

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

HB 523 cont. - HB 541 541 132

House Bill 523: "An Act relating to certification of real estate appraisers; and providing for an effective date."

The need for regulating appraisers has been considered intermittently for a number of years. However, when the Federal Savings & Loan Bailout bill was signed into law last August, the time for action became immediate, because Title XI of that bill specifies that, by July of 1991, the appraisal for any federally related transaction must be completed by a state certified appraiser in order to qualify for funding with federal money.

Title XI further provides that states may establish a state appraiser certifying and licensing agency to assure availability of appraisers for federally related transactions, and to assure effective supervision of those appraisers. Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) also established an Appraisal Subcommittee of the Federal Financial Institutions Examination Council. The Appraisal Subcommittee, among other things, has been charged with monitoring the appraiser certifying agencies created by the states, and has been instructed by Title XI not to recognize state appraiser agencies whose appraisal policies, practices, or procedures are found to be inconsistent with Title XI.

To assist states in the adoption of acceptable legislation, the Appraisal Subcommittee recently released guidelines regarding state certification and licensing of appraisers. These guidelines indicate that it will be necessary to regulate appraisers under a separate board in order to satisfy federal requirements that the appraisal regulatory function be independent of realty related activities.

HB 523 was introduced to address the issue of appraiser licensing in Alaska. The bill would create a five-member appraiser board within the Division of Occupational Licensing and give responsibility to the Board of Certified Real Estate Appraisers for the regulation of the appraiser profession in Alaska.

The department supports the intent of this legislation, but has a number of concerns regarding specific provisions of the proposed legislation. Our first concern deals with the voluntary nature of the proposed certification plan outlined in HB 523. Proposed section AS 08.87.300 (see page 7, line 6), permits appraisals by uncertified appraisers. Given that some appraisal work may not be tied directly to federally related transactions, HB 523 provides that appraisers who may be involved in such transactions need not seek certification by the Board of Certified Real Estate Appraisers.

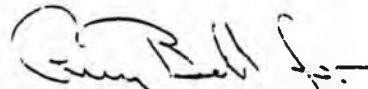
We believe creating two different classes of real estate appraisers in this state will confuse the consumer. We are also concerned that it will leave the consumer unprotected from the unscrupulous. We foresee such a loophole allowing uncertified appraisers to receive payment for appraisal services and the consumer only later discovering that the appraisal is not acceptable to a bank or other entity because it was not performed by a state certified appraiser.

If appraisers are to be regulated in a manner that compares with other professions currently licensed in Alaska and if our primary objective in requiring such licensure is protection of the public from unscrupulous or incompetent practitioners, then we believe all persons seeking to provide appraisal services in Alaska should be subject to the same set of standards.

HB 523 would impose those standards only on appraisers who wish to do work for those projects anticipating the use of federal monies. In our opinion, the vast majority of mortgage financing related to real estate sales and highway projects rely on at least some federal money. And funding for rural projects is frequently tied to BIA dollars. Since most appraisals will have to be done by an appraiser who is subject to the regulatory standards established by this proposed legislation, we believe this section should be deleted.

Our second concern involves the Appraisal Subcommittee's policy requiring states to "ensure that an appropriate code of professional responsibility is incorporated into their certification and licensing requirements." Without statutory provision for the adoption of such a code, the state risks the Subcommittee's disapproval of its plan for appraiser certification. We recommend that proposed AS 08.87.020 (page 1, line 23) be amended by adding a new paragraph to read: "(3) adopt rules of professional conduct to establish and maintain a high standard of integrity in the appraisal profession." This language would then allow the board to establish through regulation the appropriate code of professional responsibility.

As stated before, there is an urgent need to enact appraiser certification legislation this year. All appraisals performed after July of 1991 must be done by state certified appraisers. Legislation must pass this year if the state is to have the time necessary to begin testing and admitting qualified appraisers. We support the intent of HB 523, but request that consideration be given to the suggestions for amendment described above. With the changes suggested, the department would support passage of HB 523.



Larry Merculieff, Commissioner

Date: 2-23-90

Supporters of House Bill 523

1. Ken Gain MAI appraiser/realtor, a spokesman for both groups.
2. Joe Hayes representing the Alaska Association of Realtors
3. Department of Commerce
4. Grayce Oakley, Executive Secretary of the State Real Estate Commission
5. The Kenai Realtors
6. The two Alaska appraiser associations are in agreement with the need for the bill.

This list is current as of February 16, 1990.

EQUIVEST

REALTY ADVISORS, INC.

HB523

February 23, 1990

Representative David Donley
Chairman
House Labor & Management Committee
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Re: House Bill 523

Dear Representative Donley:

It is my understanding that you will be holding a hearing on House Bill 523 on March 1, 1990. Since I will be unable to attend that hearing personally, I am using this letter to express our strong support for passage of HB 523.

You have previously received a letter from me advising you that this Bill was developed by a Joint Task Force consisting of members of the Alaska Chapters of the American Institute of Real Estate Appraisers and The Society of Real Estate Appraisers. Legislation of this type is mandated by Federal legislation and it is our opinion that House Bill 523 meets all of the requirements imposed by the Federal legislation.

In addition to being supported by the Alaska Chapters of the American Institute of Real Estate Appraisers and The Society of Real Estate Appraisers, this Bill is also supported by The Alaska Association of Realtors. At a recent Senate hearing on Senate Bill 470, which addresses the same topic, all testimony was in favor of House Bill 523 in preference to S.B. 470. In addition to the aforementioned groups, other testimony supportive of House Bill 523 was offered by the Division of Occupational Licensing and the Right of Way Division of the Department of Transportation.

REAL ESTATE COUNSELING AND EVALUATION, ASSET MANAGEMENT,
ACQUISITION AND DISPOSITION OF INVESTMENT PROPERTIES

1844 WEST NORTHERN LIGHTS BLVD. ■ ANCHORAGE, ALASKA 99517
(907) 279-8551

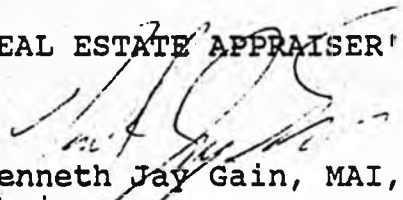
Representative Dave Donley
February 23, 1990
Page Two

Due to the deadlines imposed by Federal legislation, it is imperative that this legislation pass during this session of the Legislature. We will, therefore, greatly appreciate it if your committee will move this Bill on with a "do pass" recommendation.

Thanks for your assistance in this matter.

Sincerely,

REAL ESTATE APPRAISER'S TASK FORCE



Kenneth Jay Gain, MAI, SRS, CCIM, CRE
Chairman

KJG:sa
eq780

cc: Joe Hayes
Representative Mike Navarre

EQUIVEST

REALTY ADVISORS, INC.

HB523

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February 19, 1990

Representative Dave Donley
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Re: Regulation of Real Estate Appraisers
House Bill 523

Dear ^{Dave} ~~Representative Donley~~:

The purpose of this letter is to advise you of the importance of enacting Legislation in this session of the Legislature which will regulate Alaska real estate appraisers. As a result of Federal activity in the adoption of Office of Management and Budget Circular A-129, and the adoption by Congress of Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA), all appraisals involved in Federal activities must be performed by licensed or certified State appraisers by July 1, 1991. Since the Federal government regulates banks, virtually all forms of mortgage loans are affected by these Federal requirements as well as land acquisition programs for Federally funded projects involving highways, harbors, and airports.

In an effort to be responsive to the need for such Legislation, the Alaska Chapters of The American Institute of Real Estate Appraisers and The Society of Real Estate Appraisers appointed a joint Task Force to study the issue and prepare appropriate Legislation. After several months of review and numerous meetings, we did prepare a draft bill based upon similar Legislation from Wyoming as a guideline. It was our understanding that the Office of the Governor would introduce such a Bill, but during the second week of the Legislature, they advised us that they would not. We, therefore, began to work with Senator Rodey to have appropriate Legislation drafted. Although Senator Rodey has not introduced such Legislation, we were pleased that House Bill 523 introduced by Representatives Navarre and Swackhammer is an almost identical version of the Legislation approved by us. Accordingly, we urge your support for the passage of House Bill 523.

REAL ESTATE COUNSELING AND EVALUATION. ASSET MANAGEMENT.
ACQUISITION AND DISPOSITION OF INVESTMENT PROPERTIES

1844 WEST NORTHERN LIGHTS BLVD. ■ ANCHORAGE, ALASKA 99517
(907) 279-8551

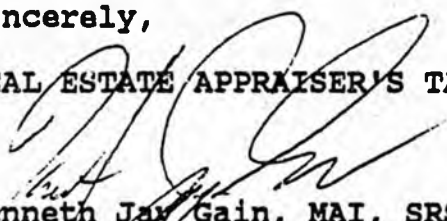
Representative Dave Donley
February 19, 1990
Page Two

As additional background on this issue, I am enclosing herewith a copy of an article on this issue which I wrote for the Alaska Real Estate Commission's Newsletter. If you require additional information, you can obtain a Resource Manual by calling me at 279-8551.

Thank you for your assistance in this important matter.

Sincerely,

REAL ESTATE APPRAISER'S TASK FORCE



Kenneth Jay Gain, MAI, SRS, CCIM, CRE
Chairman

EXHIBIT A

**Draft of an article for the Real Estate Commission Newsletter,
entitled "Appraiser Regulation"**

APPRAISER REGULATION

Is the appraiser you are using licensed or certified?

The answer to that question is no. At the current time, there is no governmental regulation or licensing requirement for appraisers in the State of Alaska or the majority of the states in the Lower 48. The only regulation is on those appraisers who voluntarily belong to organizations such as the American Institute of Real Estate Appraisers which issues the professional designation of MAI and RM, or the Society of Real Estate Appraisers which issues the designation SRA, SRPA, and SREA. Although these organizations have higher standards than are likely to ever be imposed by governmental regulation and although their requirements for professional designation are substantially greater than any requirements ever proposed for governmental licensing or regulation, they only have jurisdiction over their membership. Nationwide the estimated membership in these two organizations is between 10 and 15% with only 3 to 5% of all the appraisers holding a professional designation! In Alaska those affiliated with one or both of these organizations is approximately 90% of all appraisers and 15 to 20% of all appraisers hold a professional designation. Because of the voluntary affiliation with the two appraisal groups, enactment of government regulation in Alaska will probably not have a noticeable effect on the quality of appraisal work.

Nevertheless, due to provisions contained within Title XI of the recently enacted Savings and Loan Bail-out Legislation, all appraisers involved in Federal activities will have to be State licensed or certified by July 1, 1991. Since all banks, savings and loans and credit unions are federally regulated, the appraisals for virtually all loans will have to be performed by licensed or certified appraisers. Likewise, government agencies which utilize the services of an appraiser in public works programs which have federal funding will also be effected. All such appraisers, including many government staff appraisers will have to become licensed or certified. The only major group of appraisers not impacted by this legislation are local tax assessors.

In response to this legislation and a directive enacted by the Federal Office of Management and Budget last year, the Alaska Chapters of the Society of Real Estate Appraisers and the American Institute of Real Estate Appraisers created a task force to review the various model bills for appraisal licensing and certification. After several months, the task force drafted a proposal based upon the Certification Law recently adopted in Wyoming.

The Bill, as proposed by the Alaska Appraiser's Task Force, provides for voluntary certification so that it will not be necessary to allow for "Grandfathering" of persons currently in business. Under their proposal, all appraisers, even those with 25 to 30 years experience, will be required to meet all of the

qualifications for certification, including passing the examination, before they can become certified. Because the Bill provides for voluntary certification, the only persons who would be required by Alaska Law to be certified would be those who hold themselves out to be "Certified Appraisers" or who claim to have completed "Certified Appraisals". However, because of the requirements of the Federal Legislation which would require Certified Appraisers, if that is the only level of regulation available in a State, every appraiser in the private fee business would have to be certified or work as a trainee for a Certified Appraiser to be able to have enough business to make a living. Because tax assessors do not complete Certified Appraisals they would not have to become certified. Likewise, because opinions of value for listing or competitive market analysis are not Certified Appraisals, real estate brokers and salesmen would not be governed by the act unless they held themselves out to be Certified Appraisers.

The Bill proposed by the Alaska appraisers provides for two levels of certification and for a Registered Trainee. A Registered Trainee would be required to complete 30 classroom hours of appraisal education and would have to work under the supervision of a Certified Appraiser. Although a person could become a Certified Appraiser without ever working as a Registered Trainee, Registered Trainees could become certified with one year less actual appraisal experience.

The two levels of certification would be "Certified Residential Real Estate Appraiser" and "Certified General Real Estate Appraiser". The Certified Residential Real Estate Appraiser would be required to have three years appraisal experience (but only two years if a Registered Trainee), complete 75 classroom hours of appraisal education including 15 hours on Professional Standards and Ethics and pass a written examination. To be certified as a General Real Estate Appraiser, the appraiser would have to have four years appraisal experience (but only three years if a Registered Trainee) and have completed 160 classroom hours of appraisal education including 15 hours on Professional Standards and Ethics and pass a written examination. In addition to the requirements for initial certification, both classes of Certified Appraisers would have to complete 40 classroom hours of continuing education every two years for continuing certification.

As proposed by the Alaska appraisers, they would be regulated by a separate Certified Real Estate Appraiser Board appointed by the Governor. However, to maintain some cooperation with real estate brokers and salesmen, the Executive Secretary of the Real Estate Commission would also be designated as Executive Secretary of the Certified Real Estate Appraiser Board.

The foregoing represents the proposals by the Alaska Appraisers Task Force and undoubtedly, the final legislation will be somewhat different. The important issue is that the Legislature pass some form of licensing or certification so that the program can

be implemented before July 1, 1991. Failure to enact such legislation could seriously limit the ability to get financing in Alaska or limit the ability to complete public works projects involving Federal funding!

While this proposed legislation will not directly affect real estate licensees not engaged in appraisal work, it will have a significant impact on a profession involved in most real estate transactions. Accordingly, it is legislation which licensees should be aware of and which could have a negative impact on licensee's income if the Legislature fails to enact a Bill meeting the Federal Standards.



ALASKA ASSOCIATION OF REALTORS, INC.[®]
741 Sesame Street, Suite 100 • Anchorage, Alaska 99503
Telephone 907-563-7133

February 22, 1990

Representative Dave Donley
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Re: House Bill 523

Dear Representative Donley:

I am writing to express the strong support of the Alaska Association of Realtors for H.B. 523.

Due to recently enacted Federal legislation, all banks and Federal agencies must use state certified or licensed appraisers after July 1, 1991. If our State does not license or certify appraisers in a timely manner, there could be a serious limitation on mortgage financing next year.

Both Alaska chapters of the two major national appraiser groups have cooperated in preparing model legislation which has been essentially incorporated into H.B. 523. Our Legislative Committee has reviewed H.B. 523 and has unanimously endorsed it.

Due to the fact that appraiser certification must be in place by July 1, 1991, it is urgent that this legislation be passed this session.

We will appreciate your help.

Sincerely,

Jim McCourt
President



FOLLETT & ASSOCIATES

4241 B Street, Suite 305, Anchorage, Alaska 99503 (907) 562-4279



Richard H. Follett, MAI
Eric G. Follett, MAI

March 1, 1990

Dave Donley, Representative
Alaska State Legislature
P. O. Box V (MS3100)
Juneau, Alaska 99611

RE: House Bill 523, Real Estate Appraiser Certification

Dear Dave:

We have been real estate appraisers in Alaska for eighteen years and have the MAI designation from the American Institute of Real Estate Appraisers. Recent federal legislation has mandated that individual States pass legislation to certify real estate appraisers.

We strongly urge you to support passage of House Bill 523 in order to meet the needs of the appraisal industry. We need a bill passed this session in order to comply with the federal mandate. This is a very good bill which should help to eliminate some of the appraisal abuses and banking problems that have occurred in the recent past.

Thank you for your dedicated effort.

Sincerely yours,

FOLLETT & ASSOCIATES

Handwritten signature of Eric G. Follett in cursive.

Eric G. Follett, MAI

Handwritten signature of Richard H. Follett in cursive.

Richard H. Follett, MAI

EGF/lt



ALASKA CHAPTER NO. 57

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS

OF THE NATIONAL ASSOCIATION OF REALTORS
2102 Cleveland
Anchorage, Alaska 99503



HB 523
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make copy for D2

February 19, 1990

Representative Dave Donley
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Re: House Bill 523

Dear Representative Donley:

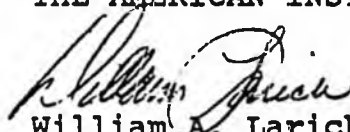
As you have already been advised by the Chairman of our Real Estate Appraiser's Task Force that Federal legislation has been passed which will require certification of appraisers by July 1, 1991.

H.B. 523 is very similar to the model bill prepared by our Task Force. We, therefore, strongly support H.B. 523 and urge its passage as priority legislation during this session of the Legislature.

Your assistance is appreciated.

Sincerely,

ALASKA CHAPTER OF
THE AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS


William A. Larick, RM
Acting President

BRIEFS

August 30, 1989

Federal Law Puts Spotlight on State Appraiser Legislation

Now that the federal bill has been signed into law, the focus is shifting to the passage and implementation of state certification programs. Since the use of state certified appraisers is mandated for "federally covered transactions" under the new federal legislation, it becomes necessary for those states that have not as yet enacted certification to do so by July 1991.

To date 15 states have passed some type of appraisal legislation, the majority of which having been enacted within the last year and a half. The programs vary, as can be seen on the summary on pages 3 and 4.

Key elements of the federal law that may be helpful to legislative efforts in those states currently without certification programs, and for those states which may need to make necessary changes in their programs, include the following:

- The federal law mandates the use of certified appraisers and permits licensing. States *must* certify appraisers; if a state fails to do so, no appraisals involving federally related transactions may be performed by appraisers in the state. The Society continues to encourage states to set up certification programs consistent with the Appraisal Foundation's and our model legislation.
- Transactions covered. Certified appraisers can perform an appraisal in all federally related transactions, both residential and commercial. Transactions having a value of *under* \$1 million may also have an appraisal performed by a certified appraiser; this will be decided by each federal bank regulatory agency. The Society has encouraged the use of state certified appraisers to insure the highest level of competency for users.

(Continued on page 2)

At a Glance

Special legislative update issue, containing:

Complete text of federal Appraisal Reform legislation, including congressional Conference Report — pp. 5-7

State-by-state summary of all states having passed legislation to date pertaining to appraising, with key aspects of each law — pp. 3 & 4

Jobsearch — p. 11

Annual Conference Attracts National Media

With the growing public focus on appraisal reform issues, the fact that this year's Annual Conference attracted members of the nation's press is not surprising. Among those attending the Annual Conference, held in late July-early August in New York City, were representatives from *The New Yorker* and the *New York Post* (the latter interviewing president Louie Reese III, SRPA). Also represented were *Nation's Business* (the monthly magazine of the U.S. Chamber of Commerce), *National Thrift News*, *Washington Cable*, *Real Estate Weekly* and *Everyday Law*.

The Conference brought together close to 1,200 Society members and their families who participated in a series of educational workshops as well as a variety of social and sightseeing activities. For those unable to attend, tapes of all the sessions will be available shortly (see fu-

(Continued on page 2)

States Now With Separate Appraiser
Certification and/or Licensing Laws



See pages 3 and 4 for detailed synopsis
of key aspects of each state act.



Conference (from p. 1)

ture *Briefs* for tape announcement)

Special guest speakers included William F. Buckley, Jr., whose remarks opened the Conference; and Frank W. Abagnale, who spoke at the closing luncheon. Abagnale was once described by the *Wall Street Journal* as the "world's greatest con man" but is now a highly respected authority on white collar crime prevention. His inspirational presentation was rated one of the highlights of the Conference.

At the conclusion of the Conference, the Society learned that the Marriott Marquis Hotel would donate a percentage of their income from the Conference to the Children's Network, a charitable organization that assists children in need.

New Officers Elected

Following the Conference the Board of Governors met for two days. Included on their agenda was the election of 1990 national officers and the 10 district governors whose terms expire at the end of 1989. Those elected for the coming year are:

President: Ritch LeGrand, SREA, Sioux City, IA

First Vice President: Richard G. Pietrowitz, SRPA, Gibbsboro, NJ

Second Vice President: Bernard J. Fountain, SRPA, Clinton Corners, NY

Vice President: William J. Coyle III, SREA, Pawtucket, RI

Vice President: Alfred J. Ferrara, SRPA, Anchorage, AK

Vice President: Bill T. Hylton, SRA, High Point, NC

District governors who were elected are:

District 6: Basil S. Katsaros, SRPA, Denver, CO

(Continued on back page)

Law (from p. 1)

- Independence of state appraiser certifying agency. Decisions concerning appraisal matters should not be made by the same officials whose responsibilities include licensing of Realtors or others. Only administrative functions may be shared.

- Education/experience/exam requirements. Minimum of 60 hours or a college degree plus 15 hours of professional practice; two years of experience within the last five years, supported by written documentation for certification; and passing of an exam. (The foregoing is contained in the Foundation-endorsed model bill.) Licensing requirements have yet to be determined and will be subject to review by the federal Appraisal Subcommittee.

- Role of the Appraisal Foundation. Recognized in the federal law as the legitimate representative of the professional appraisal industry, it may maintain a roster of all state certified and licensed appraisers eligible for federally related work. It also will establish the qualifications criteria and uniform national examination required for certification.
- Grandfathering. All appraisers will be required to meet the Foundation's experience, education and examination requirements to become certified. The oversight body, the Appraisal Subcommittee, established under the federal law, will reject those state practices and procedures that are inconsistent with the federal law.

The Society's Public Affairs office in Washington is available to consult with members seeking assistance in their state legislative effort. Additionally, all members are urged to keep the Washington office abreast of any developments occurring in their state, and to call for copies of the model bill for state certification. Key staff contacts in

Washington are Donald E. Kelly, Director of Washington Operations, Debbie Geary and Lisa DeFusco (800-346-8897).

Requests for Data

Wanted: sales of self-storage (miniwarehouse) properties in major metro areas of North and South Carolina, and sales of Butler manufacture metal self-storage warehouses in any location. Will pay or share data. Contact: Alfred M. Benson, SRPA, 6115 E. Grant Road, Tucson, AZ 85712; 602-886-2000; FAX: 602-886-0156.

BRIEFS

August 30, 1989

Volume 24

Number 18

BRIEFS (ISSN 0899-8779) is a biweekly publication of the Society of Real Estate Appraisers®, 225 N. Michigan Avenue, Chicago, Illinois 60601-7601; (312) 819-2400. Second-class postage paid at Chicago, IL, and additional mailing offices.

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Subscription rate: \$10.00 per year.

Postmaster: send address changes to Briefs, 225 N. Michigan Avenue, Ste. 724, Chicago, IL 60601-7601

Summary of State Appraiser Legislation

CALIFORNIA

(California presently has a law that only defines a "certified appraisal." It does not address the certifying and/or licensing of appraisers. The Lancaster-Montoya Appraisal Act took effect January 1, 1983. The law requires that an appraisal report be "certified" (that is, follows and documents certain guidelines and standards) if the client requests a "certified" appraisal report. If the client does not make such a request, this law has no regulatory power over any portion of the appraisal process. The California legislature is currently considering Assembly Bill 527, which is directed at certifying and licensing appraisers. This bill, however, is not supported by the California Coalition of Appraisers because it allows grandfathering as well as allows the commissioner of real estate to regulate appraisers.)

CONNECTICUT

Mandatory Licensing

Enacted: June 1988
Board: Directly regulated by the real estate commission
Education: Residential, 60 hours + exam; General, 120 hours + exam (exam waived through 7/90 for both categories)
Continuing Education: To be determined by the Real Estate Commission
Experience: Residential Appraiser license, 2 years as trainee under licensed appraiser; Real Estate Appraiser license, 2 years as licensed Residential appraiser or 4 years as trainee
Grandfathering: Yes
Enforcement: Real Estate Commission
Effective Date: October 1, 1989

FLORIDA

Voluntary Certification

Enacted: May 1988
Board: Advisory to the Real Estate Commission
Education: Residential, 60 hours + exam; General, 120 hours + exam
Continuing Education: To be determined by the Real Estate Commission
Experience: Residential, 2 years; General, 3 years
Grandfathering: No
Enforcement: Real Estate Commission
Effective Date: 1989

ILLINOIS

Certification

Enacted: June 1989
Board: Independent (within the Department of Professional Regulation)
Education: Residential, 75 hours + exam; General, 165 hours + exam
Continuing Education: Residential, 14 hours per year; General, 21 hours per year.
Experience: Residential, 2 years; General, 3 years (within the past 5) of full-time appraisal work

Grandfathering: No
Enforcement: Real Estate Appraisal Committee
Effective Date: July 1991

IOWA

Certification

Enacted: May 1989
Board: Independent (within Department of Commerce)
Education: To be determined by the Real Estate Appraiser Examination Board
Continuing Education: To be determined by the Board
Experience: To be determined by the Board
Grandfathering: No
Enforcement: Real Estate Appraiser Examination Board
Effective Date: July 1991

LOUISIANA

Voluntary Certification

Enacted: 1988
Board: Advisory to the Real Estate Commission
Education: Residential, 60 hours + exam; General, 120 hours + exam
Continuing Education: 15 hours per year
Experience: Residential, 2 years; General, 3 years
Grandfathering: No
Enforcement: Real Estate Commission
Effective Date: January 1990

MINNESOTA

Licensing (two levels)

Enacted: May 1989
Board: Advisory to the Department of Commerce
Education: Level I (residential), 75 hours + exam; Level II (general), 165 hours + exam
Continuing Education: 15 hours per year
Experience: Level I, none required; Level II, 2 years (within past 5 years) of full-time appraisal work
Grandfathering: Yes
Enforcement: Department of Commerce
Effective Date: September 1991

NEBRASKA

Mandatory Licensing

Enacted: 1974
Board: Direct regulation by the Real Estate Commission
Education: None required
Continuing Education: None required
Experience: Appraisal experience or a broker's license required, plus 3 years real estate or real estate finance experience
Grandfathering: Yes
Enforcement: Real Estate Commission

(Continued on page 4)

NEVADA

Licensing

Enacted: June 1989
Board: Independent (within the Department of Commerce)
Education: Residential, 60 hours + exam; General, 120 hours + exam
Continuing Education: 10 hours per year
Experience: Residential, 2 years; General, 3 years (within past 5 years) of full-time appraisal work
Grandfathering: No
Enforcement: Commission of Appraisers of Real Estate
Effective Date: July 1991

NORTH CAROLINA

Voluntary licensing and certification

Enacted: June 1989
Board: Advisory to the Real Estate Commission (1 appraiser added to Commission)
Education: License, 90 hours + exam; Certification, 180 hours + exam
Continuing Education: 24 hours every 2 years
Experience: License, none required; Certification, 2 years (within past 5) of full-time appraisal work
Grandfathering: possibly
Enforcement: Real Estate Commission
Effective Date: July 1990

OHIO

Certification

Enacted: June 1989
Board: Independent (within the Department of Commerce)
Education: Residential, college degree or 75 hours; General, college degree or 165 hours (15 of which are professional practice for both categories)
Continuing Education: 20 hours every 2 years
Experience: 2 years (within past 5 years) of full-time appraising
Grandfathering: No
Enforcement: Division of Real Estate Appraisers
Effective Date: January 1991

OREGON

Mandatory Licensing

Enacted: 1975
Board: Direct regulation by the Real Estate Commission
Education/Experience (one of the following): A) 30 hours of education (community college, Society or Institute courses) and 3 to 4 years of experience; B) 60 hours of education and no appraisal experience; or C) no education but 7 to 8 years appraisal experience (any person with a real estate sales license need only pass the appraisal exam)
Grandfathering: Yes
Enforcement: Real Estate Commission

TEXAS

Certification

(Broker or sales license currently required to appraise; also a requirement for certification)

Enacted: May 1989
Board: Advisory to the Real Estate Commission
Education: Residential, 80 hours + exam; General, 150 hours + exam
Continuing Education: To be determined by Real Estate Commission
Experience: Residential, 2 years; General, 3 years.
Grandfathering: No
Enforcement: Real Estate Commission
Effective Date: July 1991

WASHINGTON

Certification

Enacted: April 1989
Board: Advisory to the Department of Licensing
Education: To be determined by the Department of Licensing
Continuing Education: To be determined
Experience: To be determined
Grandfathering: Possibly
Enforcement: Department of Licensing
Effective Date: July 1990

WYOMING

Certification

Enacted: April 1989
Board: Independent (adjunct to Real Estate Commission)
Education: Residential, 75 hours + exam; General, 120 hours + exam
Continuing Education: 20 hours per year
Experience: 2 years (within the past 5) of full-time appraisal work
Grandfathering: No
Enforcement: Certified Real Estate Appraiser Board
Effective Date: July 1991

Note: The following states currently require a real estate sales or broker's license to appraise: Delaware, Florida, Indiana, Michigan, Mississippi, Pennsylvania, Rhode Island, South Dakota, Texas, Virgin Islands.

For further information on all state legislative activity, contact the Society's Washington office, 800-346-8897 or 202-298-8497.

1989 Update of State Legislation

Illinois: Certification bill

Board: Independent (within the Department of Professional Regulation)

Education: residential - 75 hours + exam, general - 165 hours + exam

Continuing Education: residential - 14 hours per year, general - 21 hours per year

Experience: residential - 2 years, general - 3 years (within the past 5) of full time appraisal work

Grandfathering: No

Enforcement: Real Estate Appraisal Committee

Effective Date: July, 1991

Iowa: Certification bill

Board: Independent (within Department of Commerce)

Education: To be determined by the Real Estate Appraiser Examination Board

Continuing Education: To be determined by the Real Estate Appraiser examining Board

Experience: To be determined by the Real Estate Appraiser Examination Board

Grandfathering: No

Enforcement: Real Estate Appraiser Examination Board

Effective Date: July, 1991

Minnesota: Licensing bill (two levels)

Board: Advisory to the Department of Commerce

Education: Level I (residential) - 75 hours + exam, Level II (general) - 165 hours + exam

Continuing Education: 15 hours per year

Experience: Level I - none required, Level II - 2 years (within the past 5) of full time appraisal work

Grandfathering: Yes

Enforcement: Department of Commerce

Effective Date: September, 1991

Nevada: Licensing bill

Board: Independent (within the Department of Commerce)

Education: residential - 75 hours + exam, general - 135 hours + exam

Continuing Education: 10 hours per year

Experience: residential - 2 years, general - 3 years (within the past 5 years) of full time appraisal work

Grandfathering: No

Enforcement: Commission of Appraisers of Real Estate

Effective Date: July, 1991

North Carolina: Voluntary licensing and certification bill

Board: Advisory to the real estate commission (also, 1 appraiser added to commission)

Education: License - 90 hours + exam, Certification - 180 hours + exam

Continuing Education: To be determined

Experience: License - no experience required, certification - 2 years (within the past 5) of full time appraisal work

Grandfathering: Possibly

Enforcement: Real Estate Commission

Effective Date: July, 1990

Ohio: Certification bill

Board: Independent (within Department of Commerce)

Education: residential - college degree or 75 hours, general - college degree or 165 hours. Both certifications require the passage of an exam.

Continuing Education: 10 hours per year

Experience: 2 years (within the past 5) of full time appraising

Grandfathering: No

Enforcement: Division of Real Estate Appraisers

Effective Date: January, 1991

Texas: Certification bill

Board: Advisory to the real estate commission

Education: residential - 80 hours + exam, general - 150 + exam

Continuing Education: To be determined by the real estate commission

Experience: residential - 2 years, general - 3 years

Grandfathering: No

Enforcement: Real Estate Commission

Effective Date: July, 1991

(Broker or sales license currently required to appraise - also a requirement for certification)

Washington: Certification bill

Board: Advisory to the Department of Licensing

Education: To be determined by the Department of Licensing

Continuing Education: To be determined by the Department of Licensing

Experience: To be determined by the Department of Licensing

Grandfathering: Possibly

Enforcement: Department of Licensing

Effective Date: July, 1990

Wyoming: Certification bill

Board: Independent (adjunct to real estate commission)

Education: residential - 75 hours + exam, general 120 hours + exam

Continuing Education: 20 hours per year

Experience: 2 years (within the past 5) of full time appraisal work

Grandfathering: No

Enforcement: Certified Real Estate Appraiser Board

Effective Date: July, 1991

HB523

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

Appraisal Subcommittee

1776 G Street, NW, Suite 701

Washington, DC 20006

FOR: Immediate Release

Contact: 202-447-1800

DATE: January 18, 1990

Guidelines for state certification and licensing of real estate appraisers were released today by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (FFIEC). The guidelines are intended to help states establish certification and licensing procedures for appraisers involved in federally related transactions.

States are authorized to establish such procedures under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). FIRREA also established the Appraisal Subcommittee and made it responsible for monitoring the appraiser certifying and licensing agencies that states may establish to carry out the purposes of Title XI.

The guidelines released today are designed to help states move quickly to implement provisions in Title XI, promote the independence of the appraisal regulatory function, reduce conflicts of interest, and address concerns about grandfathering and dual licensing requirements for appraisers.

In issuing today's guidelines, the Appraisal Subcommittee said it would review each state's compliance with the intent of Title XI in its entirety. Title XI instructs the Subcommittee not to recognize appraiser certifications and licenses from states whose appraisal policies, practices or procedures are found to be inconsistent with the purposes of Title XI.

In light of the important objectives of Title XI, the Subcommittee encourages public comments on the issues addressed by the guidelines, which will be published in the Federal Register. Comments should be sent to the Appraisal Subcommittee, FFIEC, 1776 G Street, N.W. Washington, D.C. 20006.

APPRAISAL SUBCOMMITTEE:
FEDERAL FINANCIAL INSTITUTIONS
EXAMINATION COUNCIL
Guidelines Regarding State Certification
and Licensing of Appraisers
Docket No. AS90-1

AGENCY: Appraisal Subcommittee, Federal Financial Institutions Examination Council.

ACTION: Notice of guidelines.

SUMMARY: The Appraisal Subcommittee of the Federal Financial Institutions Examination Council ("Appraisal Subcommittee") is issuing this notice of guidelines to assist the states in establishing appropriate organizational structures for licensing and certifying appraisers.

These guidelines are intended to 1) facilitate timely implementation of the provisions of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, 2) promote the independence of the state appraisal regulatory function, 3) reduce conflicts of interest, and 4) address concerns regarding the issues of grandfathering and dual licensing.

This notice of guidelines provides states and interested persons with copies of the guidelines and affords them an opportunity to comment. The Appraisal Subcommittee will carefully review the comments received and may issue modified guidelines if necessary.

DATE: Comments must be received on or before (INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER).

ADDRESS: All comments should be sent to the Appraisal Subcommittee, ATTN: Keith Todd - Docket No. AS90-1, Federal Financial Institutions Examination Council, 1776 G Street, Washington, DC 20006.

FOR FURTHER INFORMATION CONTACT: Written inquiries regarding this notice can be sent ATTN: Keith Todd - APPRAISAL INQUIRY to the address listed above.

SUPPLEMENTARY INFORMATION:

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("Title XI"), Pub. L. No. 101-73, 103 Stat. 183, 511 (1989), provides that states may establish a state appraiser certifying and licensing agency to assure availability of appraisers for federally related transactions, and to assure effective supervision of those appraisers. Title XI also established the Appraisal Subcommittee whose responsibilities, among other things, include monitoring the state appraiser certification and licensing systems.

In order to facilitate implementation of Title XI, the Appraisal Subcommittee is issuing these guidelines for use by the states in discharging their functions and responsibilities under the statute.

This notice of guidelines advises the states and interested persons of the content of the guidelines and affords an opportunity to comment on them. The Appraisal Subcommittee will carefully review the comments received and may issue modified guidelines if necessary.

1/18/90

DATED:

KEVIN BLAKELY

CHAIR, APPRAISAL SUBCOMMITTEE,
FEDERAL FINANCIAL INSTITUTIONS
EXAMINING COUNCIL

BILLING CODE: 6210-01-M

APPRAISAL SUBCOMMITTEE
GUIDELINES REGARDING
STATE CERTIFICATION AND LICENSING OF APPRAISERS

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) establishes an Appraisal Subcommittee of the Federal Financial Institutions Examination Council. The responsibilities of the Appraisal Subcommittee include, among other things, monitoring the appraiser certifying and licensing agencies, which states may establish to carry out the purposes of Title XI. Section 1116 (d) of this Title instructs the Subcommittee not to recognize appraiser certifications and licenses from states whose appraisal policies, practices or procedures are found to be inconsistent with Title XI.

The legislative history accompanying Title XI indicates that states should adopt an organizational structure for implementing their appraiser licensing, certification and supervision functions that avoids potential conflicts of interest. Recognizing that each state has fiscal constraints or other factors that could influence the structure and location of the agency charged with licensing and certifying appraisers, the legislative history also indicates a desire to avoid imposing any particular organizational structure upon the states. However, while this suggests that a state could choose to locate the appraisal regulatory function in the same department as the regulation of real estate licensing, promotion, development or financing functions (hereinafter "realty related activities"), the organizational structure of the department must provide adequate safeguards to ensure that the appraisal regulatory function is independent of realty related activities.

In response to numerous requests from states and other interested parties, the Subcommittee is issuing these guidelines to assist the states, territories and the District of Columbia in the establishment of appropriate organizational structures for licensing and certifying appraisers. The guidelines are intended to facilitate the implementation of Title XI, promote the independence of the appraisal regulatory function, reduce conflicts of interest, and address the grandfathering and dual licensing of appraisers. Given the importance of these objectives, the subcommittee will accept and consider public comments on the issues addressed by these guidelines.

GUIDELINES

LOCATION OF THE AGENCY

The Subcommittee believes it is preferable that the certification and licensing function be established as a totally independent regulatory agency answerable to the governor or a cabinet level officer who has no regulatory responsibility for realty related activities. (In these guidelines, the appraisal regulatory body will be referred to as the "agency", although it may also be a board, commission, or individual). Such a structure would provide maximum insulation for the agency from influences of any industry or organization whose members have a direct or indirect financial interest in the outcome of the agency's decisions (hereinafter "affected industry").

If, due to fiscal or other constraints, a separate agency is not feasible, the appraisal certification and licensing function should be located within a state

regulatory body which is structured to adequately eliminate the influences of an affected industry over the appraisal function.

APPOINTMENT OF THE AGENCY HEAD

The appointment of the agency head or members of the appraisal board should be made by an individual or committee not associated or affiliated with an affected industry. (An individual would be affiliated or associated with an affected industry if the individual had a direct or indirect pecuniary interest in the industry).

? what does this say

To illustrate:

An autonomous agency head, appointed by the governor and subject to confirmation by the legislature would generally be considered to be properly appointed.

An individual or board chosen by or answerable to a committee or commission comprised of a majority of real estate appraisers, real estate brokers, financial institution executives or other members of an affected industry would not meet the criteria for being independently appointed.

INDEPENDENCE FROM AFFECTED INDUSTRIES

If the agency is directed by an individual, that person should not be actively engaged in the appraisal business or any other affected industry for the term of appointment or employment, and for a reasonable period thereafter.

Keith Todd
[202] 357 0181
Kevin Blahely [202] 447 1711

If the agency is directed by a board or commission, the members of that board should represent the broad public interest, and the statute, regulation, or order creating that body should not permit a majority of the board to come from or be dominated by any one industry or profession. Moreover, after its initial establishment, the composition of the board should continue to remain free from domination by any one industry or profession.

INDEPENDENCE OF DECISION MAKING

Decisions as to whether to license and certify, to discipline or to de-license or de-certify appraisers should not be made by the same state officials whose responsibilities include realty related activities.

Decisions of the state appraiser regulatory agency regarding whether to license or certify, to discipline or to de-license or de-certify appraisers should be final administrative action subject only to appropriate judicial review.

QUALIFICATION CRITERIA

All appraisers subject to the licensing or certification provisions of Title XI must be qualified through appropriate testing and experience requirements established by state law.

Certified: Individuals designated as certified real estate appraisers shall have, at a minimum, 1) satisfied the criteria for certification issued by the Appraisal Qualifications Board of the Appraisal Foundation, and, 2) passed a state administered examination which is consistent with

the Uniform State Certification Examination issued or endorsed by the Appraisal Qualifications Board of the Appraisal Foundation.

Licensed: States should establish meaningful qualification standards for licensed appraisers, including testing, experience and educational requirements that are adequate to demonstrate knowledge and competency.

Additional qualifications for licensing and certification may be required by any state or federal agency that considers such qualifications necessary to carry out responsibilities under Title XI.

EXEMPTIONS AND GRANDFATHERING

No individual or group of individuals shall be deemed exempt from meeting the criteria established for licensing or certification, or be otherwise "grandfathered" into the system. This is not meant to preclude states from recognizing existing licenses or certification designations of individuals who currently meet existing state licensing or certification requirements, provided those requirements are fully consistent with the provisions of Title XI.

MANDATORY DUAL LICENSING

Consistent with the spirit and intent of Title XI, state laws may not require any applicant for appraisal certification or licensing to hold other occupational licenses as a condition of obtaining a license or certification designation as a real estate appraiser.

OTHER

States should ensure that an appropriate code of professional responsibility is incorporated into their certification and licensing requirements.

**STATE OF ALASKA
1990 LEGISLATIVE SESSION**

**BILL VERSION: HB 523
PUBLISH DATE: 2/12/90**

REQUEST: FISCAL NOTE

Revision Date:
Title: **An Act Relating to Certification of Real Estate Appraisers**
Sponsor: **Representatives Navarre & Swackhammer**
Requestor: **Labor & Commerce**

Agency Affected: **DOT&PF**
BRU: **Engineering & Operations Standards and D & C Divs.**
Components: **ROW Sections**

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	42.6	0	0	0	0	0
TRAVEL	22.7	0	0	0	0	0
CONTRACTURAL	12.6	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	77.9	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	77.9	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: This bill would require that we certify appraisers involved in the acquisition of private property for public purposes. Currently there are 14 staff who would need certification. Approximately one-half of these meet most of the standards for certification. The other one-half would need to undergo the 150 hours of training required. Since the bill requires one year to certify, the department would be obligated to provide necessary training in order to maintain present staffing levels. A loss of appraisal staff could result in delays of federal-aid projects. The costs outlined above are for training 7 staff in the first year.

Prepared by: **Jeffery C. Ottesen**
Division: **Engineering and Operations Standards**

Phone: **465-2951**
Date: **February 27, 1990**

Approved by Commissioner: *Mark A. IH*
Agency: **Department of Transportation and Public Facilities**

Date: *3/5/90*

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

**Department of Transportation and Public Facilities
Fiscal Note Analysis**

There would be no fiscal impact in FY 1990.

Assumptions: 7 staff to be certified in 1991
 New staff would be expected to meet certification requirements

Course Costs:	\$600 for 50 hours of instruction x 3 courses	\$1,800.
Travel:	\$600 average x 3 courses	1,800.
Per Diem:	\$80 day x 6 days x 3 courses	1,440.
Salary*:	\$174 hours x \$35/hr. average	6,090.
	Total per Staff	\$11,130

For FY 1991: 7 staff * 11,130 = 77,910

* ROW Appraisal staff are CIP funded and as such would need funds to cover their salary costs when not performing on a capital project. Discussions with FHWA suggest they would not participate in the costs of this training, and as such all related costs, as depicted above, would require general funds to compensate.

H B

5 2 3

SENATE FINANCE COMMITTEE REPORT

DATE: 4/25/90

FURTHER:

DATE TURNED INTO OFFICE: 5/5/90

The Finance Committee considered CSHB 523 (Finance)

"An Act relating to certification of real estate appraisers; and providing for an effective date."

and recommended:

- | | | | |
|--------------------------|--------------------------------|--------------------------|----------------------------------|
| <input type="checkbox"/> | replace with _____ CS _____ | <input type="checkbox"/> | same title |
| <input type="checkbox"/> | or adopt _____ CS _____ | <input type="checkbox"/> | new title |
| <input type="checkbox"/> | attached amendment(s) | <input type="checkbox"/> | technical title change (HB only) |
| <input type="checkbox"/> | _____ letter of intent adopted | | |

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) SFC/DC&ED

5/5/90

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

SIGNING DO PASS:

Peace

OTHER RECOMMENDATIONS:

1.

Do Pass
Co-Chairs: Signatures and Recommendations

2.

File (do not pass)

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Certification of real
estate appraisers
Sponsor: Rep. Navarre
Requestor: Senate Finance

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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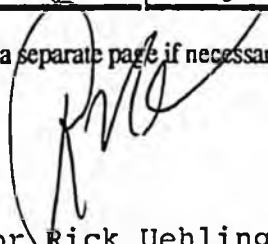
FUNDING: (Thousands of Dollars)

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

POSITIONS:

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)



Prepared by: Senator Rick Uehling, Co-chairman
Division: Senate Finance Committee

Phone: 465-4821
Date: May 5, 1990

Approved by Commissioner: _____
Agency: _____

Date: _____

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

Adopted

Original sponsor(s): REP. NAVARRE, Swackhammer, Sharp

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 523 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certification of real estate
7 appraisers; and providing for an effective date."

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

9 * Section 1. AS 08 is amended by adding a new chapter to read:

10 CHAPTER 87. REAL ESTATE APPRAISERS.

11 ARTICLE 1. BOARD OF CERTIFIED REAL ESTATE APPRAISERS.

12 Sec. 08.87.010. BOARD CREATED. There is created in the Depart-
13 ment of Commerce and Economic Development the Board of Certified Real
14 Estate Appraisers. The board is composed of five members appointed by
15 the governor. At least one member shall be a person licensed under
16 this chapter as a general real estate appraiser, at least one member
17 shall be a person licensed under this chapter as a residential real
18 estate appraiser, at least one member shall be an executive in a
19 mortgage banking entity, and at least one member shall represent the
20 public. The board shall elect a chair from among its membership.

21 Sec. 08.87.020. POWERS AND DUTIES OF BOARD. In addition to the
22 powers and duties conferred on the board by AS 08.01, the board shall

23 (1) establish the examination specifications for certifica-
24 tion as a general real estate appraiser and as a residential real
25 estate appraiser;

26 (2) adopt rules of professional conduct to establish and
27 maintain a high standard of integrity in the real estate appraisal
28 profession; and

29 (3) adopt regulations necessary to carry out the purposes

1 of this chapter.

2 ARTICLE 2. CERTIFICATION.

3 Sec. 08.87.100. CERTIFICATE REQUIRED. A person is guilty of a
4 class B misdemeanor who

5 (1) does not hold a certificate issued by the board, whose
6 certificate is suspended or revoked, or whose certificate has lapsed,
7 and holds out as a certified real estate appraiser in any way, orally
8 or in writing, directly or by implication; or

9 (2) is certified as a residential real estate appraiser and
10 holds out as certified to appraise real estate other than

11 (A) residential real property of four or fewer units;

12 or

13 (B) residential real property of 12 or fewer units
14 when a net income capitalization analysis is not required by the
15 terms of the appraisal assignment and a secondary mortgage market
16 form is used.

17 Sec. 08.87.110. REAL ESTATE APPRAISER CERTIFICATE. (a) The
18 board shall issue a general real estate appraiser certificate to a
19 person who presents evidence satisfactory to the board that the person

20 (1) has successfully completed 150 or more classroom hours
21 of instruction in subjects related to real estate appraisal from an
22 appraisal organization or academic institution approved by the board;

23 (2) has successfully completed 15 classroom hours of in-
24 struction related to standards of professional practice as a real
25 estate appraiser;

26 (3) has within the seven years immediately preceding the
27 filing of the application for certification four years of experience
28 in real property appraisal or three years of experience as a regis-
29 tered trainee under AS 08.87.310;

1 (4) successfully completes an examination prescribed by the
2 board;

3 (5) has not been convicted of a crime involving moral
4 turpitude; and

5 (6) has paid the required fees.

6 (b) The board shall issue a residential real estate appraiser
7 certificate to a person who presents evidence satisfactory to the
8 board that the person

9 (1) meets the requirements of (a)(2) and (4) - (6) of this
10 section;

11 (2) has successfully completed 60 hours of classroom in-
12 struction in subjects related to residential real estate appraisal
13 from an appraisal organization or academic institution approved by the
14 board; and

15 (3) has within the five years immediately preceding the
16 filing of the application for certification three years of experience
17 in real property appraisal or two years of experience as a registered
18 trainee under AS 08.87.310.

19 (c) Notwithstanding (a) and (b) of this section, the board
20 shall, without requiring the examination specified in (a)(4) of this
21 section, issue a general real estate appraiser or residential real
22 estate appraiser certificate to a person who can, by evidence satis-
23 factory to the board, show that the person

24 (1) has been certified in another state that has certifica-
25 tion requirements substantially equivalent to the requirements estab-
26 lished by this chapter and by regulations issued by the board under
27 this chapter, and that provides for certification of nonresidents
28 under conditions similar to those set out in this subsection and
29 without discriminatory costs;

1 (2) is not the subject of an unresolved complaint or disci-
2 plinary action before an authority regulating real estate appraisers
3 or a professional real estate appraisers' association;

4 (3) has not failed the examination for certification as a
5 real estate appraiser in this state;

6 (4) has not had certification as a real estate appraiser
7 revoked or suspended in this state or in another jurisdiction;

8 (5) has submitted proof of continued competency satisfac-
9 tory to the board;

10 (6) successfully completes an examination that may be
11 prescribed by the board relating to appraisal matters unique to
12 Alaska; and

13 (7) has paid the required fees.

14 (d) A certificate may be issued to a natural person only. A
15 certified real estate appraiser may sign an appraisal report on behalf
16 of a corporation, partnership, firm, or group practice.

17 (e) The board may provide for the limited certification of
18 persons not meeting the qualifications prescribed in this section and
19 may prescribe qualifications for limited certification. Persons
20 receiving limited certification under this subsection may perform an
21 appraisal that would otherwise require an appraiser certified under
22 (a) - (c) of this section only if

23 (1) the property being appraised is located in a sparsely
24 settled area of the state;

25 (2) the cost of an appraisal by an appraiser certified
26 under (a) - (c) of this section would be unreasonably high with regard
27 to the value of the property being appraised; and

28 (3) the appraisal by the person is consistent with federal
29 law.

1 Sec. 08.87.120. CONTINUING EDUCATION REQUIREMENTS FOR RENEWAL OF
2 CERTIFICATE. (a) The board may not renew a certificate issued under
3 this chapter unless the person applying for renewal presents evidence
4 satisfactory to the board that the person has, within the two years
5 preceding the application for renewal, attended 40 classroom hours of
6 instruction in courses or seminars that have received the approval of
7 the board.

8 (b) The board may grant credit toward some or all of the re-
9 quirements of (a) of this section to a person who has

10 (1) successfully completed a program of study determined by
11 the board to be equivalent for continuing education purposes to a
12 course or seminar approved by the board for continuing education
13 credit; or

14 (2) participated, other than as a student, in educational
15 programs that related to real estate analysis or real property ap-
16 praisal theory, practice, or technique, including teaching, program
17 development, and preparation of textbooks, monographs, articles, and
18 other instructional materials.

19 (c) The board shall adopt regulations on continuing education to
20 ensure that persons applying for renewal of certificates have thorough
21 knowledge of current theories, practices, and techniques of real
22 estate analysis and appraisal. The regulations must provide for

23 (1) procedures for the sponsor of a course or seminar to
24 apply for board approval for continuing education credit; the regu-
25 lations must require the sponsor to show that claimed attendance at a
26 course or seminar can be verified; and

27 (2) procedures for evaluating equivalency claims for appli-
28 cants for certificate renewal under (b) of this section.

29 (d) In considering whether to approve courses and seminars under

1 this section, the board shall give special consideration to courses,
2 seminars, and other appraisal education programs developed by or under
3 the auspices of organizations or associations of professional real
4 estate appraisers that are utilized by those organizations or asso-
5 ciations for the purposes of awarding real estate appraisal desig-
6 nations or of indicating compliance with the continuing education
7 requirements of the organizations or associations.

8 (e) An amendment or repeal of a regulation adopted by the board
9 under this section shall not operate to deprive a person holding a
10 certificate under this chapter of credit toward renewal of the per-
11 son's certificate for a course of instruction or seminar that had been
12 completed by the person before the amendment or repeal of the regu-
13 lation.

14 ARTICLE 3. PROHIBITED PRACTICES AND
15 DISCIPLINARY PROCEEDINGS.

16 Sec. 08.87.200. PROHIBITED PRACTICES. A certified real estate
17 appraiser may not

18 (1) act negligently or incompetently or fail without good
19 cause to exercise reasonable diligence in developing an appraisal,
20 preparing an appraisal report, or communicating an appraisal;

21 (2) wilfully disregard or violate a provision of this
22 chapter or of a regulation adopted by the board under this chapter;

23 (3) fail to comply with the Uniform Standards of Profes-
24 sional Appraisal Practice adopted by the Appraisal Standards Board of
25 the Appraisal Foundation;

26 (4) accept a fee for an appraisal assignment that is con-
27 tingent upon the appraiser reporting a predetermined estimate, analy-
28 sis, or opinion or upon the opinion, conclusion, or valuation reached,
29 or upon the consequences resulting from the appraisal assignment;

1 (5) knowingly make a false statement, submit false informa-
2 tion, or fail to provide complete information in response to a ques-
3 tion in an application for certification or for renewal of a certifi-
4 cate; or

5 (6) violate the confidential nature of government records
6 to which the person gains access through retention as an appraiser by
7 the government agency.

8 Sec. 08.87.210. DISCIPLINARY PROCEEDINGS. The board may exer-
9 cise its disciplinary powers under AS 08.01.075 if, after hearing, the
10 board finds a certified real estate appraiser has

11 (1) violated a provision of this chapter or a regulation
12 adopted by the board under this chapter;

13 (2) been convicted of a crime that involves moral turpi-
14 tude; or

15 (3) committed, while acting as a real estate appraiser, an
16 act or omission involving dishonesty, fraud, or misrepresentation with
17 the intent to benefit the appraiser or another person or to injure
18 another person.

19 ARTICLE 4. GENERAL PROVISIONS.

20 Sec. 08.87.300. RETENTION OF RECORDS. (a) A certified real
21 estate appraiser shall retain for not less than three years copies of
22 all written contracts engaging the appraiser's services for real
23 property appraisal work, and all reports and supporting data assembled
24 and formulated by the appraiser in preparing the reports.

25 (b) The three-year period specified in (a) of this section for
26 retention of records is applicable to each engagement of the services
27 of the appraiser and commences upon the date of the submittal of the
28 appraisal reports to the client unless, within the three-year period,
29 the appraiser is notified that the appraisal report is involved in

1 litigation, in which case the three-year retention period commences
2 upon the date of the final disposition of the litigation.

3 (c) All records that a certified appraiser must maintain under
4 (a) of this section shall be made available to the board or department
5 for inspection and copying upon reasonable notice to the appraiser.

6 Sec. 08.87.310. REGISTERED TRAINEES. (a) A person engaged in
7 the practice of real estate appraisal who is employed by or under the
8 direct supervision of a certified real estate appraiser may become a
9 registered trainee by submitting proof to the board that the person
10 has successfully completed at least 30 classroom hours of courses in
11 subjects related to real estate appraisal from an appraisal orga-
12 nization or academic institution approved by the board.

13 (b) A registered trainee may prepare or assist in the prepara-
14 tion of an appraisal report issued by a certified real estate apprais-
15 er if the report is also signed by the certified real estate appraiser
16 and if the certified real estate appraiser accepts full responsibility
17 for the report.

18 Sec. 08.87.320. ACTIONS BY UNCERTIFIED REAL ESTATE APPRAISERS
19 PROHIBITED. A person may not bring an action in a court of this state
20 for compensation for an act done or service rendered as a certified
21 real estate appraiser if the person did not hold a certificate under
22 this chapter at the time that the person performed the act or service
23 or offered to perform the act or service.

24 Sec. 08.87.330. EXEMPTIONS. This chapter does not apply to a
25 person who appraises real estate as part of the tax assessment process
26 of a municipality.

27 Sec. 08.87.340. APPRAISALS BY UNCERTIFIED APPRAISERS PERMITTED.
28 Nothing in this chapter precludes a person who is not certified as a
29 real estate appraiser from appraising real estate for compensation if

1 the person does not hold out to be a certified appraiser and if ap-
2 praisal by a certified appraiser is not required by federal law.

3 Sec. 08.87.900. DEFINITIONS. In this chapter

4 (1) "analysis assignment" means an analysis, opinion, or
5 conclusion prepared by a real estate appraiser that relates to the
6 nature, quality, or utility of certified real estate or real property;

7 (2) "appraisal" means an analysis, opinion, or conclusion
8 prepared by a real estate appraiser relating to the nature, quality,
9 value, energy efficiency, or utility of specified interests in, or
10 aspects of, identified real estate, and includes a valuation ap-
11 praisal, an analysis assignment, and a review assignment;

12 (3) "appraisal assignment" means an engagement for which an
13 appraiser is employed or retained to act, or would be perceived by
14 third parties or the public as acting, as a disinterested person
15 rendering an unbiased analysis, opinion, or conclusion relating to the
16 nature, quality, value, or utility of specified interests in, or
17 aspects of, identified real estate;

18 (4) "appraisal report" means any communication, written or
19 oral, of an appraisal;

20 (5) "board" means the Board of Certified Real Estate Ap-
21 praisers;

22 (6) "department" means the Department of Commerce and
23 Economic Development;

24 (7) "general real estate appraiser" means a real estate
25 appraiser certified to appraise all types of real property;

26 (8) "real estate" means an identified parcel or tract of
27 land, including improvements, but excluding subsurface natural re-
28 source values;

29 (9) "real property" means one or more defined interests,

1 benefits, and rights inherent in the ownership of real estate;

2 (10) "residential real estate appraiser" means a real estate
3 appraiser certified to appraise residential real property, subject to
4 the limitations of AS 08.87.100(2);

5 (11) "review assignment" means an analysis, opinion, or
6 conclusion prepared by a real estate appraiser that forms an opinion
7 as to the adequacy and appropriateness of a valuation appraisal or an
8 analysis assignment;

9 (12) "valuation appraisal" means an analysis, opinion, or
10 conclusion prepared by a real estate appraiser that estimates the
11 value of an identified parcel of real estate, or identified real
12 property at a particular time.

13 * Sec. 2. AS 08.01.010 is amended by adding a new paragraph to read:

14 (31) Board of Certified Real Estate Appraisers (AS 08.87.-
15 010).

16 * Sec. 3. AS 08.03.010(c) is amended by adding a new paragraph to read:

17 (24) Board of Certified Real Estate Appraisers (AS 08.87.-
18 010) -- June 30, 1994.

19 * Sec. 4. AS 44.62.330(a) is amended by adding a new paragraph to read:

20 (55) Board of Certified Real Estate Appraisers.

21 * Sec. 5. INITIAL APPOINTMENTS TO THE BOARD OF CERTIFIED REAL ESTATE
22 APPRAISERS. Notwithstanding AS 08.87.010, as enacted by sec. 1 of this
23 Act, a person is eligible for an initial appointment as an appraiser member
24 of the Board of Certified Real Estate Appraisers if the person has at least
25 10 years of experience as a real estate appraiser or if the person is a
26 designated member in good standing of a real estate appraisal organization
27 that, as of January 1, 1989, required appraisal experience, appraisal
28 education, and testing to become a member, and required adherence to gen-
29 erally accepted standards of professional practice in order to retain

1 designated membership.

2 * Sec. 6. AS 08.87.100, enacted by sec. 1 of this Act, takes effect
3 July 1, 1991.

4 * Sec. 7. Except for AS 08.87.100, enacted by sec. 1 of this Act, this
5 Act takes effect July 1, 1990.

this session will likely require hiring certified appraisers from the "lower 48" on federally funded projects.

Significant points necessary for Alaska to conform to Federal requirements

- 1) An independent regulatory agency that answers to the Governor.
- 2) Appraiser certification/ licensing activities should not be conducted by the same officials that are responsible for real estate regulation.
- 3) Certified appraisers must satisfy criteria established by the Appraisal Qualification Board of the Appraisal Foundation and must pass a state examination consistent with the Appraiser Foundation guidelines.
- 4) "Grandfathering" is not allowed.
- 5) The Legislature, by enacting the proper law during this session, would allow sufficient time for those now engaged in appraisal work the necessary time to become certified.

Amendments made in Labor & Commerce Committee (CSHB 523)

- * Page 1, Sec. 08.87.020 (2) Adopt rules of professional conduct
- * Page 7, Art. 4 deleted in total. This deletion makes appraiser certification mandatory.
- * Page 8, Sec. 08.87.330 Exempts municipal tax assessors.
- * Page 9, Sec. 08.87.900 (8) Excluding subsurface natural resource values.

Amendments made in the Finance Committee

- * Page 1, line 14 change four to five, on lines 15 & 16 delete executive director of Alaska Housing Finance Corporation.
- * Page 4, following line 18. This new section allows for a limited certification, when certain conditions are met.

* Page 8, following line 15. Appraisals By Uncertified Appraisers Permitted. This is a reinstatement of Article 4 that was deleted in Labor & Commerce. The purpose of the reinstatement was to insure that in-house appraisals conducted by insurance companies, banks, or other institutions would be allowed, so long as the appraisal is not held out to be a certified appraisal.

* Page 9, line 9, energy efficiency was inserted.

Current Status of HB 523

* HB 523 passed out of the House Labor & Commerce Committee on March 6th.

* HB 523 passed out of House Finance Committee on March 29th.

* HB 523 passed the House of Representatives on March 6th. The House vote was 35 to 3.

* HB 523 has no known opposition. The bill is supported by the state realtors association, the appraisers association, and the Department of Commerce.

* HB 523 was passed by the Senate Labor & Commerce Committee on April 25th.

For Additional Information: Contact Tom Ackerly (3779) / Capitol 24.

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to certification of real estate appraisers; . . .
 Sponsor: Representative Navarre
 Requestor: House Labor & Commerce

Agency Affected: Commerce & Economic Dev.
 BRU: Occupational Licensina
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	17.5	17.5	17.5	17.5	17.5	17.5
TRAVEL	18.4	14.7	10.4	10.4	10.4	10.4
CONTRACTUAL	25.0	15.0	15.0	15.0	15.0	15.0
SUPPLIES	1.3	1.3	1.3	1.3	1.3	1.3
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	62.2	48.5	44.2	44.2	44.2	44.2

CAPITAL	0	0	0	0	0	0
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REVENUE	60.0	0	60.0	0	60.0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER GF/PR	62.2	48.5	44.2	44.2	44.2	44.2
TOTAL	62.2	48.5	44.2	44.2	44.2	44.2

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	1	1	1	1	1	1
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary) The bill establishes a five-member Board of Real Estate Appraisers to establish examination and continuing education requirements for certification of general real estate appraisers and residential real estate appraisers. The division has received information that approximately 200 individuals may apply and seek certification upon passage of this legislation. (CONTINUED)

Prepared by: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensina Date: 2/23/90

Approved by Commissioner: Larry Mercurieffs Date: 2-23-90
 Agency: Department of Commerce & Economic Development

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

CONTINUATION OF FISCAL NOTE ANALYSIS - HB 523

This fiscal note represents the cost of certifying real estate appraisers with a three-member board and using an estimate of 200 individuals who may qualify for certification. Costs of the program are projected based on the number of individuals certified. Therefore, using 200 individuals as a base, the real estate appraiser certification program will be responsible to cover less than one percent (.076) of the division's operating costs, in addition to funds required to carry out specific mandates of the bill. A breakdown of these costs is as follows:

Personal Services:

One Seasonal Occupational Licensing Examiner I \$17.5
Six months, GGU, Range 12A

Travel: \$18.4

In FY 91, this funding will provide for four face-to-face meetings: two in Anchorage, one in Juneau, and one in Fairbanks; assuming two members are appointed from Anchorage, two from Juneau, and one from Fairbanks, and three division staff to attend each meeting. This funding will also provide travel to administer the examination in various locations throughout the state.

In FY 92, board meetings are reduced to three with travel provided to administer the examination in various locations.

FY 93 and forward, board meetings are reduced to two each year and travel funds to administer the examination in various locations throughout the state.

Contractual: \$25.0

This fiscal note provides \$10.0 for development of a professional certification examination in the first year. Currently, there are testing agencies with real estate appraiser examinations and, therefore, only those questions specific to Alaska will need to be developed. An additional \$15.0 will fund printing, advertising, postage and communication costs.

Supplies: \$ 1.3

Funding will provide standard office supplies.

TOTAL: \$62.2

REVENUE:

The revenues are based on 200 individuals paying a certification fee of \$150 per year. Because certifications are issued for a two-year period, revenues are doubled every other year. As indicated, certification fees of 200 certified individuals will not cover program costs and, therefore, the program will have to be covered by other licensing areas renewing in those years or supplemented with general funds.

HB

532

HOUSE COMMITTEE REPORT

File

(11)
Date Referred: March 2, 1990

FURTHER REFERRALS:

Date of Committee Action: 3/20/90

The FINANCE Committee considered:

HB 532

HOUSE BILL NO. 532 PLASTIC CONTAINER/BOTTLE CODING REQUIRED

"An Act requiring the placement of certain coding on certain plastic bottles and containers; and providing for an effective date."

RECOMMENDATIONS:

- [X] be replaced with CSHB 532 (FIN) [X] the same title
- [] a new title
- [] have attached amendment(s)
- [X] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [X] fiscal note(s) 3/2/90/H.L.C
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Do Not Pass No Rec Amend

Ronald J. Larson Larson
Charles Swackhammer Swackhammer
John Brown Brown
Kevin Keenan Keenan
Uimer Uimer
Barney Barnes Barnes
Phillips Phillips
Rieger Rieger

Signature	Do Not Pass	No Rec	Amend
<u>Laura Hoffman</u> Hoffman	X		
<u>Dick Shultz</u> Shultz	X		
<u>Kay Wallis</u> Wallis	✓		

Laura Hoffman Hoffman
 Chairman's Signature
Ronald J. Larson Larson

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act requiring the placement
of certain coding on plastic bottles...
Sponsor: Rep. Virginia Collins
Requestor: _____

Agency Affected: Environmental Conservation
BRU: Environmental Quality
Components: _____
Environmental Quality

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		5.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Copying costs and limited advertising campaign
\$5,000/FY 92 only

Prepared by: Rep. David Donley
Division: House Labor and Commerce Committee
Approved by Commissioner: David Donley
Agency: House Labor and Commerce Committee

Phone: 465-4954
Date: 2/27/90
Date: 2/27/90

Distribution (by preparer):

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

Adopted

Original sponsor(s): REP. COLLINS, Koponen, Finkelstein, Navarre, Hanley, Swackhammer, Davidson, Leman, C.Davis, Brown

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 532 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act requiring the placement of certain coding on
7 certain plastic bottles and containers; and providing
8 for an effective date."

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

10 * Section 1. AS 46.06 is amended by adding a new section to read:

11 Sec. 46.06.095. CODING REQUIRED. (a) A person may not manufac-
12 ture, sell, or offer to sell a plastic bottle or a rigid plastic
13 container unless a code that identifies the type of resin used to
14 produce the bottle or container and that complies with (b) of this
15 section is molded into or imprinted on or near the bottom of the
16 bottle or container.

17 (b) The department shall establish by regulation the content and
18 design for the code required under (a) of this section. The regula-
19 tions must be consistent with federal provisions on plastic product
20 labeling. In developing the regulations the department is encouraged
21 to use, to the extent consistent with the federal provisions, the
22 codification system designed by the Society of the Plastic Industries,
23 Inc., including the following features:

24 (1) a code number placed within an equilateral triangle of
25 arrows, and code letters placed below the triangle of arrows, in which

26 (A) the triangle is formed by three arrows with the
27 apex of the point of each triangle at the midpoint of each arrow,
28 rounded with a short radius;

29 (B) the arrowhead of each arrow is at the midpoint of

1 each side of the triangle with a short gap separating the arrow-
2 head from the base of the adjacent arrow; and

3 (C) the triangle formed by the arrows depicts a clock-
4 wise path around the number;

5 (2) the following code numbers and letters to be used in
6 (1) of this subsection to identify types of resin:

7 (A) 1 and PETE, representing polyethylene terephthal-
8 ate;

9 (B) 2 and HDPE, representing high density polyethy-
10 lene;

11 (C) 3 and V, representing vinyl;

12 (D) 4 and LDPE, representing low density polyethylene;

13 (E) 5 and PP, representing polypropylene;

14 (F) 6 and PS, representing polystyrene; and

15 (G) 7 and OTHER, representing all other plastic res-
16 ins.

17 (c) The department shall maintain a list of the codes estab-
18 lished under (b) of this section and provide a copy of the list upon
19 request.

20 (d) A person who violates (a) of this section is guilty of a
21 violation.

22 (e) In this section,

23 (1) "plastic" means a material made of polymeric organic
24 compounds and additives that can be shaped by flow;

25 (2) "plastic bottle" means a plastic container that is
26 intended for single use and that

27 (A) has a neck smaller than the body of the container;

28 (B) accepts a screw-top, snap-cap, or other closure;

29 and

1 (C) has a capacity of not less than 16 fluid ounces or
2 more than five gallons;

3 (3) "rigid plastic container" means a formed or molded
4 container that is intended for single use, that is composed predomi-
5 nately of plastic resin, and that has a relatively inflexible finite
6 shape or form having a capacity of not less than eight ounces or more
7 than five gallons; "rigid plastic container" does not include a plas-
8 tic bottle.

9 * Sec. 2. This Act takes effect July 1, 1991.
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Adopted
U.C

A M E N D M E N T #1

OFFERED IN THE HOUSE

BY REP. BROWN

TO: HB 532

Page 1, line 17, through page 2, line 5:

Delete all material.

Insert the following subsection to read:

"(b) The department shall establish by regulation the content and design for the code required under (a) of this section. The regulations must be consistent with federal provisions on plastic product labeling. In developing the regulations the department is encouraged to use, to the extent consistent with the federal provisions, the codification system designed by the Society of the Plastic Industries, Inc., including the following features:

(1) a code number placed within an equilateral triangle of arrows, and code letters placed below the triangle of arrows, in which

(A) the triangle is formed by three arrows with the apex of the point of each triangle at the midpoint of each arrow, rounded with a short radius;

(B) the arrowhead of each arrow is at the midpoint of each side of the triangle with a short gap separating the arrowhead from the base of the adjacent arrow; and

(C) the triangle formed by the arrows depicts a clockwise path around the number;

(2) the following code numbers and letters to be used in

(1) of this subsection to identify types of resin:

- (A) 1 and PETE, representing polyethylene terephthalate;
- (B) 2 and HDPE, representing high density polyethylene;
- (C) 3 and V, representing vinyl;
- (D) 4 and LDPE, representing low density polyethylene;
- (E) 5 and PP, representing polypropylene;
- (F) 6 and PS, representing polystyrene; and
- (G) 7 and OTHER, representing all other plastic resins."

Reletter the following subsections accordingly.

Page 2, line 6:

Delete "in (c)"

Insert "established under (b)"

Alaska State Legislature

P.O. Box V
Juneau, Alaska 99811
(907) 465-2828

Anchorage * District 10



3111 C Street, Suite 412
Anchorage, Alaska 99503
(907) 561-2040

Member
Alaska Legislative
Council
Labor & Commerce
Committee
Special Committee
on Foreign Trade
Finance Sub-Committee
for Labor

Representative Virginia Collins

HOUSE BILL 532

SPONSOR STATEMENT

House Bill 532 would require a code on certain plastic bottles and containers. A person could not manufacture, sell, or offer to sell certain plastic bottles or containers without this code. The code would identify the type of resin used to produce the bottle or container.

The code would consist of a number placed within a specific triangle of arrows and a letter or letters placed below the triangle of arrows. There would be 7 different numbers and corresponding letters to identify the types of resins. The department would be required to maintain a list of the codes and to supply the list upon request.

A person found in violation of this act would be guilty of a violation. The effective date of this bill is July 1, 1991.

The model for this proposed legislation was drafted by the Society of the Plastic Industries, Inc. in response to legislators and environmentalists who asked the plastics industry for a code to expedite plastics recycling. Similar legislation has been passed in 19 states and 11 other states have legislation pending.

It is estimated that Americans currently discard over 158 million tons of municipal solid waste each year. We have entered into an era in which landfilling will no longer be the primary method of garbage disposal. Recycling in the U.S. has steadily increased since the mid-1960's.

The sorting of plastics by resin provides for more expeditious recycling. Aside from those 19 states which have passed plastic coding legislation, a total of 32 states are currently involved in the plastic recycling industry. Their involvement consists of negotiating to buy from collectors, recycling the plastic, producing the recycled plastic product, or manufacturing equipment for the recycling process.

In addition to establishing a more efficient plastic recycling system, this legislation would enable recyclers to obtain a higher level of "pure" material for resale markets. Public awareness is a prime ingredient to a successful recycling program and the coding system would help to increase the public's awareness of the recycling potential for plastics.



1275 K Street, NW, Suite 400
Washington, DC 20005
202 371 5319
FAX 202 371 5679

Plastic Codes Help Recyclers.

Plastics recyclers are finding it easier to sort containers, thanks to the plastics industry's new voluntary coding system. The system, developed by The Society of the Plastics Industry, Inc., helps recyclers to identify the types of plastic used in making individual bottles and other containers.

Already, more than 20% of all polyethylene terephthalate (PET) 2-liter soft drink bottles are being recycled in the U.S., in part because the containers are so easily identifiable. Milk and juice jugs made from high density polyethylene (HDPE) are also relatively easy for recyclers to identify. The coding system, though, makes it easier to separate other, less easily identified, types of plastic containers as well as vinyl, low density polyethylene, polypropylene and polystyrene. As new recycling technologies emerge, recyclers will be able to sort the various plastics to earn the highest price for their reclaimed materials.

The coding system is based on responses to a survey of recycling industry workers and officials. The codes are easy to read and easy to distinguish from other marks placed on plastic containers by manufacturers for use in processing and identification.

The code on each container consists of a triangle formed by three arrows, with a number in the center and distinguishing letters under the triangle. In size, the codes range from approximately 1/2 to 1 inch in diameter. They can be applied by molding or imprinting the bottom of the container.



Plastics Coding System

- 1: PETE (polyethylene terephthalate)
- 2: HDPE (high density polyethylene)
- 3: V (vinyl)
- 4: LDPE (low density polyethylene)
- 5: PP (polypropylene)
- 6: PS (polystyrene)
- 7: Other

The coding system is being phased in over a three-year period, and many bottles and other plastic containers on store shelves are already carrying them. In at least 15/9 states, laws have been passed which will require coding of plastic containers.

The plastics industry recognizes that future sorting systems will be more mechanized than they are today. The coding system is an interim solution until technology is developed that allows for the automatic identification and sorting of different types of plastics.

For more information about plastics recycling, contact *The Council for Solid Waste Solutions*.

STATES REQUIRING PLASTIC CONTAINER CODING

Prepared by the Council For Solid Waste Solutions January 7, 1990

The following states require the coding of plastics bottles of 16 ounces or more and other rigid plastic containers of 8 ounces or more following the Society of the Plastics Industry voluntary coding program.

DEADLINE FOR CODING

January 1, 1990	Connecticut
July 1, 1990	Florida
January 1, 1991	Wisconsin - regulations pending Illinois Minnesota - proposed regulations Missouri Louisiana Ohio New Jersey
July 1, 1991	Texas Massachusetts Maine North Carolina
December 31, 1991	North Dakota
January 1, 1992	Michigan California Indiana
July 1, 1992	Iowa Colorado

Note: New Hampshire has enacted legislation to establish a state recycling emblem program which recognizes and protects the SPI voluntary coding program as a distinct material identification system.

1990 Proposed Legislation: Alaska, Arizona, Georgia, Kentucky, Oklahoma, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

Mar 1971

Representative Ron Larson
Chairman, House Finance Committee
P.O. Box V
Juneau AK 99811

Dear Representative Larson:

The Alaska Environmental Lobby stands in support of H.R. 12, recently introduced by Representatives Collins, Koronen, Finkelstein, Navarre, Hanley, Swackhammer, and Davidson. As you know, the coding of plastic bottles and containers called for in this bill was developed and recommended by the plastics industry, and will allow sorting and recycling of these containers as soon as facilities are available.

Often anti-environmentalists respond to environmental legislation with suspicion born of fear that their quality of life will be diminished. We are confident that there are enough resources for all the world, if only we will conserve and share them. This bill is a small step in that process. We compliment the sponsors and urge a speedy hearing on this legislation.

Sincerely,

Annie McKenzie

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • JUNEAU GROUP, SIERRA CLUB • SITKA GROUP, SIERRA CLUB •
KNIK GROUP, SIERRA CLUB • DENALI GROUP, SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
DENALI CITIZENS' COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • ALASKA WILDLIFE ALLIANCE
SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER • SOUTHEAST ALASKA CONSERVATION COUNCIL
KNIK KANOERS AND KAYAKERS

Table

POTENTIAL MARKETS FOR RECYCLED PET AND HDPE PLASTICS SCRAP

PET (PETE)

- Strapping
- Scouring Pads
- Fence Posts
- Industrial Paints
- Paint Brushes

FIBERFILL

- Pillows
- Ski Jackets
- Cushions
- Sleeping Bags

FIBER

- Twine
- Filter Material
- Apparel
- Rope
- Carpet Backing

TEXTILES

- Belts
- Webbing
- Sails
- Woven Bags
- Tire Cord

POLYOL

- Laminated board stocks for both wall and roof housing insulation
- Refrigeration truck paneling
- Home and commercial freezer insulation
- Storage tank insulation
- Automobile bumpers
- Furniture
- Sporting Goods, e.g., skis and surfboards.

UNSATURATED POLYESTER

- Bath Tubs
- Sinks
- Boat Hulls
- Shower Stalls
- Corrugated Awnings
- Marbleized Material
- Automobile Exterior Panels

ENGINEERING PLASTICS

- Appliance Handles, Housings & Cases
- Automotive Applications

THERMOFORMED SHEET

- Six-pack Carriers
- Nonfood Containers
- Audio & Video Cassette Cases

CHEMICAL CONVERSION Back to Original PET Building Blocks

- DMT (dimethylterephthalate)
- TPA (terephthalic acid)
- Ethylene glycol

HDPE

- Boat Piers
- Calf and Pig Stalls
- Garden Furniture
- Pipe
- Base Cups
- 1-Qt. Oil Containers

FUEL SOURCE

- Coal Replacement

Source: SPI

Unsaturated Polyester

There is a significant market for unsaturated polyester, estimated in excess of 250 million-pounds-per-year. A whole host of applications fit this category of fabricated fiberglass products. PET bottles have been recycled into bath tubs, shower stalls and corrugated awnings. AMF Corporation has even experimentally produced Sunfish sailboat hulls from used PET.

Rigid Urethane and High Temperature Foams

Another market opportunity receiving considerable attention at the present time is rigid urethane foam and polyester foams. Predicasts* forecasts that in the next ten years there will be a 77 percent increase in the demand for foam products with applications in construction, transportation and protective material in packaging. The method for making urethane foam is generally polyol technology and is not affected by color of input feed stock; but like fiberfill, inexpensive, low IV scrap is very competitive with bottle scrap. However, this application could be a good one for the more contaminated green bottle-grade PET scrap. This is approximately a 50 million-pound-per-year market.

High temperature resistance foams can be converted from PET scrap. This product is ideally suited for such applications as aerospace, electrical wiring insulation and automotive applications. It is also useful in the packaging and construction industries. There is at least one manufacturer currently producing foam from recycled PET bottles.

*Predicasts, Inc. is a market research firm located at Cleveland, Oh.

Polyol

The lowest value end-use application is polyols for unsaturated polyesters. Some contaminants are acceptable in the PET scrap since they are removed by the manufacturer in the process. A number of processes have been developed, such as methanolysis or depolymerization (hydrolysis and glycolysis). This technology reverses the PET formation process and reverts PET resin back into some of the original building block chemicals (i.e., ethylene glycol, terephthalic acid (TPA) and dimethyl terephthalate (DMT)). Hoechst has a process that will reduce PET to TPA and ethylene glycol, but it is not cost-effective at the present time. Eastman Chemicals has a particle methanolysis process which permits conversion into unsaturated polyesters for reinforced plastics and polyols for rigid foam.

The one big advantage of polyol technology is that some green recycled PET is acceptable. The main deterrent is that the technology is not high IV-dependent. The IV value for bottle-grade PET is much higher than other grades of PET available but this application can use the inexpensive, low IV scrap instead. In view of this competitive environment, polyols do not appear to be a long-term market opportunity for recycled PET bottle scrap. The companies operating in this market include Ruco Polymer, Ciba-Geigy, Inolex, Reichhold, Witco and Polyurethane Specialties Company. This is considered to be a 100 million pounds-per-year market.

Thermoformed Sheet Scrap

PET thermoformable sheet can be processed into a variety of products for non-food use - for example, appliances (interior and exterior liners), transportation (cars, trucks, recreation vehicles, mobil homes, buses, trains, planes), building products (bathtubs, spas, liners for whirlpools and swimming pools), taking advantage of the high IV of PET bottle grade polymer and its excellent temperature and electrical properties. This application represents over 225 million pounds per year.

Engineering Plastics

Compounding

One of the most attractive applications for the higher IV PET from bottle grade recycle is the compounding market. Some have estimated that "It costs five to ten billion dollars to make a new resin, while it only costs a fraction of that to come up with an alloy or blend." PET scrap compounded in this manner is generally used for extruded and molded plastics. Compounders can utilize either colorless or green scrap, and mix it with additional flow additives, impact modifiers, etc., before being used in extrusion and injection molding. Several companies have learned how to do this and other companies have learned how to blend recycled PET with other engineering plastics. For example, Wellman recently announced the introduction of six new polyester molding compounds processed from recycled soft-drink bottles. Some of these "engineering" resins are 20-30 percent glass-filled, flame-retardant, low-modulus, general purpose resins. General Electric is very much interested in this technology.

Successive use of the same plastic used for packaging that has a life of only a few months could come about by reprocessing and blending into engineering thermoplastics for the automotive industry where the life is extended to several years. When discarded after their usefulness in the automobile, they could be finally compounded into products used for construction where they would last for a life-time, thus virtually eliminating it from solid waste. The field of blending and alloying is a rapidly expanding area of research in the engineering resin development.

We estimate that reprocessed PET soft drink bottles could be compounded into as many as 20-30 new engineering polymers during the next five years. As these new resins are developed they will compete with PBT (Polybutylene Terephthalate) and nylon, and the demand for

recycled PET could increase. Recycled PET compounds are usable for automotive under-the-hood applications such as distributor caps, electrical fittings, and fuse boxes that need high-temperature resistance. In the electronics industry, they can be used for internal parts of TV sets, and connectors, plugs, and sockets used in integrated computer circuit chips. This market could exceed 550 million-pounds-per-year.

Strapping

Plastic strapping for carton and pallet binding presently utilizes over 20 million-pounds-per-year of recycled PET, and has a potential of over 100 million pounds per year. In contrast to those applications mentioned above, strapping requires the high IV inherent with bottle-grade PET scrap. Color is not a problem, so this is an ideal application for recycled PET.

Coextrusion

Another potential area is in coextruded plastics packaging. Coextrusion multi-layer technology has advanced to the state-of-the-art where recycled PET bottle scrap can be incorporated as the core or external layer for a whole host of food and beverage containers of the future. We estimate that the total market potential for coextruded packaging (bottles and flexible films) exceeds 400 million pounds per year.

Textiles and Geotextiles

A relatively new area for fiber use in the U.S. is geotextiles for erosion control and roadbed stabilization where the long term stability of plastics is a distinct advantage. This market is an attractive growing industry that could utilize carbon-black pigmented fiber, an application that could use green bottle PET resin.

Textima, a German textile machinery manufacturer, has developed a process for utilizing existing "underlay" technology to manufacture film and fabric from recycled PET bottle scrap.

Both clear and green bottles can be used to convert a monoaxially oriented film which in turn can be split and used as yarn in stitch-bonding technology. Applications could also be found within the traditional textile industry, industrial fabrics, and carpet backings. The size of these markets are not too well-defined and would require development, but we estimate at least 100 million pounds per year.

Fuel Source

A special process has been developed by Montville Plastics & Rubber, Inc. (Parkman, Ohio) for converting PET soft drink bottles into fuel products for the steel industry, local power-generating facilities, and for in-plant process heating. MP&R calculates that one pound of bottles nets about one pound of fuel (7 two-liter PET soft drink bottles weighs one pound). Shipping costs for the PET bottles from the States of Connecticut and New York averages about 2¢ per pound or \$40 per ton. By comparison, coal costs range from \$40 to \$50 per ton. However PET fuel has twice as many BTU's per pound as compared to coal. MP&R has the capacity to process an estimated 4 million pounds per year and has sold several million pounds as a fuel enhancer to regional steel mills for use in oxygen furnaces. Other areas MP&R is exploring include fireplace logs and large-volume producers of PET products, particularly films, where the MP&R system could help a converter use the internally generated scrap as fuel pellets to heat their own plants, since on-site conversion would be more cost-effective. Quantifying the size of this market would be very difficult at this time, but published data on coal consumed by electric generating utilities indicate that over 664 million short tons were used in 1986, and in the process creating 4 - 10 pounds of ash that must be landfilled, for each ton of coal burned. On an equivalent BTU basis this market potential for used plastics amounts to over 41 million tons per year with a negligible amount of ash residue remaining after combustion.

Look for this symbol as you shop for products that are Earth Friendly.



Imagine for a moment that every item you buy could help, or could hurt, the environment. How would you know which products to choose? Where would you find answers to questions like these:

- Is the product made by processes harmful to our protective ozone layer, the air we breathe or the water we drink?
- Can the product or package be recycled after you've used it?
- Can nature break down the product or package easily?

Freddy's presents a way to help you make responsible choices.

We've looked at each product category to determine which products and packages are the best for our environment. You'll find these brands highlighted by our Earth Friendly symbol. Now, if you want to choose the most environmentally safe product within a category, look for this symbol. Many times, the package tells you specifics about what makes the product better for our environment.

Here's what Freddy's Earth Friendly symbols tell you:



Earth Friendly Product. This means the product was made by an environmentally safe process, made from recycled materials, can be recycled, is degradable or is biodegradable.



Earth Friendly Package. This means the package was made by an environmentally safe process, made from recycled materials, can be recycled, is degradable or is biodegradable.



Earth Friendly Product and Package. This means both the product and package were made by an environmentally safe process, made from recycled materials, can be recycled, are degradable or are biodegradable.

Some definitions:

- **Earth Friendly Process** The product or package is made without the use of processes or materials (such as fluorocarbons) that are harmful to our environment.
- **Made From Recycled Materials** The product or package is made from previously used materials.
- **Can Be Recycled** The product or package can be turned in to be reused.
- **Degradable** The product or package will break down to smaller pieces.
- **Biodegradable** Micro-organisms will break down the product or package naturally, and it will decompose.

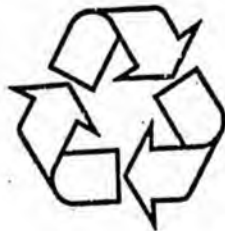
Look at the package for more details on why a product is Earth Friendly.

The package will often tell you what makes the product, package, or both environmentally responsible. You might also see one of these common international symbols on the package:



This symbol means **Recycled**. It indicates:

- a package or product is made entirely or predominantly from recycled materials.
- a magazine, newspaper or other publication is printed on recycled paper.



This symbol means **Recyclable**. It indicates:

- products or packages made from materials which, after use, can be turned in for recycling.

More symbols you'll be seeing...these help you recycle many plastics.

You can spot recyclable plastics by looking for these symbols. They're molded to or imprinted as close to the bottom of the containers as possible.



1-PET: Polyethylene Terephthalate. Includes beverage bottles (like 2-liter pop bottles), frozen food boil-in-the-bag pouches and microwave food trays.



2-HDPE: High Density Polyethylene. Includes milk jugs, trash bags, detergent bottles, bleach bottles and aspirin bottles.



3-V: Vinyl. Includes cooking oil bottles and packaging around meat.



4-LDPE: Low Density Polyethylene. Includes grocery store produce bags, bread bags and food wrap.



5-PP: Polypropylene. Includes yogurt containers, shampoo bottles, straws, syrup bottles and margarine tubs.



6-PS: Polystyrene: Better known as Styrofoam™. Includes hot beverage cups, fast food clamshell containers, egg cartons and meat trays.



7-OTHER: All other materials.

Here are a few tips for recycling plastics:

- **Make sure they're clean.** A simple rinsing will take care of most containers.
- **Take all paper labels off.** Most containers have paper labels that can be removed by soaking or cutting out.
- **Remove lids.** Many can be recycled separately.
- **Flatten or nest.** All containers should be flattened (simply stomp on them) or nested to reduce space.

Every day, each American creates about 3.5 pounds of garbage. Here's what you can do to reduce the waste.

Recycling...

All it takes is about half an hour once a month to take newspapers, can, glass and other material to a recycling center. Or check with local charities. Many pick up recyclables to raise money. What an easy way to help them out. Also talk to your garbage hauler. Many are now required to offer you curbside recycling services.

It's easy to set up a recycling area in your home. Start by designating a space in your utility closet or garage for recyclables. Then set up bins to separate and store the materials you wish to recycle. (Rubbermaid bins from our Housewares Department are ideal for holding and moving recyclables....they're colorful, lightweight, durable and come in a variety of sizes).

Or use our grocery bags to hold your recyclables. They're coded so you can quickly see which recyclable material goes in which bag. Each week, we put a different code on our bags to designate newspapers, cans, glass and other recyclables.

Here are some common materials and containers you can recycle easily:

- **Newspapers:** Stack in a bin, tie with string or bundle in our grocery bags.

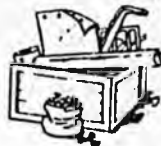
- **Glass Jars or Bottles:** Rinse and sort by color of glass. Labels don't need to be removed (metal lids can be recycled with tin cans).



- **Tin Cans:** Remove labels, rinse and remove both ends. Flatten for easier handling and storage.

- **Corrugated Boxes and Brown Paper Bags:** Break down boxes, flatten and tie with string to hold them in a stack. Stack paper bags together inside another paper bag.

- **Aluminum:** No-deposit aluminum cans, aluminum foil, pie plates and TV dinner trays can be recycled. They should all be clean.



- **Scrap Metal:** Old nails, bolts, screws and other metals can be recycled. If you have large pieces, call your recycler for preparation instructions.

Composting...

You can save money on trash bags and garbage service by composting. It's easy to turn leaves, grass clippings, wood chips, sawdust and wood ashes into rich, crumbly garden compost.

Your garden soil and plants will love the natural aerating, moisture-retaining and weed-controlling qualities of compost. You'll love saving money on lawn bags and garbage service. And our environment will be saved from unnecessary waste!

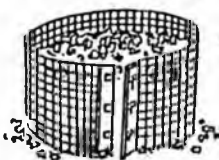
What type of composting should you do? Successful composting requires a commitment. So you should choose the method that's easiest for you to maintain and use:

The 3-Step Windrow Composting Process.

This is the simplest system to create and maintain:

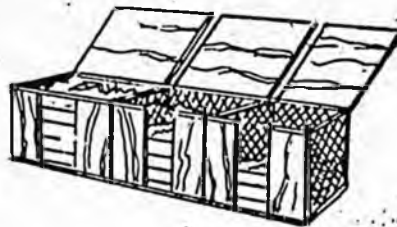
- Pick a cleared area and pile leaves, grass and shredded yard debris about 2' to 5' high.
- Add a handful of organic fertilizer (available at Fred Meyer). Keep the pile moist with water to speed up the composting process.
- Turn the pile over every 3 weeks or so to add oxygen. When the pile becomes crumbly, cover it with plastic to protect it from excess moisture until you're ready to use it.

The Cylindrical Pen: This system is good for producing small amounts of compost. Its advantage is that the enclosure used is easy to move and allows free circulation of air through the pile. Here's how to do it:



- Build a disconnectable round pen about 3' to 5' in diameter and 4' high.
- Turn the pile every week or so. To do this, disconnect the cylinder and move it to the side. Turn the pile back into the cylinder.

Three-bin Wooden Box System. This system is good for larger scale composting projects. Its advantage is that three piles of material can be maintained in varying degrees of decomposition at the same time.



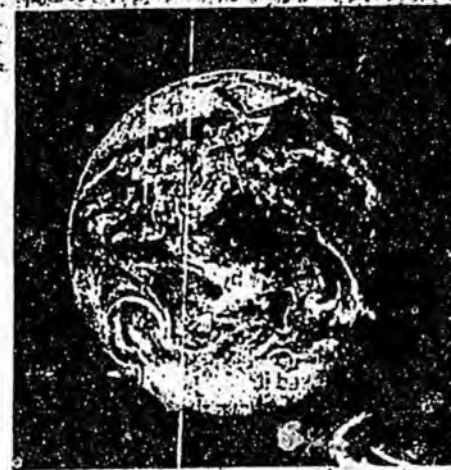
- Build a structure about 3' wide by 4' high by 10' long. Make sure the bins have removable lids and fronts to make moving material easy.
- Put the first batch of compost in the first bin and leave it there 3 to 5 days.
- Turn that pile into the second box for another 4 to 7 days. Meanwhile, start a new pile in the first box.
- Empty the second box into the third bin. Maintain the compost there until you're ready to use it. At the same time, empty the first box into the second and start a new pile in the first box.

For both the Cylindrical Pen and Wooden Box systems, you'll find the pressure treated wood, galvanized nails, galvanized chicken wire, hinges and other materials you need to build them at Freddy's.

To find out more about recycling in your area:

- Check your phone book under recycling
- Contact your garbage hauler and ask about curbside recycling services.
- Call your city, county or state offices to ask about present or planned recycling programs.

You can help make a difference!



Protect our earth and help create a brighter future for your family... choose products that are Earth Friendly.



STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION : HB 532
PUBLISH DATE : 2/12/90

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Environ. Conservation
 Title: An Act requiring the placement of BRU: Environmental Quality
certain coding on certain plastic bottles and containers ...
 Sponsor: Rep. Collins, et al Components: Environmental
 Requestor: House Labor and Commerce Committee Quality Projects

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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	15.0	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
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	15.0	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 FUND	15.0	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	15.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

The Department will use the FY91 contractual funds to produce materials and advise manufacturers, wholesale distributors, retail sellers, and the public of the plastic container coding requirements and the Act's effective date.

Prepared by: Jeff Mach
 Division: Environmental Quality

Phone: 465-2671
 Date: 2/26/90

Approved by Commissioner: A. D. Hill
 Agency: Environmental Conservation

Date: 3/1/90

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

HB

B

5

4

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1

HOUSE COMMITTEE REPORT

FILE

(11)

Date Referred: April 6, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/20/90

The FINANCE Committee considered:

HB 541

HOUSE BILL NO. 541

GUIDELINES FOR LITIGATION SETTLEMENT

"An Act relating to certain agreements, compromises, and settlements entered into by the Departments of Natural Resources and Revenue."

RECOMMENDATIONS:

- [] be replaced with CS HB 541 (FIN) [] the same title
- [] have 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 LEG. BUDGET
Audit Cmte. (Dept)
 - [] zero fiscal note _____
 - [] zero with analysis _____

- APPROVES PREVIOUS:
- [] fiscal note(s) _____ (Date/Dept)
 - [] zero fiscal note(s) _____
 - [] zero fn/analysis _____

SIGNING DO PASS:

Ray Brown BROWN

John Rieger RIEGER

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend
<u>Raymond Hoffman</u> Hoffman	<input checked="" type="checkbox"/>		
<u>Ronald J. Carson</u> CARSON	<input checked="" type="checkbox"/>		
<u>Charles Swackhammer</u> SWACKHAMMER	<input checked="" type="checkbox"/>		
<u>William Koponen</u> KOPONEN	<input checked="" type="checkbox"/>		
<u>Barney Barnes</u> BARNES	<input checked="" type="checkbox"/>		
<u>Shirley Shultz</u> SHULTZ	<input checked="" type="checkbox"/>		
<u>Roll E. Phillips</u> PHILLIPS	<input checked="" type="checkbox"/>		

Raymond Hoffman Hoffman
Chairman's Signature
Ronald J. Carson Carson

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Act Relating to Oil
and Gas Litigation and Settlement
 Sponsor: Rep. Cotten, Navarre

Affected Agency: Legislative Audit Division
 BRU: Legislative Budget and
Audit Committee
 Components: Legislative Audit Division

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 91	FY 92	FY93	FY 94	FY 95	FY 96
Personal Services	106.3	109.7	112.6	116.2	119.5	123.3
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	106.3	109.7	112.6	116.2	119.5	123.3

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (THOUSANDS OF DOLLARS)

General Fund	106.3	109.7	112.6	116.2	119.5	123.3
Federal Fund						
Other						
TOTAL	106.3	109.7	112.6	116.2	119.5	123.3

POSITIONS:

Full-Time	2	2	2	2	2	2
Part-Time						
Temporary						

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Prepared By: Randy Welker *Randy Welker* Phone: 465-3830
 Division: Division of Legislative Audit Date: 4/18/90

Approved By: _____ Date: _____
 Agency: _____

DISTRIBUTION (BY PREPARER)
 LEGISLATIVE FINANCE
 LEGISLATIVE SPONSOR

REQUESTOR
 OFFICE OF MANAGEMENT & BUDGET
 AGENCY(IES)

Adopted

Original sponsor(s): REP. COTTEN, Navarre, Davidson

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 541 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain agreements, compromises,
7 and settlements entered into by the Departments of
8 Natural Resources and Revenue; to legislative audit
9 of those departments and the release of a report of
10 the audits, that may include or refer to confidential
11 information, to the legislature and public; and to
12 collection and payments of royalties from state
13 resources, the interest rate on unpaid taxes and
14 royalties from state resources, and the interest
15 rate on overpaid taxes."

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

17 * Section 1. AS 05.15.095(c) is amended to read:

18 (c) A delinquent fee bears interest at the rate set by
19 AS 43.05.225(1) [AS 43.05.225].

20 * Sec. 2. AS 24.20.271 is amended to read:

21 Sec. 24.20.271. POWERS AND DUTIES. The legislative audit divi-
22 sion shall

23 (1) conduct a performance post-audit of boards and com-
24 missions designated in AS 44.66.010 and of those programs and activ-
25 ities of agencies subject to termination as determined in the manner
26 set out in AS 44.66.020 and 44.66.030, and submit the audit, together
27 with a written report, not later than the first day of the regular
28 session of the legislature convening in each year set out with refer-
29 ence to boards, commissions, or agency programs whose activities are

1 subject to termination as prescribed in AS 44.66;

2 (2) audit at least once every three years the books and
3 accounts of all custodians of public funds and all disbursing officers
4 of the state;

5 (3) at the direction of the Legislative Budget and Audit
6 Committee, conduct performance post-audits on any agency of state
7 government;

8 (4) cooperate with state agencies by offering advice and
9 assistance as requested in establishing or improving the accounting
10 systems used by state agencies;

11 (5) require the assistance and cooperation of all state
12 officials and other state employees in the inspection, examination,
13 and audit of state agency books and accounts;

14 (6) have access at all times to the books, accounts, re-
15 ports, or other records, whether confidential or not, of every state
16 agency;

17 (7) ascertain, as necessary for audit verification, the
18 amount of agency funds on deposit in any bank as shown on the books of
19 the bank; a [NO] bank may not be held liable for making information
20 required under this paragraph available to the legislative audit
21 division;

22 (8) complete studies and prepare reports, memoranda, or
23 other materials as directed by the Legislative Budget and Audit Com-
24 mittee;

25 (9) have direct access to any information related to the
26 management of the University of Alaska and have the same right of
27 access as exists with respect to every other state agency;

28 (10) periodically

29 (A) conduct a performance audit of the tax function;

1 of the Department of Revenue; and

2 (B) submit the audit to the legislature not later than
3 the first day of the regular legislative session;

4 (11) annually

5 (A) conduct an audit of the resolution of disputed
6 royalties by the Department of Natural Resources and disputed
7 taxes by the Department of Revenue;

8 (B) prepare a report summarizing the results of the
9 audits that may contain information made confidential by AS 43.-
10 05.230 and a version of the report edited for the public; and

11 (C) submit the audit and the unedited report prepared
12 under (B) of this paragraph to the legislature not later than the
13 first day of the regular legislative session.

14 * Sec. 3. AS 34.45.470(a) is amended to read:

15 (a) A person who fails to pay or deliver property within the
16 time prescribed by this chapter may be required to pay to the depart-
17 ment interest at the [ANNUAL] rate calculated under AS 43.05.225(1)
18 [AS 43.05.225] on the property or the value of it from the date the
19 property should have been paid or delivered.

20 * Sec. 4. AS 38.05.035 is amended by adding new subsections to read:

21 (g) If the department enters into negotiations to compromise or
22 settle a dispute between the department and a person as to a royalty
23 or net profit payment involving a claim that totals, with applicable
24 penalty and interest, \$10,000,000 or more and that relates to a calen-
25 dar year that is five or more years before the current year, the com-
26 missioner shall, not later than 14 days after commencement of nego-
27 tiations, advise the governor that negotiations have commenced, and
28 shall provide notice to the governor at least once during each
29 subsequent 30-day period that the negotiations continue.

1 (h) If the department proposes to compromise or settle a dispute
2 between the department and a person as to a royalty or net profit
3 payment involving a claim that totals, with applicable penalty and
4 interest, \$10,000,000 or more and that relates to a calendar year that
5 is five or more years before the current year, the commissioner may
6 not enter into an agreement to compromise or settle the dispute

7 (1) without first securing and reviewing an independent ap-
8 praisal of the effects of the proposed compromise or settlement; the
9 independent appraisal

10 (A) may be made by a person who is an employee of the
11 department or who is engaged by contract to complete the apprai-
12 sal, but may not be made by a person who has been involved in
13 preparing the proposed compromise or settlement;

14 (B) must specify the objectives of the department's
15 negotiations; and

16 (C) must review the proposed compromise or settlement

17 (i) to ensure that it meets the objectives speci-
18 fied; and

19 (ii) to determine whether it adversely affects
20 other litigation to which the state is a party, and

21 (2) unless at least 14 days pass between the day the com-
22 missioner receives the proposed compromise or settlement agreement and
23 the day the commissioner executes that agreement.

24 (i) The commissioner may not enter into a settlement or compro-
25 mise of a dispute between the department and a person as to a royalty
26 or net profit payment if the settlement or compromise provides that
27 information relevant to the settlement or compromise, or the terms of
28 the settlement or compromise, are confidential beyond the confiden-
29 tiality otherwise provided for by law.

1 (j) The commissioner shall maintain for review full documenta-
2 tion of a settlement or compromise of a dispute between the department
3 and a person as to a royalty or net profit payment.

4 * Sec. 5. AS 38.05.145 is amended by adding new subsections to read:

5 (c) Payment of the royalty to the state under the provisions of
6 AS 38.05.145 - 38.05.181 becomes due on the date and in the manner
7 specified in the lease or in a regulation adopted by the commissioner.

8 (d) If royalty to which the state is entitled under AS 38.05.180
9 is not paid when it becomes due under (c) of this section and the
10 total amount of royalty due exceeds \$1,000,000, notwithstanding
11 AS 09.30.070, the royalty bears interest at the rate of five percent-
12 age points above the annual rate charged member banks for advances by
13 the 12th Federal Reserve District, as established on the first day of
14 each calendar quarter, compounded quarterly.

15 * Sec. 6. AS 43.05.060 is amended by adding new subsections to read:

16 (b) If the department enters into negotiations to resolve a tax
17 dispute between the department and a taxpayer involving a claim that
18 totals, with applicable penalty and interest, \$10,000,000 or more and
19 that relates to a calendar year that is five or more years before the
20 current year, the commissioner shall, not later than 14 days after
21 commencement of negotiations, advise the governor that negotiations
22 have commenced, and shall provide notice to the governor at least once
23 during each subsequent 30-day period that the negotiations continue.

24 (c) If the department proposes to enter into an agreement under
25 (a) of this section to resolve a tax dispute between the department
26 and a taxpayer involving a claim that totals, with applicable penalty
27 and interest, \$10,000,000 or more and that relates to a calendar year
28 that is five or more years before the current year, the commissioner
29 may not enter into the agreement

1 (1) without first securing and reviewing an independent ap-
2 praisal of the effects of the proposed agreement; the independent
3 appraisal

4 (A) may be made by a person who is an employee of the
5 department or who is engaged by contract to complete the ap-
6 praisal, but may not be made by a person who has been involved in
7 preparing the proposed agreement;

8 (B) must specify the objectives of the department's
9 negotiations; and

10 (C) must review the proposed resolution

11 (i) to ensure that it meets the objectives speci-
12 fied; and

13 (ii) to determine whether it adversely affects
14 other litigation to which the state is a party; and

15 (2) unless at least seven days pass between the day the
16 commissioner receives the proposed agreement and the day the commis-
17 sioner executes that agreement.

18 (d) In making an agreement under (a) of this section, neither
19 the department nor the attorney general may agree that information
20 relevant to the agreement, or the terms of the agreement, are confi-
21 dential beyond the confidentiality otherwise provided for by law. The
22 department must maintain for review full documentation of the
23 agreement.

24 * Sec. 7. AS 43.05.070 is amended by adding new subsections to read:

25 (c) If the department enters into negotiations to compromise or
26 settle a tax dispute between the department and a taxpayer involving a
27 claim that totals, with applicable penalty and interest, \$10,000,000
28 or more and that relates to a calendar year that is five or more years
29 before the current year, the commissioner shall, not later than 14

1 days after commencement of negotiations, advise the governor that
2 negotiations have commenced, and shall provide notice to the governor
3 at least once during each subsequent 30-day period that the
4 negotiations continue.

5 (d) If the department proposes to compromise or settle a tax
6 dispute between the department and a taxpayer involving a claim that
7 totals, with applicable penalty and interest, \$10,000,000 or more and
8 that relates to a calendar year that is five or more years before the
9 current year, the commissioner may not enter into the agreement

10 (1) without first securing and reviewing an independent ap-
11 praisal of the effects of the proposed compromise or settlement agree-
12 ment; the independent appraisal'

13 (A) may be made by a person who is an employee of the
14 department or who is engaged by contract to complete the ap-
15 praisal, but may not be made by a person who has been involved in
16 preparing the proposed compromise or settlement agreement;

17 (B) must specify the objectives of the department's
18 negotiations; and

19 (C) must review the proposed compromise or settlement

20 (i) to ensure that it meets the objectives speci-
21 fied; and

22 (ii) to determine whether it adversely affects
23 other litigation to which the state is a party; and

24 (2) unless at least seven days pass between the day the
25 commissioner receives the proposed compromise or settlement agreement
26 and the day the commissioner executes that agreement.

27 (e) In compromising a tax or penalty under this section, neither
28 the department nor the attorney general may agree that information
29 relevant to the compromise, or the terms of the compromise, are

1 confidential beyond the confidentiality otherwise provided for by law.
2 The department must maintain for review full documentation of the
3 compromise.

4 * Sec. 8. AS 43.05.225 is amended to read:

5 Sec. 43.05.225. INTEREST ON TAXES. Unless otherwise provided,
6 when a tax levied in this title is not paid on or before the date
7 prescribed for its payment, [BECOMES DELINQUENT] it bears interest at
8 the rate of

9 (1) 12 percent a year if the total amount of the tax owed
10 by the taxpayer does not exceed \$1,000,000; or

11 (2) five percentage points above the annual rate charged
12 member banks for advances by the 12th Federal Reserve District, as
13 established on the first day of each calendar quarter, compounded
14 quarterly, if the total amount of the tax owed by the taxpayer exceeds
15 \$1,000,000.

16 * Sec. 9. AS 43.05.280(a) is amended to read:

17 (a) Interest shall be allowed and paid on any overpayment of a
18 tax under this title at the rates [RATE] prescribed in AS 43.05.225.

19 * Sec. 10. AS 47.23.025 is amended to read:

20 Sec. 47.23.025. RATES OF INTEREST. The rate of interest imposed
21 under AS 47.23.020(a)(2)(C) shall equal the rate imposed under AS 43.-
22 05.225(1) [AS 43.05.225] or a lesser rate that is the maximum rate of
23 interest permitted to be imposed under federal law.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 541 (Resources)

EFFECT

Page 3, lines 5 - 13:

Delete all material

Reletter subsections accordingly.

Deletes notice to other agency requirement from DNR royalty section

Page 4, lines 4 - 6:

Delete all material

Deletes 14 day restriction from DNR royalty section

Page 4, lines 17 - 25

Delete all material

Reletter subsections accordingly

Deletes notice to other agency requirement from DOR closing agreement sec.

Page 5, lines 16 - 18

Delete all material

Deletes 7 day restriction from DOR closing agreement

Page 5, lines 26 - 29; page 6 lines 1 - 5:

Delete all material

Reletter subsections accordingly

Deletes notice to other agency requirement from DOR settlement section

Page 6, lines 24 - 26:

Delete all material

Deletes 7 day restriction from DOR settlement sec.