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HOUSE COMMITTEE REPORT

(7)

Date referred: 4/14/88

FURTHER REFERRALS: Finance

DATE: 4/28/88

The Labor & Commerce Committee has considered CSSB 438(Fin)

"An Act relating to common interest community managers."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published 4/8/88
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

J. Ellis
David Ouley
W. J. Kozlowski
W. A. ...

David Ouley
 Chairman's signature



Alaska State Legislature

SENATE

Office of the President

P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-3755

MEMORANDUM

April 14, 1988

TO: Representative Dave Donley, Chairman
House Labor and Commerce Committee

FROM: Senator Jan Faiks
President of the Senate

SUBJECT: CSSB 438 (Fin) "An Act relating to common interest
community managers."

CSSB 438 (Fin) has been referred to the Labor and Commerce Committee for consideration. This bill adds a new chapter to Title 8 of the Alaska Statutes, requiring the licensing of common interest community managers.

Common interest communities are regulated in AS 34.07 (horizontal property regimes) and 34.08 (common interest communities). These communities include properties in which the owners of individual units in a building or other real property jointly own the common areas. The most common example is the condominium.

Common interest communities frequently employ a professional manager to handle the affairs of the community association, and various businesses bid to obtain these contracts. As you know, AS 34.07 and 34.08 are complex, and impose many legal requirements on the operation of common interest communities. Unfortunately, at the present time only a small percentage of persons working as professional managers are really qualified to do so.

Moreover, managers frequently have sole-signature authority over the reserve accounts of community associations. In Alaska, these accounts can total several hundred thousand dollars. There have already been cases of managers embezzling significant sums from local community associations.

To make certain that those who act as professional managers possess the minimum necessary level of knowledge, and to ensure that certain standards of integrity are maintained, I believe that the professional managers of community associations should be licensed by the state. CSSB 438 (Fin) accomplishes these goals.

Following are some commonly asked questions about this legislation, and the answers to them:

1. What does a common interest community manager do?

The manager is responsible for the day-to-day operation of the association. This includes collecting dues, dealing with mortgagors, arranging for maintenance and repair on the common areas, perfecting liens, and keeping the books.

2. Is an independent board created to regulate managers?

No, the Department of Commerce and Economic Development is given this authority.

3. Do all persons who manage community associations have to be licensed?

No, only persons who contract with community associations to act as professional managers. Smaller associations which are managed in-house by officers or board members of the association are unaffected by this bill, since those persons are exempted from licensure.

4. How many people does this bill effect?

At the present time, it is estimated that approximately 50 persons are acting as the professional managers of community associations in Alaska.

5. Are persons currently acting as managers required to take classes in the law of common interest communities before receiving their initial license?

No. Since no classes are yet approved by the department, it is impossible to require this. Education is only required for renewal of the the initial license. The department has the discretion, however, to require first-time licensees to take classes in the future, when this becomes practical.

Specifically, the bill makes the following changes and additions to current law:

Section 1 Makes AS 08.01, relating to centralized licensing, applicable to common interest community managers.

Section 2 Gives the Department of Commerce and Economic Development the authority to perform all necessary administrative duties with respect to the licensing of managers.

Section 3 Adds a new chapter to AS 08:

Sec. 08.15.010 (a) An individual, 18 years of age or older,

shall be licensed by the department on payment of a fee, on proof that the individual has not engaged in conduct that is grounds for imposing disciplinary sanctions under AS 08.15.040, and on meeting any additional requirements established by the department.

(b) An individual licensed under (a) may renew the license if the person takes 24 hours per year of approved classes in the law of common interest communities or in business or accounting.

Sec. 08.15.020 Exempts certain persons from licensing requirements, including (a) officers or employees of AHFC or of a bank or other financial institution; (b) an attorney licensed in the state; (c) an officer or member of the board of a common interest community who is managing that community; or (d) an employee of a common interest community other than the manager.

Sec. 08.15.030 Authorizes the department to set licensing fees.

Sec. 08.15.040 Specifies grounds for imposing disciplinary sanctions on a manager.

Sec. 08.15.050 Specifies the types of sanctions which may be imposed for committing an act under .040.

Sec. 08.15.060 Prohibits persons who are not licensed or exempted from licensure from managing a common interest community.

Sec. 08.15.070 Makes violations of 08.15.060 a class B misdemeanor.

Sec. 08.15.080 Authorizes the department to adopt regulations to implement this chapter.

Sec. 08.15.100 Defines "department" as the Department of Commerce and Economic Development.

Section 4 Makes a technical change to AS 34.03.490(b).

Please contact my office if you have any questions or comments.

Thank you.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to common interest community managers."
Sponsor: Senator Faiks
Requestor: Senate Finance Committee

Agency Affected: Dept of Commerce & Economic Development
BRU: Occupational Licensing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		1.5	1.5	1.5	1.5	1.5
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2.5	2.5	2.5	2.5	2.5

CAPITAL						
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REVENUE		5.0	.5	6.0	.5	7.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND			2.0		2.0	
FEDERAL FUNDS						
OTHER Program Receipts		2.5	.5	2.5	.5	2.5
TOTAL		2.5	2.5	2.5	2.5	2.5

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) This fiscal note is based on the assumption that 50 individuals will be licensed initially, with a growth rate of at least 5 new applicants each year. The revenues to be generated are assuming licensees will pay \$50 per year and renew on a biennial cycle. If expenditures are authorized by program receipts, program costs will be covered by the revenue generated.

Prepared by: *Rick Halford* Phone: 465-3753
Division: Senator Rick Halford, Co-chairman Date: 4/7/88
Senate Finance Committee

Approved by Commissioner: _____ Date: _____
Agency: _____

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THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HL+C

4-28-88

3:00p.m.



Official Business

COMMITTEE:

HOUSE LABOR & COMMERCE

DATE: April 28, 1988

SIGN-IN

Subject of meeting:

- SB 357 APUC regulation of small utilities
- SB 414 Foreign trade zones
- SB 438 Common interest community managers
- SB 392 Purchase of loans by AIDEA
- SB 471 Business loan guarantee/refinance program
- HB 544 Aircraft inspection program

PLEASE PRINT
NAME & TITLE

REPRESENTING

ADDRESS & ZIP

PHONE

**DO YOU WANT
TO TESTIFY?**

**SUBJECT:
BILL #**

NAME & TITLE	REPRESENTING	ADDRESS & ZIP	PHONE	DO YOU WANT TO TESTIFY?	SUBJECT: BILL #
Ray Latchew	Morgasco	8740 Hartwell Anch AK 99507	H 344-7439 W 344-6747	yes	SSSB357
Bill CULINANE	DOWNTOWN BUSINESS ASSOC JUNEAU ECON DEV. COUNCIL	455 S. FRANKLIN JUNEAU, AK 99801	H 586-2050 W 586-3800	YES	SB 471
BOB MARTIN	JUNEAU CHAMBER OF COMMERCE	Juneau AK	H W 586-1512	Yes	SB 471
Susan Knowles	A.P.U.C.	420 L St, #100 Anch 99501	H W 276-6222	yes	SSSB-357
Theresa Maser	Sen. Rick Halford	Capital 516	H W 465-4958	yes	SB 471
(Name illegible)	(Name illegible)	(Address illegible)	H W (illegible)	NO	
JAN Sieberts	Not Bank of AK		H W	Yes	SB 471
Mike Freeman	Michas Mufflers		H W	Yes	SB 471
John Williams Dep Comm	Michas Mufflers DCED		H W	Yes	SB 471
Tom Dow	NA NA		H	Yes	SB 351
W.J. Moore	Polestar		W		