

SB

25



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: Senate Labor and Commerce Committee Members

FROM: Staff

DATE: February 1, 1989

RE: Summary of SB 25

SB 25 would require the licensing of condominium managers (common interest community managers) by the Division of Occupational Licensing. Only persons who contract with community associations to act as professional managers would be required to obtain this license. Smaller associations which are managed in-house by officers or board members of the association are unaffected by SB 25.

An individual licensed under SB 25 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.

Officers or employees of AHFC or of a bank or other financial institution and attorneys licensed in the state would be exempt from this licensing requirement.

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to common interest community managers.
 Sponsor: Senator Falks
 Requestor: _____

Agency Affected: Commerce & Economic Dev.
 BRU: Occupational Licensing
 Components: Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		7.9	7.9	7.9	7.9	7.9
TRAVEL						
CONTRACTUAL		1.5	1.5	1.5	1.5	1.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		9.4	9.4	9.4	9.4	9.4
CAPITAL						
REVENUE		5.0	.5	6.0	.5	7.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER GF/PR		9.4	9.4	9.4	9.4	9.4
TOTAL		9.4	9.4	9.4	9.4	9.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach 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. The difference in revenues and costs are expected to be covered by the division's operating budget, until the fees are reassessed.

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensing Date: January 18, 1989

Approved by Commissioner: Larry Mercurieff Date: 1/31/89
 Agency: Commerce and Economic Development

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 25

Calculations for this fiscal note assume that common interest community managers, like all other licensing programs, will be responsible for sharing in the administrative costs of the division. Therefore, based on 50 licensees, common interest community managers will be responsible for covering .19% of the administrative costs. The .19% is derived by dividing the anticipated number of licensees (50) into the total number of licensees (26,995), not including business licenses.

FISCAL NOTE

REQUEST:

Revision Date: 2/3/89
Title: An Act relating to common interest community managers.
Sponsor: Senator Faiks
Requestor: Senate Labor & Commerce

Agency Affected: Commerce & Econ. Dev.
BRU: Occupational Licensing

Components: Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		7.9	7.9	7.9	7.9	7.9
TRAVEL						
CONTRACTUAL		1.5	1.5	1.5	1.5	1.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		9.4	9.4	9.4	9.4	9.4
CAPITAL						
REVENUE		5.0	.5	6.0	.5	7.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		9.4	9.4	9.4	9.4	9.4
TOTAL		9.4	9.4	9.4	9.4	9.4

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 five new applicants each year. The revenues to be generated are assuming licensees will pay \$50.00 per year and renew on a biennial cycle.

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
Division: Occupational Licensing Date: 2/6/89

Approved by Commissioner: Larry Mercurieff Date: 2/7/89
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 25

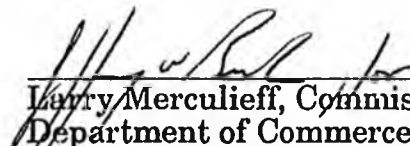
The differences in revenues and costs are expected to be covered by the division's operating budget until the fees are reassessed.

Calculations for this fiscal note assume that common interest community managers, like all other licensing programs, will be responsible for sharing in the administrative costs of the division. Therefore, based on 50 licensees, common interest community managers will be responsible for covering .19% of the administrative costs. The .19% is derived by dividing the anticipated number of licensees (50) into the total number of licensees (26,995), not including business licenses.

SB 25: An / relating to common interest community managers.

SB 25 proposes to establish a new category of licensure for common interest community managers, and places the program under AS 08.01, Centralized Licensing which is administered by the Department of Commerce and Economic Development.

The bill addresses all concerns previously expressed by the department regarding licensure of common interest community managers. The department, therefore, supports the bill provided the licensing of common interest community managers can be supported through reasonable licensing fees.



Harry Mercurieff, Commissioner
Department of Commerce & Economic
Development

Date: 1/31/89

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Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

January 12, 1989

TO: Senator Dick Eliason, Chairman
Senate Labor and Commerce Committee

FROM: Senator Jan Faiks, Chairman
Senate Judiciary Committee

SUBJECT: SB 25 "An Act relating to common interest community managers."

SB 25 has been referred to the Senate 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. SB 25 accomplishes these goals.

Following are some commonly asked questions about this legisla-

tion, 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 beccmes 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 34.08.490(b) Makes a technical change to AS 34.08.490(b).

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

Thank you.