and associated fees to the DMV.
- If there are two beneficiaries listed on the TOD title, they become joint owners.

(q) TOD titles may not be changed by other instruments

- Provides that TOD titles may only be changed by the process outlined in section 3 and not by a will or any other instrument.

(r) Gives the DoA authority to develop regulations to implement the TOD titles, establish necessary forms and fees, etc.

(s) Definitions

Section 4:

Amends AS 13.48.110(c) to add a person acting on behalf of the surviving spouse of the decedent to the list of people who may demand to enforce liability against the decedents' property.

Section 5:

Adds a new section to AS 28.10.275, relating to vehicle titles, to clearly state that owners of vehicles for which the DMV issues titles may obtain a TOD title.

Section 6:

Gives the DoA authority to develop necessary regulations.

Section 7: Applies an immediate effective date to section 5 of the bill to allow the department to develop regulations.

Section 8:

Applies an effective date of July 1, 2024 to the legislation except for sections 5 and 7.

[3:38:14 PM](#)

CHAIR SHAW inquired about the Department of Administration's (DOA's) fiscal note.

MR. MCKEE explained that the Division of Motor Vehicles (DMV), [within DOA], estimated 600 program hours at a cost of \$125 dollars per hour for a total estimated cost of \$75,000.

CHAIR SHAW invited questions from members of the committee.

[3:38:55 PM](#)

REPRESENTATIVE STORY asked about the cost of completing a title transfer, or transfer on death (TOD), for boats or vehicles.

REPRESENTATIVE RAUSCHER deferred to the division.

[3:39:42 PM](#)

JEFFREY SCHMITZ, Director, Division of Motor Vehicles, Department of Administration, responded that the cost of producing a title was \$15 with no lien or \$30 with a lien.

REPRESENTATIVE STORY asked whether the fifteen- or thirty-dollar payment was a one-time fee.

REPRESENTATIVE RAUSCHER deferred to the division.

MR. SCHMITZ explained that the fee of \$15 or \$30 was an existing cost associated with replacement titles and separate from the bill. He clarified that the department's fiscal note specifically described the programming charges required to implement the provisions outlined in the bill.

REPRESENTATIVE STORY asked for verification that a person could refuse a gifted boat or vehicle if he/she could not afford to keep it.

REPRESENTATIVE RAUSCHER deferred to Mr. McKee.

[3:43:43 PM](#)

MR. MCKEE confirmed that subsection (h) in Section 3 of the bill allowed a designated beneficiary to refuse a boat or a vehicle.

REPRESENTATIVE RAUSCHER clarified that the fiscal note had been reduced to an indeterminate amount.

CHAIR SHAW opened public testimony on HB 81.

[3:45:42 PM](#)

BETHANN CHAPMAN, Representing Self, share that she was a practicing attorney in trust, estate, and probate areas. She stated her support for the bill, which she described as an additional tool to pass assets at death without the need for the probate process.

[3:46:36 PM](#)

CHAIR SHAW closed public testimony on HB 81. He announced that the bill was held over.

[3:47:07 PM](#)

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at [3:47] p.m.