3-18-82

HB 846

HB 862

HB 885

SB 798

SB 798 SENATE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/16/82	01	0311	FIRST READING --- COMMITTEE REPORTS
03/15/82	02	0572	L&C --- CS05
03/16/82	03	0580	RLS --- OTHER03
			TAKEN UP IMMEDIATELY
03/16/82	04	0583	SECOND READING
03/16/82	05	0583	L&C CS ADOPTED BY UNAN CONSENT
03/16/82	06	0584	ADVANCED TO 3RD READING BY UNAN CONSENT
03/16/82	07	0584	THIRD READING
03/16/82	08	0584	PASSED BY DIV 18-00-02
03/16/82	09	0584	EFFECTIVE DATE VOTE SAME AS PASSAGE
****	**	**	*** *** ***

SB 798 HOUSE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
03/17/82	10	0809	FIRST READING --- COMMITTEE REPORTS
			LABOR & COMMERCE
			RULES
****	**	**	*** *** ***

Absent: Martin Gardiner

3/18/82 H Labor & Comm

HB 846
HB 862
HB 885
SB 798

Tape # 39

1: 18

000 Call to order by Bylsma

005 – HB885

007 Steve Hilland, VP & gen counsel, Cook Inlet Region Inc – intent of bill was to provide clarification of 20 yr exemption of ad velorem taxation of property until developed or leased to third parties. Problems resulted because of defns of "developed" & "leased", & inconsistency of interpretn between boroughs. Went over options to clarify these defns.

064 ~~Holly Beck~~ Kellus Sewell, Cape Fox Corpn – feel that ~~shd~~ full issue of devpt shd be ~~considered~~ addressed. Shdn't pay until they can afford to pay. Wd rather be taxed after income derived. Comm & legis shd consider other things than taxes: environmental credits, tax incentives, tax limitations.

Feel that a sound economic base shd be established & promote diversification, not just look at a tax which may be a deterrent. Wd like to be involved in any rewrites.

111 Patrick Anderson, MOA, ~~n~~dm – originally intended that native lands not be taxed; concern in Anc is w/ lands being subdivided & developed. Bill ~~include~~ attempts to define point at which subd becomes developed property & subject to tax. ~~Congressional~~ Need to define that point; he's not sure it can be decided by anything except litigation. Discussed attempts to define & impact of defns.

1:30 Randolph left

175 Rogers asked when suggested rewrites cd be avail.
Anderson thought early next wk.
R asked which bill (CSSB 803 or HB 885); A responded ± with probs he foresaw w/each bill.

198 Barry, at Adams' request – since Adams requested adopting wkdrft CS HB 885.

218 Norman Staton, Sealaska – wkd w/ CoRA, CINA, + others to arrive at defn of developed. Said both bills essentially the same; somewhat ambiguous, but needs to be. Support either bill; however wkdrft leaves out provn (s. 29 "forest lands, p. 1 – HB) that was in the HB. Will submit amdmt to correct this. Provn exempts timber land fm municipal tax'n; feel that muni real property tax is not approp for timber; shd be taxed on severance tax basis. Feel state wd benefit by uniform severance tax. Willing to wk w/ legis + state in est'ing severance tax. Want timberlands provn left in bill.

281 Rogers – no objection to allowing municipal severance tax rather than real prop tax?
Staten preferred state severance tax.

Loescher

294 Bob ~~Looker~~, VP Resource Mgmt, Sealaska – passed out prepared testimony. Also handed out proposed amdmts to draft bill – substituting 2 paras for lang in HB, l. 29, p. 1 – p. 2, l 1-3. ~~How~~ ~~State~~ Explained. Amdmt says conversion for any use except forest land becomes developed land. Forest resources dept have no formal tax structure; Wonder asked if bill inadvertently establishes forest tax pgm. Wd like to wk w/ legis to establish more formal policy on taxn of forest lands rather than doing it as part of this bill.

380 Second amdmt says state govt will retain pwr to tax forest land; second section deals w/ delegn of tax purs to local govt.

391 Kie Campbell, ~~state~~ staff to S CL+RA – involved in drafting CS. Gave background on how they arrived at CS. Tried to draft bill that closely follows intent of ANCSA so it will be upheld in any future litigation. Did not feel bill shd address broad resource taxation issues.

455 Rep Bylsma said bill wd be held, as there was no quorum.

462 — ~~HB 846~~ was brought before comm in lieu of HB 846.
CS SB 798

chief, Market surveillance Sec

485 Don Koch, Dir of Ins — support bill. Refused to post'n paper, requesting amdmts which were inc'd into CS. Said there is prob w/ Sec 5 & 6 (drafting error).

500 Rogers said prob came up in Fbx; asked if bill addressed it.

Koch said most title ins wk is done when preparing title report; insurance follows report. Prob comes up in rate files. Said bill allows rating orgns, doesn't require them.

569 Rogers requested staff to redraft bill, deleting sec. 6.

578 Bylsma had qstns abt granting license in part or in (p. 6, l. 22) whole. Koch said conceivably dir may wish to limit role of rating orgn.

617 Koch said need to remove current sec 6 from CS.

630 Bylsma p. 6, line 27 (1) — qstn on whether there was technical error in subsection. Koch clarified intent of section.

670 Bylsma, on old bill, p 4 l. 8 ~~a man~~ p. 5, l. 22 — had qstns. Koch explained.

(meter 714)
0:03 Randolph returned)

723 Rogers moved to report HCS SB798 (L&C) consisting of SB, minus sec 6 of SB. Mo passed w/o objection.

Side B 006

HB862 Bylsma referred comm to HB 862

009 Lorraine McGregory — gave her personal history & told how bill would ~~impact~~ help her.

063 Rogers asked clarification.

068 Kent Humphries, CJS, Dep Dir, Div of Retirement Benefits — thinks it's a good bill to accomplish purpose. Concern w/ bill is whether that's all bill would accomplish. Elaborated.

097 Rogers asked how actns such as McGregory's wd be administratively handled. Humphries said lump sum, less lump o pymt, ~~plus~~ with interest on both.

115 Humphries suggested adding intent to bill. Discussion of impact.

130 Barry said it isn't uncommon to limit repeal to those actns that won't pyramid mo'l benefits. Discussion.

140 Rogers moved to add secs 2 — end of HB 151 to end of bill. for - Rogers opp'd - Randolph, Bylsma

157 Rand l. 10 remove period after 1968 & add

Rogers asked unan consent.
There was discussion.
Rogers w/drew request for unan consent.
Rand w/drew mo

178 Rogers moved to add ltr of intent to limit to circumstances described & not to allow pyramiding of
Discussion of alternate methods to accomplish purpose of bill.
Mo passed w/o objection.

[redacted]

204 Rand moved & asked unan consent to pass HB 862 fm comm.
Mo passed w/o objection

2:20
208 adjourned

HB 846 Title Insurance Rating Org'ns

SIGN-IN SHEET

Name (please print)	Address	Representing	Testify? (YES or NO)	Phone Number
DON KOCH	POUCH D JUNEAU 99811	DIV. OF INSURANCE	YES	465 2577

HOUSE LABOR & COMMERCE COMMITTEE

HEARING DATE: 3/18/82

Repeal AS 39.35.545

SIGN-IN SHEET HB 862

Name (please print)	Address	Representing	Testify? (YES or NO)	Phone Number
Lorraine McGregory	P.O. Box 622, Juneau 99802		Yes	

HOUSE LABOR & COMMERCE COMMITTEE

HEARING DATE: _____

HB 862

SIGN-IN SHEET

Name (please print)	Address	Representing	Testify? (YES or NO)	Phone Number
Ken Humphreys		Admin.	Yes	4460

HOUSE LABOR & COMMERCE COMMITTEE

HEARING DATE: 3-18-62

HB 885

SIGN-IN SHEET

Name (please print)	Address	Representing	Testify? (YES or NO)	Phone Number
Kelley Sewell	8499 Jennifer/JNU	Capp for Cory	Yes	789-9977
Norm Staton	One Sealaska Plaza	Sealaska	yes	586-1512
Bob Loescher	"	"	yes	"
Patrick Anderson	Baranof Hotel 506 - Juneau	Anchorage	(?)	586-2660 (506)

HOUSE LABOR & COMMERCE COMMITTEE

HEARING DATE: 3-18-82

HB 885

SIGN-IN SHEET

Name (please print)	Address	Representing	Testify? (YES or NO)	Phone Number
George Kriste	Anchorage	CIRI	NO	274-8678

HOUSE LABOR & COMMERCE COMMITTEE

HEARING DATE: _____

HB 885 Tax Exemptions

SIGN-IN SHEET

Name (please print)	Address	Representing	Testify? (YES or NO)	Phone Number
Steve Hillard	1025 C Street, Anchorage, AK	Cook Inlet Region, Inc.	yes	274-8638
McKie Campbell	Pouch V	Sen C+RA Comm	NO	465-4934
MIKE GIORLEY	POUCH SH	C+RA	NO	465-4787
Palmer McCarter	" "	" "	"	465-4707
Richard Aks	DCRA		if needed	

HOUSE LABOR & COMMERCE COMMITTEE

HEARING DATE: _____

CAPE FOX CORPORATION TESTIMONY ON SENATE BILL 802
March 9, 1982

My name is Kellus Sewell, the Governmental Affairs Representative for Cape Fox Corporation (CFC). Cape Fox Corporation, as many of you may know, is a small village corporation in Saxman, Alaska near Ketchikan.

As evidenced in the Alaska Native Claims Settlement Act (ANCSA) and as amended by the Alaska National Interest Lands Conservation Act (ANILCA), the twenty year tax moratorium was granted to free the Native community from burdens of federal taxation until a period of time elasped that was considered necessary to allow them to "get their feet on the ground." Let me emphasize that the exemption was not for a short period of time but for "twenty years".

We hope that as you review the matter of state and local taxing of these private resources, many owned by small corporations, that you also recognize the need to support tax exemptions, credits, and incentives until a sound economic base is established.

The Cape Fox Corporation strongly feels that development of "renewable" and "nonrenewable" resources ought to be encouraged yet only if adequate time is allowed for proper planning. Consequently, we encourage the administration and the legislature to consider the following:

(1) Exempting the Native entity from taxation until development results in the actual "generation" of income;

(2) Providing for tax incentives (i.e. similar to H.B. 866) to stimulate more diversified development;

(3) Allowing for environmental credits related to investments to guarantee sound development of our most valuable natural resources; and

(4) Establishing a tax limitation that will not erode profits or revenue from potential development but result in placing us in a "fair" competitive advantage with timber marketed from state or federal lands.

Therefore, we support Senate Bill 802 and House Bill 885 as long as the "forest" language (line 29, page 1 through line 3, page 2) exempts forest resources from taxation until the concerns mentioned above are adequately addressed.

We again emphasize that we strongly encourage the legislature to adopt a definition of "developed" property that will encourage sound development and one which does not result in taxes until the developed property actually generates income. If the state elects to allow local governments to develop their own taxing mechanisms,

we would hope that the state would see fit to establish a "taxing framework" that would promote sound development through uniform treatment of tax exemptions, credits, incentives, and limitations.

We hope that we will be included in any future deliberations on this issue and thank you for the opportunity to allow Cape Fox Corporation to present its concerns.

- -

Alaska State Legislature

House of Representatives

Albert P. Adams
Chairman
Committee on Finance

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

HOME - DISTRICT 21
P.O. Box 271
Kotzebue, Alaska 99752
(907) 442-3320

Official Business

TO: Reprsentative Terry Martin, Chairman
House Labor and Commerce Committee

FROM: Representative Albert P. Adams, Chairman
House Finance Committee

DATE: March 18, 1982

SUBJ: HB 885, "An Act relating to tax exemptions; and providing for an effective date"

I have introduced this bill to clarify the term "developed," which is not explicitly defined in the ANCSA Act of 1971, or the amndments made to it by ANILCA of 1980. Passage of this bill is very important to Native corporations and local governments. If this issue is not settled through legislation, it will be resolved in court, at great expense to all concerned.

Section 21(d) of ANCSA, as amended, provides a tax moratorium on ANCSA lands for a period of twenty years. However, this exemption is lost when the land is "developed." Since the term "developed" is not defined in the act, different definitions are being used by different local tax assessors. Cook Inlet Native Corporation, for example, has land in both the Municipality of Anchorage and the Mat-Su Borough, and is taxed differently by each.

Some assessors claim that ANCSA lands are subject to local taxation when conventional developments such as construction of roads, surveying, and the provision of utilities are made on the lands. Congressional intent holds that taxation does not become effective until some form of economic development which produces income from the land is made. The legislative history of ANCSA and ANILCA shows that Congress intended the taxability of ANCSA lands to be linked to the generation of income, thereby providing the revenues necessary to pay property taxes without risking loss of the lands. I believe this bill defines the term as closely to Congressional intent as possible.

A committee substitute has been drafted by the Senate Community and Regional Affairs Committee, to be considered later this afternoon. I would propose that this committee substitute be accepted by House Labor and Commerce. The substitute rephrases section 1 (1) and deletes reference to platting and to forest lands.

LABOR & COMMERCE COMMITTEE

DAILY COMMITTEE HEARING

Date: 3/18/82 Place: _____

Members	Present	Absent	Time Arrived	Time Left
Rep. B. Bylsma, V. Chair	✓		1:07	
Rep. D. Randolph	✓		1:15	
Rep. B. Rogers	✓		1:10	
Rep. T. Gardiner				
Rep. T. Martin, Chair				

Subject Matter:

House Bill No. 846 862 885 _____ _____

Senate Bill No. _____ _____ _____ _____ _____

Special Orders:

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2515

LEGISLATIVE POSITION PAPER
SB 798 and HB 846
March 8, 1982

SB 798 and HB 846 are identical proposals relating to title insurance rating organizations. The proposal would permit the use of a title insurance rating organization by title insurance companies doing business in this state. Current Alaska law regulating title insurance (AS 21.66) derives from a model law drafted by the American Land Title Association which includes a provision for title insurance rating organizations. This provision was not included when the current Alaska title insurance law was adopted in 1974. This was due primarily to the objections of this division. It was felt that rating organizations for title insurance would not be in the best interest of the Alaska insuring public.

Rating organizations typically develop anf file rates, rules, rating plans, statistical plans, contract forms and endorsements on behalf of member and subscriber companies. They enable companies to act together in these issues and provide a broader base of experience and credibility for the rates used as well as reduce insurance company expenses by avoiding duplication of some rate development functions. Insurers are able to act in this fashion because of enabling Federal legislation, namely, the McCarran-Ferguson Act (Public Law No. 15, 79th Congress, 1st Session 1945, 59 Stat. 33, 15 U.S.C. Secs. 1011-1015). This approach has been used in property, casualty, surety and marine lines of insurance for most of this century. Rating organizations have been viewed as anti-competitive devices in the property, casualty, surety and marine field and indeed some modification of their role in those markets should be and is being considered.

The marketing of title insurance is distinctly different from property, casualty, surety and marine kinds of insurance. Competition is structured differently. This is due in part to the fact that title insurance is almost always an incidental part of a transaction involving real estate. It is also due in part to the fact that while most other kinds of insurance are based on a rate making methodology that reflects

risk assumption and distribution, title insurance is based on a methodology that looks to risk avoidance or risk elimination. There is no one way to establish and support rates for title insurance in this state. In fact the principal method currently is to follow the leader. We have concluded that the best way to develop a rate-making methodology with all that is needed to support such a system is to enable a rating organization for title insurance. It would admittedly provide a rating system with uniform rates, but we have rates that are uniform now. It would provide a vehicle for developing supportive statistics and distributing information to the public. We believe that a title insurance rating organization could provide a positive and favorable force in this state and assist the division to effectively meet its responsibilities under the insurance law of Alaska.

We have one principal concern with the bill. That concern is that current problems with the divisions procedures for disapproving a filing relating to title insurance would be compounded with passage of this proposal. AS 21.66.400 now provides that the division can only disapprove a filing after a hearing has been held. We would propose that the authority to disapprove a filing without first holding a hearing be granted. Our proposal would still provide for a hearing when it is requested by the person which made the disapproved filing. This approach is currently incorporated in the property, casualty, surety and marine rate law (AS 21.39.120). Given this change (proposed language attached) we support the enabling authority for a title insurance rating organization proposed in SB 798 and HB 846.

Suggested amentments to SB 798 and HB 846

In both bills, remove the material on page 3, lines 5 through 29 and page 4, lines 1 through 15 and replace with the following:

CURRENT LAW	PROPOSED LAW	COMMENTS
Sec. 21.66.400. Disapproval of filings. (a) Upon the review at any time by the director of a filing, he shall, before issuing an order of disapproval, hold a hearing upon not less than 10 days written notice, specifying in reasonable detail the matters to be considered at the hearing. Notice of the hearing shall be given to each title insurance company which made a filing, and if, after the hearing, the director finds that the filing or a part of the filing does not meet the requirements of this chapter, he shall issue an order specifying how it is deficient, and when, within a reasonable period thereafter, the filing or a part of it is considered no longer effective. if the filing or a part of it has become effective under the provisions of sec. 370 of this chapter. A title insurance company has the right at any time to withdraw a filing or a part of a filing. Copies of the order issued under this section shall be sent to every title insurance company affected. The order does not affect a contract or policy made or issued before the expiration of the period set out in the or ler.	Sec. 21.66.400. DISAPPROVAL OF FILINGS. (a) If within the waiting period provided for in sec. 370(c) of this chapter, the directdr finds that a filing does not meet the requirements of this chapter, he shall send to the title insurance dompany or title insurance rating organization which made the filing, written notice of disapproval of the filing specifying in what respects he finds the filing fails to meet the requirements of this chapter and stating that the filing shall not become effective. (b) If at any time subsequent to the applicable review period provided for in sec. 370(c) of this chapter, the director finds that a filing does not meet the requirements of this chapter, he shall, before issuing an order of disapproval, hold a hearing upon not less than 10 days written notice, specifying in reasonable detail the matters to be considered at the hearing..Notice of hearing shall be given to each title insurance company or title insurance rating organization which made the filing, and if, after the hearing, the director finds that the filing or a part of the filing does not meet the requirements of this chapter, he shall issue an order specifying how it is deficient, and when, within a reasonable period thereafter, the filing or a part of it in considered no longer effective. A title insurance company of title insurance rating organization has the right to withdraw a filing or a part of a filing. Copies of the order issued under this section shall be sent to every title insurance company and title insurance rating organization affected. The order does not affect a contract or policy made or issued before the expiration of the period set out in the order.	The proposed law splits the current subsection (a). The new subsection (a) allows disapproval of a title filing,when done within the waiting period, without a hearing. The new subsection (d) provides for a hearing in such cases when requested. This procedure is the same as is now being used for property, casualty, surety and marine insurance regulated under AS 21.39. The new subsection (b) is the same procedure applied to filings to be disapproved after the filing has become effective. The only difference basically is the added language for title insurance rating organizations.

CURRENT LAW	PROPOSED LAW	COMMENTS
(b) A person or organization aggrieved with respect to a filing which is in effect, may make written application to the director for a hearing on the filing. The title insurance company that made the filing may not proceed under this subsection. The application shall specify in reasonable detail the grounds to be relied upon by the applicant. If the director finds that the application is made in good faith, and that the applicant would be aggrieved if his grounds are established, and that his grounds otherwise justify holding such a hearing, he shall within 30 days after receipt of the application, hold a hearing upon not less than 10 days written notice to the applicant and to each title insurance company which made such a filing. If, after the hearing, the director finds that the filing or a part of it does not meet the requirements of this chapter, he shall issue an order specifying how the filing or a part of it fails to meet the requirements of this chapter, stating when, within a reasonable period after the order is issued, the filing or a part of it is considered no longer effective. Copies of the order shall be sent to the applicant and to every such title insurance company. The order does not affect a contract or policy made or issued before the expiration of the period set out in the order.	(c) A person or organization aggrieved with respect to a filing which is in effect may make a written application to the director for a hearing on the filing. The title insurance company or title insurance rating organization that made the filing may not proceed under this subsection. The application shall specify in reasonable detail the grounds to be relied upon by the applicant. If the director finds that the application is made in good faith, and that the applicant would be aggrieved if his grounds are established, and that his grounds otherwise justify holding a hearing, he shall, within 60 days after receipt of the application, hold a hearing upon not less than 10 days written notice to the applicant and to each title insurance company or title insurance rating organization which made such a filing. If, after the hearing, the director finds that the filing or a part of it does not meet the requirements of this chapter, he shall issue an order specifying how the filing or a part of it fails to meet the requirements of this chapter, stating when, within a reasonable period after the order is issued, the filing or a part of it is considered no longer effective. Copies of the order shall be sent to the applicant and to every affected title insurance company or title insurance rating organization. The order does not affect a contract or policy made or issued before the expiration of the period set out in the order.	Current subsection (b) is the same as proposed subsection (c) except that title insurance rating organizations have been reflected and the period for granting a hearing under the subsection has been extended from 30 days to 60 days. The real effect is to require notice of hearing within 50 days rather than 20 days.

CURRENT LAW	PROPOSED LAW	COMMENTS
NONE	(d) A title insurance company or title insurance rating organization to which the director has issued an order made without a hearing may, within 30 days after notice to it of the order, make a written request to the director for a hearing. The director shall hear the party or parties within 60 days after receipt of the request and shall give not less than 10 days written notice of the time and place of the hearing. Within 15 days after the hearing the director shall affirm, reverse or modify his previous action, specifying his reasons. Pending the hearing and decision the director may suspend or postpone the effective date of his previous action.	This subsection has been noted in the discussion relating to the splitting of current subsection (a).
NONE	(e) A hearing under this section is not required to observe formal rules of pleading or evidence.	This is a new subsection and is selfexplanatory.
(c) No filing or modification of a filing may be disapproved if the rates in connection with the filing meet the requirements of this chapter.	(f) No filing or modification of a filing may be disapproved if the rates in connection with the filing meet the requirements of this chapter.	Current subsection is identical to proposed subsection (f).