

LEG. FINANCE - BILLS 1985 - 1986 2324

HB 79am cont. - HB 81 2324

1

2 * Sec. 3. The \$12,000 maximum assessment for examinations of financial
3 institutions enacted in sec. 1 of this Act applies to examinations or in-
4 vestigations commenced on or after the effective date of this Act.

5 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
6 10.070(c).

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

4/29/85

Date 23 April 86

Mr. President

The Committee on LABOR & COMMERCE considered HB 79 am relating to financial institution examinations; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

Bill Ray

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]
Chairman

Do Pass
Chairman recommendation

Introduced: 1/18/85
Referred: Labor & Commerce
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 79

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to financial institution examina-
7 tions; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 06.01.010(b) is amended to read:

10 (b) The commissioner shall assess every financial institution,
11 and every applicant to establish a financial institution, a fee for
12 the actual expenses incurred by the department in connection with any
13 examination or investigation, whether regular or special. The fee
14 shall include the proportionate part of the salaries and cost of em-
15 ployee benefits of the examiners while conducting examinations or in-
16 vestigations and while preparing reports of them, and transportation
17 costs and per diem of each examiner while away from his duty station.
18 However, the cost to the financial institution in connection with an
19 examination may not exceed \$12,000 [\$7,500] per examination. The as-
20 sessment shall be made by the commissioner as soon as feasible after
21 the examination or investigation has been completed. All assessments
22 shall be paid to and must be received by the department [BY EACH IN-
23 STITUTION] within 30 days after the financial institution receives
24 [RECEIPT OF] notice of the assessment.

25 * Sec. 2. AS 06.05.025(c) is amended to read:

26 (c) Banks regulated under this chapter are subject to examina-
27 tion [AT LEAST ONE EXAMINATION A YEAR. ADDITIONAL EXAMINATIONS MAY BE
28 CONDUCTED] at the discretion of the commissioner.

29 * Sec. 3. The \$12,000 maximum assessment for examinations of financial

1 institutions enacted in sec. 1 of this Act applies to examinations or in-
2 vestigations commenced on or after the effective date of this Act.

3 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Page 1 of 3

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 79
Title: An Act relating to
financial institution examinations
Sponsor: _____
Requestor: Governor
Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
Program Category Affected: _____
Consumer Protection
BRU, Program or Subprogram(s) Affected:
Banking, Securities and Corporations

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	-0-	24.6	24.6	24.6	24.6	24.6

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Please see attached fiscal note analysis.

Prepared By: Willis F. Kirkpatrick Phone: 465-2521
Division: Banking, Securities and Corporations Date: 12/21/84
Approved by Commissioner: Richard A. Lyon Date: 12.5.84
Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

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

7/1/84

Almost all (82%) of the financial entities regulated and examined by the Division of Banking, Securities and Corporations pay for most if not all of the cost of their examinations. With the exception of credit unions and one small savings and loan association, the \$7,500 maximum allowable charge rarely covers the cost of an examination of those financial entities that are classified "depository financial institutions," i.e. banks (see Exhibit A).

The increase of the limit from \$7,500 to \$12,000 would not only cover the increased costs of doing examinations since the \$7,500 was set back in 1977, but this increase would also provide a more equitable sharing of the examination costs by the larger financial institutions.

It is urged that the assumption of increased revenues not be classified program receipts. To tie examinations of financial institutions to a program receipt requirement has the effect of assuming that all examinations can be scheduled alike and are predictable as to length of time and expense. In order to be effective in the determination in safety and soundness, the agency must have the latitude to concentrate in those areas of concern. To meet program receipt requirements would choke the very purpose for the examinations.

Cost of Examination
FY '84 Cycle

HB 79 - Page 3 of 3

Financial Institution	Asset Size (in Millions)	Type of Exam	Cost of Exam	Amount Paid by Instit.	% of Cost Recov.	Propos. Limit 12,000	% Paid Based on 12,000
Bank	582.8	Joint	12,542	7,500	60	12,000	95
Bank	425.5	Joint	13,230	7,500	56	12,000	91
Bank	342.1	Joint	7,812	7,500	96	7,812	100
Bank	236.0		20,554	7,500	36	12,000	58
Bank	178.0		25,848	7,500	29	12,000	46
Bank	102.8	Joint	12,478	7,500	60	12,000	96
Mutual Savings Bank	81.5		5,083	5,083	100	5,083	100
Bank	69.0		11,283	7,500	66	11,283	100
Bank	44.8	Joint	4,311	4,311	100	4,311	100
Savings & Loan	40.0	Visit.	525	525	100	525	100
Savings & Loan	25.2		6,132	6,132	100	6,132	100
Savings & Loan	7.7		1,601	1,601	100	1,601	100
Bank (New)		New					
Credit Union			5,721	5,721	100	5,721	100
Credit Union		Joint	1,603	1,603	100	1,603	100
BHC (1-a)			253	253	100	253	100
BHC (1-b)			182	182	100	182	100
BHC (2)			1,309	1,309	100	1,309	100
BHC (3)			612	612	100	612	100
BHC (4)		New					
BHC (5)		New					
Trust			895	895	100	895	100
Trust		New					
Finance Company			264	264	100	264	100
Finance Company			290	290	100	290	100
Finance Company			392	392	100	392	100
Finance Company		New					
Finance Company		New					
Finance Company		New					
Premium Finance Co.			384	384	100	384	100
Premium Finance Co.			684	684	100	684	100
Premium Finance Co.			407	407	100	407	100
Premium Finance Co.			407	407	100	407	100
Premium Finance Co.			676	676	100	676	100
Premium Finance Co.			392	392	100	392	100
Premium Finance Co.			712	712	100	172	100
Premium Finance Co.			229	229	100	229	100
Premium Finance Co.			241	241	100	241	100
Premium Finance Co.			615	615	100	615	100
Premium Finance Co.			679	679	100	679	100
Premium Finance Co.			598	598	100	598	100
			138,944	87,697	63%	114,292	82%

Joint = Joint examination with appropriate federal insuring agency
 Visitation = Short examination for a specific area of concern
 New = Fees received under Investigations - Examinations due next cycle

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 18, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which increases the fee that the commissioner of commerce and economic development may assess a financial institution for investigation and examination costs. It raises the existing maximum of \$7,500 to a maximum of \$12,000 per examination. The fee increase is necessary because costs associated with these examinations have risen more than 50 percent since 1978 when the \$7,500 maximum fee was first established.

The bill also eliminates the requirement in current law that state banks be examined by the department annually. Examination of a bank under the bill is left to the discretion of the commissioner. This will allow the department to focus on problem banks and will free banks that are in stable condition from unnecessary paperwork and examination costs.

An additional, technical amendment is included in sec. 1 of the bill, rewriting but not changing the substance of the last sentence of AS 06.01.010(b).

Sincerely,

A handwritten signature in cursive script, reading "Bill Sheffield".

Bill Sheffield
Governor

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811

Banking & Securities 465-2521
Corporations Section 465-2530

ANCHORAGE

Corporation Information 563-2163

January 31, 1985

Honorable Mike Navarre, Chairman
House Labor and Commerce Committee
Alaska State House
Pouch V
Juneau, Alaska 99811

Attention Roger Poppie

Dear Representative Navarre:

RE: House Bill 79
Fees on Examination

I've enclosed the information you requested on HB 79. Please note that this information relates only to the examination and regulation of commercial banks. There is a large portion of the examiners' time spent on other than banking examinations, i.e., investigations of applications, complaints, interpretation of banking laws, and research on current events in deregulation.

Exhibit A is a breakdown by states of Annual Assessment/Examination Fees of commercial banks. The average assessment for a bank of \$50,000,000 is \$6,360; banks of \$100,000,000 in size is \$11,590; and over \$500,000,000 is \$50,765. These amounts are only ranges and do not take into consideration the additional fees noted in the exhibit.

Exhibit B is a publication just received on the new charges that Comptroller of Currency levies on nationally-chartered commercial banks. Table 1 on page 2 sets out the semiannual assessment. Banks with \$50,000,000 in assets would be charged \$13,726 annually. Those of \$100,000,000 would be charged \$22,676, and \$500,000,000 would have a \$67,976 annual assessment. See page 5, Exhibit B. These assessments are paid whether they are examined or not. Number 1 and 2 rated banks are examined only every 36 months.

Honorable Mike Navarre

-2-

January 31, 1985

Exhibit C is a table on the frequency of examination by various states. Exhibit D shows the disposition of funds received by the states.

I hope this covers the areas of your request. If I can be of any other assistance, please let me know.

Sincerely,



Willis F. Kirkpatrick
Director

WFK/me1935M
13185B
Enclosures

cc: Commissioner's Office, DCED

**ANNUAL COMMERCIAL BANK ASSESSMENT/EXAMINATION FEE,
BY SIZE OF BANK, SEPTEMBER 30, 1983**

State	Asset size of bank					
	10M	25M	50M	100M	500M	1 B
Alabama	3,240	5,100	8,200	14,400	53,800	98,800
Alaska ¹⁰	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)
Arizona ²	700	1,750	3,500	7,000	35,000	70,000
Arkansas	2,025	3,563	5,188	7,188	23,188	43,188
California ⁶	n/a	n/a	n/a	n/a	n/a	n/a
Colorado ³	n/a	n/a	n/a	n/a	n/a	n/a
Connecticut ³	n/a	n/a	n/a	n/a	n/a	n/a
Delaware ^{5, 10}	n/a	n/a	n/a	n/a	n/a	n/a
Florida	2,000	4,100	7,600	14,600	70,600	140,600
Georgia ^{4, 10}	4,750	6,700	10,000	15,000	39,000	69,000
Guam	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)
Hawaii	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)
Idaho ^{7, 10}	4,350	7,200	11,950	17,950	57,950	102,950
Illinois ¹⁰	1,770	3,570	6,320	10,820	38,820	63,820
Indiana	2,120	3,270	4,270	6,270	22,270	62,270
Iowa ¹⁰	500 ¹⁵	1,100 ¹⁵	1,600 ¹⁵	2,500 ¹⁵	3,300 ¹⁵	3,300 ¹⁵
Kansas ⁶	n/a	n/a	n/a	n/a	n/a	n/a
Kentucky ¹⁵	500	1,250	2,500	5,000	25,000	50,000
Louisiana ¹	650	1,325	2,450	4,700	22,700	45,200
Maine ^{5, 10}	n/a	n/a	n/a	n/a	n/a	n/a
Maryland	1,720	2,920	4,920	8,920	40,920	80,920
Massachusetts ¹⁰	710	1,775	3,550	7,100	35,500	71,000
Michigan	1,050 ¹⁵	2,625 ¹⁵	5,250 ¹⁵	10,500 ¹⁵	52,500 ¹⁵	105,000 ¹⁵
Minnesota	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Mississippi	1,560	3,810	7,560	15,060	75,060	150,060
Missouri	1,304	3,261	6,522	13,045	65,224	130,448
Montana	1,600	3,400	6,400	12,400	60,400	120,400
Nebraska	500 ¹⁵	1,250 ¹⁵	2,500 ¹⁵	5,000 ¹⁵	25,000 ¹⁵	50,000 ¹⁵
Nevada ^{1, 10}	2,200	5,200	10,200	20,200	100,200	140,200
New Hampshire	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)	(¹⁴)
New Jersey	300 ¹⁵	750 ¹⁵	1,500 ¹⁵	3,000 ¹⁵	15,000 ¹⁵	30,000 ¹⁵
New Mexico ¹	950	2,075	3,950	7,700	37,700	75,200
New York ^{3, 10}	n/a	n/a	n/a	n/a	n/a	n/a
North Carolina	1,273	3,073	6,073	12,073	60,073	120,073
North Dakota	1,250	3,125	6,250	12,500	62,500	125,000
Ohio	1,700	4,250	8,000	15,000	60,000	100,000

Continued from preceding page.

State	Asset size of bank					
	10M	25M	50M	100M	500M	1 B
Oklahoma	1,450	3,250	6,650	13,150	65,150	130,150
Oregon ¹⁰	2,500 ¹⁵	6,250 ¹⁵	12,500 ¹⁵	25,000 ¹⁵	125,000 ¹⁵	250,000 ¹⁵
Pennsylvania ¹⁰	815 ¹⁵	1,490 ¹⁵	2,615 ¹⁵	4,865 ¹⁵	22,865 ¹⁵	45,365 ¹⁵
Puerto Rico	2,000	5,000	10,000	20,000	100,000	200,000
Rhode Island ^{6, 10}	n/a	n/a	n/a	n/a	n/a	n/a
South Carolina	1,559	3,896	7,793	15,586	77,929	155,858
South Dakota ⁹	1,800	3,900	7,400	14,400	70,400	140,400
Tennessee ⁶	n/a	n/a	n/a	n/a	n/a	n/a
Texas ⁶	n/a	n/a	n/a	n/a	n/a	n/a
Utah ^{10, 11}	3,300	5,590	7,340	10,840	30,840	45,840
Vermont ^{3, 5}	n/a	n/a	n/a	n/a	n/a	n/a
Virginia ^{8, 12}	3,275	5,900	10,275	15,275	51,525	90,275
Washington ^{10, 13}	3,530 ¹⁵	5,840 ¹⁵	9,840 ¹⁵	17,840 ¹⁵	59,385 ¹⁵	101,900 ¹⁵
West Virginia ^{6, 10}	n/a	n/a	n/a	n/a	n/a	n/a
Wisconsin	580 ¹⁵	1,450 ¹⁵	2,900 ¹⁵	5,800 ¹⁵	29,000 ¹⁵	58,000 ¹⁵
Wyoming ¹⁰	3,400	5,800	9,000	15,000	63,000	123,000 ¹⁵

¹Plus \$50 per branch.

²Special examinations: \$100/day/examiner.

³Assessment based on asset size, to balance banking dept. budget.

⁴Plus \$300 per branch.

⁵Based on asset size, plus hourly fee.

⁶Based on assets; information not available.

⁷Plus \$100 per branch.

⁸Hourly fee on trust exams.

⁹Plus \$200 per branch.

¹⁰There is an assessment/examination fee for bank holding companies also.

¹¹Plus \$150 per branch.

¹²Plus \$250 per branch.

¹³Plus \$75 per branch.

¹⁴Hourly fee.

¹⁵Plus hourly fee.

1058 1-11-85

New Matters
Increased Semiannual Assessment Schedule for National Banks

90,433

National Banks—Assessment Fees—Semiannual Schedule—Examination Costs—Increase—OCC Amendment.—The Comptroller of the Currency increased the rates in its semiannual assessment schedule for national banks to reflect the costs of examination attributable to a particular bank. As in the old schedule, the marginal assessment rate of an individual bank in the new schedule will decrease as its asset size increases. In addition, the Comptroller of the Currency will offset declines in the overall average assessment rate due solely to inflationary growth in bank assets by indexing the schedule annually to changes in the general price level.

Back reference: ¶ 60,542.

[OCC Notice]

DEPARTMENT OF THE TREASURY

Comptroller of the Currency

12 CFR Part 8

[Docket No. 84-37]

Assessment of Fees; National Banks; District of Columbia Banks

AGENCY: Comptroller of the Currency, Treasury.

ACTION: Final rule.

SUMMARY: The Office of the Comptroller of the Currency ("Office") is increasing the rates in its semiannual assessment schedule for national banks, District of Columbia banks, and federally licensed branches and agencies. Unchanged for eight years, the old schedule failed to produce revenue sufficient to cover operating costs, which were boosted by inflation, an increase in responsibilities, and a modernization of bank examination techniques. The new schedule, like the old one, conforms to this Office's philosophy that the assessments paid by a bank should reflect, to the extent possible under existing statutory provisions, the costs of supervising it. On a per-dollar-of-assets basis, those costs decline as bank size increases. Therefore, in the new schedule, like the old one, the marginal assessment rate of an individual bank decreases as its asset size increases. In addition, the Office will offset declines in the overall average assessment rate due solely to inflationary growth in bank assets by indexing the schedule annually to changes in the general price level. The new schedule replaces the current assessment schedule and its temporary 12-percent surcharge for assessment fees due on January 31, 1985, and following payment dates.

EFFECTIVE DATE: January 31, 1985.

FOR FURTHER INFORMATION CONTACT: Roger Tufts, Financial Economist, Economic and Policy Analysis Division (202) 447-1924 or Jonathan Rushdoony, Attorney, Legal Advisory Services Division (202) 447-1880, Office of the Comptroller of the Currency, 490 L'Enfant Plaza East, SW., Washington, DC 20219.

SUPPLEMENTARY INFORMATION: The Office was created by Congress for the purpose of regulating the national banking sys-

tem. Under the National Bank Act, 12 U.S.C. 1 et seq., the Office is responsible for ensuring the national banks comply with all applicable laws and operate in a safe and sound manner.

The Office's responsibilities are accomplished through the examination of supervised institutions and affiliated entities. Under 12 U.S.C. 482 and 3102, this Office is directed to recover the costs of its operations by assessing fees on all national banks, District of Columbia banks, and federal branches and agencies of foreign banks. On November 14, 1984, the Office accordingly published a notice of proposed rulemaking (Docket No. 84-36) in the Federal Register, 49 FR 45102, that would revise the assessment schedule in order to yield sufficient revenue to meet the Office's future costs of operation, as currently projected in its budget.

Section 482 requires that those assessments be made in proportion to a bank's assets or resources and that the rate of assessments be the same for all banks of the same asset size. The current and new assessment schedules fulfill that statutory requirement. *First National Bank of Milaca v. Heimann*, 572 F.2d 1244 (8th Cir. 1978).

Following publication of the notice of proposed rulemaking in the Federal Register, the Office sent a Banking Bulletin containing the proposal to the chief executive officer of each national bank. The purpose of that Banking Bulletin, dated November 20, 1984, was to ensure that each national bank received direct and timely notice of the proposed changes and to explain the reasons for them.

As stated in that proposal, the revisions change none of the current schedule's basic characteristics, i.e., the use of asset size to determine the amount assessed and the use of marginal assessment rates that decrease as the asset size of a bank increases. The revision more closely implements the Office's relative cost coverage philosophy and addresses the problems caused by the combination of a declining marginal rate schedule and inflation of the type and extent experienced since 1976.

Comments

Comments on the proposal were solicited both by the Federal Register notice of proposed rulemaking and by the issuance of the Banking Bulletin to each national bank. The Office requested that comments be received no later

Federal Banking Law Reports

¶ 86,145

90,434

New Matters
Increased Semiannual Assessment Schedule for National Banks

1058 1-11-85

than December 14, 1984. In response, 15 comments were received. Most came from small national banks (those under \$500 million in assets) which were opposed to the proposal as drafted. Several specific concerns were raised. All but three commenters espoused the belief that the additional costs incurred by the Office to examine banks requiring special supervisory attention should not be paid by clean, well-run banks.

To better align Office supervisory costs and assessments, a large majority of all commenters suggested that the assessment schedule should be based on the direct costs attributed to examining a particular bank, not its asset size. This Office is aware of the inequities identified by those commenters. As the statute currently reads, however, the Officer is not authorized to charge a higher assessment to banks that are experiencing difficulties.¹ Revising the assessment schedule to a direct-cost basis would require an amendment to 12 U.S.C. 482, a change explicitly suggested by six commenters. Although a statutory change is not a feasible alternative to the current revision, the Office intends to review its long-term revenue needs and consider requesting Congress for a statutory change as part of that review.

Six commenters questioned Office diligence in controlling costs. As explained in the proposal, the Office has sought to offset the effects of inflation and increased responsibility by restructuring and modernizing its operation, employing resources more effectively and providing better service. In fact, the Office has estimated that, without the restructuring and modernization efforts, it would have needed a much larger staff to carry out its responsibilities.

In the same vein, three commenters thought Office expenses should be lower because their

institutions are receiving full-scale, comprehensive examinations less frequently. These comments refer to the Office's revised examination priority schedule that calls for on-site examinations less frequently at smaller, well-run banks and more frequently at large and/or special supervision banks. In conjunction with changes in the examination priority schedule, however, came a commitment to move toward more off-site monitoring of bank performance. This required a large initial investment in systems and computer hardware that will produce cost savings in the years ahead.

After consideration of the issues raised by the commenters, it is clear that implementation of the suggestions of most commenters requires changes in the law. While a change in the law along the lines suggested by the commenters may permit adoption of a revenue system that is perceived to be more equitable, a statutory change would take considerable time and the current financial position of the Office requires prompt action. The Office is, therefore, implementing the assessment schedule as proposed in the Federal Register on November 14, 1984 (See table 1). It will be used in determining the assessment fees to be paid by national banks on January 31, 1985, and July 31, 1985. Thereafter, the schedule will be revised annually in accordance with the indexing procedure described below. The indexing procedure will insulate the assessment schedule from distortions caused by any future inflation. Such distortions would result in deficits that could impair the Office's ability to meet its responsibility of maintaining the safety and soundness of the national banking system.

TABLE 1.—PROPOSAL FOR SEMI-ANNUAL ASSESSMENT SCHEDULE FOR JANUARY AND JUNE 1985

If the bank's total assets (consolidated domestic and foreign subsidiaries) are—		The semi-annual Assessment is—			
Over—	But not over—	This amount—	Plus	Of excess over—	
Million	Million			Million	
0	\$1.7	0	0.001000		0
\$1.7	15	\$1,700	.000125		\$1.7
15	85	3,363	.000100		15
85	165	10,363	.000065		85
165	835	15,563	.000055		165
835	1,670	52,413	.000045		835
1,670	5,010	89,988	.000040		1,670
5,010	16,695	223,588	.000034		5,010
16,695	33,390	620,878	.000032		16,695
33,390		1,155,118	.000021		33,390

¹ The Office is authorized to conduct and charge separately, for each examination after the second one conducted

in a single calendar year. For those examinations, an hourly fee is imposed.

¶ 86,145

©1985, Commerce Clearing House, Inc.

Special Studies

Executive Order 12291

The aggregate effect of the rule on the economy is estimated to be \$15 million in 1985. This amount represents the difference in expected assessment revenues between the current and new schedules. The aggregate amount will be spread among all national banks and federal branches and agencies, some 4,900 institutions. Institutions of similar size will face the same impact. Thus, the effect of the revision is unlikely to put competing institutions at a disadvantage with one another or with other competing suppliers of financial services. Finally, the rule is not envisioned as having significant adverse impacts on the ability of U.S.-domiciled national banks to compete with foreign competitors. This is due to the fact that, generally, only the largest institutions in the national banking system compete directly with foreign banks, and the effect of the rule on their earnings is slight.

Accordingly, this Office has concluded that the rule does not meet any of the conditions set forth in Executive Order 12291 for designation as a major rule. Consequently, a regulatory impact statement has not been prepared.

Regulatory Flexibility Act

This Office is sensitive to the impact of the rule on small entities; therefore, pursuant to the Regulatory Flexibility Act, Pub. L. No. 96-354, 94 Stat. 1164, 5 U.S.C. 601-612, a preliminary regulatory flexibility analysis was prepared. No information received by the Office altered the conclusions of that analysis. Consequently, the final regulatory flexibility analysis is not appreciably different from the preliminary one. Copies of the final analysis may be obtained by writing to: Communications Division, Office of the Comptroller of the Currency, 490 L'Enfant Plaza East, SW., 3rd Floor, Washington, D.C. 20219. Telephone (202) 447-1800.

To summarize that analysis, this Office has endorsed the principle of relative cost coverage whereby a bank will be assessed in relation to

the costs of examination attributable to that bank. As a group, banks with under \$500 million in assets are currently not assessed an amount sufficient to recover the cost of their examination, regulation, and supervision. Assessments on banks with over \$500 million in assets have, in effect, been providing a cost subsidy for the examination of those smaller banks. In order to reduce this subsidy and to implement further the Office's relative-cost-coverage principle, the new schedule moves smaller-sized banks toward 100 percent relative cost coverage (see Table 2).

TABLE 2. RELATIVE COST COVERAGE

[Current versus revised assessment schedule]

Bank size (millions)	Index* current	Index* revised	Number of banks
\$0 to \$10.....	.33	.38	348
\$10 to \$50.....	.41	.43	2,284
\$50 to \$100.....	.63	.67	1,082
\$100 to \$500.....	.95	1.01	935
\$500 to \$1,000.....	1.21	1.23	101
\$1,000 to \$3,000.....	1.23	1.20	106
\$3,000 to \$10,000.....	2.11	1.98	54
\$10,000 to \$20,000.....	1.83	1.66	6
Over \$20,000.....	3.63	3.44	10

* This indices represent the 1984 relative cost coverage under alternative assessment schedules. The index is defined as the proportion of total revenue the Office receives from banks in a size category divided by the proportion of examination costs attributable to those banks. An index value of less than one indicates that banks are paying less than their proportional share of Office costs.

The revised schedule is not designed to achieve 100 percent relative cost coverage because of the greater impact that would have on bank with less than \$100 million in assets. In addition, although the impact of the revised schedule on bank earnings is larger for small banks, the reduction in earnings, in absolute terms, is minimal (see Table 3).

90,436

New Matters
Increased Semiannual Assessment Schedule for National Banks

1058 1-11-85

TABLE 3.—ASSESSMENT INCREASES FOR SELECTED BANK SIZES

	Bank size (millions)											
	\$2	\$10	\$50	\$100	\$500	\$1,000	\$5,000	\$10,000	\$20,000	\$100,000	\$100,000	
Semi-annual assessment												
Forward	\$1,738	\$2,738	\$8,883	\$11,338	\$33,988	\$59,838	\$223,188	\$393,248	\$726,638	\$2,553,928	\$2,553,928	
Current	1,125	2,125	5,025	8,925	28,825	61,425	199,425	369,425	689,425	2,369,425	2,369,425	
Change	613	613	808	2,413	5,063	8,413	23,763	23,823	37,213	184,503	184,503	
Increase (percent)	64	29	18	27	18	18	12	6	5	8	8	
Annualized impact on ROA (basis points)	-0.085	-0.13	-0.188	-0.241	-0.107	-0.084	-0.048	-0.024	-0.019	-0.018	-0.018	
Annualized Impact on Return on Assets (ROA) = Change in Semi-Annual Assessment/Total Assets; net rates a 50 percent tax rate												

¶ 86,145

©1985, Commerce Clearing House, Inc.

National Bank's - Assessment Example
1985

\$50,000,000 in Assets

15 MM	=	3,363	
35 MM x .000100	=	<u>3,500</u>	
semi-annual	=	6,863	x 2 = 13,726
annual	=	\$13,726	

\$100,000,000 in Assets

85 MM	=	10,363	
15 MM x .000065	=	<u>975</u>	
semi-annual	=	11,338	x 2 = 22,676
annual	=	\$22,676	

\$500,000,000 in Assets

165 MM	=	15,563	
335 MM x .000055	=	<u>18,425</u>	
semi-annual	=	33,988	x 2 = 67,976
annual	=	\$67,976	

REQUIRED FREQUENCY OF BANK EXAMINATIONS,
SEPTEMBER 30, 1983

11² Joint²
DIC w/FRS

8 16
3 5
0 0
11 0
0 0
0 0
1 0
0 0
0 0
8 19
16 0
0 4
0 0
45 27
0 0
0 0

Frequency in which each
State both prepare and

State	Every 12 mo.	Every 18 mo.	Other	FDIC and/or FRS exam. acceptable in lieu of State exam. by Statute
Alabama	X			Yes
Alaska	X			Yes
Arizona			Once every 2 years	Yes
Arkansas			Once every 2 years	No
California			Once every 2 years	No
Colorado	X ¹			No
Connecticut			As often as deemed necessary ²	No
Delaware	X			No
Florida		X		Yes
Georgia	X			Yes
Guam	X			Yes
Hawaii		X		No
Idaho		X ³		Yes
Illinois	X			No
Indiana			As often as deemed necessary	Yes
Iowa		X		No
Kansas	X			Yes
Kentucky			Once every 2 years	Yes
Louisiana	X			Yes
Maine		X		Yes
Maryland	X			Yes
Massachusetts			Once every 2 years	No
Michigan	X			Yes
Minnesota	X			Yes
Mississippi	X			Yes
Missouri	X			Yes
Montana	X ⁴			Yes
Nebraska			No time requirement ⁵	Yes
Nevada		X		Yes
New Hampshire		X		No
New Jersey			At discretion of Commissioner ⁵	No
New Mexico	X			Yes
New York	X			Yes
North Carolina	X			Yes
North Dakota		X ²		Yes
Ohio	X			No

-51-

Exhibit C

Continued from preceding page.

State	Every 12 mo.	Every 18 mo.	Other	FDIC and/or FRS exam. acceptable in lieu of State exam. by Statute
Oklahoma		X ⁶		Yes
Oregon	X			Yes
Pennsylvania	X			Yes
Puerto Rico	X			Yes
Rhode Island	X			Yes
South Carolina		X ²		Yes
South Dakota			Once every two years	Yes
Tennessee	X			Yes
Texas	X			Yes
Utah			As Commissioner considers necessary ⁷	Yes
Vermont			Once every three years ³	No
Virginia		X		No
Washington	X			Yes
West Virginia		X		Yes
Wisconsin	X			Yes
Wyoming	X			Yes

¹In practice, banks are examined every 18-20 months.

²In practice, banks are examined every 12 months.

³In practice, banks are examined every 12-15 months.

⁴In practice, banks are examined every 16½ months.

⁵In practice, banks are examined every 2 years.

⁶In practice, banks are examined every 6 months.

⁷In practice, banks are examined every 18 months.

⁸In practice, banks are examined every 15 to 18 months.

~~52~~

**DISPOSITION OF RECEIPTS FROM FEES AND ASSESSMENTS,
SEPTEMBER 30, 1983**

In the following states, all revenues are deposited into the State's general fund and the annual budget for the banking department is appropriated by the legislature:

Alaska	Louisiana	New Mexico
Arizona	Maryland	New York ⁵
Arkansas ⁵	Massachusetts	North Dakota
Colorado	Minnesota	Oklahoma
Georgia	Missouri	Puerto Rico ⁷
Guam	Montana	Rhode Island
Hawaii	Nevada	South Carolina
Idaho	New Hampshire	Vermont
Iowa	New Jersey	Wyoming

In the following states, all revenues collected are deposited into a special fund to be used only for the expenses of the banking department, but the annual budget of the department is subject to approval by the legislature:

Alabama	Kentucky	Oregon
California	Maine	Pennsylvania ⁴
Connecticut	Michigan	South Dakota
Delaware ¹	Mississippi	Utah
Florida	Nebraska	Virginia
Illinois	North Carolina	West Virginia
Indiana	Ohio	Wisconsin ³
Kansas		

In the following states, all revenues collected are deposited with and controlled by the banking department:

Tennessee²
Texas⁶
Washington

¹Except for bank charters, license fees, and franchise tax collections.

²Fiscal operations of banking department are reviewed annually by the legislature.

³90% of revenue is deposited into a special fund; 10% goes into general fund.

⁴Subject to approval by the governor's office.

⁵Funds can only be used by banking department, but are deposited in general fund.

⁶Annual budget approved by Finance Commission.

⁷First \$1,100,000 deposited into general fund, remainder in special fund.

COMMITTEE REPORT
SENATE

FURTHER:

4/23/85

Date 5/3/85

Mr. President

The Committee on FINANCE considered CSHF 80 (L&C)
insurance fees and licenses; old.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Paul ...

William ...

...

Chairman

Chairman recommendation

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 80(L&C)
Title: Insurance Fees

FISCAL DETAIL

Agency Affected: Commerce
Program Category Affected: Public Protection

Sponsor: Governor

BRU, Program or Subprogram(s) Affected:

Requestor: House Finance Committee

Division of Insurance

Date of Request: 3/21/85

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-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE		Indeterminate				
----------------	--	---------------	--	--	--	--

FUNDING: (Thousands of Dollars)

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

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

Costs of hearings can be absorbed in existing budget. Fees will not be set until hearing process is complete, but Division estimates that approximately \$260,000 in new revenues will be brought in.

Prepared By: Al Adams - Chairman *APA*
Division: House Finance Committee

Phone: 465-3706
Date: 3/21/85

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by Agency preparing fiscal note):

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

7/1/84

Offered: 3/1/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 80 (L&C)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance fees and licenses; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 21.06.090(a) is amended to read:

10 (a) The director may adopt reasonable regulations to effectuate
11 this title. A regulation may not extend, modify, or conflict with any
12 law of this state or the reasonable implications thereof. Except for
13 regulations adopted under AS 21.06.250, a [A] regulation affecting a
14 person or matter other than the personnel or the internal affairs of
15 the director's office shall be adopted or amended only after a hear-
16 ing, [THEREON] of which notice was given as required by AS 21.06.200.
17 If reasonably possible the director shall set out the proposed regu-
18 lation or amendment in or with the notice of hearing. A regulation or
19 amendment as to which a hearing is required is not effective until it
20 has been on file as a public record in the director's office for at
21 least 10 days.

22 * Sec. 2. AS 21.06.250 is repealed and reenacted to read:

23 Sec. 21.06.250. FEES AND LICENSES. The director shall collec'
24 in advance a fee for each license and for services performed by the
25 division of insurance. Fees may be collected for but are not limited
26 to applications, examinations, licenses and license renewals, certifi-
27 cates of authority, service of process, printed or photocopied mate-
28 rial, and postage. The director shall adopt regulations setting the
29 fees in an amount the director determines to be sufficient to

1 reimburse the state for the actual expense incurred in providing a
2 service.

3 * Sec. 3. AS 21.09.110 is amended to read:

4 Sec. 21.09.110. APPLICATION FOR CERTIFICATE OF AUTHORITY. To
5 apply for an original certificate of authority an insurer shall file
6 with the director its application (accompanied by the applicable fees
7 set under [AS SPECIFIED IN] AS 21.06.250) showing its name, location
8 of its home office or principal office in the United States (if an
9 alien insurer), kinds of insurance to be transacted, date of orga-
10 nization or incorporation, form of organization, state or country of
11 domicile, and additional information that [WHICH] the director may
12 reasonably require, together with the following documents, as applica-
13 ble:

14 (1) if a foreign insurer, a copy of its corporate charter
15 or articles of incorporation, with all amendments certified by the
16 public officer with whom the originals are on file in the state or
17 country of domicile;

18 (2) if a reciprocal insurer, copies of the power of attor-
19 ney of its attorney-in-fact and of its subscribers' agreement, if any,
20 certified by its attorney-in-fact;

21 (3) a copy of its financial statement as of the preceding
22 December 31, sworn to by at least two executive officers of the insur-
23 er, or certified by the public insurance supervisory official of the
24 insurer's state of domicile or of entry into the United States;

25 (4) a copy of the report of last examination, if any, made
26 of the insurer, certified by the insurance supervisory official of its
27 state of domicile or of entry into the United States;

28 (5) appointment of the director under AS 21.09.180, as its
29 attorney to receive service of legal process;

1 (6) if a foreign or alien insurer, a certificate of the
2 public official having supervision of insurance in its state or coun-
3 try of domicile, or state of entry into the United States, showing
4 that it is authorized to transact the kinds of insurance proposed to
5 be transacted in this state;

6 (7) if an alien insurer, a copy of the appointment and
7 authority of its United States manager, certified by its officer
8 having custody of its records;

9 (8) if a foreign insurer, a certificate as to deposit if it
10 is to be tendered under AS 21.09.090;

11 (9) specimen copies of policies proposed to be offered in
12 this state if then available, together with premiums or premium rates
13 applicable if then known, or a declaration that the rates as applica-
14 ble will be those promulgated by designated rating organizations
15 authorized to file rates in this state on behalf of the insurer or by
16 the insurer.

17 * Sec. 4. AS 21.09.130(a) is amended to read:

18 (a) A certificate of authority issued or renewed under this
19 title continues in force as long as the insurer is entitled to it
20 under this title and until suspended or revoked, or otherwise ter-
21 minated; subject, however, to continuance of the certificate by the
22 insurer each year by payment before June 30 of the continuation fee
23 set under [PROVIDED IN] AS 21.06.250.

24 * Sec. 5. AS 21.09.130(c) is amended to read:

25 (c) The director may reinstate a certificate of authority which
26 the insurer has inadvertently permitted to expire, after the insurer
27 has fully cured all its failures that [WHICH] resulted in the expira-
28 tion, and upon payment by the insurer of the fee for reinstatement in
29 addition to the current continuation fee, set under [AS PROVIDED IN]

1 AS 21.06.250. Otherwise, the insurer shall be granted another certifi-
2 cate of authority only after filing an application and meeting all
3 other requirements as for an original certificate of authority in this
4 state.

5 * Sec. 6. AS 21.09.190(a) is amended to read:

6 (a) Duplicate copies of legal process against an insurer for
7 whom the director is attorney under AS 21.09.180 shall be served upon
8 the director, or upon a deputy of the director or other person in
9 charge of the office during the absence of the director. At the time
10 of service the plaintiff shall pay [\$5] to the director a fee set
11 under AS 21.06.250, taxable as costs in the action. Upon receiving
12 service the director shall promptly forward a copy by certified mail
13 with return receipt requested to the person last designated by the
14 insurer to receive it.

15 * Sec. 7. AS 21.09.200(d) is amended to read:

16 (d) At the time of filing, the insurer shall pay to the director
17 a [THE] fee for filing its statement, set under [AS PRESCRIBED IN]
18 AS 21.06.250.

19 * Sec. 8. AS 21.09.280(c) is amended to read:

20 (c) Except as provided under AS 21.27.500, the appointment of a
21 resident or nonresident general agent is not effective unless the
22 person appointed is licensed as the general agent of the insurer by
23 the director upon application and payment of a [THE] fee set under [AS
24 PROVIDED IN] AS 21.06.250.

25 * Sec. 9. AS 21.27.080(d) is amended to read:

26 (d) For each examination taken, the director shall collect in
27 advance a [THE] fee set under [PROVIDED IN] AS 21.06.250.

28 * Sec. 10. AS 21.27.280(c) is amended to read:

29 (c) Duplicate copies of legal process against the agent, broker

1 or adjuster shall be served upon the director either by a peace offi-
2 cer or through certified mail with return receipt requested. At the
3 time of service the plaintiff shall pay to the director a fee set
4 under AS 21.06.250 [\$5], taxable as costs in the action.

5 * Sec. 11. AS 21.27.380(d) is amended to read:

6 (d) Subject to the right of the director to suspend, revoke, or
7 refuse to renew a license as provided in this title, the license may
8 be renewed for another period by filing with the director on or before
9 the expiration date a written request, by or on behalf of the licens-
10 ee, for the renewal accompanied by payment of a [THE] renewal fee set
11 under [AS SPECIFIED IN] AS 21.06.250. An agent or broker shall make
12 and file a renewal request on behalf of a solicitor employed by the
13 agent or broker.

14 * Sec. 12. AS 21.27.380(f) is amended to read:

15 (f) As to all licenses where renewal must be applied for by the
16 licensee, if request for renewal of license or payment of the license
17 fee is not received by the director before the expiration date as
18 required under (d) of this section, the applicant for renewal of
19 license shall pay to the director and the director shall collect, in
20 addition to the regular license fee, a surcharge for the license as
21 established by regulation under AS 21.06.250 [AS FOLLOWS: FOR THE
22 FIRST 30 DAYS OR LESS OF DELINQUENCY THE SURCHARGE SHALL BE \$5; FOR
23 ALL DELINQUENCIES EXTENDING MORE THAN 30 DAYS, THE SURCHARGE SHALL BE
24 \$10]. This subsection shall not be considered to exempt a person from
25 a penalty provided by law for transacting business without a valid and
26 subsisting license, or effect the director's right to consider the
27 delinquent application as one for a new license.

28 * Sec. 13. AS 21.27.390(c) is amended to read:

29 (c) The fee paid to the director for issuance of a temporary

1 license under [AS SPECIFIED IN] AS 21.06.250 shall be credited toward
2 the fee required for a permanent license that [WHICH] is issued to
3 replace the temporary license before the expiration of the temporary
4 license.

5 * Sec. 14. AS 21.33.021(b) is amended to read:

6 (b) Service of process shall be made by leaving two copies in
7 the hands or office of the director and paying to the director for the
8 use of the state a [THE] fee set under AS 21.06.250 [REQUIRED BY
9 AS 21.06.250(a)(15)] for each person or insurer. A certificate by the
10 director showing the service, that [WHICH] shall be attached to the
11 original or third copy of the process presented to the director for
12 that purpose, is sufficient evidence of service. Service upon the
13 director as attorney shall be service upon the principal.

14 * Sec. 15. AS 21.39.060(a) is amended to read:

15 (a) A corporation, an unincorporated association, a partnership
16 or a person, whether located inside or outside this state, may make
17 application to the director for license as a rating organization for
18 the kinds of insurance, or subdivision or class of risk or a part or
19 combination thereof as are specified in its application and shall file
20 with the application: (1) a copy of its constitution, its articles of
21 agreement or association or its certificate of incorporation, and of
22 its bylaws and regulations governing the conduct of its business; (2)
23 a list of its members and subscribers; (3) the name and address of a
24 resident of this state upon whom notices or orders of the director or
25 process affecting the rating organization may be served; and (4) a
26 statement of its qualifications as a rating organization. If the
27 director finds that the applicant is competent, trustworthy and other-
28 wise qualified to act as a rating organization and that its constitu-
29 tion, articles of agreement or association or certificate of

1 incorporation, and its bylaws and regulations governing the conduct of
2 its business conform to the requirements of law, the director shall
3 issue a license specifying the kinds of insurance, or subdivisions or
4 classes or risks or parts or combinations of them [THEREOF] for which
5 the applicant is authorized to act as a rating organization. Each
6 application shall be granted or denied in whole or in part by the
7 director within 60 days after [OF] the date of its filing. Licenses
8 issued under this section shall remain in effect for three years
9 unless suspended or revoked by the director. The fee for the license
10 is set under AS 21.06.250 [\$100]. Licenses issued under this section
11 may be suspended or revoked by the director, after hearing upon no-
12 tice, if the rating organization ceases to meet the requirements of
13 this subsection. Each rating organization shall notify the director
14 promptly of every change in

15 (1) its constitution, its articles of agreement or asso-
16 ciation, or its certificate of incorporation, and its bylaws and
17 regulations governing the conduct of its business;

18 (2) its list of members and subscribers; and

19 (3) the name and address of the resident of this state
20 designated by it upon whom notices or orders of the director or pro-
21 cess affecting the rating organization may be served.

22 * Sec. 16. AS 21.66.080 is amended to read:

23 Sec. 21.66 080. ANNUAL STATEMENT. Every corporation, before
24 March 2 of each year, shall furnish the director a sworn statement of
25 assets and liabilities, and of all title premiums received by it
26 during the preceding calendar year, setting out among other things
27 that three percent of all gross premiums on title insurance policies
28 issued by it during the year covering property in this state have been
29 set aside and held by it in an account known as the Title Insurance

1 Unearned Premium Reserve Fund as provided in this chapter. The state-
2 ment shall also show in the form which may be prescribed by the direc-
3 tor. All unpaid losses and claims upon title insurance policies of
4 which the corporation has received due notice in writing from or on
5 behalf of the insured. With the filing of the statement the corpo-
6 ration shall pay a filing fee set under AS 21.06.250 [OF \$15 TO BE
7 PLACED IN THE GENERAL FUND].

8 * Sec. 17. AS 21.66.090(b) is amended to read:

9 (b) With the filing of the application the corporation shall pay
10 a fee set under AS 21.06.250 [OF \$50 TO BE DEPOSITED IN THE GENERAL
11 FUND] and in addition shall pay all traveling expenses of the director
12 or an authorized representative of the director and per diem at the
13 current level for state employees at the location of the examination
14 [OF \$21 A DAY] incurred in examining the applicant's title plant or
15 plants.

16 * Sec. 18. AS 21.66.210(b) is amended to read:

17 (b) If the director finds that (1) the entity will be adequately
18 financed, (2) the persons who will be operating the entity are qual-
19 ified and (3) the rules of operation as expressed in the articles of
20 incorporation or association and the bylaws will promote the efficien-
21 cy of the operation of the subscribing owners or participants and will
22 not unduly restrict competition, the director shall issue a certifi-
23 cate of authority to the entity and permit it to organize. Each
24 application under this section shall be granted or denied in whole or
25 in part by the director within 60 days from the date it is filed. A
26 certificate of authority issued under this section remains in effect
27 until suspended or revoked by the director. The fee for the certifi-
28 cate of authority is set under AS 21.06.250. The certificate of
29 authority is subject to annual continuation. The fee for continuation

1 is set under AS 21.06.250 [\$75 A YEAR]. A certificate of authority
2 issued under this section may be suspended or revoked by the director
3 after hearing upon notice if the entity ceases to operate as provided
4 in the application or if the director determines that the operation
5 has become a restraint on competition and is not in the interests of
6 the public. Every entity issued a certificate of authority under this
7 section shall notify the director promptly of every change occurring
8 under this section.

9 * Sec. 19. AS 21.69.040(a) is amended to read:

10 (a) The incorporators of a proposed domestic insurer shall
11 deliver the triplicate originals of the articles of incorporation to
12 the director together with the filing fees set under [SPECIFIED IN]
13 AS 21.06.250.

14 * Sec. 20. AS 21.69.050(c) is amended to read:

15 (c) Upon adoption of an amendment the insurer shall make in
16 triplicate under its corporate seal a certificate, sometimes referred
17 to as "articles of amendment," setting out the amendment and the date
18 and manner of its adoption, which certificate shall be executed by the
19 insurer's president or vice-president and secretary or assistant
20 secretary and acknowledged by them before an officer authorized by law
21 to take acknowledgements of deeds. The insurer shall deliver to the
22 director the triplicate originals of the certificate, together with a
23 [THE] filing fee set under [SPECIFIED IN] AS 21.06.250. If the direc-
24 tor finds that the certificate and amendments comply with law, the
25 director shall endorse approval upon each of the triplicate originals
26 and return them to the insurer. The insurer shall immediately file
27 one set of the endorsed articles of amendment with the commissioner of
28 commerce and economic development, one set with the director bearing
29 the certification of the commissioner, and retain the remaining set in

1 the corporate records. The amendment shall be effective when the
2 filings have been completed.

3 * Sec. 21. AS 21.84.030 is amended to read:

4 Sec. 21.84.030. ANNUAL LICENSE. Societies which are now au-
5 thorized to transact business in this state may continue the business
6 until July 1, 1967. The authority of the societies and all societies
7 hereafter licensed, may thereafter be renewed annually, but in all
8 cases terminate on the first day of the succeeding July. However, a
9 license so issued shall continue in full force and effect until the
10 new license is issued or specifically refused. For each license or
11 renewal the society shall pay a fee set under AS 21.06.250 [THE DIREC-
12 TOR \$15]. A certified copy or duplicate of the license shall be prima
13 facie evidence that the licensee is a fraternal benefit society within
14 the meaning of this chapter.

15 * Sec. 22. AS 21.84.340(b) is amended to read:

16 (b) Every society transacting business in this state shall
17 annually, before the second of March, unless for cause shown the time
18 has been extended by the director, file with the director a true
19 statement of its financial condition, transactions and affairs for the
20 preceding calendar year and pay a fee set under AS 21.06.250 [OF \$5]
21 for filing it. The statement shall be in the general form and context
22 approved by the National Association of Insurance Commissioners for
23 fraternal benefit societies and supplemented by additional information
24 required by the director.

25 * Sec. 23. AS 21.84.430(a) is amended to read:

26 (a) The director may issue an agent's license to a person who
27 has paid an annual license fee set under AS 21.06.250 [OF \$35] and who
28 has complied with the requirements of this section, authorizing the
29 licensee to act as an insurance agent on behalf of any society named

1 in the license that [WHICH] is authorized to do business in this
2 state, and who has passed an examination given by the director.

3 * Sec. 24. AS 21.84.490(b) is amended to read:

4 (b) Service shall only be made upon the director, or if absent,
5 upon the person in charge of the office. It shall be made in dupli-
6 cate and shall constitute sufficient service upon the society. When
7 legal process against a society is served upon the director, the
8 director shall immediately forward one of the duplicate copies by
9 registered mail, prepaid, directed to the secretary or corresponding
10 officer. Legal process may not be served upon a society except in the
11 manner herein provided. At the time of serving a process upon the
12 director, the plaintiff or complainant in the action shall pay to the
13 director a fee set under AS 21.06.250 [OF \$5].

14 * Sec. 25. AS 21.84.590(2) is amended to read:

15 (2) AS 21.06 [, WITH THE EXCEPTION OF AS 21.06.250]

16 * Sec. 26. AS 21.87.080(c) is amended to read:

17 (c) At the time of filing the application the applicant shall
18 pay to the director an [THE] application fee and a [THE] fee for
19 issuance of the certificate of authority set under AS 21.06.250 [SPEC-
20 IFIED IN AS 21.87.320].

21 * Sec. 27. AS 21.87.100(a) is amended to read:

22 (a) A certificate of authority issued to a service corporation
23 shall continue in force as long as the corporation is entitled to it
24 under this chapter, and until suspended or revoked by the director or
25 terminated at the request of the corporation; subject, however, to
26 continuance of the certificate by the corporation each year by

27 (1) payment, before June 30, of the continuation fee set
28 under AS 21.06.250 [PROVIDED IN AS 21.87.320];

29 (2) filing by the insurer of its annual statement for the

1 preceding calendar year as required under AS 21.87.240.

2 * Sec. 28. AS 21.87.240(b) is amended to read:

3 (b) At the time of filing the statement, the corporation shall
4 pay a [THE] fee set under AS 21.06.250 [SPECIFIED IN AS 21.87.320].

5 * Sec. 29. The director of the division of insurance shall adopt the
6 initial regulations required by AS 21.06.250, as reenacted in sec. 2 of
7 this Act, on or before July 1, 1985, to be effective July 1, 1985.

8 * Sec. 30. AS 21.87.320 is repealed.

9 * Sec. 31. Section 1 of this Act takes effect immediately in accordance
10 with AS 01.10.070(c).

11 * Sec. 32. Sections 2 - 30 of this Act take effect July 1, 1985.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 26, 1985

SUBJECT: CS HB 80 (L&C) Sectional Analysis

TO: Representative Mike Navarre
House Labor and Commerce

FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have requested a sectional analysis of CS HB 80 (L&C). Although the bill is twelve pages long, the majority of the sections deal with technical changes that are required in order to conform existing statutes to section 2 of the bill. Those sections that are simply technical changes are identified as such. In general the bill gives the Division of Insurance the power to adopt regulations setting fees for all services performed by the division relating to insurance, as opposed to the existing method of statutorily setting fees for each application, license, examination, or other service.

Section 1 Exempts those regulations establishing or changing fees, from the notice and hearing requirements of this section.

Section 2 Establishes the authority of the director of insurance to collect fees, and to establish fees by regulation.

Sections 3 to 28 Technical amendments.

Section 29 Requires adoption of regulations by the division by July 1, 1985.

Section 30 Technical amendment.

Section 31 Allows the division to immediately begin adopting regulations.

Representative Mike Navarre
February 26, 1985
Page 2

Section 32 Delays implementation of the division's authority to set fees by regulation until July 1, 1985.

MFF:ojb
J12/025

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2515

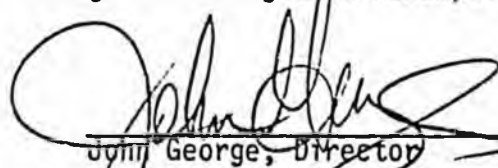
CS for HB 80 "An Act relating to insurance fees (set by regulation)."

The House Labor and Commerce Committee has brought to my attention the substantial differences in fiscal notes for HB 80 and CSHB 80. We have revised the note for the committee substitute and offer the following explanation for the original differences and the current differences.

The original fiscal note for CSHB 80 was taken from the prior year bill and did not recognize the significant growth in insurance licensing volume. It also contemplated recovering fees to meet the prior year's budget.

The fiscal note for HB 80 recognized the unlikelihood of annual legislation to set fees. It therefore set fees high enough to take care of a few years anticipated increases. Lastly, we recognize that fees set by regulation are subject to estimate and may vary from year to year in revenue collected due to changes in volume and efficiency.

We do not feel that the overall differences in revenue projected will be substantially different between the two bills and suggest that the Legislature select the method of setting fees using that assumption.


John George, Director
DATE: 2/25/85

1669W22585b

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

412 80

January 18, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill raising current fees collected by the division of insurance, Department of Commerce and Economic Development, under AS 21.

The statutes currently setting fees for the division of insurance do not provide adequate revenue to the state to cover the division's present budget. Most of the fees were set by statute in 1966 and have not been increased since. This bill would raise fees to more closely approximate the actual cost of services and would provide for periodic reports by the division to the legislature in order to encourage future adjustments, as they become necessary. This bill is virtually identical to the committee substitute of a bill introduced last session, CSHB 633 (L&C).

I urge your support of and prompt action on this measure.

Sincerely,

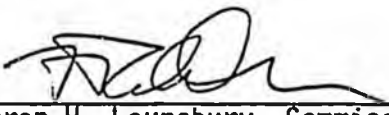
A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

HB 80: "An Act relating to insurance fees and licenses; and providing for an effective date."

The Legislature has asked us to submit a position paper relative to amending HB 80 to a form substantially equivalent to HB 633 of the Thirteenth Legislature. HB 633 proposed setting of insurance fees by regulation rather than by statute.

We have no objection to this proposal and would give it our full support. If the Legislature prefers one method over the other for setting fees, the department will accept their choice. Either method increases fees to a currently realistic amount. Setting of fees by regulation will provide for adequate hearing of affected persons' views, provide periodic fee review, and will not burden the legislative process every few years with a new fee bill.


Loren H. Lounsbury, Commissioner
Date 2/15/85

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 80

January 18, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill raising current fees collected by the division of insurance, Department of Commerce and Economic Development, under AS 21.

The statutes currently setting fees for the division of insurance do not provide adequate revenue to the state to cover the division's present budget. Most of the fees were set by statute in 1966 and have not been increased since. This bill would raise fees to more closely approximate the actual cost of services and would provide for periodic reports by the division to the legislature in order to encourage future adjustments, as they become necessary. This bill is virtually identical to the committee substitute of a bill introduced last session, CSHB 633 (L&C).

I urge your support of and prompt action on this measure.

Sincerely,

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

Bill Sheffield
Governor

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

3/28/85

Date 22 April, 85

Mr. President

The Committee on LABOR & COMMERCE considered CSHB 80 (L&C)

insurance fees and licenses; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" [] NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

1. DeGlen
Bill Ray

Frank H. Hancock
 Chairman
Do Pass
 Chairman recommendation

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

3/1/85

Date: 3-21-85

Mr. Speaker:

The Committee on FINANCE has had HB 80

"An Act relating to insurance fees and licenses; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 80 (L+C) same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note ¹⁰⁰⁰ 3-21-85
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] (No Rec.)

[Signature]

CHAIRMAN

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 80(L&C)
 Title: Insurance Fees

FISCAL DETAIL

Agency Affected: Commerce
 Program Category Affected: Public Protection

Sponsor: Governor
 Requestor: House Finance Committee
 Date of Request: 3/21/85

BRU, Program or Subprogram(s) Affected: Division of Insurance

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-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE		Indeterminate				
----------------	--	---------------	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Costs of hearings can be absorbed in existing budget. Fees will not be set until hearing process is complete, but Division estimates that approximately \$260,000 in new revenues will be brought in.

Prepared By: Al Adams - Chairman *APA*
 Division: House Finance Committee

Phone: 465-3706
 Date: 3/21/85

Approved by Commissioner: _____
 Agency: _____

Date: _____

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Offered: 3/1/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 80 (L&C)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance fees and licenses; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 21.06.090(a) is amended to read:

10 (a) The director may adopt reasonable regulations to effectuate
11 this title. A regulation may not extend, modify, or conflict with any
12 law of this state or the reasonable implications thereof. Except for
13 regulations adopted under AS 21.06.250, a [A] regulation affecting a
14 person or matter other than the personnel or the internal affairs of
15 the director's office shall be adopted or amended only after a hear-
16 ing, [THEREON] of which notice was given as required by AS 21.06.200.
17 If reasonably possible the director shall set out the proposed regu-
18 lation or amendment in or with the notice of hearing. A regulation or
19 amendment as to which a hearing is required is not effective until it
20 has been on file as a public record in the director's office for at
21 least 10 days.

22 * Sec. 2. AS 21.06.250 is repealed and reenacted to read:

23 Sec. 21.06.250. FEES AND LICENSES. The director shall collect
24 in advance a fee for each license and for services performed by the
25 division of insurance. Fees may be collected for but are not limited
26 to applications, examinations, licenses and license renewals, certifi-
27 cates of authority, service of process, printed or photocopied mate-
28 rial, and postage. The director shall adopt regulations setting the
29 fees in an amount the director determines to be sufficient to

1 reimburse the state for the actual expense incurred in providing a
2 service.

3 * Sec. 3. AS 21.09.110 is amended to read:

4 Sec. 21.09.110. APPLICATION FOR CERTIFICATE OF AUTHORITY. To
5 apply for an original certificate of authority an insurer shall file
6 with the director its application (accompanied by the applicable fees
7 set under [AS SPECIFIED IN] AS 21.06.250) showing its name, location
8 of its home office or principal office in the United States (if an
9 alien insurer), kinds of insurance to be transacted, date of orga-
10 nization or incorporation, form of organization, state or country of
11 domicile, and additional information that [WHICH] the director may
12 reasonably require, together with the following documents, as applica-
13 ble:

14 (1) if a foreign insurer, a copy of its corporate charter
15 or articles of incorporation, with all amendments certified by the
16 public officer with whom the originals are on file in the state or
17 country of domicile;

18 (2) if a reciprocal insurer, copies of the power of attor-
19 ney of its attorney-in-fact and of its subscribers' agreement, if any,
20 certified by its attorney-in-fact;

21 (3) a copy of its financial statement as of the preceding
22 December 31, sworn to by at least two executive officers of the insur-
23 er, or certified by the public insurance supervisory official of the
24 insurer's state of domicile or of entry into the United States;

25 (4) a copy of the report of last examination, if any, made
26 of the insurer, certified by the insurance supervisory official of its
27 state of domicile or of entry into the United States;

28 (5) appointment of the director under AS 21.09.180, as its
29 attorney to receive service of legal process;

1 (6) if a foreign or alien insurer, a certificate of the
2 public official having supervision of insurance in its state or, coun-
3 try of domicile, or state of entry into the United States, showing
4 that it is authorized to transact the kinds of insurance proposed to
5 be transacted in this state;

6 (7) if an alien insurer, a copy of the appointment and
7 authority of its United States manager, certified by its officer
8 having custody of its records;

9 (8) if a foreign insurer, a certificate as to deposit if it
10 is to be tendered under AS 21.09.090;

11 (9) specimen copies of policies proposed to be offered in
12 this state if then available, together with premiums or premium rates
13 applicable if then known, or a declaration that the rates as applica-
14 ble will be those promulgated by designated rating organizations
15 authorized to file rates in this state on behalf of the insurer or by
16 the insurer.

17 * Sec. 4. AS 21.09.130(a) is amended to read:

18 (a) A certificate of authority issued or renewed under this
19 title continues in force as long as the insurer is entitled to it
20 under this title and until suspended or revoked, or otherwise ter-
21 minated; subject, however, to continuance of the certificate by the
22 insurer each year by payment before June 30 of the continuation fee
23 set under [PROVIDED IN] AS 21.06.250.

24 * Sec. 5. AS 21.09.130(c) is amended to read:

25 (c) The director may reinstate a certificate of authority which
26 the insurer has inadvertently permitted to expire, after the insurer
27 has fully cured all its failures that [WHICH] resulted in the expira-
28 tion, and upon payment by the insurer of the fee for reinstatement in
29 addition to the current continuation fee, set under [AS PROVIDED IN]

1 AS 21.06.250. Otherwise, the insurer shall be granted another certifi-
2 cate of authority only after filing an application and meeting all
3 other requirements as for an original certificate of authority in this
4 state.

5 * Sec. 6. AS 21.09.190(a) is amended to read:

6 (a) Duplicate copies of legal process against an insurer for
7 whom the director is attorney under AS 21.09.180 shall be served upon
8 the director, or upon a deputy of the director or other person in
9 charge of the office during the absence of the director. At the time
10 of service the plaintiff shall pay [\$5] to the director a fee set
11 under AS 21.06.250, taxable as costs in the action. Upon receiving
12 service the director shall promptly forward a copy by certified mail
13 with return receipt requested to the person last designated by the
14 insurer to receive it.

15 * Sec. 7. AS 21.09.200(d) is amended to read:

16 (d) At the time of filing, the insurer shall pay to the director
17 a [THE] fee for filing its statement, set under [AS PRESCRIBED IN]
18 AS 21.06.250.

19 * Sec. 8. AS 21.09.280(c) is amended to read:

20 (c) Except as provided under AS 21.27.500, the appointment of a
21 resident or nonresident general agent is not effective unless the
22 person appointed is licensed as the general agent of the insurer by
23 the director upon application and payment of a [THE] fee set under [AS
24 PROVIDED IN] AS 21.06.250.

25 * Sec. 9. AS 21.27.080(d) is amended to read:

26 (d) For each examination taken, the director shall collect in
27 advance a [THE] fee set under [PROVIDED IN] AS 21.06.250.

28 * Sec. 10. AS 21.27.280(c) is amended to read:

29 (c) Duplicate copies of legal process against the agent, broker

1 or adjuster shall be served upon the director either by a peace offi-
2 cer or through certified mail with return receipt requested. At the
3 time of service the plaintiff shall pay to the director a fee set
4 under AS 21.06.250 [\$5], taxable as costs in the action.

5 * Sec. 11. AS 21.27.380(d) is amended to read:

6 (d) Subject to the right of the director to suspend, revoke, or
7 refuse to renew a license as provided in this title, the license may
8 be renewed for another period by filing with the director on or before
9 the expiration date a written request, by or on behalf of the licens-
10 ee, for the renewal accompanied by payment of a [THE] renewal fee set
11 under [AS SPECIFIED IN] AS 21.06.250. An agent or broker shall make
12 and file a renewal request on behalf of a solicitor employed by the
13 agent or broker.

14 * Sec. 12. AS 21.27.380(f) is amended to read:

15 (f) As to all licenses where renewal must be applied for by the
16 licensee, if request for renewal of license or payment of the license
17 fee is not received by the director before the expiration date as
18 required under (d) of this section, the applicant for renewal of
19 license shall pay to the director and the director shall collect, in
20 addition to the regular license fee, a surcharge for the license as
21 established by regulation under AS 21.06.250 [AS FOLLOWS: FOR THE
22 FIRST 30 DAYS OR LESS OF DELINQUENCY THE SURCHARGE SHALL BE \$5; FOR
23 ALL DELINQUENCIES EXTENDING MORE THAN 30 DAYS, THE SURCHARGE SHALL BE
24 \$10]. This subsection shall not be considered to exempt a person from
25 a penalty provided by law for transacting business without a valid and
26 subsisting license, or effect the director's right to consider the
27 delinquent application as one for a new license.

28 * Sec. 13. AS 21.27.390(c) is amended to read:

29 (c) The fee paid to the director for issuance of a temporary

1 license under [AS SPECIFIED IN] AS 21.06.250 shall be credited toward
2 the fee required for a permanent license that [WHICH] is issued to
3 replace the temporary license before the expiration of the temporary
4 license.

5 * Sec. 14. AS 21.33.021(b) is amended to read:

6 (b) Service of process shall be made by leaving two copies in
7 the hands or office of the director and paying to the director for the
8 use of the state a [THE] fee set under AS 21.06.250 [REQUIRED BY
9 AS 21.06.250(a)(15)] for each person or insurer. A certificate by the
10 director showing the service, that [WHICH] shall be attached to the
11 original or third copy of the process presented to the director for
12 that purpose, is sufficient evidence of service. Service upon the
13 director as attorney shall be service upon the principal.

14 * Sec. 15. AS 21.39.060(a) is amended to read:

15 (a) A corporation, an unincorporated association, a partnership
16 or a person, whether located inside or outside this state, may make
17 application to the director for license as a rating organization for
18 the kinds of insurance, or subdivision or class of risk or a part or
19 combination thereof as are specified in its application and shall file
20 with the application: (1) a copy of its constitution, its articles of
21 agreement or association or its certificate of incorporation, and of
22 its bylaws and regulations governing the conduct of its business; (2)
23 a list of its members and subscribers; (3) the name and address of a
24 resident of this state upon whom notices or orders of the director or
25 process affecting the rating organization may be served; and (4) a
26 statement of its qualifications as a rating organization. If the
27 director finds that the applicant is competent, trustworthy and other-
28 wise qualified to act as a rating organization and that its constitu-
29 tion, articles of agreement or association or certificate of

1 incorporation, and its bylaws and regulations governing the conduct of
2 its business conform to the requirements of law, the director shall
3 issue a license specifying the kinds of insurance, or subdivisions or
4 classes or risks or parts or combinations of them [THEREOF] for which
5 the applicant is authorized to act as a rating organization. Each
6 application shall be granted or denied in whole or in part by the
7 director within 60 days after [OF] the date of its filing. Licenses
8 issued under this section shall remain in effect for three years
9 unless suspended or revoked by the director. The fee for the license
10 is set under AS 21.06.250 [\$100]. Licenses issued under this section
11 may be suspended or revoked by the director, after hearing upon no-
12 tice, if the rating organization ceases to meet the requirements of
13 this subsection. Each rating organization shall notify the director
14 promptly of every change in

15 (1) its constitution, its articles of agreement or asso-
16 ciation, or its certificate of incorporation, and its bylaws and
17 regulations governing the conduct of its business;

18 (2) its list of members and subscribers; and

19 (3) the name and address of the resident of this state
20 designated by it upon whom notices or orders of the director or pro-
21 cess affecting the rating organization may be served.

22 * Sec. 16. AS 21.66.080 is amended to read:

23 Sec. 21.66.080. ANNUAL STATEMENT. Every corporation, before
24 March 2 of each year, shall furnish the director a sworn statement of
25 assets and liabilities, and of all title premiums received by it
26 during the preceding calendar year, setting out among other things
27 that three percent of all gross premiums on title insurance policies
28 issued by it during the year covering property in this state have been
29 set aside and held by it in an account known as the Title Insurance

1 Unearned Premium Reserve Fund as provided in this chapter. The state-
2 ment shall also show in the form which may be prescribed by the direc-
3 tor all unpaid losses and claims upon title insurance policies of
4 which the corporation has received due notice in writing from or on
5 behalf of the insured. With the filing of the statement the corpo-
6 ration shall pay a filing fee set under AS 21.06.250 [OF \$15 TO BE
7 PLACED IN THE GENERAL FUND].

8 * Sec. 17. AS 21.66.090(b) is amended to read:

9 (b) With the filing of the application the corporation shall pay
10 a fee set under AS 21.06.250 [OF \$50 TO BE DEPOSITED IN THE GENERAL
11 FUND] and in addition shall pay all traveling expenses of the director
12 or an authorized representative of the director and per diem at the
13 current level for state employees at the location of the examination
14 [OF \$21 A DAY] incurred in examining the applicant's title plant or
15 plants.

16 * Sec. 18. AS 21.66.210(b) is amended to read:

17 (b) If the director finds that (1) the entity will be adequately
18 financed, (2) the persons who will be operating the entity are qual-
19 ified and (3) the rules of operation as expressed in the articles of
20 incorporation or association and the bylaws will promote the efficien-
21 cy of the operation of the subscribing owners or participants and will
22 not unduly restrict competition, the director shall issue a certifi-
23 cate of authority to the entity and permit it to organize. Each
24 application under this section shall be granted or denied in whole or
25 in part by the director within 60 days from the date it is filed. A
26 certificate of authority issued under this section remains in effect
27 until suspended or revoked by the director. The fee for the certifi-
28 cate of authority is set under AS 21.06.250. The certificate of
29 authority is subject to annual continuation. The fee for continuation

1 is set under AS 21.06.250 [\$75 A YEAR]. A certificate of authority
2 issued under this section may be suspended or revoked by the director
3 after hearing upon notice if the entity ceases to operate as provided
4 in the application or if the director determines that the operation
5 has become a restraint on competition and is not in the interests of
6 the public. Every entity issued a certificate of authority under this
7 section shall notify the director promptly of every change occurring
8 under this section.

9 * Sec. 19. AS 21.69.040(a) is amended to read:

10 (a) The incorporators of a proposed domestic insurer shall
11 deliver the triplicate originals of the articles of incorporation to
12 the director together with the filing fees set under [SPECIFIED IN]
13 AS 21.06.250.

14 * Sec. 20. AS 21.69.050(c) is amended to read:

15 (c) Upon adoption of an amendment the insurer shall make in
16 triplicate under its corporate seal a certificate, sometimes referred
17 to as "articles of amendment," setting out the amendment and the date
18 and manner of its adoption, which certificate shall be executed by the
19 insurer's president or vice-president and secretary or assistant
20 secretary and acknowledged by them before an officer authorized by law
21 to take acknowledgements of deeds. The insurer shall deliver to the
22 director the triplicate originals of the certificate, together with a
23 [THE] filing fee set under [SPECIFIED IN] AS 21.06.250. If the direc-
24 tor finds that the certificate and amendments comply with law, the
25 director shall endorse approval upon each of the triplicate originals
26 and return them to the insurer. The insurer shall immediately file
27 one set of the endorsed articles of amendment with the commissioner of
28 commerce and economic development, one set with the director bearing
29 the certification of the commissioner, and retain the remaining set in

1 the corporate records. The amendment shall be effective when the
2 filings have been completed.

3 * Sec. 21. AS 21.84.030 is amended to read:

4 Sec. 21.84.030. ANNUAL LICENSE. Societies which are now au-
5 thorized to transact business in this state may continue the business
6 until July 1, 1967. The authority of the societies and all societies
7 hereafter licensed, may thereafter be renewed annually, but in all
8 cases terminate on the first day of the succeeding July. However, a
9 license so issued shall continue in full force and effect until the
10 new license is issued or specifically refused. For each license or
11 renewal the society shall pay a fee set under AS 21.06.250 [THE DIREC-
12 TOR \$15]. A certified copy or duplicate of the license shall be prima
13 facie evidence that the licensee is a fraternal benefit society within
14 the meaning of this chapter.

15 * Sec. 22. AS 21.84.340(b) is amended to read:

16 (b) Every society transacting business in this state shall
17 annually, before the second of March, unless for cause shown the time
18 has been extended by the director, file with the director a true
19 statement of its financial condition, transactions and affairs for the
20 preceding calendar year and pay a fee set under AS 21.06.250 [OF \$5]
21 for filing it. The statement shall be in the general form and context
22 approved by the National Association of Insurance Commissioners for
23 fraternal benefit societies and supplemented by additional information
24 required by the director.

25 * Sec. 23. AS 21.84.430(a) is amended to read:

26 (a) The director may issue an agent's license to a person who
27 has paid an annual license fee set under AS 21.06.250 [OF \$35] and who
28 has complied with the requirements of this section, authorizing the
29 licensee to act as an insurance agent on behalf of any society named

1 in the license that [WHICH] is authorized to do business in this
2 state, and who has passed an examination given by the director.

3 * Sec. 24. AS 21.84.490(b) is amended to read:

4 (b) Service shall only be made upon the director, or if absent,
5 upon the person in charge of the office. It shall be made in dupli-
6 cate and shall constitute sufficient service upon the society. When
7 legal process against a society is served upon the director, the
8 director shall immediately forward one of the duplicate copies by
9 registered mail, prepaid, directed to the secretary or corresponding
10 officer. Legal process may not be served upon a society except in the
11 manner herein provided. At the time of serving a process upon the
12 director, the plaintiff or complainant in the action shall pay to the
13 director a fee set under AS 21.06.250 [OF \$5].

14 * Sec. 25. AS 21.84.590(2) is amended to read:

15 (2) AS 21.06 [, WITH THE EXCEPTION OF AS 21.06.250]

16 * Sec. 26. AS 21.87.080(c) is amended to read:

17 (c) At the time of filing the application the applicant shall
18 pay to the director an [THE] application fee and a [THE] fee for
19 issuance of the certificate of authority set under AS 21.06.250 [SPEC-
20 IFIED IN AS 21.87.320].

21 * Sec. 27. AS 21.87.100(a) is amended to read:

22 (a) A certificate of authority issued to a service corporation
23 shall continue in force as long as the corporation is entitled to it
24 under this chapter, and until suspended or revoked by the director or
25 terminated at the request of the corporation; subject, however, to
26 continuance of the certificate by the corporation each year by

27 (1) payment, before June 30, of the continuation fee set
28 under AS 21.06.250 [PROVIDED IN AS 21.87.320];

29 (2) filing by the insurer of its annual statement for the

1 preceding calendar year as required under AS 21.87.240.
2 * Sec. 28. AS 21.87.240(b) is amended to read:
3 (b) At the time of filing the statement, the corporation shall
4 pay a [THE] fee set under AS 21.06.250 [SPECIFIED IN AS 21.87.320].
5 * Sec. 29. The director of the division of insurance shall adopt the
6 initial regulations required by AS 21.06.250, as reenacted in sec. 2 of
7 this Act, on or before July 1, 1985, to be effective July 1, 1985.
8 * Sec. 30. AS 21.87.320 is repealed.
9 * Sec. 31. Section 1 of this Act takes effect immediately in accordance
10 with AS 01.10.070(c).
11 * Sec. 32. Sections 2 - 30 of this Act take effect July 1, 1985.

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: 2/25/85

HB 80

REQUEST

Bill/Resolution No.: CSHB 80
 Title: Insurance Fees (set by regulation)
 Sponsor: Governor
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Division of Insurance

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	1.4	1.5	1.5	1.6	1.6	1.8
400 SUPPLIES	.8	.9	1.0	1.0	1.2	1.3
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	2.2	2.4	2.5	2.6	2.8	3.1

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE	-0-	1260.0	1300.0	1350.0	1400.0	1450.0
----------------	------------	---------------	---------------	---------------	---------------	---------------

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND	2.2	2.4	2.5	2.6	2.8	3.1
FEDERAL FUNDS						
OTHER						
TOTAL	2.2	2.4	2.5	2.6	2.8	3.1

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary
 Additional revenues to State offset expenditures to implement program.
 Expenditures are due to cost of hearing and publication fees. Figures include fees for anticipated increase in volume and make broad assumptions of the fee schedules to be adopted in future years.

Prepared By: John L. George
 Division: Insurance

Phone: 465-2515
 Date: 2/25/85

Approved by Commissioner: Looren H. Lounsbury
 Agency: Commerce and Economic Development

Date: 2/25/85

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

06-08-03-08-00 (08-53-2-02-01-00)

STATE OF ALASKA -- COMPONENT BUDGET SUMMARY

09:29

12/21.84

AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
CATEGORY: PUBLIC PROTECTIONPROGRAM: INSURANCE
SUB-PROGRAM: OPERATIONS

EXPENDITURES & FUNDING	FISCAL YEAR 1985												
	(18) FY83 ACT	(01) FY84 ACT	(02) FY85 ATH	(03) ADJ BASE	(04) FORMULA	(05) INCREMNT	(06) REQUEST	(08) GOVERNOR	(09) HOUSE	(10) SENATE	(11) C. C.	(12) BILLS	(13) LEG.REC.
01 PERS. SERV.	802.8	814.6	840.3	893.6		24.6	918.2	918.2					
02 TRAVEL	50.0	25.9	56.0	56.0		4.5	60.5	60.5					
03 CONTRACTUAL	96.3	80.7	128.0	128.0		7.6	135.6	135.6					
04 COMMODITIES	7.2	6.7	10.3	10.3		.7	11.0	11.0					
05 EQUIPMENT	10.9	13.3											
06 LANDS/BLDGS													
07 GRANTS, CLMS													
08 MISC.													
** TOTAL EXPEND	967.2	941.2	1034.6	1087.9		37.4	1125.3	1125.3					
09 I-A TRANSFER	36.9	37.7	55.6	55.6		.9	56.5	56.5					
1004 GEN FUND	967.2	941.2	1034.6	1087.9		37.4	1125.3	1125.3					
15 FULL TIME	19.0	19.0	19.0	19.0			19.0	19.0					
16 PART TIME													
17 TEMPORARY													
18 STAFF MONTHS		228.0	228.0	228.0			228.0	228.0					

06-08-03-08-00 (08-53-2-02-01-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

09:29

12/21/84

AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
CATEGORY: PUBLIC PROTECTIONPROGRAM: INSURANCE
SUB-PROGRAM: OPERATIONS

***** GOVERNOR ANALYSIS *****

OBJECT GROUP	VARIATION		DESCRIPTION: GOVERNOR (\$1,125.3) VERSUS FY85 ATH (\$1,034.6)
01 PERS. SERV.	77.9	9.3%	PERSONAL SERVICES ADJUSTMENT \$53.3, REDUCE PERSONAL SERVICES UNDERFUNDING \$24.6.
02 TRAVEL	4.5	8.0%	MAINTAIN EXAMINATIONS AND INVESTIGATIONS \$4.5.
03 CONTRACTUAL	7.6	5.9%	CONTRACTUAL SERVICE MAINTENANCE \$7.6.
04 COMMODITIES	0.7	6.8%	OFFICE AND LIBRARY SUPPLIES ADJUSTMENT \$0.7.
** TOTALS	90.7	8.8%	

06-08-03-09-00 (00-00-0-00-00-00)

STATE OF ALASKA -- COMPONENT BUDGET SUMMARY

09:29

12/21/84

AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
 CATEGORY: PUBLIC PROTECTION

PROGRAM: INSURANCE
 SUB-PROGRAM: DATA AND WORD PROCESSING

FISCAL YEAR 1985

EXPENDITURES & FUNDING	(18) FY83 ACT	(01) FY84 ACT	(02) FY85 ATH	(03) ADJ	(04) BASE	(04) FORMULA	(05) INCR	(06) REQUEST	(08) GOVERNOR	(09) HOUSE	(10) SENATE	(11) C. C.	(12) BILLS	(13) LEG.REC.
01 PERS. SERV.														
02 TRAVEL														
03 CONTRACTUAL					6.2			6.2	6.2					
04 COMMODITIES														
05 EQUIPMENT														
06 LANDS/BLDGS														
07 GRANTS, CLMS														
08 MISC.														
** TOTAL EXPEND					6.2			6.2	6.2					
09 I-A TRANSFER														
1004 GEN FUND					6.2			6.2	6.2					
15 FULL TIME														
16 PART TIME														
17 TEMPORARY														
18 STAFF MONTHS														

06-08-03-09-00 (00-00-0-00-00-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

09:29

12/21/84

AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
 CATEGORY: PUBLIC PROTECTION

PROGRAM: INSURANCE
 SUB-PROGRAM: DATA AND WORD PROCESSING

***** GOVERNOR ANALYSIS *****

OBJECT GROUP	VARIATION	DESCRIPTION: GOVERNOR (\$6.2) VERSUS FY85 ATH (\$0.0)
03 CONTRACTUAL	6.2 100.0%	TRANSFER FROM THE DATA AND WORD PROCESSING BRU \$6.2.
** TOTALS	6.2 100.0%	

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 26, 1985

SUBJECT: CS HB 80 (L&C) Sectional Analysis

TO: Representative Mike Navarre
House Labor and Commerce

FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have requested a sectional analysis of CS HB 80 (L&C). Although the bill is twelve pages long, the majority of the sections deal with technical changes that are required in order to conform existing statutes to section 2 of the bill. Those sections that are simply technical changes are identified as such. In general the bill gives the Division of Insurance the power to adopt regulations setting fees for all services performed by the division relating to insurance, as opposed to the existing method of statutorily setting fees for each application, license, examination, or other service.

Section 1 Exempts those regulations establishing or changing fees, from the notice and hearing requirements of this section.

Section 2 Establishes the authority of the director of insurance to collect fees, and to establish fees by regulation.

Sections 3 to 28 Technical amendments.

Section 29 Requires adoption of regulations by the division by July 1, 1985.

Section 30 Technical amendment.

Section 31 Allows the division to immediately begin adopting regulations.

Representative Mike Navarre
February 26, 1985
Page 2

Section 32 Delays implementation of the division's authority to set fees by regulation until July 1, 1985.

MFF:ojb
J12/025

M E M O R A N D U M

TO: All Members, House Labor and Commerce Committee

FROM: Committee Staff

DATE: January 30, 1985

RE: Committee Meeting, Wednesday, January 30, 1985, HB 80

On Wednesday, January 25, 1985, from 1:15 to 2:45 pm, in Room 102 of the Capitol Building, the House Committee on Labor and Commerce will hold hearings on the HB 80: "An Act relating to insurance fees and licenses: and providing for an effective date."

The fees charged for various licensing activities for foreign and domestic insurers have not been increased for a long time, in many cases up to 18 years (since 1966). In keeping with the Governor's general overall policy of trying to get more programs in state government to be more financially self-sustaining, this bill asks for some rather large fee raises in order to meet this goal. The reason for the large increases is reflected in the long period of time since they were last raised; in fact, many have not been raised since they were established in statute.

Last year, HB 633 was introduced into Labor and Commerce Committee by the Governor at the request of the Department of Commerce and Economic Development, and it proposed giving power to the Department to adjust fees annually through regulation rather than statute. The Committee felt that the legislature should not give up this prerogative, and so a Committee Substitute (by a subcommittee consisting of Rep. Furnace, the Director of the Division, and others), was drawn up that was identical to HB 80 submitted this year. HB 633 was passed out of Labor and Commerce Committee last year, but like other Governor's bills, it died in House Judiciary Committee.

There is no companion legislation on this in the Senate.

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 18, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill raising current fees collected by the division of insurance, Department of Commerce and Economic Development, under AS 21.

The statutes currently setting fees for the division of insurance do not provide adequate revenue to the state to cover the division's present budget. Most of the fees were set by statute in 1966 and have not been increased since. This bill would raise fees to more closely approximate the actual cost of services and would provide for periodic reports by the division to the legislature in order to encourage future adjustments, as they become necessary. This bill is virtually identical to the committee substitute of a bill introduced last session, CSHB 633 (L&C).

I urge your support of and prompt action on this measure.

Sincerely,

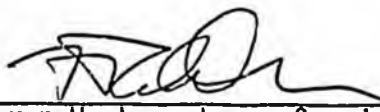
A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

HB 80: "An Act relating to insurance fees and licenses; and providing for an effective date."

The Legislature has asked us to submit a position paper relative to amending HB 80 to a form substantially equivalent to HB 633 of the Thirteenth Legislature. HB 633 proposed setting of insurance fees by regulation rather than by statute.

We have no objection to this proposal and would give it our full support. If the Legislature prefers one method over the other for setting fees, the department will accept their choice. Either method increases fees to a currently realistic amount. Setting of fees by regulation will provide for adequate hearing of affected persons' views, provide periodic fee review, and will not burden the legislative process every few years with a new fee bill.


for Loren H. Lounsbury, Commissioner
Date 2/15/85

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2515

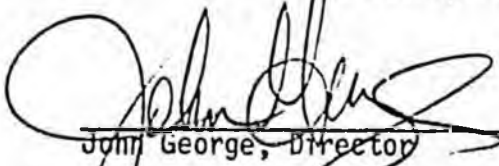
CS for HB 80 "An Act relating to insurance fees (set by regulation)."

The House Labor and Commerce Committee has brought to my attention the substantial differences in fiscal notes for HB 80 and CSHB 80. We have revised the note for the committee substitute and offer the following explanation for the original differences and the current differences.

The original fiscal note for CSHB 80 was taken from the prior year bill and did not recognize the significant growth in insurance licensing volume. It also contemplated recovering fees to meet the prior year's budget.

The fiscal note for HB 80 recognized the unlikelihood of annual legislation to set fees. It therefore set fees high enough to take care of a few years anticipated increases. Lastly, we recognize that fees set by regulation are subject to estimate and may vary from year to year in revenue collected due to changes in volume and efficiency.

We do not feel that the overall differences in revenue projected will be substantially different between the two bills and suggest that the Legislature select the method of setting fees using that assumption.


John George, Director
DATE: 2/25/85

1669W22585b

Introduced: 1/18/85
Referred: Labor & Commerce
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 80

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance fees and licenses; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 21.06.250 is amended to read:

10 Sec. 21.06.250. FEES AND LICENSES. (a) The director shall
11 collect required fees in advance. The fees are as follows:

12 (1) certificate of authority

13 (A) for filing an application for certificate of
14 authority, articles of incorporation and other charter documents,
15 bylaws, financial statement, examination report, power of attor-
16 ney to the director, and all other documents and filings required
17 in connection with the [SUCH] application, and for issuance of an
18 original certificate of authority, if issued

19 domestic insurers \$ 1,000 [\$100]

20 foreign insurers \$ 1,000 [\$100]

21 (B) annual continuation of certificate

22 of authority \$ 100 [\$ 65]

23 (C) reinstatement of certificates of

24 authority \$ 500 [\$ 65]

25 (D) amending certificate of authority... \$ 100 [\$ 10]

26 (2) filing amendment of articles of incorporation, domestic
27 and foreign insurers \$ 100 [\$ 10]

28 (3) filing bylaws or amendments of bylaws [THERETO], where
29 required \$ 100 [\$ 10]

- 1 (4) filing annual statement of insurer, other than as part
2 of application for original certificate of authority ... \$ 100 [\$ 10]
- 3 (5) general agent or agent license, property, casualty,
4 surety, title insurance agents, and including disability insurance
5 without additional license or fee when written by property, casualty,
6 or surety insurer otherwise represented by the general agent or agent
- 7 (A) application for original license, and including
8 issuance of license, if issued,
- 9 (i) individual \$ 50 [\$ 35]
10 (ii) firm or corporation 100 [75]
- 11 (B) annual renewal or continuation of license
- 12 (i) individual \$ 50 [\$ 35]
13 (ii) firm or corporation 100 [75]
- 14 (C) appointment of agent or general agent, each insurer
15 er \$ 10 [\$ 5]
- 16 (D) annual renewal of appointment of general agent or
17 agent, each insurer \$ 10 [\$ 5]
- 18 (E) temporary license \$ 50 [\$ 35]
- 19 (6) nonresident general agent or agent's license
- 20 (A) individual \$ 100 [\$ 75]
21 (B) firm or corporation \$ 200 [\$150]
22 (C) annual renewal or continuation of license
23 \$ 100 [\$ 75]
- 24 (7) broker license
- 25 (A) application for original license and including
26 issuance of license if issued -- resident
- 27 (i) all line broker \$ 200 [\$100]
28 (ii) property-casualty broker 150 [75]
29 (iii) life-disability broker 150 [75]

1 (B) annual renewal or continuation of license --
2 resident
3 (i) all line broker \$ 200 [\$100]
4 (ii) property-casualty broker 150 [75]
5 (iii) life-disability broker 150 [75]
6 (C) application for original license and including
7 issuance of license, if issued -- nonresident
8 (i) all line broker \$ 500 [\$250]
9 (ii) property-casualty broker 300 [150]
10 (iii) life-disability broker 300 [150]
11 (D) annual renewal or continuation of license --
12 nonresident
13 (i) all line broker \$ 500 [\$250]
14 (ii) property-casualty broker 300 [150]
15 (iii) life-disability broker 300 [150]
16 (8) solicitor license
17 (A) application for original license, including issu-
18 ance of license if issued \$ 50 [\$ 15]
19 (B) annual continuation of license \$ 50 [\$ 15]
20 (9) general agent or agent license, life, disability insur-
21 ance and annuities
22 (A) application for original license, including issu-
23 ance of license, if issued,
24 (i) individual \$ 50 [\$ 35]
25 (ii) firm or corporation 100 [75]
26 (B) annual renewal or continuation of license,
27 (i) individual \$ 50 [\$ 35]
28 (ii) firm or corporation 100 [75]
29 (C) appointment of general agent or agent, each

1 insurer \$ 50 [\$ 5]
2 (D) annual renewal of appointment of general agent or
3 agent, each insurer \$ 50 [\$ 5]
4 (10) application [EXAMINATION] for license as general agent,
5 agent, broker, solicitor or adjuster, each application [EXAMINATION]
6 \$ 20 [\$ 10]
7 (11) surplus line broker license
8 (A) application for original license and for issuance
9 of license, if issued -- resident \$ 200 [\$100]
10 (B) application for original license and for issuance
11 of license if issued -- nonresident \$ 600 [\$300]
12 (C) annual renewal or continuation of license resident
13 \$ 200 [\$100]
14 (D) annual renewal or continuation of license --
15 nonresident \$ 600 [\$300]
16 (12) adjuster license
17 (A) application for original license and for issuance
18 of license if issued -- resident \$ 70 [\$ 35]
19 (B) annual renewal or continuation of license resident
20 \$ 70 [\$ 35]
21 (C) application for original license and for issuance
22 of license, if issued -- nonresident \$ 150 [\$ 75]
23 (D) annual renewal or continuation of license --
24 nonresident \$ 150 [\$ 75]
25 (13) insurance vending machine license, each machine, each
26 year \$ 70 [\$ 35]
27 (14) for issuing any other certificate required or permissi-
28 ble under law \$ 25 [\$ 5]
29 (15) for accepting service of process \$ 25 [\$ 5]

1 (16) for copy of insurance code, actual printing cost plus
2 postage;

3 (17) for copy of insurance report, actual printing cost plus
4 postage;

5 (18) for any printed material furnished by the director not
6 mentioned above, the director may charge the actual cost of printing
7 plus handling and postage;

8 (19) for limited license (travel insurance agent)
9 \$ 50 [\$ 25]

10 (20) [Repealed by sec. 6, ch. 113, SLA 1974.]

11 (21) rating bureaus (for a three-year license). \$ 300 [\$100]

12 (b) The director shall promptly deposit with the commissioner of
13 revenue to the credit of the general fund of this state all fees
14 received by the director under this section.

15 (c) Every three years the director shall prepare and submit to
16 the legislature a report containing the director's recommendations for
17 the appropriate amount of the fees provided in this section. The
18 first report under this subsection must be submitted to the legisla-
19 ture no later than January 31, 1988.

20 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

Introduced: 1/18/85
Referred: State Affairs, Health,
Education & Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 81

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to motor vehicle emission inspec-
7 tion; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 28.10.041(a) is amended to read:

10 (a) The department may refuse to register a vehicle if

11 (1) the application contains a false or fraudulent state-
12 ment;

13 (2) the applicant fails to furnish information required by
14 the department;

15 (3) the applicant is not entitled to the issuance of a
16 certificate of title or registration under this chapter;

17 (4) the vehicle is determined to be mechanically unsafe to
18 be driven or moved on a highway, vehicular way or area, or other
19 public property in this state;

20 (5) the department has reasonable grounds to believe that
21 the vehicle was stolen or fraudulently acquired or that the granting
22 of registration would be a fraud against the rightful owner or other
23 person having a valid lien upon the vehicle;

24 (6) the registration of the vehicle has been suspended or
25 revoked for any reason under the laws of this state;

26 (7) the required fees, taxes, motor freight carrier fees or
27 bus transportation fees have not been paid;

28 (8) the vehicle or applicant fails to comply with this
29 chapter or regulations authorized by this section;

1 (9) the vehicle is subject to an emission inspection pro-
2 gram under AS 46.03.190 or a state-approved local emission inspection
3 program under AS 46.03.210, and the vehicle does not meet the stan-
4 dards of that program.

5 * Sec. 2. AS 28.10 is amended by adding a new section to read:

6 Sec. 28.10.423. EMISSION CONTROL INSPECTION PROGRAM FEES. In
7 addition to the annual registration fee specified in AS 28.10.421, a
8 \$1 fee is imposed upon every vehicle required to be inspected under an
9 emission control program established under AS 46.03.190 or AS 46.-
10 03.210. This fee must be collected at the same time and in the same
11 manner as the registration fee.

12 * Sec. 3. This Act takes effect July 1, 1985.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

118
HB 81

Revision Date: _____

REQUEST

Bill/Resolution No.: _____
Title: An Act relating to an
emission control program
Sponsor: _____
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Public Safety
Program Category Affected: _____
Life and Property Protection
BRU, Program or Subprogram(s) Affected: _____
Division of Motor Vehicles

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						
CAPITAL						
REVENUE		200.0	216.0	233.3	252.0	272.2

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary Covers Revenue Only

The emission control inspection program will begin on July 1, 1985, in both Anchorage and Fairbanks. The division of motor vehicles has been tasked with enforcement of the program. The Department of Law has decided the current statutes do give us the authority to enforce the program if we adopt regulations, but the regulatory process does not allow the division to recover any funds expended in the enforcement of the program. This proposed statute would

(cont¹)
Prepared By: Charles R. Hosack *CRH/MBB* Phone: 269-5561
Division: Motor Vehicles Date: 1-15-85

Approved by Commissioner: *[Signature]* Date: 1-16-85
Agency: Public Safety

Distribution (by Agency preparing fiscal note):

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

7/1/84

118
81

EMISSION CONTROL PROGRAM

ANALYSIS (continued)

allow the division to collect a prescribed fee in addition to the registration fee for those vehicles required to be inspected. These fees would be used to reimburse the General Fund for the expenditures incurred to enforce this program.

This type of approach places the cost of the program only on those affected by the program, and is similar in the approach used by the local governments to recover their costs. The goal at both the state and local levels is to make the program self-supporting from user fees. Between Anchorage and Fairbanks, approximately 180,000 to 200,000 vehicles will be inspected the first year. Together with the \$80,000 start-up grant, the \$1.00 fee imposed on these vehicles will allow the State to recover its costs.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revised 4/17/85
100 38

Revision Date: _____

REQUEST

Bill/Resolution No.: SCSHB-81(SA)
Title: "An Act relating to motor vehicle emission inspection"
Sponsor: Governor
Requestor: Senate Finance
Date of Request: 4-17-85

FISCAL DETAIL

Agency Affected: Public Safety
Program Category Affected: Life and Property Protection
BRU, Program or Subprogram(s) Affected: Division of Motor Vehicles

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		28.5	29.9			
200 TRAVEL						
300 CONTRACTUAL		4.5	4.6			
400 SUPPLIES						
500 EQUIPMENT		15.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		48.5	34.5	-0-	-0-	-0-
CAPITAL						
REVENUE		200.0	216.0	233.3	252.0	272.2

FUNDING: (Thousands of Dollars)

GENERAL FUND		48.5	34.5			
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME		2.0	2.0			
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

SEE ATTACHED PAGE

Prepared By: Charles R. Hosack Phone: 269-5551
Division: Motor Vehicles Date: 4-16-85
Approved by Commissioner: [Signature] Date: 4/19/85
Agency: Public Safety

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

7/1/84

Revenue:

The Emission Control Inspection Program will begin on July 1, 1985, in both Anchorage and Fairbanks. The Division of Motor Vehicles has been tasked with enforcement of the program. The Department of Law has decided the current statutes do give us the authority to enforce the program if we adopt regulations, but the regulatory process does not allow the division to recover any funds expended in the enforcement of the program and are more subject to challenge. This proposed statute would allow the division to collect a prescribed fee in addition to the registration fee for those vehicles required to be inspected. These fees would be used to reimburse the General Fund for the expenditures incurred to enforce this program.

This type of approach places the cost of the program only on those affected by the program and is similar in the approach used by the local governments to recover their costs. The goal at both the state and local levels is to make the program self-supporting from user fees. Between Anchorage and Fairbanks, approximately 180,000 to 200,000 vehicles will be inspected the first year. Together with the \$80,000 start-up grant, the \$1.00 fee imposed on these vehicles will allow the state to recover its costs.

Expenditures:

The FY-86 Operating Budget Request includes an increment for \$150.5 GF (5 PFT positions) for Inspection-Maintenance Program Enforcement. This fiscal note includes costs for the committee substitute that were not included in the increment.

It is estimated that there are approximately 12,000-15,000 vehicles that use diesel or an alternate fuel and will require the exemption. These are customers that would not normally have to come to a motor vehicle office. Impact of this increase has not been included in previous fiscal estimates. The impact will be the greatest during the summer months when the offices are already crowded. To absorb this impact two seasonal positions will be needed and these positions will be used for two years until the majority of the records are updated.

Costs:

100	2 Seasonal MVR Is (Range 8 - Anchorage and Fairbanks)	28.5
300	Forms	.5
	DP Charges (2 terminals)	4.0
500	2 terminals, printers	14.0
	Office Furniture	<u>1.5</u>
		48.5

1.	POSITION TITLE Motor Vehicle Rep. I			RANGE/STEP 8A	BARG. UNIT GGU	PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION Seasonal	STAFF MONTHS 6	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Fairbanks	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	11,010							
6.	Benefits	1,988							
7.	Supplemental Benefits	675							
8.	Fixed Benefits	1,366							
9.	TOTAL PERSONAL SERVICES	01	15,039						
10.	Travel	02							
11.	Contractual	03							
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST		15,039						
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts	1002						
17.		G.F. Match	1003						
18.		General Funds	1004	15,039					
19.		I-A Receipts	1005						
20.		Program Receipts	1028						
21.		Other							
FOR B&M USE ONLY KEY NUMBER _____									

Work at counter to issue vehicle titles and registrations. To assist in absorbing impace created by DMV being required to determine type of fuel a vehicle is powered by to decide which ones are exempt from vehicle emission control inspection program in Fairbanks..

**REQUEST FOR
NEW POSITION**

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Division of Motor Vehicles
COMPONENT Field Services

Page of
Revised Date

FY 86

1.	POSITION TITLE Motor Vehicle Rep. I			RANGE/STEP 8A	BARG. UNIT GGU	PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION Seasonal	STAFF MONTHS 6	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	9,786							
6.	Benefits	1,767							
7.	Supplemental Benefits	600							
8.	Fixed Benefits	1,366							
9.	TOTAL PERSONAL SERVICES	01	13,519						
10.	Travel	02							
11.	Contractual	03							
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST		13,519						
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		G.F. Match 1003							
18.		General Funds 1004		13,519					
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR B&M USE ONLY KEY NUMBER _____									

Work at counter to issue vehicle titles and registrations. To assist in absorbing impact created by DMV being required to determine type of fuel a vehicle is powered by to decide which ones are exempt from vehicle emission control inspection program in Anchorage.

**REQUEST FOR
NEW POSITION**

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Division of Motor Vehicles
COMPONENT Field Services

Page _____ of _____
Revised Date _____

FY 86

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

R/O 3-8-85
REC'd 4-2-85

Revision Date: 3/21/85

REQUEST

Bill/Resolution No.: HB 81
 Title: An Act relating to an emission control program
 Sponsor: Rules/Governor
 Requestor: Senate State Affairs
 Date of Request: 3-21-85

FISCAL DETAIL

Agency Affected: Public Safety
 Program Category Affected: Life and Property Protection
 BRU, Program or Subprogram(s) Affected: Division of Motor Vehicles

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						
CAPITAL						
REVENUE		200.0	216.0	233.3	252.0	272.2

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary COVERS REVENUE ONLY

The emission control inspection program will begin on July 1, 1985, in both Anchorage and Fairbanks. The division of motor vehicles has been tasked with enforcement of the program. The Department of Law has decided the current statutes do give us the authority to enforce the program if we adopt regulations, but the regulatory process does not allow the division to recover any funds expended in the enforcement of the program, and are more subject to

Prepared By: Charles R. Hosack Phone: 269-5551
 Division: Motor Vehicles Date: 10-15-84

Approved by Commissioner: [Signature] Date: 3/27/85
 Agency: Public Safety

Distribution (by Agency preparing fiscal note):

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

7/1/84

HB 81 Emission Control Program

ANALYSIS (continued)

challenge. This proposed statute would allow the division to collect a prescribed fee in addition to the registration fee for those vehicles required to be inspected. These fees would be used to reimburse the General Fund for the expenditures incurred to enforce this program.

This type of approach places the cost of the program only on those affected by the program, and is similar in the approach used by the local governments to recover their costs. The goal at both the state and local levels is to make the program self-supporting from user fees. Between Anchorage and Fairbanks, approximately 180,000 to 200,000 vehicles will be inspected the first year. Together with the \$80,000 start-up grant, the \$1.00 fee imposed on these vehicles will allow the State to recover its costs.

NOTE: The FY 86 Operating Budget Request includes an increment for \$150.5 GF (5 PFT positions) for Inspection-Maintenance Program Enforcement.