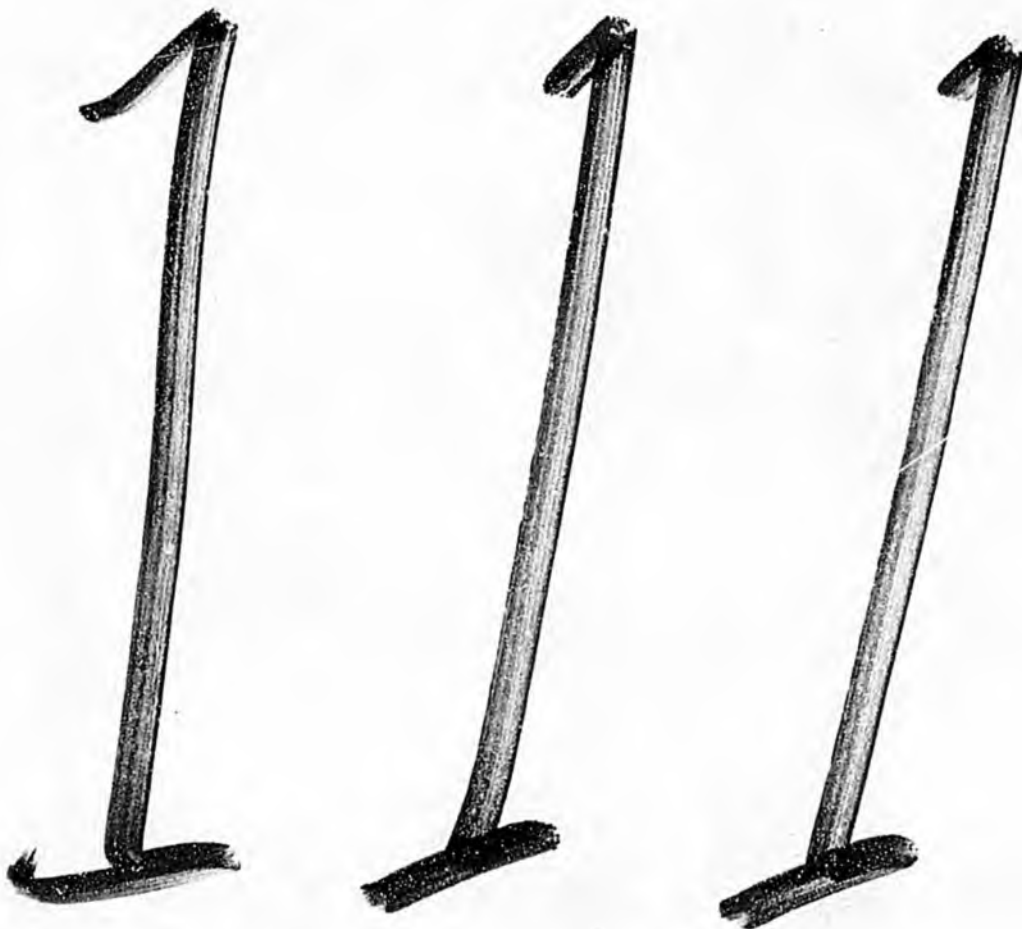


S B



SB 111 Background Information

Section 1 - 08.88.101(12)

The commission is currently reviewing the renewal process with the intent of making it more efficient.

The commission currently renews all 6,000 licenses on February 1 of each even numbered year. This causes a major clerical backlog which delays issuance of licenses which generates calls to the offices about licenses which further backlogs the clerical staff. It also produces biennial surges in revenues and makes budgetting more complex. The overall result can best be described as chaotic.

If the commission is provided access to a computer prior to the next renewal it proposes to adopt, ASAP a "birthdate" renewal plan. Under this plan, each individual's license will be due for renewal on the last day of the month of their birthdate every two years following initial license issuance. This will spread the biennial "hump" over 24 months and equalize the workload, work flow.

The statutory requirement that renewals be sent on December 1 is inflexible and would do a disservice to many licensees who would receive notices almost a year before renewal is due. The 60 day notice is fair and reasonable.

Section 2 - AS 08.88.221(a)

- (4) The license year has always been a biennium. In a previous revision of fees, the word "biennium" was deleted by a reviewer who apparently did not realize that doing so left the term of the license out of the statute entirely. Reinserting the word biennium is simply correcting this oversight.
- (5) Inactive licensure is an administrative burden and cost to the commission and produces no measurable benefit to the general public. The "preservation" of the license when a person is not practicing real estate is seen as a value by some licensees. The degradation of skills when a person is not practicing is seen by others as a negative impact on the public.

Eliminating the category "inactive license" would mean that to preserve a license it would have to be renewed "active" and the full cost of administering the license would be paid. A licensee who does not renew a license and permits it to lapse for more than two years would have to be reexamined before being issued a new license. A licensee who does not renew could remain "not active" for two years without losing the license.

This would eliminate an administrative/clerical burden on the commission and it would maintain a higher level of currency among licensees. In the case of licensees who do not actively sell real estate but who wish to maintain an active license, they would pay a full share in the administrative costs of the commission by paying full fees.

The current inactive license costs \$50 and no surety fee is paid. An active license is \$100 with an \$80 surety fee.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: ///
 Title: Relating to real estate
licenses
 Sponsor: Rules/Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: _____
Consumer Protection
 BRU, Program or Subprogram(s) Affected: _____
Real Estate Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
----------------	-----	-----	-----	-----	-----	-----

REVENUE GF	-0-	10.0	-0-	10.0	-0-	10.0
-------------------	-----	------	-----	------	-----	------

Revenue to Surety Fund -0- 320.0 80.0 360.0 96.0 360.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attached.

Prepared By: James L. Magowan
 Division: Real Estate Commission

Phone: 563-2169
 Date: _____

Approved by Commissioner: Richard A. Lyon
 Agency: Commerce and Economic Development

Date: 12/11/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

REAL ESTATE LICENSES
FISCAL NOTE ANALYSIS

I. Revenue to Surety Fund

The bill increases the surety fund balance limit from \$500,000 to \$850,000. The change in the limit will affect accumulation and stability of the fund but will not increase expenditures. The Commission has proposed that a regulation be adopted to set the surety fund fee at \$80.00 per licensee beginning with the 1986-87 license year. This is not a fee increase that will cause the fund to reach its maximum limit. This fee would increase revenues by \$320.

II. Revenue to General Fund

Approximately 400 people renew as inactive. The inactive renewal fee is \$50.00. This represents revenues of \$20,000. It is estimated that 75% of the inactives would choose to renew as "active" if the inactive status were deleted. The net result would be an increase of \$10,000 each two-year renewal period.

Increased revenues is not the reason for the change. Even a zero net revenue would represent an administrative saving or efficiency increase.

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 30, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to real estate brokers and salesmen. The two most important amendments are in secs. 3 and 4.

Section 3 raises the current limit of \$500,000 on the real estate surety fund to \$850,000. The amount of money in the fund now exceeds the \$500,000 limitation because of the increased number of licensees and the fact that licenses are renewed biennially. The current balance, after renewal of more than 4,000 licenses, is over \$650,000. The increased limit will enable the commission to institute a more comprehensive educational program. Expenditures for educational purposes are currently provided for in AS 08.88.091 and 08.88.450.

Section 4 of the bill eliminates inactive licenses. Current law allows a licensee to go on inactive status for up to three years and resume active status with no examination or other requirement, with the exception of payment of the fee for an active license. This provides little protection for the public, and creates an administrative burden for the commission as well.

In addition, the bill makes other, minor changes. Section 2 establishes a statutory license term of two years and sec. 1 amends the renewal notice requirement to reflect that term. Section 2 also amends AS 08.88.221(a) to reflect repeal of the inactive license.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor