

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 468-S, HB 472 381

HB

468-S

SENATE COMMITTEE REPORT

FURTHER

5/9/88

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

\_\_\_\_\_Finance\_\_\_\_\_ Committee considered \_\_\_\_\_ HB 468\_\_\_\_\_

adoption of the Alaska Uniform Transfers to Minors Act; efd

and recommended

replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous

zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

revd 5/4

FURTHER

Finance

5/3/88

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

Judiciary

Committee considered HB 468

adoption of the Alaska Uniform Transfers to Minors Act; efd

and recommended

replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous

zero  fiscal impact

*waived*

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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Chairman signature and recommendation

Committee Backup attached

Introduced: 2/15/88  
 Referred: Health, Education and  
 Social Services, Judiciary and Finance

1 IN THE HOUSE

BY SUND AND GRUENBERG

2 HOUSE BILL NO. 468

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the adoption of the Alaska  
 7 Uniform Transfers to Minors Act; and providing for an  
 8 effective date."

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

10 \* Section 1. AS 13 is amended by adding a new chapter to read:

11 CHAPTER 46. ALASKA UNIFORM TRANSFERS TO MINORS ACT.

12 Sec. 13.46.010. SCOPE AND JURISDICTION. (a) This chapter  
 13 applies to a transfer that refers to this chapter in the designation  
 14 under AS 13.46.080(a) by which the transfer is made if at the time of  
 15 the transfer, the transferor, the minor, or the custodian is a resi-  
 16 dent of this state or the custodial property is located in this state.  
 17 The custodianship so created remains subject to this chapter despite a  
 18 subsequent change in residence of a transferor, the minor, or the  
 19 custodian, or the removal of custodial property from this state.

20 (b) A person designated as custodian under this chapter is  
 21 subject to personal jurisdiction in this state with respect to a  
 22 matter relating to the custodianship.

23 (c) A transfer that purports to be made and that is valid under  
 24 the Uniform Transfers to Minors Act, the Uniform Gifts to Minors Act,  
 25 or a substantially similar act, of another state is governed by the  
 26 law of the designated state and may be executed in this state if at  
 27 the time of the transfer, the transferor, the minor, or the custodian  
 28 is a resident of the designated state or the custodial property is  
 29 located in the designated state and is enforceable in this state, if

1 this state has jurisdiction over the transferor, the minor, the custo-  
2 dian, or the custodial property.

3 Sec. 13.46.020. NOMINATION OF CUSTODIAN. (a) A person having  
4 the right to designate the recipient of property, transferable upon the  
5 occurrence of a future event may revocably nominate a custodian to  
6 receive the property for a minor beneficiary upon the occurrence of  
7 the event by naming the custodian followed in substance by the words:  
8 "as custodian for \_\_\_\_\_ (name of minor) under the  
9 Alaska Uniform Transfers to Minors Act." The nomination may name one  
10 or more persons as substitute custodians to whom the property must be  
11 transferred, in the order named, if the first nominated custodian dies  
12 before the transfer or is unable, declines, or is ineligible to serve.  
13 The nomination may be made in a will, a trust, a deed, an instrument  
14 exercising a power of appointment, or a writing designating a benefi-  
15 ciary of contractual rights that is registered with or delivered to  
16 the payor, issuer, or other obligor of the contractual rights.

17 (b) A custodian nominated under this section must be a person to  
18 whom a transfer of property of that kind may be made under AS 13.46.-  
19 080(a).

20 (c) The nomination of a custodian under this section does not  
21 create custodial property until the nominating instrument becomes  
22 irrevocable or a transfer to the nominated custodian is completed  
23 under AS 13.46.080. Unless the nomination of a custodian has been  
24 revoked, upon the occurrence of the future event the custodianship  
25 becomes effective and the custodian shall enforce a transfer of the  
26 custodial property under AS 13.46.080.

27 Sec. 13.46.030. TRANSFER BY GIFT OR EXERCISE OF POWER OF AP-  
28 POINTMENT. A person may make a transfer by irrevocable gift to, or  
29 the irrevocable exercise of a power of appointment in favor of, a

1           custodian for the benefit of a minor under AS 13.46.080.

2           Sec. 13.46.040. TRANSFER AUTHORIZED BY WILL OR TRUST. (a) A  
3           personal representative or trustee may make an irrevocable transfer  
4           under AS 13.46.080 to a custodian for the benefit of a minor as au-  
5           thorized in the governing will or trust.

6           (b) If the testator or settlor has nominated a custodian under  
7           AS 13.46.020 to receive the custodial property, the transfer must be  
8           made to that person.

9           (c) If the testator or settlor has not nominated a custodian  
10          under AS 13.46.020, or all persons so nominated as custodian die  
11          before the transfer or are unable, decline, or are ineligible to  
12          serve, the personal representative or the trustee, as the case may be,  
13          shall designate the custodian from among those eligible to serve as  
14          custodian for property of that kind under AS 13.46.080(a).

15          Sec. 13.46.050. OTHER TRANSFER BY FIDUCIARY. (a) Subject to  
16          (c) of this section, a personal representative or trustee may make an  
17          irrevocable transfer to another adult or trust company as custodian  
18          for the benefit of a minor under AS 13.46.080, in the absence of a  
19          will or under a will or trust that does not contain an authorization  
20          to do so.

21          (b) Subject to (c) of this section, a conservator may make an  
22          irrevocable transfer to another adult or trust company as custodian  
23          for the benefit of the minor under AS 13.46.080.

24          (c) A transfer under (a) or (b) of this section may be made only  
25          if

26               (1) the personal representative, trustee, or conservator  
27               considers the transfer to be in the best interest of the minor;

28               (2) the transfer is not prohibited by or inconsistent with  
29               provisions of the applicable will, trust, agreement, or other

1 governing instrument; and

2 (3) the transfer is authorized by the court if it exceeds  
3 \$25,000 in value.

4 Sec. 13.46.060. TRANSFER BY OBLIGOR. (a) Subject to (b) and  
5 (c) of this section, a person not subject to AS 13.46.040 or 13.46.050  
6 who holds property of or owes a liquidated debt to a minor not having  
7 a conservator may make an irrevocable transfer to a custodian for the  
8 benefit of the minor under AS 13.46.080.

9 (b) If a person having the right to do so under AS 13.46.020 has  
10 nominated a custodian under that section to receive the custodial  
11 property, the transfer must be made to that person.

12 (c) If a custodian has not been nominated under AS 13.46.020, or  
13 all persons nominated as custodian die before the transfer or are  
14 unable, decline, or are ineligible to serve, a transfer under this  
15 section may be made to an adult member of the minor's family or to a  
16 trust company unless the property exceeds \$25,000 in value.

17 Sec. 13.46.070. RECEIPT FOR CUSTODIAL PROPERTY. A written  
18 acknowledgment of delivery by a custodian constitutes a sufficient  
19 receipt and discharge for custodial property transferred to the custo-  
20 dian under this chapter.

21 Sec. 13.46.080. MANNER OF CREATING CUSTODIAL PROPERTY AND EF-  
22 FECTING TRANSFER; DESIGNATION OF INITIAL CUSTODIAN; CONTROL. (a)  
23 Custodial property is created and a transfer is made when

24 (1) an uncertificated security or a certificated security  
25 in registered form is either

26 (A) registered in the name of the transferor, an adult  
27 other than the transferor, or a trust company, followed in sub-  
28 stance by the words: "as custodian for \_\_\_\_\_ (name  
29 of minor) under the Alaska Uniform Transfers to Minors Act"; or

1 (B) delivered if in certificated form, or a document  
2 necessary for the transfer of an uncertificated security is  
3 delivered, together with any necessary endorsement to an adult  
4 other than the transferor or to a trust company as custodian,  
5 accompanied by an instrument in substantially the form set out in  
6 (b) of this section;

7 (2) money is paid or delivered to a broker or financial  
8 institution for credit to an account in the name of the transferor, an  
9 adult other than the transferor, or a trust company, followed in  
10 substance by the words: "as custodian for \_\_\_\_\_ (name  
11 of minor) under the Alaska Uniform Transfers to Minors Act";

12 (3) the ownership of a life or endowment insurance policy  
13 or annuity contract is either

14 (A) registered with the issuer in the name of the  
15 transferor, an adult other than the transferor, or a trust  
16 company, followed in substance by the words: "as custodian for  
17 \_\_\_\_\_ (name of minor) under the Alaska Uniform  
18 Transfers to Minors Act"; or

19 (B) assigned in a writing delivered to an adult other  
20 than the transferor or to a trust company whose name in the  
21 assignment is followed in substance by the words: "as custodian  
22 for \_\_\_\_\_ (name of minor) under the Alaska Uniform  
23 Transfers to Minors Act";

24 (4) an irrevocable exercise of a power of appointment or an  
25 irrevocable present right to future payment under a contract is the  
26 subject of a written notification delivered to the payor, issuer, or  
27 other obligor that the right is transferred to the transferor, an  
28 adult other than the transferor, or a trust company, whose name in the  
29 notification is followed in substance by the words: "as custodian for

1 \_\_\_\_\_ (name of minor) under the Alaska Uniform Trans-  
2 fers to Minors Act";

3 (5) an interest in real property is recorded in the name of  
4 the transferor, an adult other than the transferor, or a trust  
5 company, followed in substance by the words: "as custodian for  
6 \_\_\_\_\_ (name of minor) under the Alaska Uniform Trans-  
7 fers to Minors Act";

8 (6) a certificate of title issued by a department or agency  
9 of a state or of the United States that evidences title to tangible  
10 personal property is either

11 (A) issued in the name of the transferor, an adult  
12 other than the transferor, or a trust company, followed in sub-  
13 stance by the words: "as custodian for \_\_\_\_\_  
14 (name of minor) under the Alaska Uniform Transfers to Minors  
15 Act"; or

16 (B) delivered to an adult other than the transferor or  
17 to a trust company, endorsed to that person followed in substance  
18 by the words: "as custodian for \_\_\_\_\_ (name of  
19 minor) under the Alaska Uniform Transfers to Minors Act"; or

20 (7) an interest in property not described in (1) - (6) of  
21 this subsection is transferred to an adult other than the transferor  
22 or to a trust company by a written instrument in substantially the  
23 form set out in (b) of this section.

24 (b) An instrument in the following form satisfies the require-  
25 ments of (a)(1)(B) and (a)(7) of this section:

26 "TRANSFER UNDER THE ALASKA UNIFORM  
27 TRANSFERS TO MINORS ACT

28 I, \_\_\_\_\_ (name of transferor or name and  
29 representative capacity if a fiduciary) hereby transfer to

1 \_\_\_\_\_ (name of custodian), as custodian  
2 for \_\_\_\_\_ (name of minor) under the Alaska  
3 Uniform Transfers to Minors Act, the following: (insert a  
4 description of the custodial property sufficient to identify  
5 it).

6 Dated: \_\_\_\_\_

7 \_\_\_\_\_  
8 (Signature)

9 \_\_\_\_\_ (name of custodian) acknowledges re-  
10 ceipt of the property described above as custodian for the  
11 minor named above under the Alaska Uniform Transfers to  
12 Minors Act.

13 Dated: \_\_\_\_\_

14 \_\_\_\_\_"  
15 (Signature of Custodian)

16 (c) A transferor shall place the custodian in control of the  
17 custodial property as soon as practicable.

18 Sec. 13.46.085. NATIVE CORPORATIONS; CUSTODIANS. (a) Stock or  
19 membership in a corporation organized under the law of this state  
20 under the Alaska Native Claims Settlement Act that a minor is entitled  
21 to receive under that Act shall be issued by the corporation to a  
22 custodian.

23 (b) The custodian shall be determined under the order of priori-  
24 ty set out below. The appointment becomes effective upon the corpora-  
25 tion's receipt of the custodian's written consent to the appointment.  
26 The order of priority is:

- 27 (1) the legal guardian, if any, of the minor;  
28 (2) a parent, if any, of the minor, as selected by the  
29 parents;

1 (3) an adult member of the minor's family; in this para-  
2 graph "member of the minor's family" has the meaning given in AS 13.-  
3 46.990, and may also include members of the family with whom the minor  
4 has customarily lived.

5 (c) For good cause, a district court or the superior court may  
6 vary the order of priority set out in (b) of this section or appoint  
7 another suitable person as custodian, and, for good cause, the superi-  
8 or court may establish a guardianship under AS 13.26 for a minor.

9 (d) The custodianship is governed by this chapter, as modified  
10 by the following:

11 (1) in AS 13.46.190, a transfer to the minor's estate  
12 includes delivery to the heirs by intestate succession or custodians  
13 for the heirs;

14 (2) under AS 13.46.150, a third person is responsible for  
15 determining whether stock is inalienable under the Act;

16 (3) the custodian shall give an appropriate receipt for  
17 property received for the minor;

18 (4) the custodian may not alienate inalienable property  
19 except within the limits provided by law;

20 (5) the form of registration or title shall be "as custo-  
21 dian for \_\_\_\_\_ (name of minor) under the Alaska  
22 Native Claims Settlement Act";

23 (6) a custodian may not receive compensation except, upon  
24 application to and approval by the superior court, for unusual and  
25 extraordinary services;

26 (7) custodial property includes securities, money, and  
27 other real and personal property under supervision as a consequence of  
28 the Act.

29 (e) In this section, "Act" means 43 U.S.C. 1601 - 1628 (Alaska

1 Native Claims Settlement Act, P.L. 92-203, 85 Stat. (688) and amend-  
2 ments.

3 Sec. 13.46.090. SINGLE CUSTODIANSHIP. A transfer may be made  
4 only for one minor, and only one person may be the custodian. All  
5 custodial property held under this chapter by the same custodian for  
6 the benefit of the same minor constitutes a single custodianship.

7 Sec. 13.46.100. VALIDITY AND EFFECT OF TRANSFER. (a) The  
8 validity of a transfer made in a manner prescribed in this chapter is  
9 not affected by

10 (1) failure of the transferor to comply with AS 13.46.-  
11 080(c) concerning possession and control;

12 (2) designation of an ineligible custodian, except desig-  
13 nation of the transferor in the case of property for which the trans-  
14 feror is ineligible to serve as custodian under AS 13.46.080(a); or

15 (3) death or incapacity of a person nominated under AS 13.-  
16 46.020 or designated under AS 13.46.080 as custodian or the disclaimer  
17 of the office by that person.

18 (b) A transfer made under AS 13.46.080 is irrevocable, and the  
19 custodial property is indefeasibly vested in the minor, but the custo-  
20 dian has all the rights, powers, duties, and authority provided in  
21 this chapter, and neither the minor nor the minor's legal representa-  
22 tive has any right, power, duty, or authority with respect to the  
23 custodial property except as provided in this chapter.

24 (c) By making a transfer, the transferor incorporates in the  
25 disposition all the provisions of this chapter and grants to the  
26 custodian, and to a third person dealing with a person designated as  
27 custodian, the respective powers, rights, and immunities provided in  
28 this chapter.

29 (d) A person is not precluded from being a custodian for a minor

1 under this chapter with respect to some property because the person is  
2 a conservator of the minor with respect to other property.

3 (e) A person who is the conservator of the minor is not pre-  
4 cluded from being a custodian for a minor under this chapter because  
5 the custodial property has or will be transferred to the custodian  
6 from the guardianship estate of the minor. In such case, for the  
7 purposes of AS 13.46.080, the custodian is "an adult other than the  
8 transferor."

9 (f) In the cases described in (d) and (e) of this section, with  
10 respect to the property transferred to the custodian, this chapter  
11 applies to the extent it would apply if the person to whom the custo-  
12 dial property is transferred were not and had not been a conservator  
13 of the minor.

14 Sec. 13.46.110. CARE OF CUSTODIAL PROPERTY. (a) A custodian  
15 shall

- 16 (1) take control of custodial property;  
17 (2) register or record title to custodial property if  
18 appropriate; and  
19 (3) collect, hold, manage, invest, and reinvest custodial  
20 property.

21 (b) In dealing with custodial property, a custodian shall ob-  
22 serve the standard of care that would be observed by a prudent person  
23 dealing with property of another and is not limited by any other  
24 statute restricting investments by fiduciaries. If a custodian has a  
25 special skill or expertise or is named custodian on the basis of  
26 representations of a special skill or expertise, the custodian shall  
27 use that skill or expertise. However, a custodian, in the custodian's  
28 discretion and without liability to the minor or the minor's estate,  
29 may retain custodial property received from a transferor.

1 (c) A custodian may invest in or pay premiums on life insurance  
2 or endowment policies on

3 (1) the life of the minor only if the minor or the minor's  
4 estate is the sole beneficiary; or

5 (2) the life of another person in whom the minor has an  
6 insurable interest only to the extent that the minor, the minor's  
7 estate, or the custodian in the capacity of custodian, is the irrevocable  
8 beneficiary.

9 (d) A custodian at all times shall keep custodial property  
10 separate and distinct from all other property in a manner sufficient  
11 to identify it clearly as custodial property of the minor. Custodial  
12 property consisting of an undivided interest is so identified if the  
13 minor's interest is held as a tenant in common and is fixed. Custodial  
14 property subject to recordation is so identified if it is re-  
15 corded, and custodial property subject to registration is so identified  
16 if it is either registered, or held in an account designated, in  
17 the name of the custodian, followed in substance by the words: "as a  
18 custodian for \_\_\_\_\_ (name of minor) under the  
19 Alaska Uniform Transfers to Minors Act."

20 (e) A custodian shall keep records of all transactions with  
21 respect to custodial property, including information necessary for the  
22 preparation of the minor's tax returns, and shall make them available  
23 for inspection at reasonable intervals by a parent or legal representative  
24 of the minor or by the minor if the minor has attained the age  
25 of 14 years.

26 Sec. 13.46.120. POWERS OF CUSTODIAN. (a) A custodian, acting  
27 in a custodial capacity, has all the rights, powers, and authority  
28 over custodial property that unmarried adult owners have over their  
29 own property, but a custodian may exercise those rights, powers, and

1 authority in that capacity only.

2 (b) This section does not relieve a custodian from liability for  
3 breach of AS 13.46.110.

4 Sec. 13.46.130. USE OF CUSTODIAL PROPERTY. (a) A custodian may  
5 deliver or pay to the minor or expend for the minor's benefit as much  
6 of the custodial property as the custodian considers advisable for the  
7 use and benefit of the minor, without court order and without regard  
8 to

9 (1) the duty or ability of the custodian personally or of  
10 another person to support the minor; or

11 (2) other income or property of the minor that may be  
12 applicable or available for that purpose.

13 (b) On petition of an interested person or the minor if the  
14 minor has attained the age of 14 years, the court may order the custo-  
15 dian to deliver or pay to the minor or expend for the minor's benefit  
16 as much of the custodial property as the court considers advisable for  
17 the use and benefit of the minor.

18 (c) A delivery, payment, or expenditure under this section is in  
19 addition to, not in substitution for, and does not affect an obliga-  
20 tion of a person to support the minor.

21 Sec. 13.46.140. CUSTODIAN'S EXPENSES, COMPENSATION, AND BOND.

22 (a) A custodian is entitled to reimbursement from custodial property  
23 for reasonable expenses incurred in the performance of the custodian's  
24 duties.

25 (b) Except for one who is a transferor under AS 13.46.030, a  
26 custodian has a noncumulative election during each calendar year to  
27 charge reasonable compensation for services performed during that  
28 year.

29 (c) Except as provided in AS 13.46.170(f), a custodian is not

1 required to give a bond.

2 Sec. 13.46.150. EXEMPTION OF THIRD PERSON FROM LIABILITY. A  
3 third person in good faith and without court order may act on the  
4 instructions of or otherwise deal with a person purporting to make a  
5 transfer or purporting to act in the capacity of a custodian and, in  
6 the absence of knowledge, is not responsible for determining

7 (1) the validity of the purported custodian's designation;

8 (2) the propriety of, or the authority under this chapter  
9 for, an act of the purported custodian;

10 (3) the validity or propriety under this chapter of an  
11 instrument or instructions executed or given either by the person  
12 purporting to make a transfer or by the purported custodian; or

13 (4) the propriety of the application of property of the  
14 minor delivered to the purported custodian.

15 Sec. 13.46.160. LIABILITY TO THIRD PERSONS. (a) A claim based  
16 on (1) a contract entered into by a custodian acting in a custodial  
17 capacity, (2) an obligation arising from the ownership or control of  
18 custodial property, or (3) a tort committed during the custodianship,  
19 may be asserted against the custodial property by proceeding against  
20 the custodian in the custodial capacity, whether or not the custodian  
21 or the minor is personally liable for the contract, obligation, or the  
22 tort.

23 (b) A custodian is not personally liable

24 (1) on a contract properly entered into in the custodial  
25 capacity unless the custodian fails to reveal that capacity and to  
26 identify the custodianship in the contract; or

27 (2) for an obligation arising from control of custodial  
28 property or for a tort committed during the custodianship unless the  
29 custodian is personally at fault.

1 (c) A minor is not personally liable for an obligation arising  
2 from ownership of custodial property or for a tort committed during  
3 the custodianship unless the minor is personally at fault.

4 Sec. 13.46.170. RENUNCIATION, RESIGNATION, DEATH, OR REMOVAL OF  
5 CUSTODIAN; DESIGNATION OF SUCCESSOR CUSTODIAN. (a) A person nomi-  
6 nated under AS 13.46.020 or designated under AS 13.46.080 as custodian  
7 may decline to serve by delivering a valid disclaimer to the person  
8 who made the nomination or to the transferor or the transferor's legal  
9 representative. If the event giving rise to a transfer has not oc-  
10 curred and a substitute custodian able, willing, and eligible to serve  
11 was not nominated under AS 13.46.020, the person who made the nomina-  
12 tion may nominate a substitute custodian under AS 13.46.020; otherwise  
13 the transferor or the transferor's legal representative shall desig-  
14 nate a substitute custodian at the time of the transfer, in either  
15 case from among the persons eligible to serve as custodian for that  
16 kind of property under AS 13.46.080(a). The custodian so designated  
17 has the rights of a successor custodian.

18 (b) A custodian at any time may designate a trust company or an  
19 adult other than a transferor under AS 13.46.030 as successor custo-  
20 dian by executing and dating an instrument of designation before a  
21 subscribing witness other than the successor. If the instrument of  
22 designation does not contain or is not accompanied by the resignation  
23 of the custodian, the designation of the successor does not take  
24 effect until the custodian resigns, dies, becomes incapacitated, or is  
25 removed.

26 (c) A custodian may resign at any time by delivering written  
27 notice to the minor if the minor has attained the age of 14 years and  
28 to the successor custodian and by delivering the custodial property to  
29 the successor custodian.

1 (d) If a custodian is ineligible, dies, or becomes incapacitated  
2 without having effectively designated a successor and the minor has  
3 attained the age of 14 years, the minor may designate as successor  
4 custodian, in the manner prescribed in (b) of this section, an adult  
5 member of the minor's family, a conservator of the minor, or a trust  
6 company. If the minor has not attained the age of 14 years or fails  
7 to act within 60 days after the ineligibility, death, or incapacity,  
8 the conservator of the minor becomes successor custodian. If the  
9 minor has no conservator or the conservator declines to act, the  
10 transferor, the legal representative of the transferor or of the  
11 custodian, an adult member of the minor's family, or another inter-  
12 ested person may petition the court to designate a successor custo-  
13 dian.

14 (e) A custodian who declines to serve under (a) of this section  
15 or resigns under (c) of this section, or the legal representative of a  
16 deceased or incapacitated custodian, as soon as practicable, shall put  
17 the custodial property and records in the possession and control of  
18 the successor custodian. The successor custodian by action may en-  
19 force the obligation to deliver custodial property and records and  
20 becomes responsible for each item as received.

21 (f) A transferor, the legal representative of a transferor, an  
22 adult member of the minor's family, a guardian of the person of the  
23 minor, the conservator of the minor, or the minor if the minor has  
24 attained the age of 14 years may petition the court to remove the  
25 custodian for cause and to designate a successor custodian other than  
26 a transferor under AS 13.46.030 or to require the custodian to give  
27 appropriate bond.

28 Sec. 13.46.180. ACCOUNTING BY AND DETERMINATION OF LIABILITY OF  
29 CUSTODIAN. (a) A minor who has attained the age of 14 years, the

1 minor's guardian of the person or legal representative, an adult  
2 member of the minor's family, a transferor, or a transferor's legal  
3 representative may petition the court for

4 (1) an accounting by the custodian or the custodian's legal  
5 representative; or

6 (2) a determination of responsibility, as between the  
7 custodial property and the custodian personally, for claims against  
8 the custodial property unless the responsibility has been adjudicated  
9 in an action under AS 13.46.160 to which the minor or the minor's  
10 legal representative was a party.

11 (b) A successor custodian may petition the court for an account-  
12 ing by the predecessor custodian.

13 (c) The court, in a proceeding under this chapter or in another  
14 proceeding, may require or permit the custodian or the custodian's  
15 legal representative to account.

16 (d) If a custodian is removed under AS 13.46.170(f), the court  
17 shall require an accounting and order delivery of the custodial prop-  
18 erty and records to the successor custodian and the execution of all  
19 instruments required for transfer of the custodial property.

20 Sec. 13.46.190. TERMINATION OF CUSTODIANSHIP. The custodian  
21 shall transfer in an appropriate manner the custodial property to the  
22 minor or to the minor's estate upon the earlier of the

23 (1) minor's attainment of 18 years of age unless the time  
24 of transfer of the custodial property to the minor is delayed under  
25 AS 13.46.195 to a time after the time the minor attains the age of 18  
26 years;

27 (2) time specified in the transfer under AS 13.46.080 if  
28 the time of transfer of the custodial property to the minor is delayed  
29 under AS 13.46.195 to a time after the time the minor attains the age

1 of 18 years; or

2 (3) minor's death.

3 Sec. 13.46.195 DELAY IN TRANSFER OF CUSTODIAL PROPERTY AFTER  
4 MINOR ATTAINS AGE 18. (a) Subject to the requirements and limita-  
5 tions of this section, the time for transfer to the minor of custodial  
6 property transferred under AS 13.46.020, 13.46.030, or 13.46.040 may  
7 be delayed until a specified time after the time the minor attains the  
8 age of 18 years, that time shall be specified in the transfer under  
9 AS 13.46.080.

10 (b) To specify a delayed time for transfer to the minor of the  
11 custodial property under AS 13.46.020, 13.46.030 except for the trans-  
12 fer by irrevocable gift, or 13.46.040, the words "as custodian for  
13 \_\_\_\_\_ (name of minor) until age \_\_\_\_\_ (age for  
14 delivery of property to minor) under the Alaska Uniform Transfers to  
15 Minors Act" shall be substituted in substance for the words "as custo-  
16 dian for \_\_\_\_\_ (name of minor) under the Alaska  
17 Uniform Transfers to Minors Act" in making the transfer under AS 13.-  
18 46.080.

19 (c) To specify a delayed time for transfer to the minor of the  
20 custodial property under AS 13.46.030 by irrevocable gift, the words  
21 "as custodian for \_\_\_\_\_ (name of minor) until age  
22 \_\_\_\_\_ (age for delivery of property to minor) under the Alaska  
23 Uniform Transfers to Minors Act" or "as custodian for \_\_\_\_\_  
24 (name of minor) until age \_\_\_\_\_ (age for delivery of property to  
25 minor) under the Alaska Uniform Transfers to Minors Act, subject to  
26 the minor's right to compel immediate distribution of the property by  
27 giving written notice to the custodian during the six-month period  
28 beginning on the minor's 21st birthday" shall be substituted in sub-  
29 stance for the words "as custodian for \_\_\_\_\_ (name

1 of minor) under the Alaska Uniform Transfers to Minors Act" in making  
2 the transfer under AS 13.46.080.

3 (d) The time for transfer to the minor of custodial property  
4 transferred under AS 13.46.020 or 13.46.040 may be delayed under this  
5 section if the governing will or trust or nomination provides in  
6 substance that the custodianship is to continue until the time the  
7 minor attains a specified age, that time may not be later than the  
8 time the minor attains 25 years of age, and in that case the governing  
9 will or trust or nomination shall determine the time to be specified  
10 in the transfer under AS 13.46.080.

11 (e) The time for transfer to the minor of custodial property  
12 transferred under AS 13.46.030 may be delayed under this section if  
13 the transfer under AS 13.46.080 provides in substance that the custo-  
14 dianship is to continue until the time the minor attains a specified  
15 age, that time may not be later than the time the minor attains 25  
16 years of age.

17 (f) If the transfer under AS 13.46.080 does not specify an age,  
18 the time for the transfer of the custodial property to the minor under  
19 AS 13.46.190 is the time when the minor attains 18 years of age.

20 (g) If the transfer under AS 13.46.080 provides in substance  
21 that the duration of the custodianship is for a time longer than the  
22 maximum time permitted by this section for that type of transfer, the  
23 custodianship may continue until the minor attains the maximum age  
24 permitted by this section for that type of transfer.

25 Sec. 13.46.200. APPLICABILITY. This chapter applies to a trans-  
26 fer within the scope of AS 13.46.010 made after December 31, 1988, if  
27 the

28 (1) transfer purports to have been made under the Alaska  
29 Uniform Gifts to Minors Act; or

1 (2) instrument by which the transfer purports to have been  
2 made uses in substance the designation "as custodian under the Uniform  
3 Gifts to Minors Act" or "as custodian under the Uniform Transfers to  
4 Minors Act" of another state, and the application of this chapter is  
5 necessary to validate the transfer.

6 Sec. 13.46.210. EFFECT ON EXISTING CUSTODIANSHIPS. (a) A  
7 transfer of custodial property as defined in this chapter made before  
8 January 1, 1989, is validated notwithstanding that there was not  
9 specific authority in the Alaska Uniform Gifts to Minors Act for the  
10 coverage of custodial property of that kind or for a transfer from  
11 that source at the time the transfer was made.

12 (b) This chapter applies to all transfers made before January 1,  
13 1989, in a manner and form prescribed in the Alaska Uniform Gifts to  
14 Minors Act, except insofar as the application impairs constitutionally  
15 vested rights or extends the duration of custodianships in existence  
16 on January 1, 1989.

17 (c) AS 13.46.190 and 13.46.290, with respect to the age of a  
18 minor for whom custodial property is held under this chapter, do not  
19 apply to custodial property held in a custodianship that terminated  
20 because of the minor's attainment of the age of 18 after December 31,  
21 1980, and before January 1, 1989.

22 (d) To the extent that this chapter, by virtue of (b) of this  
23 section, does not apply to transfers made in a manner prescribed under  
24 former AS 45.60 (Alaska Uniform Gifts to Minors Act) or to the powers,  
25 duties, and immunities conferred by transfers in that manner upon  
26 custodians and persons dealing with custodians, the repeal of AS 45.60  
27 (Alaska Uniform Gifts to Minors Act) does not affect those transfers  
28 or those powers, duties, and immunities.

29 Sec. 13.46.220. UNIFORMITY OF APPLICATION AND CONSTRUCTION.

1 This chapter shall be applied and construed to effectuate its general  
2 purpose to make uniform the law with respect to the subject of this  
3 chapter among states enacting it.

4 Sec. 13.46.990. DEFINITIONS. In this chapter

5 (1) "adult" means an individual who has attained the age of  
6 18 years;

7 (2) "benefit plan" means an employer's plan for the benefit  
8 of an employee or partner;

9 (3) "broker" means a person lawfully engaged in the busi-  
10 ness of effecting transactions in securities or commodities for the  
11 person's own account or for the account of others;

12 (4) "conservator" means a person appointed or qualified by  
13 a court to act as general, limited, or temporary guardian of a minor's  
14 property or a person legally authorized to perform substantially the  
15 same functions;

16 (5) "court" means the superior court;

17 (6) "custodial property" means

18 (A) an interest in property transferred to a custodian  
19 under this chapter; and

20 (B) the income from and proceeds of that interest in  
21 property;

22 (7) "custodian" means a person designated under AS 13.-  
23 46.080 or a successor or substitute custodian designated under AS 13.-  
24 46.170;

25 (8) "financial institution" means a bank, trust company,  
26 savings institution, or credit union, chartered and supervised under  
27 state or federal law;

28 (9) "legal representative" means an individual's personal  
29 representative or conservator;

1 (10) "member of the minor's family" means the minor's  
2 parent, stepparent, spouse, grandparent, brother, sister, uncle, or  
3 aunt, whether of the whole or half blood or by adoption;

4 (11) "minor" means an individual who has not attained the  
5 age of 18 years, except when used in reference to the beneficiary for  
6 whose benefit custodial property is held or to be held, an individual  
7 who has not attained the age at which the custodian is required under  
8 AS 13.46.190 and 13.46.195 to transfer the custodial property to the  
9 beneficiary;

10 (12) "personal representative" means an executor, adminis-  
11 trator, successor personal representative, or special administrator of  
12 a decedent's estate or a person legally authorized to perform substan-  
13 tially the same functions;

14 (13) "state" includes a state of the United States, the  
15 District of Columbia, the Commonwealth of Puerto Rico, and any terri-  
16 tory or possession subject to the legislative authority of the United  
17 States;

18 (14) "transfer" means a transaction that creates custodial  
19 property under AS 13.46.080;

20 (15) "transferor" means a person who makes a transfer under  
21 this chapter;

22 (16) "trust company" means a financial institution, corpora-  
23 tion, or other legal entity, authorized to exercise general trust  
24 powers.

25 Sec. 13.46.999. SHORT TITLE. This chapter may be cited as the  
26 Alaska Uniform Transfers to Minors Act.

27 \* Sec. 2. AS 13.06.050(45) is amended to read:

28 (45) "trust" includes any express trust, private or charit-  
29 able, with additions to it, wherever and however created; it also

1 includes a trust created or determined by judgment or decree under  
2 which the trust is to be administered in the manner of an express  
3 trust; "trust" excludes other constructive trusts, and it excludes  
4 resulting trusts, conservatorships, personal representatives, trust  
5 accounts as defined in AS 13.31, custodial arrangements under AS 13.46  
6 [AS 45.60], business trusts providing for certificates to be issued to  
7 beneficiaries, common trust funds, voting trusts, security arrange-  
8 ments, liquidation trusts, and trusts for the primary purpose of  
9 paying debts, dividends, interest, salaries, wages, profits, pensions,  
10 or employee benefits of any kind, and any arrangement under which a  
11 person is nominee or escrowee for another;

12 \* Sec. 3. AS 45.60.011, 45.60.016, 45.60.021, 45.60.031, 45.60.041,  
13 45.60.051, 45.60.061, 45.60.071, 45.60.081, 45.60.091, and 45.60.101 are  
14 repealed.

15 \* Sec. 4. This Act takes effect January 1, 1989.  
16  
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STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 468  
PUBLISH DATE: HOUSE 3/17/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act providing for ... Uniform Transfers to Minors Act..."  
Sponsor: Representative Sund  
Requestor: House HESS

Agency Affected: Department of Law  
BRU: Legal Services  
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |
| CAPITAL           |       |       |       |       |       |       |
| REVENUE           |       |       |       |       |       |       |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

|           |     |     |     |     |     |     |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | -0- | -0- | -0- | -0- | -0- | -0- |
| PART-TIME |     |     |     |     |     |     |
| TEMPORARY |     |     |     |     |     |     |

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, Director Phone: 465-3672  
 Division: Administrative Services Date: March 14, 1988  
 Approved by Commissioner: Richard I. Pegues / FOR / Grace Berg Schaible, Atty. Gen. Date: March 14, 1988  
 Agency: Department of Law

Distribution (by preparer):

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 468

No. 1

HB 468

HOUSE 3/17/88

This bill adds a new chapter to AS 13 to provide for the administration of custodial property held in trust for minors. The administration of such trusts is a matter between private parties, and although involving the civil legal system, it does not involve the Department of Law. Consequently, there will not be a fiscal impact on the department.

STATE OF ALASKA 1988 LEGISLATIVE SESSION  
FISCAL NOTE

No. 2

Bill Version: HB 468  
Publish Date: HOUSE 3/17/88

REQUEST:

Revision Date: Agency Affected: Alaska Court System  
Title: An act providing for adoption BRU: Trial Courts  
of the Alaska Uniform Transfers to Minors Act  
Sponsor: Sund & Gruenberg Components:  
Requestor: HESS

| EXPENDITURES/REVENUES: | (Thousands of Dollars) |       |       |       |       |       |
|------------------------|------------------------|-------|-------|-------|-------|-------|
| OPERATING              | FY 88                  | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
| Personal Services      | 0.0                    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Travel                 | 0.0                    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Contractual            | 0.0                    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Supplies               | 0.0                    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Equipment              | 0.0                    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Land & Structures      | 0.0                    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Grants & Claims        | 0.0                    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| TOTAL OPERATING        | 0.0                    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |

CAPITAL 0.0 0.0 0.0 0.0 0.0 0.0

REVENUE 0.0 0.0 0.0 0.0 0.0 0.0

| FUNDING:      | (Thousands of Dollars) |     |     |     |     |     |
|---------------|------------------------|-----|-----|-----|-----|-----|
| General Funds | 0.0                    | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Federal Funds | 0.0                    | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other         | 0.0                    | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL         | 0.0                    | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| POSITIONS: | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|------------|-------|-------|-------|-------|-------|-------|
| Full-time  | 0     | 0     | 0     | 0     | 0     | 0     |
| Part-time  | 0     | 0     | 0     | 0     | 0     | 0     |
| Temporary  | 0     | 0     | 0     | 0     | 0     | 0     |

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: *Jan Strandberg*, General Counsel Phone: 264-8228  
Division: Alaska Court System Date: 03/14/88  
Approved by: *Stephanie Cole, for -* Arthur H. Snowden, II, Administrative Director Date: 03/14/88  
Agency: Alaska Court System

- Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management & Budget  
Impacted Agency(ies)  
Senate Secretary

Fero ferrous sulfate analysis  
Fero ferrous sulfate  
3/17/88

**ALASKA STATE LEGISLATURE**

.15th. Legislature **SECOND.** Session

HOUSE BILL..... NO. 468.

By **SUND, GRUENBERG**.....

"An Act providing for the adoption of the Alaska Uniform Transfers to Minors Act; and providing for an effective date."

Introduced in the House 2/15., 19 .88.

**HISTORY IN THE HOUSE**

|           |                  |  |        |                |         |      |        |                  |           |         |          |        |
|-----------|------------------|--|--------|----------------|---------|------|--------|------------------|-----------|---------|----------|--------|
| 1988      |                  | Read first time and referred to Committee on   |        |                |         |      |        |                  |           |         |          |        |
| FEB 15    |                  | <b>HESS, JUDICIARY, FINANCE</b>  |        |                |         |      |        |                  |           |         |          |        |
|           |                  | Reported back with recommendation that   |        |                |         |      |        |                  |           |         |          |        |
| Mar 17    |                  | <i>Hess, 3 do pass, 2 No Rec<br/>20 + 2018<br/>To Judiciary</i>  |        |                |         |      |        |                  |           |         |          |        |
| Mar 29    |                  | <i>Judiciary - 4 do pass, 1 No Rec<br/>To Finance</i>  |        |                |         |      |        |                  |           |         |          |        |
| Apr 29    |                  | <i>Finance - 8 No Rec 2 do pass<br/>1 "may need am" To Rules</i>   |        |                |         |      |        |                  |           |         |          |        |
|           |                  | Read second time and   |        |                |         |      |        |                  |           |         |          |        |
| May 3     |                  | <i>approved</i>  |        |                |         |      |        |                  |           |         |          |        |
|           |                  | Read third time and  |        |                |         |      |        |                  |           |         |          |        |
| May 3     |                  |  |        |                |         |      |        |                  |           |         |          |        |
| May 3     |                  | <table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas 39</td><td>Yeas</td></tr> <tr><td>Nays 0</td><td>Nays <i>None</i></td></tr> <tr><td>Excused 0</td><td>Excused</td></tr> <tr><td>Absent 1</td><td>Absent</td></tr> </table> | PASSED | Effective Date | Yeas 39 | Yeas | Nays 0 | Nays <i>None</i> | Excused 0 | Excused | Absent 1 | Absent |
| PASSED    | Effective Date   |  |        |                |         |      |        |                  |           |         |          |        |
| Yeas 39   | Yeas             |  |        |                |         |      |        |                  |           |         |          |        |
| Nays 0    | Nays <i>None</i> |  |        |                |         |      |        |                  |           |         |          |        |
| Excused 0 | Excused          |  |        |                |         |      |        |                  |           |         |          |        |
| Absent 1  | Absent           |  |        |                |         |      |        |                  |           |         |          |        |
|           |                  | Reconsideration<br>Reconsideration not taken up  |        |                |         |      |        |                  |           |         |          |        |
|           |                  | <table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>                      | PASSED | Effective Date | Yeas    | Yeas | Nays   | Nays             | Excused   | Excused | Absent   | Absent |
| PASSED    | Effective Date   |  |        |                |         |      |        |                  |           |         |          |        |
| Yeas      | Yeas             |  |        |                |         |      |        |                  |           |         |          |        |
| Nays      | Nays             |  |        |                |         |      |        |                  |           |         |          |        |
| Excused   | Excused          |  |        |                |         |      |        |                  |           |         |          |        |
| Absent    | Absent           |  |        |                |         |      |        |                  |           |         |          |        |
| 53        | 3                | Reported correctly engrossed   |        |                |         |      |        |                  |           |         |          |        |
| 53        | 3                | Signed by Speaker  |        |                |         |      |        |                  |           |         |          |        |
| 53        | 3                | Sent to Senate   |        |                |         |      |        |                  |           |         |          |        |
|           |                  | <i>Sherrill Pastern</i><br>CHIEF CLERK OF THE HOUSE  |        |                |         |      |        |                  |           |         |          |        |

**HISTORY IN THE SENATE**

|         |                |   |        |                |      |      |      |      |         |         |        |        |
|---------|----------------|---|--------|----------------|------|------|------|------|---------|---------|--------|--------|
| 19      |                | Read first time and referred to Committee on  |        |                |      |      |      |      |         |         |        |        |
| 53      |                | <b>JUD FIN</b>  |        |                |      |      |      |      |         |         |        |        |
|         |                | Reported back with recommendation that -  |        |                |      |      |      |      |         |         |        |        |
| 59      |                | <i>Judiciary waived</i>   |        |                |      |      |      |      |         |         |        |        |
| 59      |                | <i>To Fin</i>   |        |                |      |      |      |      |         |         |        |        |
|         |                | Read second time and  |        |                |      |      |      |      |         |         |        |        |
|         |                | Read third time and   |        |                |      |      |      |      |         |         |        |        |
|         |                | <table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table> | PASSED | Effective Date | Yeas | Yeas | Nays | Nays | Excused | Excused | Absent | Absent |
| PASSED  | Effective Date |   |        |                |      |      |      |      |         |         |        |        |
| Yeas    | Yeas           |   |        |                |      |      |      |      |         |         |        |        |
| Nays    | Nays           |   |        |                |      |      |      |      |         |         |        |        |
| Excused | Excused        |   |        |                |      |      |      |      |         |         |        |        |
| Absent  | Absent         |   |        |                |      |      |      |      |         |         |        |        |
|         |                | Reconsideration<br>Reconsideration not taken up   |        |                |      |      |      |      |         |         |        |        |
|         |                | <table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table> | PASSED | Effective Date | Yeas | Yeas | Nays | Nays | Excused | Excused | Absent | Absent |
| PASSED  | Effective Date |   |        |                |      |      |      |      |         |         |        |        |
| Yeas    | Yeas           |   |        |                |      |      |      |      |         |         |        |        |
| Nays    | Nays           |   |        |                |      |      |      |      |         |         |        |        |
| Excused | Excused        |   |        |                |      |      |      |      |         |         |        |        |
| Absent  | Absent         |   |        |                |      |      |      |      |         |         |        |        |
|         |                | Reported correctly engrossed  |        |                |      |      |      |      |         |         |        |        |
|         |                | Signed by President   |        |                |      |      |      |      |         |         |        |        |
|         |                | Returned to House   |        |                |      |      |      |      |         |         |        |        |
|         |                | SECRETARY OF THE SENATE   |        |                |      |      |      |      |         |         |        |        |

**HISTORY IN THE HOUSE**

|    |  |  |
|----|--|--|
| 19 |  | Received from Senate   |
|    |  | Concurred in Senate amendment thus adopting:<br>VOTE                 |
|    |  | Failed to concur in Senate amendment; asked Senate to recede<br>VOTE |
|    |  | Senate receded from amendment<br>VOTE                                |
|    |  | Senate failed to recede from amendment<br>VOTE                       |
|    |  | CC appointed by House  |
|    |  | CC appointed by Senate   |
|    |  | CC adopted by House<br>VOTE  |
|    |  | CC adopted by Senate<br>VOTE   |
|    |  | To enrolling<br>Reported correctly enrolled<br>Sent to Governor      |
|    |  | ..... by Governor  |
|    |  | Filed with Lt. Governor  |
|    |  | Chapter No. ....   |

HB

472

# HOUSE COMMITTEE REPORT

(11)

Date referred: 3/21/88

FURTHER REFERRALS:

DATE: 4-25-88

The Finance Committee has considered HB 472

"An Act relating to mechanical administrators."

**RECOMMENDS:**

- replace with CS HB 472 (FDN)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

\_\_\_\_\_  
 Larson Bob Larson  
 Sivack Bill Sivack  
 Boyer Mark Boyer  
 Frank \_\_\_\_\_  
 Brown Ray Brown  
 Davis Mike Davis  
 Pourchet Pat Pourchet  
 \_\_\_\_\_  
 \_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

Peter Jones  
Steve King  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Pat Pourchet vice-chair  
 Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to mechanical administrators.  
Sponsor: House Finance  
Requestor: \_\_\_\_\_

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       | 5.3   | 3.9   | 3.9   | 3.9   | 3.9   |
| CONTRACTUAL       |       | 2.0   | 2.0   | 2.0   | 2.0   | 2.0   |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   |       | 7.3   | 5.9   | 5.9   | 5.9   | 5.9   |
| CAPITAL           |       |       |       |       |       |       |
| REVENUE           |       | 15.0  | **    |       |       |       |

FUNDING: (Thousands of Dollars)

|               |  |     |     |     |     |     |
|---------------|--|-----|-----|-----|-----|-----|
| GENERAL FUND  |  |     |     |     |     |     |
| FEDERAL FUNDS |  |     |     |     |     |     |
| OTHER GF/PR   |  | 7.3 | 5.9 | 5.9 | 5.9 | 5.9 |
| TOTAL         |  | 7.3 | 5.9 | 5.9 | 5.9 | 5.9 |

POSITIONS:

|           |  |   |   |   |   |   |
|-----------|--|---|---|---|---|---|
| FULL-TIME |  | 0 | 0 | 0 | 0 | 0 |
| PART-TIME |  | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY |  | 0 | 0 | 0 | 0 | 0 |

ANALYSIS : (Attach a separate page if necessary)

(SEE ATTACHED)

*RAB*

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144  
Division: Occupational Licensing Date: 4/25/88

Approved by Commissioner: J. Anthony Smith Date: 4/25/88  
Agency: Commerce and Economic Development

Distribution (by preparer):

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

**CONTINUATION of FISCAL NOTE ANALYSIS**

1986 LEGISLATIVE YEAR

For Bill/Resolution No. HB 472

**TRAVEL:** The bill establishes a Board of Mechanical Examiners consisting of three members. Section 08.40.220(c) also mandates the board to meet at least annually and to hold other meetings at the call of the chair. In addition, Section 08.40.250 requires the exam to be administered at least twice a year. It is anticipated that at least three meetings will be required during the first year as a result of the Board's new regulatory responsibilities. This fiscal note is therefore based on three members holding three board meetings and exams in conjunction with two of the meetings. Two meetings and exams are budgeted for subsequent years.

**ANCHORAGE MEETING:**

| Member from:   | <u>TRANSPORTATION</u> | <u>PER DIEM</u> | <u>TOTAL</u>    |
|--|-----------------------|-----------------|-----------------|
| Anchorage  | 0                     | 320.00          | 320.00          |
| Nome   | 440.00                | 320.00          | 760.00          |
| Fairbanks  | 232.00                | 340.00*         | 572.00          |
| (*Two day meeting (@\$80 per day) in Anchorage, and two days of exams (@\$90 per day) in Fairbanks.) |                       |                 |                 |
| <b>Sub-Total:</b>  | <b>672.00</b>         | <b>980.00</b>   | <b>1,652.00</b> |

**JUNEAU MEETING:**

|                   |                 |               |                 |
|-------------------|-----------------|---------------|-----------------|
| Anchorage         | 366.00          | 320.00        | 686.00          |
| Nome              | 682.00          | 320.00        | 1,002.00        |
| Fairbanks         | 436.00          | 160.00        | 596.00          |
| <b>Sub-Total:</b> | <b>1,484.00</b> | <b>800.00</b> | <b>2,284.00</b> |

**FAIRBANKS MEETING:**

|                   |               |               |                 |
|-------------------|---------------|---------------|-----------------|
| Anchorage         | 232.00        | 180.00        | 412.00          |
| Nome              | 470.00        | 270.00        | 740.00          |
| Fairbanks         | 0             | 180.00        | 180.00          |
| <b>Sub-Total:</b> | <b>702.00</b> | <b>630.00</b> | <b>1,332.00</b> |

|               |                        |                        |                        |
|---------------|------------------------|------------------------|------------------------|
| <b>TOTAL:</b> | <b><u>2,858.00</u></b> | <b><u>2,410.00</u></b> | <b><u>5,268.00</u></b> |
|---------------|------------------------|------------------------|------------------------|

**CONTRACTUAL:**

Printing of applications, statute booklets and other informational material; Advertising of meetings, exams and regulations; postage, telephone and other standard operating costs.

\$2,000.00

**\*\*REVENUES:**

Revenues are contingent upon the number of mechanical administrator licensees. In the first year, it is anticipated that at least 150 individuals will seek licensure. Assuming the license fee is \$100, a total of \$15,000.00 would be generated in the first year. Depending on the actual number of licensees, the revenues generated from licensing fees may not cover the entire cost of the licensing program within central licensing at \$100 per licensee.

Original sponsors: Boyer, Boucher  
and Ellis

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 472 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to mechanical administrators and  
7 construction contractors; and providing for an effec-  
8 tive date."

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

10 \* Section 1. AS 08.01.010 is amended by adding a new paragraph to read:

11 (28) Board of Mechanical Examiners (AS 08.40.220).

12 \* Sec. 2. AS 08.03.010(c) is amended by adding a new paragraph to read:

13 (21) Board of Mechanical Examiners (AS 08.40.220) --

14 June 30, 1992.

15 \* Sec. 3. AS 08.18 is amended by adding a new section to read:

16 Sec. 08.18.028. MECHANICAL CONTRACTORS. (a) The department may  
17 not issue a certificate of registration as a mechanical contractor to  
18 an applicant unless the applicant is, or employs, a person currently  
19 licensed as a mechanical administrator under AS 08.40.

20 (b) Each applicant for a mechanical contractor's certificate of  
21 registration may employ more than one mechanical administrator.

22 (c) If the relationship of the only mechanical administrator  
23 with a registered mechanical contractor is terminated, the registra-  
24 tion is void 30 days after the next regularly scheduled mechanical  
25 administrator's examination unless the mechanical contractor has hired  
26 a licensed mechanical administrator in the interim.

27 \* Sec. 4. AS 08.18.041 is amended to read:

28 Sec. 08.18.041. FEES. The department [DEPARTMENT OF COMMERCE  
29 AND ECONOMIC DEVELOPMENT] shall set registration and renewal fees

1 under AS 08.01.065 for the following:

- 2 (1) general contractor; *with license*  
3 (2) specialty contractor;  
4 (3) mechanical contractor.

5 \* Sec. 5. AS 08.18.071(b) is amended to read:

6 (b) If the applicant is a general contractor, the amount of the  
7 bond shall be \$10,000; if the applicant is a mechanical or specialty  
8 contractor, the amount of the bond shall be \$5,000. In lieu of the  
9 surety bond the applicant may file with the commissioner a cash depos-  
10 it or other negotiable security acceptable to the commissioner in the  
11 amount specified for bonds.

12 \* Sec. 6. AS 08.18.171(3) is repealed and reenacted to read:

13 (3) "contractor" means a person who, in the pursuit of an  
14 independent business, undertakes or offers to perform, or claims to  
15 have the capacity to perform, or submits a bid for a project to con-  
16 struct, alter, repair, move, or demolish a building, highway, road,  
17 railroad, or any type of fixed structure, including excavation and  
18 site development and erection of scaffolding; "contractor" includes a  
19 general contractor, builder, mechanical contractor, speciality con-  
20 tractor, and subcontractor;

21 \* Sec. 7. AS 08.18.171 is amended by adding a new paragraph to read:

22 (5) "trade" means a skill used in the field of construc-  
23 tion, as defined by regulation by the department.

24 \* Sec. 8. AS 08.18.171 is amended by adding new paragraphs to read:

25 (6) "builder" means general contractor;

26 (7) "general contractor" means a contractor whose business  
27 operations require the use of more than three trades or the use of  
28 mechanical or specialty contractors and subcontractors who are under  
29 the supervision of the contractor;

1           (8) "mechanical contractor" means a contractor whose busi-  
2           ness operations involve plumbing, pipe fitting, sheet metal, heating,  
3           air conditioning, ventilating, or sprinkler and dry chemical fire  
4           protection trades in order to install or modify mechanical piping and  
5           systems, devices, fixtures, and equipment or other mechanical mate-  
6           rials subject to the following codes as published by the International  
7           Association of Plumbing and Mechanical Officials or the International  
8           Conference of Building Officials:

9                   (A) Uniform Plumbing Code;

10                   (B) Uniform Swimming Pool, Spa, and Hot Tub Code;

11                   (C) Uniform Solar Energy Code; and

12                   (D) Uniform Mechanical Code;

13           (9) "specialty contractor" means a contractor, other than a  
14           mechanical contractor, whose business operations require the use of  
15           not more than three trades.

16 \* Sec. 9. AS 08.40 is amended by adding new sections to read:

17                   ARTICLE 4. MECHANICAL ADMINISTRATORS.

18           Sec. 08.40.210. PURPOSE. The purpose of AS 08.40.210 - 08.40.-  
19           490 is to protect the safety of people and property in the state from  
20           the danger of improperly installed or modified mechanical systems by  
21           providing a procedure to

22                   (1) assure the public that persons responsible for making  
23           mechanical installations in this state are qualified; and

24                   (2) assure that a sufficient number of persons are so  
25           qualified.

26           Sec. 08.40.220. BOARD OF MECHANICAL EXAMINERS. (a) There is  
27           created the Board of Mechanical Examiners consisting of three members.  
28           Each member of the board shall reside in a different judicial district  
29           of the state. Two members of the board shall be licensed mechanical

1 administrators and one member shall be a public member. One of the  
2 licensed mechanical administrator members of the board shall be a  
3 resident of a community with a population of less than 5,000 persons.

4 (b) The members of the board shall elect one of its members as  
5 chair.

6 (c) The board shall meet at least annually. The board may hold  
7 other meetings at the call of the chair.

8 Sec. 08.40.230. CATEGORIES OF LICENSES. The board may adopt  
9 regulations establishing categories of mechanical administrators,  
10 qualifications for those categories, and the content of examinations  
11 for applicants for each category.

12 Sec. 08.40.240. REGULATIONS. The board shall adopt regulations  
13 under the Administrative Procedure Act (AS 44.62), relating to the ex-  
14 amination and licensing of mechanical administrators, the establishing  
15 of the continued competency of licensees for license renewal and  
16 reinstatement, and the suspension or revocation of licenses.

17 Sec. 08.40.250. EXAMINATIONS. The board shall conduct licensing  
18 examinations at least twice each year at appropriate places in the  
19 state.

20 Sec. 08.40.260. LICENSE REQUIRED. (a) A person may not act as  
21 a mechanical administrator without a license.

22 (b) A person licensed under AS 08.40.210 - 08.40.490 may perform  
23 work only in a category for which the person is licensed.

24 Sec. 08.40.270. EXAMINATION OF APPLICANT. (a) Each applicant  
25 shall be examined to determine the applicant's

26 (1) ability to understand plans, design specifications, and  
27 engineering terms commonly used in the mechanical field;

28 (2) knowledge of mechanical installations and piping;

29 (3) familiarity with the requirements of the Uniform

1 Plumbing Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform  
2 Solar Energy Code, and the Uniform Mechanical Code currently in effect  
3 in the state;

4 (4) familiarity with mechanical installation problems and  
5 the usages of the trade peculiar to this state; and

6 (5) personal skill and ability.

7 (b) If an applicant for a license submits proof satisfactory to  
8 the board that the applicant is licensed as a mechanical administrator  
9 or the equivalent by another state or territory, meets qualifications  
10 established by the board under AS 08.40.230, and has passed an ex-  
11 amination equivalent to the test administered under (a) of this sec-  
12 tion except insofar as that examination tests knowledge and skill  
13 particularly required to meet the environment and usages of the trade  
14 peculiar to this state, the board shall waive all of the examination  
15 required under (a) of this section except those parts that test knowl-  
16 edge and skill particularly required to meet the environment and  
17 usages of the trade peculiar to this state.

18 Sec. 08.40.280. ADMINISTRATOR LIMITED TO ONE LICENSED CONTRAC-  
19 TOR. A person may not qualify or operate as a mechanical adminis-  
20 trator for more than one registered contractor, corporation, joint  
21 venture, or other business entity, unless the municipality or communi-  
22 ty where the person qualifies or operates as a mechanical administra-  
23 tor is the principal place of business of fewer than three mechanical  
24 administrators.

25 Sec. 08.40.290. RENEWAL AND REINSTATEMENT. (a) A license  
26 issued under AS 08.40.210 - 08.40.490 is nontransferable and, unless  
27 revoked or suspended, may be renewed on a date set by the department  
28 upon proof of continued competency.

29 (b) A lapsed license may be reinstated upon proof of continued

1 competency by payment of all unpaid renewal fees and any penalty fee  
2 established under AS 08.01.100(b), unless the license has been lapsed  
3 for more than two years. If a person's license has been lapsed for  
4 more than two years, the person is required to take an examination  
5 under AS 08.40.270.

6 Sec. 08.40.300. ISSUANCE AND DISPLAY OF LICENSE. An applicant  
7 who successfully passes the examination shall receive a certificate of  
8 license. The licensee shall prominently display the certificate,  
9 while in effect, in the licensee's principal place of business.

10 Sec. 08.40.310. FEES. Each applicant and each licensee shall  
11 pay application and renewal fees established under AS 08.01.065.

12 Sec. 08.40.320. DENIAL, SUSPENSION, AND REVOCATION OF LICENSE.

13 (a) The board may take disciplinary action against a licensee or  
14 applicant upon a finding that

15 (1) the application is fraudulent or misleading;

16 (2) the licensee has knowingly violated AS 08.40.210 -  
17 08.40.490 or an order or regulation of the board or the department; or

18 (3) the licensee is incompetent or has engaged in fraudu-  
19 lent practices.

20 (b) Notice of a proposed denial, suspension, or revocation of  
21 license shall be in writing and shall state the grounds.

22 (c) Proceedings for the denial, suspension, or revocation of a  
23 license shall be governed by the Administrative Procedure Act (AS 44.-  
24 62).

25 Sec. 08.40.330. INVESTIGATIONS. Either the Department of Com-  
26 merce and Economic Development or the Department of Labor may investi-  
27 gate alleged or apparent violations of AS 08.40.210 - 08.40.490. A  
28 department, upon showing proper credentials, may enter, during regular  
29 hours of work, a construction site where it appears that mechanical

1 work is being done. A department may make inquiries about the identi-  
2 ty of the mechanical administrator or the person acting in the capaci-  
3 ty of a mechanical administrator. Upon demand, a mechanical adminis-  
4 trator or person acting in the capacity of a mechanical administrator,  
5 or that person's representative, shall produce evidence of current  
6 licensure.

7 Sec. 08.40.340. ISSUANCE OF CITATIONS. Either the Department of  
8 Commerce and Economic Development or the Department of Labor may issue  
9 a citation for a violation if there is probable cause to believe a  
10 person has violated AS 08.40.210 - 08.40.490. Each day a violation  
11 continues after a citation for the violation has been issued consti-  
12 tutes a separate violation.

13 Sec. 08.40.350. PROCEDURE AND FORM OF CITATION. (a) A citation  
14 issued under AS 08.40.340 must be in writing. A person receiving the  
15 citation is not required to sign a notice to appear in court.

16 (b) The time specified in the notice to appear on a citation  
17 issued under AS 08.40.340 must be at least five days, not including  
18 weekends and holidays, after the issuance of the citation, unless the  
19 person cited requests an earlier hearing.

20 (c) The Department of Commerce and Economic Development and the  
21 Department of Labor are responsible for the issuance of books contain-  
22 ing appropriate citations, and each shall maintain a record of each  
23 book issued and each citation contained in it. Each department shall  
24 require and retain a receipt for every book issued to an employee of  
25 that department.

26 (d) The department that issues a citation under AS 08.40.340  
27 shall deposit the original or a copy of the citation with a court  
28 having jurisdiction over the alleged offense. Upon its deposit with  
29 the court, the citation may be disposed of only by trial in the court

1 or other official action taken by the magistrate, judge, or prosecu-  
2 tor. The department that issued the citation may not dispose of it or  
3 copies of it or of the record of its issuance except as required under  
4 this subsection and (e) of this section.

5 (e) The Department of Commerce and Economic Development and the  
6 Department of Labor shall require the return of a copy of every cita-  
7 tion issued by the respective department under AS 08.40.340 and of all  
8 copies of every citation that has been spoiled or upon which an entry  
9 has been made and not issued to an alleged violator. The departments  
10 shall also maintain, in connection with every citation issued by the  
11 respective department, a record of the disposition of the charge by  
12 the court where the original or copy of the citation was deposited.

13 (f) If the form of citation issued under AS 08.40.340 includes  
14 the essential facts constituting the offense charged, and if the  
15 citation is sworn to as required under the laws of this state for a  
16 complaint charging commission of the offense alleged in the citation,  
17 then the citation when filed with a court having jurisdiction is  
18 considered to be a lawful complaint for the purpose of prosecution.

19 Sec. 08.40.360. CEASE AND DESIST ORDER. (a) If the commis-  
20 sioner of commerce and economic development determines that a person  
21 is acting as a mechanical administrator in violation of AS 08.40.210 -  
22 08.40.490 the commissioner may issue a cease and desist order pro-  
23 hibiting further action by the person as a mechanical administrator.  
24 The cease and desist order remains in effect until the person has  
25 submitted evidence acceptable to the commissioner showing that the  
26 violation has been corrected.

27 (b) A person affected by an order issued under (a) of this  
28 section may seek equitable relief preventing the commissioner of  
29 commerce and economic development from enforcing the order.

1           Sec. 08.40.370. INJUNCTIVE RELIEF. The commissioner of commerce  
2 and economic development may seek an injunction in the superior court  
3 to enjoin a person from violating AS 08.40.210 - 08.40.490.

4           Sec. 08.40.380. PENALTIES. (a) A person who knowingly violates  
5 AS 08.40.210 - 08.40.490, or who knowingly violates a regulation or  
6 order of the board or the department, is guilty of a misdemeanor, and  
7 upon conviction is punishable by a fine of not more than \$300, or by  
8 imprisonment for not more than 60 days, or by both.

9           (b) Unless the citation has been voided or otherwise dismissed  
10 by the magistrate, judge, or prosecutor, a person who without lawful  
11 justification or excuse fails to appear in court to answer a citation  
12 issued under AS 08.40.340, regardless of the disposition of the charge  
13 for which the citation was issued, is guilty of a class B misdemeanor.

14           Sec. 08.40.390. EXCLUSIONS. (a) AS 08.40.210 - 08.40.490 do  
15 not apply to a utility, municipality, or local governing body whose  
16 employees are engaged in mechanical work on an integral part of a  
17 system owned and operated by the utility, municipality, or local  
18 governing body.

19           (b) AS 08.40.210 - 08.40.490 do not apply to a person engaged in

20           (1) the manufacture or repair of mechanical apparatus or  
21 equipment;

22           (2) mechanical work, the cost of which does not exceed  
23 \$25,000, involving residences or small commercial establishments in  
24 communities that

25           (A) have a population of under 5,000; or

26           (B) are over 50 miles by air or water transportation  
27 from the business place of a mechanical administrator licensed  
28 under AS 08.40.210 - 08.40.490;

29           (3) mechanical installation on a single-family residence or

1 a two-family residence that is not intended for sale at the time of  
2 making the installation;

3 (4) installation of water lines or sanitary, storm, or  
4 drain sewer lines more than five feet from a building.

5 Sec. 08.40.400. PERSONAL SUPERVISION. A person licensed under  
6 AS 08.40.210 - 08.40.490 as a mechanical administrator who contracts  
7 to install or modify mechanical piping and systems, devices, fixtures,  
8 equipment, or other mechanical materials, shall personally inspect  
9 those materials after installation and modification unless the instal-  
10 lation or modification amounts to simple or highly standardized work  
11 performed in less than 24 man-hours by personnel generally under the  
12 supervision of the mechanical administrator.

13 Sec. 08.40.490. DEFINITIONS. In AS 08.40.210 - 08.40.490

14 (1) "department" means the Department of Commerce and  
15 Economic Development except where the context otherwise requires;

16 (2) "manufacture" means fabrication or completion of a  
17 product or mechanical apparatus exclusive of its completion or instal-  
18 lation at a job site;

19 (3) "mechanical administrator" means a person engaged in  
20 the business of, or purporting to be engaged in the business of,  
21 installing or modifying, or contracting to install or modify, mechan-  
22 ical piping and systems, devices, fixtures, equipment, or other mechan-  
23 ical materials subject to the Uniform Plumbing Code, Uniform Swimming  
24 Pool, Spa, and Hot Tub Code, Uniform Solar Energy Code, and the Uni-  
25 form Mechanical Code as published by the International Association of  
26 Plumbing and Mechanical Officials and the International Conference of  
27 Building Officials;

28 (4) "mechanical piping" includes piping fixtures, devices,  
29 and equipment;

1 (5) "utility" means every public, cooperative, or other  
2 corporation, company, individual, or association of individuals, their  
3 lessees, trustees, or receivers appointed by a court, that owns,  
4 operates, manages, or controls a plant or system for

5 (A) furnishing, by generation, transmission, or dis-  
6 tribution, electrical service, fuel gas service, district heat-  
7 ing, sewage disposal, or domestic water service to the public for  
8 compensation;

9 (B) furnishing telecommunications service to the  
10 public for compensation.

11 \* Sec. 10. INITIAL APPOINTMENTS TO THE BOARD. A person is eligible for  
12 an initial appointment to the Board of Mechanical Examiners, created under  
13 sec. 9 of this Act, as a professional member of the board, if at the time  
14 of the appointment the person

15 (1) understands plans, design specifications, and engineering  
16 terms commonly used in mechanical installations and piping;

17 (2) is familiar with mechanical installations and piping and  
18 with mechanical installation problems peculiar to this state;

19 (3) is familiar with the requirements of the Uniform Plumbing  
20 Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform Solar Energy  
21 Code, and Uniform Mechanical Code that are currently in effect in the  
22 state; and

23 (4) satisfies the qualifications for appointment, other than  
24 licensure, as set out in AS 08.40.220, as added by sec. 9 of this Act.

25 \* Sec. 11. LICENSURE BY QUALIFICATION. (a) Notwithstanding AS 08.40.-  
26 230, 08.40.270, and 08.40.300, as added by sec. 9 of this Act, a person may  
27 qualify for and receive without examination a license as a mechanical  
28 administrator in those categories of mechanical administration for which  
29 the person is qualified, if the person

1 (1) has functioned as a mechanical administrator in the state  
2 during the two years before the effective date of this section; and

3 (2) applies for licensure before July 1, 1989.

4 (b) A person who applies for licensure under this section is exempt  
5 from AS 08.40.260, as added by sec. 9 of this Act, until the person's  
6 application has been accepted or rejected by the Board of Mechanical Exam-  
7 iners.

8 (c) A license issued under this section is for all purposes a license  
9 issued under AS 08.40.300, as added by sec. 9 of this Act.

10 \* Sec. 12. TRANSITIONAL PROVISION. In addition to the requirements of  
11 AS 08.18.028, as added by sec. 3 of this Act, by July 1, 1989, the follow-  
12 ing persons must be, or employ a person who is, a licensed mechanical  
13 administrator under AS 08.40, as added by sec. 9 of this Act:

14 (1) a person who is a registered mechanical contractor on Ju-  
15 ly 1, 1989;

16 (2) a person who applies before July 1, 1989, to be a registered  
17 mechanical contractor and is issued a certificate of registration after  
18 July 1, 1989.

19 \* Sec. 13. Sections 1, 2, 7, and 9 - 11 of this Act take effect immedi-  
20 ately under AS 01.10.070(c).

21 \* Sec. 14. Sections 4 - 6, 8, and 12 of this Act take effect Decem-  
22 ber 31, 1988.

23 \* Sec. 15. Section 3 of this Act takes effect July 1, 1989.  
24  
25  
26  
27  
28  
29

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 472  
PUBLISH DATE: 2/15/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to mechanical administrators.  
Sponsor: Reps. Bover, Boucher & Ellis  
Requestor: \_\_\_\_\_

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       | 4.5   | 3.2   | 3.2   | 3.2   | 3.2   |
| CONTRACTUAL       |       | 2.0   | 2.0   | 2.0   | 2.0   | 2.0   |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   |       | 6.5   | 5.2   | 5.2   | 5.2   | 5.2   |
| CAPITAL           |       |       |       |       |       |       |
| REVENUE           |       | 3.0   | **    |       |       |       |

FUNDING: (Thousands of Dollars)

|               |  |     |     |     |     |     |
|---------------|--|-----|-----|-----|-----|-----|
| GENERAL FUND  |  |     |     |     |     |     |
| FEDERAL FUNDS |  |     |     |     |     |     |
| OTHER         |  | 6.5 | 5.2 | 5.2 | 5.2 | 5.2 |
| TOTAL         |  | 6.5 | 5.2 | 5.2 | 5.2 | 5.2 |

POSITIONS:

|           |  |   |   |   |   |   |
|-----------|--|---|---|---|---|---|
| FULL-TIME |  | 0 | 0 | 0 | 0 | 0 |
| PART-TIME |  | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY |  | 0 | 0 | 0 | 0 | 0 |

ANALYSIS : (Attach a separate page if necessary)

(SEE ATTACHED)

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144  
Division: Occupational Licensing Date: 3/15/88

Approved by Commissioner: J. Anthony Smith Date: 3/16/88  
Agency: Commerce and Economic Development

Distribution (by preparer):

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

MAR 17 1988

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 472

TRAVEL: The bill establishes a Board of Mechanical Examiners consisting of three members. Section 08.40.220(c) also mandates the board to meet at least annually and to hold other meetings at the call of the chair. In addition, Section 08.40.250 requires the exam to be administered at least twice a year. It is anticipated that at least three meetings will be required during the first year as a result of the Board's new regulatory responsibilities. This fiscal note is therefore based on three members holding three board meetings and exams in conjunction with two of the meetings. Two meetings and exams are budgeted for subsequent years.

ANCHORAGE MEETING

| Member from:  | <u>TRANSPORTATION</u> | <u>PER DIEM</u> | <u>TOTAL</u> |
|---|-----------------------|-----------------|--------------|
| Anchorage   | 0                     | 320.00          | 320.00       |
| Juneau  | 366.00                | 320.00          | 686.00       |
| Fairbanks   | 232.00                | 340.00*         | 572.00       |
| (*Two day meeting (@ \$80 per day) in Anchorage, and two days of exams (@\$90 per day) in Fairbanks.) |                       |                 |              |
| <br>Sub-Total:  | <br>598.00            | <br>980.00      | <br>1,578.00 |

JUNEAU MEETING

|                |            |            |              |
|----------------|------------|------------|--------------|
| Anchorage      | 366.00     | 320.00     | 686.00       |
| Juneau         | 0          | 320.00     | 320.00       |
| Fairbanks      | 436.00     | 160.00     | 596.00       |
| <br>Sub-Total: | <br>802.00 | <br>800.00 | <br>1,602.00 |

FAIRBANKS

|                |            |            |              |
|----------------|------------|------------|--------------|
| Anchorage      | 232.00     | 180.00     | 412.00       |
| Juneau         | 436.00     | 270.00     | 706.00       |
| Fairbanks      | 0          | 180.00     | 180.00       |
| <br>Sub-Total: | <br>668.00 | <br>630.00 | <br>1,298.00 |

|  |        |                    |                 |                 |
|--|--------|--------------------|-----------------|-----------------|
|  | TOTAL: | \$ <u>2,068.00</u> | <u>2,410.00</u> | <u>4,478.00</u> |
|--|--------|--------------------|-----------------|-----------------|

CONTRACTUAL:

Printing of applications, statute booklets and other informational material; Advertising of meetings, exams and regulations; postage, telephone and other standard operating costs. \$ 2,000.00

\*\*Revenues are contingent upon the number of mechanical administrator licensees. In the first year, it is anticipated that at least 30 individuals will seek licensure. Assuming the license fee is \$100, a total of \$3,000.00 would be generated in the first year. Depending on the actual number of licensees, the revenues generated from licensing fees may not cover the entire cost of the licensing program within central licensing at \$100 per licensee.

R10 4-25

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CS HB 472  
PUBLISH DATE: 4/25/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to mechanical  
administrators.  
Sponsor: House Finance  
Requestor: \_\_\_\_\_

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       | 5.3   | 3.9   | 3.9   | 3.9   | 3.9   |
| CONTRACTUAL       |       | 2.0   | 2.0   | 2.0   | 2.0   | 2.0   |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   |       | 7.3   | 5.9   | 5.9   | 5.9   | 5.9   |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|         |  |      |    |  |  |  |
|---------|--|------|----|--|--|--|
| REVENUE |  | 15.0 | ** |  |  |  |
|---------|--|------|----|--|--|--|

FUNDING: (Thousands of Dollars)

|               |  |     |     |     |     |     |
|---------------|--|-----|-----|-----|-----|-----|
| GENERAL FUND  |  |     |     |     |     |     |
| FEDERAL FUNDS |  |     |     |     |     |     |
| OTHER GF/PR   |  | 7.3 | 5.9 | 5.9 | 5.9 | 5.9 |
| TOTAL         |  | 7.3 | 5.9 | 5.9 | 5.9 | 5.9 |

POSITIONS:

|           |  |   |   |   |   |   |
|-----------|--|---|---|---|---|---|
| FULL-TIME |  | 0 | 0 | 0 | 0 | 0 |
| PART-TIME |  | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY |  | 0 | 0 | 0 | 0 | 0 |

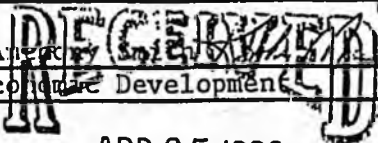
ANALYSIS : (Attach a separate page if necessary)

(SEE ATTACHED)

RFB

Prepared by: Jennifer Strickler, Management Analyst Phone: 465-2144  
Division: Occupational Licensing Date: 4/25/88

Approved by Commissioner: J. Amodeo Date: 4/25/88  
Agency: Commerce and Economic Development



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

LEGISLATIVE FINANCE

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 472

**TRAVEL:** The bill establishes a Board of Mechanical Examiners consisting of three members. Section 08.40.220(c) also mandates the board to meet at least annually and to hold other meetings at the call of the chair. In addition, Section 08.40.250 requires the exam to be administered at least twice a year. It is anticipated that at least three meetings will be required during the first year as a result of the Board's new regulatory responsibilities. This fiscal note is therefore based on three members holding three board meetings and exams in conjunction with two of the meetings. Two meetings and exams are budgeted for subsequent years.

**ANCHORAGE MEETING:**

| Member from:   | <u>TRANSPORTATION</u> | <u>PER DIEM</u> | <u>TOTAL</u> |
|--|-----------------------|-----------------|--------------|
| Anchorage  | 0                     | 320.00          | 320.00       |
| Nome   | 440.00                | 320.00          | 760.00       |
| Fairbanks  | 232.00                | 340.00*         | 572.00       |
| (*Two day meeting (@\$80 per day) in Anchorage, and two days of exams (@\$90 per day) in Fairbanks.) |                       |                 |              |
| Sub-Total:   | 672.00                | 980.00          | 1,652.00     |

**JUNEAU MEETING:**

|            |          |        |          |
|------------|----------|--------|----------|
| Anchorage  | 366.00   | 320.00 | 686.00   |
| Nome       | 682.00   | 320.00 | 1,002.00 |
| Fairbanks  | 436.00   | 160.00 | 596.00   |
| Sub-Total: | 1,484.00 | 800.00 | 2,284.00 |

**FAIRBANKS MEETING:**

|            |                 |                 |                 |
|------------|-----------------|-----------------|-----------------|
| Anchorage  | 232.00          | 180.00          | 412.00          |
| Nome       | 470.00          | 270.00          | 740.00          |
| Fairbanks  | 0               | 180.00          | 180.00          |
| Sub-Total: | 702.00          | 630.00          | 1,332.00        |
| TOTAL:     | <u>2,858.00</u> | <u>2,410.00</u> | <u>5,268.00</u> |

**CONTRACTUAL:**

Printing of applications, statute booklets and other informational material; Advertising of meetings, exams and regulations; postage, telephone and other standard operating costs. \$2,000.00

**\*\*REVENUES:**

Revenues are contingent upon the number of mechanical administrator licensees. In the first year, it is anticipated that at least 150 individuals will seek licensure. Assuming the license fee is \$100, a total of \$15,000.00 would be generated in the first year. Depending on the actual number of licensees, the revenues generated from licensing fees may not cover the entire cost of the licensing program within central licensing at \$100 per licensee.

5-1451L ✓

Utermohle  
4/7/88

Original sponsors: Boyer, Boucher  
and Ellis

[deleted from L+C CS]  
new to Fin CS

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 472 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to mechanical administrators an  
7 construction contractors; and providing for an effec-  
8 tive date."

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

10 \* Section 1. AS 08.01.010 is amended by adding a new paragraph to read:

11 (28) Board of Mechanical Examiners (AS 08.40.220).

12 \* Sec. 2. AS 08.03.010(c) is amended by adding a new paragraph to read:

13 (21) Board of Mechanical Examiners (AS 08.40.220) --

14 June 30, 1992.

15 \* Sec. 3. AS 08.18 is amended by adding a new section to read:

16 Sec. 08.18.028. MECHANICAL CONTRACTORS. (a) The department may  
17 not issue a certificate of registration as a mechanical contractor to  
18 an applicant unless the applicant is, or employs, a person currently  
19 licensed as a mechanical administrator under AS 08.40.

20 (b) Each applicant for a mechanical contractor's certificate of  
21 registration may employ more than one mechanical administrator.

22 (c) If the relationship of the only mechanical administrator  
23 with a registered mechanical contractor is terminated, the registra-  
24 tion is void 30 days after the next regularly scheduled mechanical  
25 administrator's examination unless the mechanical contractor has hired  
26 a licensed mechanical administrator in the interim.

27 \* Sec. 4. AS 08.18.041 is amended to read:

28 Sec. 08.18.041. FEES. The department [DEPARTMENT OF COMMERCE  
29 AND ECONOMIC DEVELOPMENT] shall set registration and renewal fees

1 under AS 08.01.065 for the following:

- 2 (1) general contractor;  
3 (2) specialty contractor;  
4 (3) mechanical contractor.

5 \* Sec. 5. AS 08.18.071(b) is amended to read:

6 (b) If the applicant is a general contractor, the amount of the  
7 bond shall be \$10,000; if the applicant is a <sup>contractor the</sup> ~~mechanical~~ <sup>or</sup> specialty  
8 <sup>amount of the bond shall be \$7500; if the applicant is a</sup> contractor, the amount of the bond shall be \$5,000. In lieu of the  
9 surety bond the applicant may file with the commissioner a cash depos-  
10 it or other negotiable security acceptable to the commissioner in the  
11 amount specified for bonds.

12 \* Sec. 6. AS 08.18.171(3) is repealed and reenacted to read:

13 (3) "contractor" means a person who, in the pursuit of an  
14 independent business, undertakes or offers to perform, or claims to  
15 have the capacity to perform, or submits a bid for a project to con-  
16 struct, alter, repair, move, or demolish a building, highway, road,  
17 railroad, or any type of fixed structure, including excavation and  
18 site development and erection of scaffolding; "contractor" includes a  
19 general contractor, builder, mechanical contractor, speciality con-  
20 tractor, and subcontractor;

21 \* Sec. 7. AS 08.18.171 is amended by adding a new paragraph to read:

22 (5) "trade" means a skill used in the field of construc-  
23 tion, as defined by regulation by the department.

24 \* Sec. 8. AS 08.18.171 is amended by adding new paragraphs to read:

25 (6) "builder" means general contractor;

26 (7) "general contractor" means a contractor whose business  
27 operations require the use of more than three trades or the use of  
28 mechanical or specialty contractors and subcontractors who are under  
29 the supervision of the contractor;

1 (8) "mechanical contractor" means a contractor whose busi-  
2 ness operations involve plumbing, pipe fitting, sheet metal, heating,  
3 air conditioning, ventilating, or sprinkler and dry chemical fire  
4 protection trades in order to install or modify mechanical piping and  
5 systems, devices, fixtures, and equipment or other mechanical mate-  
6 rials subject to the following codes as published by the International  
7 Association of Plumbing and Mechanical Officials or the International  
8 Conference of Building Officials:

9 (A) Uniform Plumbing Code;

10 (B) Uniform Swimming Pool, Spa, and Hot Tub Code;

11 (C) Uniform Solar Energy Code; and

12 (D) Uniform Mechanical Code;

13 (9) "specialty contractor" means a contractor, other than a  
14 mechanical contractor, whose business operations require the use of  
15 not more than three trades.

16 \* Sec. 9. AS 08.40 is amended by adding new sections to read:

17 ARTICLE 4. MECHANICAL ADMINISTRATORS.

18 Sec. 08.40.210. PURPOSE. The purpose of AS 08.40.210 - 08.40.-  
19 490 is to protect the safety of people and property in the state from  
20 the danger of improperly installed or modified mechanical systems by  
21 providing a procedure to

22 (1) assure the public that persons responsible for making  
23 mechanical installations in this state are qualified; and

24 (2) assure that a sufficient number of persons are so  
25 qualified.

26 Sec. 08.40.220. BOARD OF MECHANICAL EXAMINERS. (a) There is  
27 created the Board of Mechanical Examiners consisting of three members.  
28 Each member of the board shall reside in a different judicial district  
29 of the state. Two members of the board shall be licensed mechanical

1 administrators and one member shall be a public member. One of the  
2 licensed mechanical administrator members of the board shall be a  
3 resident of a community with a population of less than 5,000 persons.

4 (b) The members of the board shall elect one of its members as  
5 chair.

6 (c) The board shall meet at least annually. The board may hold  
7 other meetings at the call of the chair.

8 Sec. 08.40.230. CATEGORIES OF LICENSES. The board may adopt  
9 regulations establishing categories of mechanical administrators,  
10 qualifications for those categories, and the content of examinations  
11 for applicants for each category.

12 Sec. 08.40.240. REGULATIONS. The board shall adopt regulations  
13 under the Administrative Procedure Act (AS 44.62), relating to the ex-  
14 amination and licensing of mechanical administrators, the establishing  
15 of the continued competency of licensees for license renewal and  
16 reinstatement, and the suspension or revocation of licenses.

17 Sec. 08.40.250. EXAMINATIONS. The board shall conduct licensing  
18 examinations at least twice each year at appropriate places in the  
19 state.

20 Sec. 08.40.260. LICENSE REQUIRED. (a) A person may not act as  
21 a mechanical administrator without a license.

22 (b) A person licensed under AS 08.40.210 - 08.40.490 may perform  
23 work only in a category for which the person is licensed.

24 Sec. 08.40.270. EXAMINATION OF APPLICANT. (a) Each applicant  
25 shall be examined to determine the applicant's

26 (1) ability to understand plans, design specifications, and  
27 engineering terms commonly used in the mechanical field;

28 (2) knowledge of mechanical installations and piping;

29 (3) familiarity with the requirements of the Uniform

1 Plumbing Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform  
2 Solar Energy Code, and the Uniform Mechanical Code currently in effect  
3 in the state;

4 (4) familiarity with mechanical installation problems and  
5 the usages of the trade peculiar to this state; and

6 (5) personal skill and ability.

7 (b) If an applicant for a license submits proof satisfactory to  
8 the board that the applicant is licensed as a mechanical administrator  
9 or the equivalent by another state or territory, meets qualifications  
10 established by the board under AS 08.40.230, and has passed an ex-  
11 amination equivalent to the test administered under (a) of this sec-  
12 tion except insofar as that examination tests knowledge and skill  
13 particularly required to meet the environment and usages of the trade  
14 peculiar to this state, the board shall waive all of the examination  
15 required under (a) of this section except those parts that test knowl-  
16 edge and skill particularly required to meet the environment and  
17 usages of the trade peculiar to this state.

18 Sec. 08.40.280. ADMINISTRATOR LIMITED TO ONE LICENSED CONTRAC-  
19 TOR. A person may not qualify or operate as a mechanical adminis-  
20 trator for more than one registered contractor, corporation, joint  
21 venture, or other business entity, unless the municipality or communi-  
22 ty where the person qualifies or operates as a mechanical administra-  
23 tor is the principal place of business of fewer than three mechanical  
24 administrators.

25 Sec. 08.40.290. RENEWAL AND REINSTATEMENT. (a) A license  
26 issued under AS 08.40.210 - 08.40.490 is nontransferable and, unless  
27 revoked or suspended, may be renewed on a date set by the department  
28 upon proof of continued competency.

29 (b) A lapsed license may be reinstated upon proof of continued

1 competency by payment of all unpaid renewal fees and any penalty fee  
2 established under AS 08.01.100(b), unless the license has been lapsed  
3 for more than two years. If a person's license has been lapsed for  
4 more than two years, the person is required to take an examination  
5 under AS 08.40.270.

6 Sec. 08.40.300. ISSUANCE AND DISPLAY OF LICENSE. An applicant  
7 who successfully passes the examination shall receive a certificate of  
8 license. The licensee shall prominently display the certificate,  
9 while in effect, in the licensee's principal place of business.

10 Sec. 08.40.310. FEES. Each applicant and each licensee shall  
11 pay application and renewal fees established under AS 08.01.065.

12 Sec. 08.40.320. DENIAL, SUSPENSION, AND REVOCATION OF LICENSE.

13 (a) The board may take disciplinary action against a licensee or  
14 applicant upon a finding that

15 (1) the application is fraudulent or misleading;

16 (2) the licensee has knowingly violated AS 08.40.210 -  
17 08.40.490 or an order or regulation of the board or the department; or

18 (3) the licensee is incompetent or has engaged in fraudu-  
19 lent practices.

20 (b) Notice of a proposed denial, suspension, or revocation of  
21 license shall be in writing and shall state the grounds.

22 (c) Proceedings for the denial, suspension, or revocation of a  
23 license shall be governed by the Administrative Procedure Act (AS 44.-  
24 62).

25 Sec. 08.40.330. INVESTIGATIONS. Either the Department of Com-  
26 merce and Economic Development or the Department of Labor may investi-  
27 gate alleged or apparent violations of AS 08.40.210 - 08.40.490. A  
28 department, upon showing proper credentials, may enter, during regular  
29 hours of work, a construction site where it appears that mechanical

1 work is being done. A department may make inquiries about the identi-  
2 ty of the mechanical administrator or the person acting in the capaci-  
3 ty of a mechanical administrator. Upon demand, a mechanical adminis-  
4 trator or person acting in the capacity of a mechanical administrator,  
5 or that person's representative, shall produce evidence of current  
6 licensure.

7 Sec. 08.40.340. ISSUANCE OF CITATIONS. Either the Department of  
8 Commerce and Economic Development or the Department of Labor may issue  
9 a citation for a violation if there is probable cause to believe a  
10 person has violated AS 08.40.210 - 08.40.490. Each day a violation  
11 continues after a citation for the violation has been issued consti-  
12 tutes a separate violation.

13 Sec. 08.40.350. PROCEDURE AND FORM OF CITATION. (a) A citation  
14 issued under AS 08.40.340 must be in writing. A person receiving the  
15 citation is not required to sign a notice to appear in court.

16 (b) The time specified in the notice to appear on a citation  
17 issued under AS 08.40.340 must be at least five days, not including  
18 weekends and holidays, after the issuance of the citation, unless the  
19 person cited requests an earlier hearing.

20 (c) The Department of Commerce and Economic Development and the  
21 Department of Labor are responsible for the issuance of books contain-  
22 ing appropriate citations, and each shall maintain a record of each  
23 book issued and each citation contained in it. Each department shall  
24 require and retain a receipt for every book issued to an employee of  
25 that department.

26 (d) The department that issues a citation under AS 08.40.340  
27 shall deposit the original or a copy of the citation with a court  
28 having jurisdiction over the alleged offense. Upon its deposit with  
29 the court, the citation may be disposed of only by trial in the court

1 or other official action taken by the magistrate, judge, or prosecu-  
2 tor. The department that issued the citation may not dispose of it or  
3 copies of it or of the record of its issuance except as required under  
4 this subsection and (e) of this section.

5 (e) The Department of Commerce and Economic Development and the  
6 Department of Labor shall require the return of a copy of every cita-  
7 tion issued by the respective department under AS 08.40.340 and of all  
8 copies of every citation that has been spoiled or upon which an entry  
9 has been made and not issued to an alleged violator. The departments  
10 shall also maintain, in connection with every citation issued by the  
11 respective department, a record of the disposition of the charge by  
12 the court where the original or copy of the citation was deposited.

13 (f) If the form of citation issued under AS 08.40.340 includes  
14 the essential facts constituting the offense charged, and if the  
15 citation is sworn to as required under the laws of this state for a  
16 complaint charging commission of the offense alleged in the citation,  
17 then the citation when filed with a court having jurisdiction is  
18 considered to be a lawful complaint for the purpose of prosecution.

19 Sec. 08.40.360. CEASE AND DESIST ORDER. (a) If the commis-  
20 sioner of commerce and economic development determines that a person  
21 is acting as a mechanical administrator in violation of AS 08.40.210 -  
22 08.40.490 the commissioner may issue a cease and desist order pro-  
23 hibiting further action by the person as a mechanical administrator.  
24 The cease and desist order remains in effect until the person has  
25 submitted evidence acceptable to the commissioner showing that the  
26 violation has been corrected.

27 (b) A person affected by an order issued under (a) of this  
28 section may seek equitable relief preventing the commissioner of  
29 commerce and economic development from enforcing the order.



1 [that is owned by the installer, or a member of the installer's  
2 immediate family and of the installer's  
3 a two-family residence that is not intended for sale at the time of  
4 making the installation; [outside of a building]

5 (4) installation of water lines or sanitary, storm, or  
6 drain sewer lines more than five feet from a building.

7 Sec. 08.40.400. PERSONAL SUPERVISION. A person licensed under  
8 AS 08.40.210 - 08.40.490 as a mechanical administrator who contracts  
9 to install or modify mechanical piping and systems, devices, fixtures,  
10 equipment, or other mechanical materials, shall personally inspect  
11 those materials after installation and modification unless the instal-  
12 lation or modification amounts to simple or highly standardized work  
13 performed in less than 24 man-hours by personnel generally under the  
14 supervision of the mechanical administrator.

15 Sec. 08.40.490. DEFINITIONS. In AS 08.40.210 - 08.40.490

16 (1) "department" means the Department of Commerce and  
17 Economic Development except where the context otherwise requires;

18 (2) "manufacture" means fabrication or completion of a  
19 product or mechanical apparatus exclusive of its completion or instal-  
20 lation at a job site;

21 (3) "mechanical administrator" means a person engaged in  
22 the business of, or purporting to be engaged in the business of,  
23 installing or modifying, or contracting to install or modify, mechan-  
24 ical piping and systems, devices, fixtures, equipment, or other mechan-  
25 ical materials subject to the Uniform Plumbing Code, Uniform Swimming  
26 Pool, Spa, and Hot Tub Code, Uniform Solar Energy Code, and the Uni-  
27 form Mechanical Code as published by the International Association of  
28 Plumbing and Mechanical Officials and the International Conference of  
29 Building Officials;

(4) "mechanical piping" includes piping fixtures, devices,  
and equipment;

1 (5) "utility" means every public, cooperative, or other  
2 corporation, company, individual, or association of individuals, their  
3 lessees, trustees, or receivers appointed by a court, that owns,  
4 operates, manages, or controls a plant or system for

5 (A) furnishing, by generation, transmission, or dis-  
6 tribution, electrical service, fuel gas service, district heat-  
7 ing, sewage disposal, or domestic water service to the public for  
8 compensation;

9 (B) furnishing telecommunications service to the  
10 public for compensation.

11 \* Sec. 10. INITIAL APPOINTMENTS TO THE BOARD. A person is eligible for  
12 an initial appointment to the Board of Mechanical Examiners, created under  
13 sec. 9 of this Act, as a professional member of the board, if at the time  
14 of the appointment the person

15 (1) understands plans, design specifications, and engineering  
16 terms commonly used in mechanical installations and piping;

17 (2) is familiar with mechanical installations and piping and  
18 with mechanical installation problems peculiar to this state; [and]

19 (3) is familiar with the requirements of the Uniform Plumbing  
20 Code, Uniform Swimming Pool, Spa, and Hot Tub Code, Uniform Solar Energy  
21 Code, and Uniform Mechanical Code that are currently in effect in the  
22 state; and

23 (4) satisfies the qualifications for appointment, other than  
24 licensure, as set out in AS 08.40.220, as added by sec. 9 of this Act.

25 \* Sec. 11. LICENSURE BY QUALIFICATION. (a) Notwithstanding AS 08.40.-  
26 230, 08.40.270, and 08.40.300, as added by sec. 9 of this Act, a person may  
27 qualify for and receive without examination a license as a mechanical  
28 administrator in those categories of mechanical administration for which  
29 the person is qualified, if the person

1 (1) has functioned as a mechanical administrator in the state  
2 during the two years before the effective date of this section; and

3 (2) applies for licensure before July 1, 1989.

4 (b) A person who applies for licensure under this section is exempt  
5 from AS 08.40.260, as added by sec. 9 of this Act, until the person's  
6 application has been accepted or rejected by the Board of Mechanical Exam-  
7 iners.

8 (c) A license issued under this section is for all purposes a license  
9 issued under AS 08.40.300, as added by sec. 9 of this Act.

10 \* Sec. <sup>[11]</sup>12. TRANSITIONAL PROVISION. In addition to the requirements of  
11 AS 08.18.028, as added by sec. 3 of this Act, by July 1, 1989, the follow-  
12 ing persons must be, or employ a person who is, a licensed mechanical  
13 administrator under AS 08.40, as added by sec. 9 of this Act:

14 (1) a person who is a registered mechanical contractor on Ju-  
15 ly 1, 1989;

16 (2) a person who applies before July 1, 1989, to be a registered  
17 mechanical contractor and is issued a certificate of registration after  
18 July 1, 1989.

19 \* Sec. <sup>[12]</sup>13. Sections 1, 2, 7, and 9 - <sup>[aw 10]</sup>11 of this Act take effect immedi-  
20 ately under AS 01.10.070(c).

21 \* Sec. 14. Sections 4 - 6, 8, and <sup>[11]</sup>12 of this Act take effect Decem-  
22 ber 31, 1988.

23 \* Sec. 15. Section 3 of this Act takes effect July 1, 1989.

CS HB 472 (L&C): "An act relating to mechanical administrators and construction contractors."

The House Labor and Commerce Committee Substitute for HB 472 has the full support of the Department of Commerce and Economic Development.

The bill creates a new contractor category -- "mechanical contractor" -- and amends the current definitions of "general contractor" and "specialty contractor" to allow a specialty contractor to use three or fewer trades in his or her business operations, instead of the current limitation to just two trades.

The bill also creates a new licensed profession in Alaska: mechanical administrators. Similar to the current statutory provisions for electrical administrators, the bill provides a three-member board to examine and license mechanical administrators.

The Division of Occupational Licensing has worked closely with the sponsors and the House Labor and Commerce Committee to attempt to solve a number of existing contracting problems.

Current law defines a "general contractor" as a contractor "whose business operations require the use of more than two distinct trades," and a "specialty contractor" as a contractor "whose operations do not fall within the definition of general contractor." The Attorney General's Office has interpreted this to mean that a specialty contractor is, therefore, limited to two or fewer distinct trades.

This has led to particular problems for mechanical contractors, whose operations clearly extend beyond just two trades (i.e., plumbing, pipe fitting, sheet metal, heating, air conditioning, ventilation, and fire suppression), but who are not considered general contractors and are usually hired by a general as one of a number of subcontractors on a construction project. To insist that a mechanical contractor must be registered as a general contractor has a number of implications, including an impact on the current configuration of trade unions in Alaska. The creation of a new contractor category for mechanical contractors, with separate licensing and bonding requirements, solves a number of serious existing problems and greatly assists enforcement by the Departments of Labor and Commerce and Economic Development. The addition of a contractor category has the support of the Mechanical Contractors Association and its benefits deserve legislative consideration and approval.

In addition, by creating the mechanical administrator as a licensed professional to coincide with the new mechanical contractor category, the state takes another step forward in professionalizing the business of contracting. Current statutes do not require any proof of skills, experience, or education in order to be registered as a construction contractor in Alaska. Anyone with the money to purchase the bond and minimal insurance presently required can become a registered contractor. The Division of Occupational

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

CS HB 472 (L&C): "An act relating to mechanical administrators and construction contractors."

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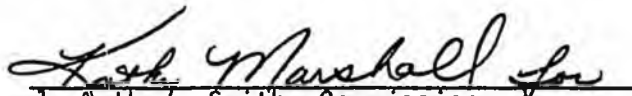
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Licensing distinguishes between the registration and licensure of occupations. Registration indicates the lack of any examination or competency standards, while licensure requires proof of minimal qualifications before entry into a profession.

The changes proposed in this bill will increase greatly the quality of construction contracting in Alaska. Alaska has already recognized the importance of having qualified supervisors of potentially dangerous electrical work by establishing licensure of electrical administrators; CS HB 472 further recognizes the importance of quality construction in the creation of a building's or home's environment by requiring that the mechanical work be supervised by an individual who has demonstrated knowledge of the complex mechanical systems that control air circulation, heating, fire suppression, etc. Cutbacks in the number of state inspectors available to verify mechanical systems further argue for the need to license mechanical administrators because licensure will bring a level of consistency to the supervision of mechanical work.

The department supports the changes to the definition of general and specialty contractor. The current bonding situation in Alaska is not favorable. It is presently very difficult for Alaskans to purchase bonding without paying extravagantly. This has had a particularly devastating impact on the construction industry. By increasing the number of trades under which a person may be bonded as a specialty contractor (a \$5,000 bond) versus a general contractor (a \$10,000 bond), this legislation should assist in increasing the number of contractors who can meet the lesser bonding requirement but not the larger \$10,000 bond amount. While it is a seemingly small change, we predict the difference will be substantial in its impact on the contractor industry.

In summary, the department supports passage of CS HB 472 and urges its quick enactment.

  
\_\_\_\_\_  
J. Anthony Smith, Commissioner  
Department of Commerce and Economic  
Development

3/22/88  
\_\_\_\_\_  
Date

JAS/RPB/dg11195D  
032288d

# Alaska State Legislature

REPRESENTATIVE  
MARK BOYER

HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

1098 LAKEVIEW TERRACE  
FAIRBANKS, ALASKA 99701  
(907) 456-6473

JUNEAU

P.O. BOX V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 485-3486

## MEMORANDUM

TO: House Finance Members

FROM: Representative Mark Boyer

DATE: April 22, 1988

SUBJECT: CS for HB472 (Finance) - Mechanical Administrators

Page 2, line 7 - the \$7500 bonding requirement for the new mechanical contractor category is dropped, and bonding for a mechanical contractor remains at \$5000, the current requirement for specialty contractors.

It was brought to the subcommittee's attention that even this seemingly insignificant increase could pose a problem for small contractors, given the high collateral requirements for contractor bonds.

Page 3, line 28 - 29 and page 4, line 1 - 3 - new language specifies that each member of the Board shall reside in a different judicial district, and that one of the two mechanical administrator members of the Board shall be a resident of a community of less than 5,000.

Representation of more than just one or two urban areas on the Board, with a mandated seat for an individual sensitive to the unique circumstances of doing business as a mechanical contractor in smaller communities, will be particularly important during the start-up period of the Board, as regulations are drafted and procedures established.

Page 5, line 21 - 24 - waives the restriction of a mechanical administrator to one business entity in communities where there are less than three administrators doing business.

This will prevent a situation where one contractor in a small community ties up the services of a mechanical

administrator, forcing others to bring an administrator in from outside the area.

Page 9, line 14 - 18 - the exclusion from application of the statute for utilities or municipalities engaged in work on their own systems is simplified, and expanded to include "local governing bodies.

This will enable entities which function in much the same way as a utility or municipality, but do not meet the definition of either - such as village councils - to operate without an administrator.

Page 9, line 23 and line 25 - increases the thresholds for exclusion from applicability of statute to residential and commercial work in small communities from \$5000 in communities of less than 500 (and more than 50 miles by air or water from the business place of a mechanical administrator) to \$25,000 in communities of less than 5000.

Expands the exemption for small jobs in rural communities - adopted in response to rural concerns that administrators might not be readily available in those areas.

page 9, line 29 - page 10, line 1 - expands the exemption for work on a private residence owned by the installer to include any work on a residence or duplex not intended for sale at the time of the installation.

The subcommittee felt that home improvements contracted for by the homeowner should be allowed the same exemption as those performed by the owner.

page 10, line 3 - 4 - exclusion for sewer and water lines outside of a building is defined as work on water and sewer lines "more than five feet from a building."

This change reflects industry practice with regard to work performed by mechanical vs. underground utility contractors.

page 11, line 23 - page 12, line 9 - "grandfathers" in those who have worked as a mechanical administrator in the state during the two years prior to effective date.

This broad "grandfather clause" should further allay the concerns of rural areas that mechanical administrator licensing would be disadvantageous to contractors operating in the smaller communities.

PHONE 450-5282  
OR 450-5281

P O BOX 534  
99707

*Chandler* PLUMBING  
& HEATING, INC.

129 MINNIE  
FAIRBANKS, ALASKA 99701

March 14, 1988

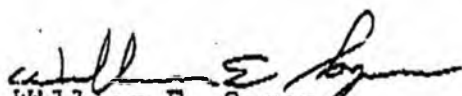
Representative Mark Boyer  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Dear Sir:

This is to express support for and encourage the  
passage of House Bill 472, "An Act Relating to  
Mechanical Administrators".

Very truly yours,

CHANDLER PLUMBING & HEATING, INC.

  
William E. Sager  
President

WES/bly

Attn: Linda Steward



## International Mechanical, Inc.

646 E. DOWLING RD. - ANCHORAGE, ALASKA 99518 - (907) 563-3044

March 11, 1988

Red Boucher  
Labor & Commerce Committee  
Room 17 Capital Bldg.  
Juneau, AK

RE: H-B 472

Dear Red:

As past president of the State and Local Mechanical Contractor Association, and a past member of the Municipality of Anchorage Mechanical Board, I am very much in favor of H-B 472. I also believe you should push forward on Adoption of the 1985 or 88 U.M.C. and U.P.C.

As you know Anchorage has been working under the 1985 codes, and at present we are reviewing the 88 codes at the Board of Building Regulation Examiner & Appeals of which I am presently a member.

Keep up the good work.

Sincerely,

Ray Carey  
President

RC/lw

**UNIVERSAL MECHANICAL**  
PLUMBING - HEATING  
P.O. BOX 2499  
FAIRBANKS, ALASKA 99707  
452-5269 OR 456-7493

March 25, 1988

Juneau Legislative Information Office  
Fax #586-9548

Mr. Ed Flannigan  
Rep. Mark Boyer (465-3466)

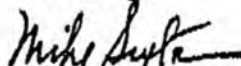
Re: House Bill #472

Dear Mr. Flannigan

I am the owner and operator of a "one man" plumbing and heating company. I support House Bill #472 and find no hardship due to operating as a "one man" shop because I have experience and education in the mechanical field. I encourage the passage of House Bill #472.

Further, the "licensure by qualification" section of this bill will enable all QUALIFIED mechanical contractors to comply with this bill and "protect the safety of the people and property in the state from the danger of improperly installed or modified mechanical systems".

Sincerely,

  
Mike Sexton  
President



**R & S MECHANICAL**  
PLUMBING AND HEATING  
1624 SUNCHIA CIRCLE FAIRBANKS, ALASKA 99701  
(907) 456-5073

March 25, 1988

Juneau Legislative Information Office  
Fax: #(907) 586-9548

Mr. Ed Flannigan  
Rep. Mark Boyer's Office (907) 465-3466

Re: House Bill #472

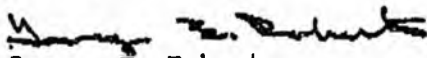
Dear Mr. Flannigan;

House Bill #472 does not present a problem for me as the operator of a "one man" plumbing and heating shop. Quality workmanship is not a factor of size, but rather a factor of experience, education and pride.

House Bill #472 only requires a Mechanical Contractor to be responsible, to meet a minimum of requirements and "stand behind" his work. The responsible contractor should be held accountable regardless of volume or project size.

If I can be of further help, please let me know.

Yours,

  
George E. Roberts  
Owner

**NORTHWEST ARCTIC BOROUGH**

P.O. BOX 1110

KOTZEBUE, ALASKA 99752

(907) 442-2500

March 30, 1988

The Honorable Al Adams  
Alaska State House  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Adams:

This letter is in opposition to CS for House Bill No. 472 (L&C). This legislation would create significant problems for locally based Contractors and Sub-Contractors in the Northwest Arctic Borough. In addition, the interests of the people which this bill is designed to protect, would in fact be harmed if this legislation were to pass. It is always difficult for a public official to oppose a program that on its surface appears to improve the public safety. However, I am convinced that this legislation will not significantly improve the installation and repair of mechanical systems enough to justify the costs of implementing this program in Rural Alaska. While controls are necessary to ensure the quality of all construction work, other methods to achieve this goal should be identified.

Fortunately, for us there is an existing program with which we can use as a comparison in evaluating the effects of this legislation. I am referring to the Electrical Administrators program adopted by Legislature. The same arguments used to support that program, are now being used to justify the adoption of this one. But what has been our experience under the electrical program? Has this resulted in a better quality of work? What benefits have the public received as a result the certification requirements of the program? Unfortunately the answers to these questions for the most part have been negative. Our experience has demonstrated an inability for these types of programs to work successfully in Rural Alaska. The program has created additional levels of bureaucracy, greater expense, and a decrease in the availability of certified people to perform the work.

Ambler, Buckland, Candia, Deerlag, Klana, Zivallna,  
Kobuk, Kotzebue, Noatak, Noorvik, Selawik, Shungnak.

Al Adams  
Page Two  
March 30, 1988

Traditionally in Rural Alaska, the quantity of work available dictates the number of certified people available to perform the types of work covered under the certification program. In most cases, this results in certified people being unavailable on a year round basis. Our experience has demonstrated that specialty contractors and sub-contractors have found it to be uneconomical to locate their business on a permanent basis in our Borough. As well, the general contractors located in our Borough can not afford to secure licensing to perform these specialty tasks. The reasons for this are varied, but basically boil down to the cost of compliance versus the ability of the general public to pay for these services.

At a time when the issue of local hire is so critical to the economical viability of Rural Alaska, a program is being considered that will create the need to import non-resident workers further displacing otherwise qualified local residents. Though we know it is not beyond the ability of our residents to be certified under this program, we are still faced with the fact that it is not economically feasible for them to locate here, once they have been licensed.

Our experience under the electrical administrators program demonstrates that the benefits have not accrued to the small commercial or resident users, but only those who have the resources to comply. For the most part the program has become one of frustration for both the contractors and the residents of Rural Alaska. This leads us to believe the implementation of the mechanical administrators program will not achieve the goals the legislation intends.

While I commend the sponsors for their concern and efforts, an exemption must be provided for Rural Alaska.

Sincerely,

  
Chuck Greene  
Mayor

CG/lkj

**NORTHWEST INUPIAT HOUSING AUTHORITY**

P.O. Box 331 • KOTZEBUE, ALASKA 99752 • (907) 442-3450

TO: Rep. Al Adams

FM: Jeff Hadley, Executive Director

RE: House Bill 472

Northwest Inupiat Housing Authority is in opposition of House Bill 472 as it would increase construction cost in the Rural Area. Although it is a good practice to have a certified person sign off on components of construction, it would mean having to import and retain certified personnel. Northwest Inupiat Housing Authority would like to see this bill defeated or amended to change the population requirement from 500 to 5,000.



# MECHANICAL CONTRACTORS of Alaska, Inc.



P.O. Box 74788 Fairbanks, Alaska 99707-4788  
1630 Second Avenue (907) 456-8347



March 14, 1988

Representative Mark Boyer  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska, 99811

Re; House Bill No. 472

Dear Representative Boyer:

The Mechanical Contractors of Alaska, Inc. is an association of mechanical construction contractors in the Anchorage and Fairbanks areas. I serve as their president.

This letter is written to express our support for the passage of House Bill No. 472.

This type of legislation is overdue for our industry in Alaska. During the construction boom Alaska has recently gone through, "mechanical contractors" suddenly appeared from everywhere. The results of their ignorance (or worse) of code requirements and lack of knowledge of the special requirements of mechanical installations in the arctic can be found in too many buildings. The primary victim of their shoddy work is the homeowner and small businessman, the unsophisticated buyers of construction. These people did not receive the value for their construction dollars. Unfortunately, the entire construction industry takes the blame.

Please pass House Bill No. 472 so that the public receives what they expect from state licensed contractors, competent professionals.

Sincerely,

R.W. Macomber  
President



## MECHANICAL CONTRACTORS

*of Fairbanks, Inc.*

P.O. BOX 74796 ★ FAIRBANKS, ALASKA 99707-4796

### The Need for House Bill 472, "An Act relating to Mechanical Administrators"

Licensing has been described as "a process by which an agency of government grants permission to an individual to engage in a given occupation upon finding that the applicant has attained the minimal degree of competency required to ensure that public health, safety and welfare will be reasonably well protected." At the present, except for electrical contractors, there are no competency requirements for a firm or individual to obtain a state construction contractors license.

The codes cited in H.B.472 contain minimum installation requirements for mechanical work in the building construction industry. This work encompasses many systems and work disciplines.

Testing an individual on his knowledge of these codes, the ability to understand plans and specifications, knowledge of installation problems and usage of the trade peculiar to Alaska, along with prerequisite experience requirements would help to determine competency.

In Alaska today, because of budget cutbacks, the state, along with both Anchorage and Fairbanks, have drastically reduced their inspection capabilities.

While inspection of construction work cannot insure compliance with codes, the drastic reduction of construction inspection capability at every governmental level in Alaska underscores the need for construction contractors to demonstrate their competency before being allowed to sell

their services to the public. The public probably perceives that a state licensed contractor is a competent contractor. Today this is not necessarily true.

H.B.472 is intended to assure that people licensed as mechanical administrators will have demonstrated competence in their category of mechanical construction.



**WESTERN  
MECHANICAL, INC.**

Shop: 2225 Van Horn Road  
Telephone: 452-1831

P.O. BOX 60067, AIRPORT ANNEX

FAIRBANKS, ALASKA 99706-0067  
AA 333

March 15, 1988

Representative Mark Boyer  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Re: House Bill 472

Dear Representative Boyer,

I wish to express the support of Western Mechanical, Inc. for the passage of HB472, "An Act Relating to Mechanical Administrators".

It is high time to establish competency requirements for all mechanical contractors who would be licensed by the State of Alaska. Because there are currently no such minimum requirements, anyone who can furnish the minimal contractor bond can obtain a contractor's license, whether he is qualified to perform the work or not.

The ultimate beneficiary of this bill is the consumer (whether public or private), who will be assured that the actual work is properly installed- for along with the administrators license comes a fair amount of responsibility. The proposed bill appears to provide appropriate relief.

We appreciate your sponsorship of HB472. Hopefully we will be able to establish a fair level of professionalism for the mechanical contracting industry.

Yours truly,

*Michael C. Desmond*  
Michael C. Desmond  
Vice President

MD/cj

*E.E. Bill*

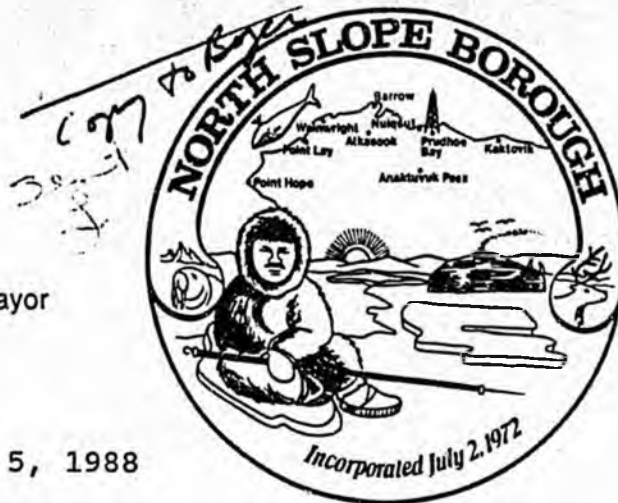
# NORTH SLOPE BOROUGH

## OFFICE OF THE MAYOR

P.O. Box 69  
Barrow, Alaska 99723

Phone: 907-852-2611

George N. Ahmaogak, Sr., Mayor



April 5, 1988

Representative Al Adams  
Alaska State Legislature  
P.O. Box V (M/S 3100)  
Juneau, Alaska 99811

RE: HB 472

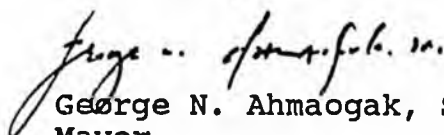
Dear Representative Adams:

My administrative staff has reviewed the House Labor and Commerce Committee Substitute for HB 472 which requires that a mechanical administrator be employed by each mechanical contractor engaged in business in municipalities having a population of 500 or more.

The bill would impose a cost and scheduling burden in the North Slope Borough beyond the ability of local contractors, already struggling with spiraling freight, materials and labor costs, to pay. The cost cap of \$5,000 for residential and small commercial establishments in communities of less than 500 is of little protection in the Borough. These costs can easily exceed those of similar projects in urban areas, and force an inequitable compliance rate on rural areas.

The legislation, if passed, would appear to create more problems in our rural communities than it seeks to cure. Therefore, the North Slope Borough opposes CS for HB 472 in its entirety, and we respectfully request your support of our position.

Sincerely,

  
George N. Ahmaogak, Sr.  
Mayor

cc: Senator Willie Hensley  
Harold J. Curran, Chief Administrative Officer  
Dan Fauske, Administration & Finance  
Edward Itta, Public Works-CIP

# NORTHWEST ARCTIC BOROUGH

P.O. BOX 1110

KOTZEBUE, ALASKA 99752

(907) 442-2500



March 30, 1988

The Honorable Al Adams  
Alaska State House  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Adams:

This letter is in opposition to CS for House Bill No. 472 (L&C). This legislation would create significant problems for locally based Contractors and Sub-Contractors in the Northwest Arctic Borough. In addition, the interests of the people which this bill is designed to protect, would in fact be harmed if this legislation were to pass. It is always difficult for a public official to oppose a program that on its surface appears to improve the public safety. However, I am convinced that this legislation will not significantly improve the installation and repair of mechanical systems enough to justify the costs of implementing this program in Rural Alaska. While controls are necessary to ensure the quality of all construction work, other methods to achieve this goal should be identified.

Fortunately, for us there is an existing program with which we can use as a comparison in evaluating the effects of this legislation. I am referring to the Electrical Administrators program adopted by Legislature. The same arguments used to support that program, are now being used to justify the adoption of this one. But what has been our experience under the electrical program? Has this resulted in a better quality of work? What benefits have the public received as a result the certification requirements of the program? Unfortunately the answers to these questions for the most part have been negative. Our experience has demonstrated an inability for these types of programs to work successfully in Rural Alaska. The program has created additional levels of bureaucracy, greater expense, and a decrease in the availability of certified people to perform the work.

**Ambler, Buckland, Candle, Deering, Kiana, Kivalina,  
Kobuk, Kotzebue, Noatak, Noorvik, Selawik, Shungnak.**

Al Adams  
Page Two  
March 30, 1988


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Sincerely,

  
Chuck Greene  
Mayor

CG/lkj