

ALASKA LEGISLATURE

2275

HOUSE and SENATE FINANCE COMMITTEE FILES,

2001 - 2002

HB

385

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 385(JUD)
(H) Publish Date: 4/8/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
Title: "An Act relating to the attorney fees and costs
awarded in certain court actions relating to unfair trade . . ." BRU: Civil Division
Sponsor: Representative Croft Component: Fair Business Practices
Requester: House Judiciary Committee Component No.: 2206

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	*****	*****	*****	*****	*****	*****

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
HB 385 prohibits a prevailing defendant in a consumer protection case brought by a private person from being awarded attorney fees and costs unless the action is found to be frivolous by the court. The bill further allows the state to recover full attorney fees and costs when it prevails in cases that it brings. Under current law, only private counsel can recover full fees and costs.

Section 1 of the bill affects only cases brought by private persons, and will have no impact on the Department of Law. We are uncertain what impact section 2, concerning actions brought by the attorney general, will have on potential revenues. These cases are usually settled, and while the threat of full fees and costs will certainly be useful in negotiations, we have no experience to estimate how much additional revenue might result.

Prepared by: Joan M. Kasson Phone: (907) 465-5370
Division: Attorney General's Office Date/Time: 3/7/02 4:26 PM
Approved by: Kathryn Daughhete for Bruce M. Botelho, Attorney General Date: 3/7/2002
Agency: Department of Law

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 385(JUD)
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Title "An Act relating to the attorney fees and costs BRU Civil Division
awarded in certain court actions relating to unfair trade . . ." Component Fair Business Practices
Sponsor Representative Croft
Requester House Judiciary Committee Component No. 2206

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CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	*****	*****	*****	*****	*****	*****
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
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1005 GF/Program Receipts						
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Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 385 prohibits a prevailing defendant in a consumer protection case brought by a private person from being awarded attorney fees and costs unless the action is found to be frivolous by the court. The bill further allows the state to recover full attorney fees and costs when it prevails in cases that it brings. Under current law, only private counsel can recover full fees and costs.

Section 1 of the bill affects only cases brought by private persons, and will have no impact on the Department of Law. We are uncertain what impact section 2, concerning actions brought by the attorney general, will have on potential revenues. These cases are usually settled, and while the threat of full fees and costs will certainly be useful in negotiations, we have no experience to estimate how much additional revenue might result.

Prepared by: Joan M. Kasson Phone (907) 465-5370
Division Attorney General's Office Date/Time 3/7/02 4:26 PM
Approved by: Kathryn Daughhelee for Bruce M. Botelho, Attorney General Date 3/7/2002
Agency Department of Law



Representative Eric Croft

Subject: Sectional Summary of House Bill 385, related to Attorney Fees and Costs Awarded in Certain Court Actions Relating to Unfair Trade Practices (Work Order No. 22-LS1224\A)

This bill addresses the payment of attorney fees and costs in non-frivolous consumer complaint lawsuits.

- Section 1.** Amends AS 45.50.537(b) by limiting the circumstances under which a prevailing defendant may be awarded attorney fees and costs to actions found to be frivolous.
- Section 2.** Amends AS.50.537 by adding language to award full attorney fees and costs to the State for cases in which the attorney general prevails.
- Section 3.** Amends the uncodified law to reflect the amendments in sections 1 and 2.
- Section 4.** Clarifies that the new rule applies only to action brought on or after the effective date of this legislation.
- Section 5.** Refers to vote requirements for section 3 and conditional effect on sections 1 and 2.



Honorable Norman Rokeberg, Chair
House Judiciary Committee
Alaska Capitol Room 118
Juneau, AK 99801-1182

March 21, 2002

RE: HB 385 (Croft) – Support

Dear Chair Rokeberg:

On behalf of the 112,000 members of AARP in Alaska, we urge you and your colleagues on the House Judiciary Committee to support HB 385, authored by Representative Eric Croft.

Building on existing statutes that provide consumer protections to Alaskans, HB 385 will allow the State to seek reimbursement for costs incurred when filing a lawsuit on behalf of Alaska citizens.

Older citizens are most often the victims of scams. Should a victim file a legitimate lawsuit and lose, they must pay part of the legal fees of the other party. If the lawsuit was frivolous, that is appropriate. However, if there were legitimate grounds for a suit but the individual loses, they should not be financially punished for trying to seek what they perceived as legitimate redress. This will be particularly helpful with small claims. AARP believes that all citizens should have the right to the courts and to make their argument before a jury of their peers. HB 385 will help our citizens maintain that right without fearing inappropriate financial penalties.

AARP urges an "AYE" vote on HB 385.

Should you have any questions about our position, please feel free to contact Marie Darlin (586-3637), Coordinator of the AARP Capitol City Task Force; Patrick Luby (907-762-3314), AARP Legislative Representative; or me (907-245-5259).

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Marguerite Stetson".

Marguerite Stetson
Executive Council Member for Advocacy

cc: Representative Ogan, Vice Chair
Representative Coghill
Representative James
Representative Meyer
Representative Berkowitz
Representative Kookesh
Representative Croft
Marie Darlin, AARP Capital City Task Force
Pat Luby, AARP Legislative Representative

Anchorage Daily News
4.19.02

Bills would protect consumers

■ **HOUSE:** Croft offers measures to toughen Alaska's laws.

By SARANA SCHELL
Anchorage Daily News

Two bills to give the state's consumer protection program more teeth and bring the state more money are moving through the state House.

Alaska lost almost \$1 million in revenue last year because it can't sue on behalf of residents who are a few financial transactions downstream from an economic wrongdoing, said state consumer protection attorney Ed Sniffen.

Here's an example: A drug manufacturer colludes with a generic drug company to keep drug prices artificially high. That overcharge gets passed through distributors and retailers to the consumer. States can sue the manufacturer on behalf of state agencies that are direct customers of the manufacturer. But individuals typically buy from retailers, not manufacturers. The U.S. Supreme Court said states cannot also sue the manufacturer on behalf of the retail customers unless state law specifically allows that.

Sniffen said Alaska is involved in three such lawsuits now.

Roughly half the states allow themselves to protest on behalf of "indirect consumers" and most of the rest are thinking about it, Sniffen said. Alaska falls into the "thinking about it" category.

"We've proposed this for years, but we couldn't get it heard," Sniffen said. "I don't know why. It will do nothing but help Alaska."

The latest version, House Bill 460, introduced by Rep. Eric Croft, D-Anchorage, moved from the House Labor and Commerce Committee to Judiciary on Thursday.

Another Croft bill, HB 385, would let the state recover its legal costs in successful consumer protection suits. The bill moved from the House Ju-

CONSUMERS: Bills would give laws some teeth

Continued from D-1

diciary Committee last week, and the Finance Committee has a hearing scheduled for Monday.

The Judiciary panel deleted from Croft's bill a section designed to help consumers help themselves.

The trimmed portion would let consumers who brought small claims in good faith but still lost, not pay the other side's legal fees. Supporters said it would en-

courage consumers to fight small-scale unfair business practices, while the state puts its limited resources toward large-scale violations. The Alaska State Chamber of Commerce said it is unfair to stick small businesses that win with defense costs.

Sniffen said that he didn't think the part of HB 385 that has moved on would rake in cash the way the indirect consumer bill would but that it would still be

a useful bargaining tool for negotiating a favorable settlement.

Besides, it's the principle of the thing. "These are laws designed to protect the public from consumer fraud and deception," Sniffen said. "We shouldn't have to pay to make somebody comply with the law."

■ Reporter Sarana Schell can be reached at sschell@adn.com.

HB

389

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
APR 08 2002
SENATE FINANCE
COMMITTEE

DATE: 4/3/02

FURTHER:

DATE TURNED IN TO OFFICE: 8 April 2002

Finance Committee considered CS FOR HOUSE BILL NO. 389(CRA)

HB 389 MUNICIPAL TAX EXEMPTION: DETERIORATED PROPERTY

"An Act eliminating the delayed repeal of a provision authorizing an exemption from and deferral of municipal property taxes on certain types of deteriorated property; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DCED	2/25/02		✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Lesley Green</i>			✓	
<i>Wm. Austin</i>	✓			
<i>James Huff</i>			✓	
<i>Robert D. Simpson</i>	✓		✓	
<i>James W. ...</i>	✓			
COCHAIR:				
COCHAIR: <i>Pete Kelly</i>			✓	

APR 08 2002

SENATE FINANCE COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 389(CRA)
(H) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title: Municipal Tax Exemption: Deteriorated Property BRU: Community Assist & Econ Dev. (405)
Component: Community & Business Development
Sponsor: Representative Kohring
Requester: House Community & Regional Affairs Component No.: 2486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill does not impact the operations of the department.

Prepared by: Pat Poland, Director
Division: Community & Business Development
Approved by: Deborah B. Sedwick, Commissioner
Agency: Department of Community & Economic Development

Phone 907-269-4578
Date/Time 2/25/02 5:04 PM
Date 2/25/2002

ALASKA STATE LEGISLATURE



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600 East Railroad Avenue
Wasilla, Alaska 99654
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Fax - (907) 373-4729

Session:
State Capitol Building, Room 24
Juneau, Alaska 99801-1182
(907) 465-2186
Fax - (907) 465-3818

REPRESENTATIVE VIC KOHRING
DISTRICT 26

SPONSOR STATEMENT

HOUSE BILL 389

MUNI TAX EXEMPTION: DETERIORATED PROPERTIES

Alaska Statute 29.45.050 allows municipalities to exempt certain properties from property taxes. Historical sites, non-profit organization properties, and student housing are examples of allowed exemptions.

AS 29.45.050(o) allows municipalities to exempt deteriorated properties once substantial rehabilitation improvements have started. This concept is to encourage economic revitalization and increase a municipality's tax base.

AS 29.45.050(o) sunsets July 1, 2002. This bill deletes the sunset clause.

There are many safeguards within the statute to protect the public from potential abuse of the tax exemption by individuals. In order to qualify for the tax exemption, several steps must be taken by the local governing body. The statute will still require that the "deteriorated property"

(1) has been the subject of an order by a government agency requiring the property to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations;

(2) has a structure on it not less than 15 years of age that has undergone substantial rehabilitation, renovation, or replacement, subject to any conditions prescribed in the ordinance; or

(3) is located in a deteriorating or deteriorated area with boundaries that have been determined by the municipality.

MARC A. MARLOW

229 Whitney Road
Anchorage, Alaska 99501
Phone: (907) 258-9662 • Fax: (907) 277-0623

February 20, 2002

Representative Kevin Meyer
Representative Carl Morgan, Jr.
Co-Chairmen Community & Regional Affairs

Dear Sirs:

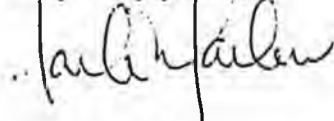
I am writing to request your support for HB 389. This bill extends the sunset provision that was attached to the law when it was first passed in 1998. Passing this bill would allow this law to stay in effect.

This law was originally passed to provide a tool to municipalities that wanted to provide property tax incentives to redevelop deteriorated areas.

Despite the fact the improvements in Alaska are fairly new as compared to some areas in the lower forty-eight, there are some deteriorated areas in Alaska, the redevelopment of which could be hastened if this tool remains available.

I appreciate your thoughtful consideration of my request.

Very truly yours,



Marc A. Marlow

HB 389

MUNI TAX EXEMPTION: DETERIORATED PROPERTIES

Background Information

HB 399 was filed during the 1997 legislative session. HB 399 provided municipalities with the option to exempt and defer municipal property taxes on defined "deteriorated properties." This exemption/deferral was for up to five years once substantial rehabilitation was started and could only be granted once. The intent was to provide tax relief to increase financing options for those willing to rehabilitate condemned properties, eventually resulting in increased property values and municipal property taxes. No expiration date was included.

HB 399 was passed and AS 29.45.050(o) took effect July 1, 1998.

HB 76 was filed in the 1998 session. HB 76 amended AS 29.45.050(o) at the request of the Municipality of Anchorage. The changes were technical amendments to clarify the intent to encourage rehabilitation of deteriorated properties. HB 76 also included an expiration/sunset date of July 1, 2002.

HB 76 was passed and took effect July 1, 1999.

Alaska State Legislature

House of Representatives

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE
MILITARY & VETERANS AFFAIRS
COMMUNITY & REGIONAL AFFAIRS
OIL & GAS



Representative Joe Ryan

1 800-922-3875 <http://www.akrepublicans.org>

INTERIM:

716 W. 4TH AVE.
ANCHORAGE, AK 99501
PHONE (907) 258-6161

SESSION:

STATE CAPITOL
ROOM 420
JUNEAU, AK 99801-1162
PHONE (907) 465-3875

SPONSOR STATEMENT for

House Bill 399

The intent of this bill is to authorize local municipalities the option to provide a tax exemption for improvements of deteriorated real property. The concept is based on other state's local economic revitalization tax programs. Local municipalities will have the flexibility of allowing renovations of real property in order to increase the value of that real property, for tax purposes.

Bill Text



BILL ID: SCS HB 399(RLS)

00 SENATE CS FOR HOUSE BILL NO. 399(RLS)

01 'An Act relating to an optional exemption from, and deferral of payment of,
02 municipal taxes on deteriorated property, and defining 'deteriorated property' for
03 purposes of the exemption or deferral; and providing for an effective date.'

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

05 * Section 1. AS 29.45.050 is amended by adding a new subsection to read:

06 (o) A municipality may by ordinance partially exempt all or some types of
07 deteriorated property from taxation for up to five years after the day substantial
08 rehabilitation, renovation, or replacement of any structure on the property begins.
09 municipality may by ordinance permit deferral of payment of taxes on all or some
10 types of deteriorated property for up to five years after the day substantial
11 rehabilitation, renovation, or replacement of any structure on the property begins.
12 However, if the ownership of property for which a deferral has been granted is
13 transferred, all tax payments deferred under this subsection are immediately due at
14 the deferral ends, or, if ownership of only part of the property is transferred, all
01 payments attributable to that part are immediately due and the deferral attributable
02 that part ends. Only one exemption and only one deferral may be granted to the same
03 property under this subsection. In this subsection, "deteriorated property" means
04 property that is commercial property not used for residential purposes or that is a
05 unit residential property with at least eight residential units, and that

06 (1) has been the subject of an order by a government agency requiring
07 the property to be vacated, condemned, or demolished by reason of noncompliance
08 with laws, ordinances, or regulations;

09 (2) has a structure on it not less than 15 years of age that has
10 undergone substantial rehabilitation, renovation, or replacement, subject to any
11 conditions prescribed in the ordinance; or

12 (3) is located in a deteriorating or deteriorated area with boundaries that
13 have been determined by the municipality.

14 * Sec. 2. This Act takes effect July 1, 1998.

Bill Root:

[Return to BASIS Main Menu\(20th Legislature\)](#)

[Return to the Legislature Home Page](#)

BASIS Last Updated 12/31/98

ALASKA STATE LEGISLATURE

CO-CHAIR
COMMUNITY AND REGIONAL AFFAIRS

VICE-CHAIR
LABOR AND COMMERCE
TRANSPORTATION

SPECIAL COMMITTEE
ECONOMIC DEVELOPMENT AND TOURISM



REPRESENTATIVE ANDREW HALCRO

District 12

STATE CAPITOL, ROOM 418
JUNEAU, AK 99801-1182
(907) 465-4939
FAX (907) 465-2418
1-800-465-4939

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716 WEST 4TH
ANCHORAGE, AK 99501
(907) 269-0244
FAX (907) 269-0248

Sponsor Statement HB 76

During the last session, the Legislature approved HB 399, which authorized municipal governments to exempt and defer the payment of municipal taxes on deteriorated property. This legislation is reflected in the addition of subsection (o) to AS 29.45.050.

In response to this legislation, the Anchorage Assembly adopted a Municipal Ordinance (OA-98-135) providing for the tax deferral for deteriorated property to encourage redevelopment.

However, because of ambiguities in the new statute, the Municipality of Anchorage has requested technical amendments to AS 29.45.050. These amendments include:

1. Clarifying that a Municipality may either partially or totally exempt a deteriorated property from property taxes;
2. Providing that the exemption may begin any time on or after substantial rehabilitation begins; and
3. Prohibits an exemption and deferral of property taxes to be in effect simultaneously.

These are minor changes to the statute, but are required to fully realize the intent of the legislation passed last year to encourage rehabilitation of deteriorated properties.

Bill Text



BILL ID: HB 76

00 CS FOR HOUSE BILL NO. 76(RLS) am S

01 "An Act relating to an exemption from and deferral of payment on municipal
02 taxes on deteriorated property; and providing for an effective date."

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

04 * Section 1. AS 29.45.050(o) is amended to read:

05 (o) A municipality may by ordinance partially or totally exempt all or some
06 types of deteriorated property from taxation for up to five years beginning on or any
07 time after the day substantial rehabilitation, renovation, or replacement of any structure
08 on the property begins. A municipality may by ordinance permit deferral of payment
09 of taxes on all or some types of deteriorated property for up to five years beginning
10 on or any time after the day substantial rehabilitation, renovation, or replacement of
11 any structure on the property begins. However, if the ownership of property for which
12 a deferral has been granted is transferred, all tax payments deferred under this
13 subsection are immediately due and the deferral ends, or, if ownership of any [ONLY]
14 part of the property is transferred, all tax payments [ATTRIBUTABLE TO THAT
01 PART] are immediately due. The amount deferred each year is a lien on that
02 property for that year [AND THE DEFERRAL ATTRIBUTABLE TO THAT PART
03 ENDS]. Only one exemption and only one deferral may be granted to the same
04 property under this subsection, and, if an exemption and a deferral are granted to
05 the same property, both may not be in effect on the same portion of the property
06 during the same time. An ordinance adopted under this subsection must include
07 specific eligibility requirements and require a written application for each
08 exemption or deferral. In this subsection, "deteriorated property" means real property
09 that is commercial property not used for residential purposes or that is multi-unit
10 residential property with at least eight residential units, and that

11 (1) has been the subject of an order by a government agency requiring
12 the property to be vacated, condemned, or demolished by reason of noncompliance
13 with laws, ordinances, or regulations;

14 (2) has a structure on it not less than 15 years of age that has
15 undergone substantial rehabilitation, renovation, or replacement, subject to any
16 conditions prescribed in the ordinance; or

17 (3) is located in a deteriorating or deteriorated area with boundaries that
18 have been determined by the municipality.

19 * Sec. 2. AS 29.45.050(o) is repealed July 1, 2002.

20 * Sec. 3. This Act takes effect July 1, 1999.

Bill Root: TO REPORT PROBLEMS WITH BASIS INQUIRY

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Submitted by: Assemblymember Wohlforth
Prepared by: Assembly Office
For reading: February 2, 1999

CLERK'S OFFICE
APPROVED

Date: 2-2-99

ANCHORAGE, ALASKA
AR NO. 99- 29

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING CERTAIN AMENDMENTS TO ALASKA STATUTE 29.45.050(o) REGARDING TAX EXEMPTION AND DEFERRAL FOR DETERIORATED PROPERTY

WHEREAS, in May, 1998, the Alaska Legislature approved HB 399, an act authorizing municipalities to permit, by ordinance, the exemption from, and deferral of payment of, municipal taxes on deteriorated property, and defining 'deteriorated property' for purposes of the exemption or deferral; and HB 399 became law on July 1, 1998 and resulted in the addition of subsection (o) to AS 29.45.050; and

WHEREAS, in September, 1998, pursuant to AS 29.45.050(o), the Assembly adopted AO 98-135, providing for tax exemption and tax deferral for deteriorated property; and

WHEREAS, it has come to the attention of the Municipality that certain ambiguities exist in the state law, AS 29.45.050(o), relating to (1) the intent of the legislature to permit a total exemption, (2) the date when the exemption shall begin, and (3) whether the exemption and deferral are permitted to run consecutively; and

WHEREAS, a bill amending AS 29.45.050(o) has been drafted (see attached) and will be introduced in the state legislature which will clarify the language of AS 29.45.050(o) and will allow partial or total tax exemption for deteriorated property, will permit the exemption to begin on or after the day of substantial rehabilitation, renovation, or replacement of a structure on deteriorated property, and will permit the exemption and deferral to run consecutively for a total of up to ten years; and

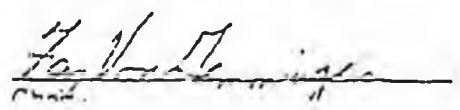
WHEREAS, the Assembly finds that the changes to AS 29.45.050(o), as proposed in the draft bill, would benefit the Municipality by stimulating the redevelopment by private enterprise of blighted property within the Municipality.

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1 That the Assembly supports the proposed amendments to AS 29.45.050(o).

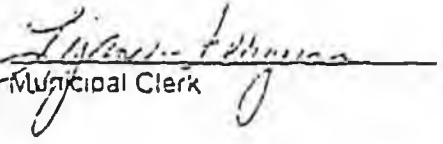
Section 2 That, upon passage and approval, the Municipal Clerk shall forward this resolution to the Alaska Legislature.

PASSED AND APPROVED by the Anchorage Assembly this 2nd day of February, 1999.



Chair

ATTEST:



Municipal Clerk



February 10, 1999

To: House Community on Regional Affairs Committee

Att: Chairman Halcro

RE: HB76

From: Rod Pfeleger
Executive Director

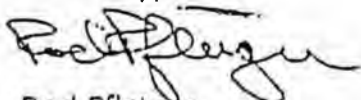
Dear Representative Halcro:

The statute embodied in SB54, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passes AO98-135 to amend municipal code so that the law could be utilized. The municipal attorney asked for the minor changes to AS29.15.050(o) contained in SB54 in order to make things more clear.

This fits into our mission by allowing financing for residential projects which creates an increase in cleanliness, occupancy rates, investments values and lease income, to decrease crime, and to generally stimulate economic development and improve the quality of life in downtown Anchorage.

Please pass SB54 out of your committee so it may become law.

Sincerely,


Rod Pfeleger

WRITTEN TESTIMONY OF MARGARET J. RAWTIZ
IN SUPPORT OF SB 54 AND HB 76

I am an attorney and I have practiced law in Alaska since 1975. I have been closely involved with the legislation providing for municipal authority to grant tax exemptions and tax deferrals for deteriorated property. I researched laws in other states which granted tax exemptions for deteriorated property and drafted the original version of HB 399, which was introduced in the legislature in 1998, and which eventually became codified as AS 29.45.050(o).

After HB 399 was passed, I drafted an ordinance creating a tax exemption and deferral program in the Municipality of Anchorage. This ordinance was passed by the Anchorage Assembly and became codified in AMC 12.35. I have had several discussions with municipal officials regarding certain concerns they have expressed about the interpretation of AS 29.45.050(o) and practical issues relating to timing.

I have drafted SB 54/HB 76, which is now before you. The purpose of SB 54/HB 76 is to clarify language in AS 29.45.050(o) that is potentially confusing. I believe the amendments contained in SB 54/HB 76 will resolve the legal concerns expressed to me by the municipality. Three changes to subsection (o) are proposed in SB 54/HB 76:

- 1) The words "or totally" have been added at line 5, page 1. The original version of HB 399 provided for a partial or total exemption. The bill that finally emerged from committee and became law did not contain the word "totally".

I believe the change may have been the result of a typographical error. I researched the committee reports and could not find any discussion of, or explanation for, the change. It does not make sense to limit the exemption to a partial exemption because no parameters have been specified. By contrast, AS 29.45.050(j) provides for an exemption of "up to 75%". But without such parameters in subsection (o), a 99.9% exemption is permitted as a "partial" exemption. Rep. Joe Ryan, who sponsored HB 399 last year, has advised me that it was his intention to allow a partial or total exemption.

- 2) A change has been made at lines 6-7 and 9-10, page 1. It is not clear whether the statute requires that an exemption or deferral begin only at the time that renovation begins or whether it permits an exemption or deferral to begin at any time after the beginning of renovation. Since most municipalities would prefer to (or are required to) begin a period of exemption or deferral on the first day of the tax year, it is appropriate to permit an exemption to begin at any time on or after the beginning of renovation, since renovation is not likely to begin on the first day of the tax year.

Furthermore, municipalities have an interest in assuring that the renovation is completed. The new language would allow a municipality to delay the exemption and/or deferral until the renovation work has been substantially completed.

- 3) It is not clear whether AS 29.45.050(o) permits a five-year exemption to be followed by a five-year deferral. The addition at lines 2-4 on page 2 makes it clear that a five-year exemption may be followed by a five-year deferral. Again, this was what Representative Ryan intended.



UNITED BROTHERHOOD OF
Carpenters and Joiners of America

LOCAL UNION NO. 1281

407 DENALI

SUITE 100

PHONE 276 3833

ANCHORAGE, ALASKA 99501

Fax : 276-7962



February 17, 1999

TO: House Community on Regional Affairs Committee

ATTN: Chairman Halcro

RE: HB76

Dear Representative Halcro:

The statute embodied in HB76, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passed AO98-135 to amend municipal code so that the law could be utilized. The municipal attorney asked for the minor changes to AS29.45.050(o) contained in HB76 in order to make things more clear.

Please pass HB76 out of your committee so it may become law.

Very truly yours,

Royce R. Rock
Business Manager

Greg Moya
Director
(907) 343-4755

Elva Gray Jackson
Assembly Analyst
(907) 343-4754

Joy Paulson
Admin. Assistant
(907) 343-4750



Date: February 10, 1999
To: House Community & Regional Affairs Committee
Attn: Rep. Halcro, Chairman
From: Charles Wohlforth, Assembly Member
Subject: HB76

Rep. Halcro:

As you know, the statute embodied in HB76 - AS29.45.050(o) - became law last year. Then, the Anchorage Assembly passed AO 98-135 which amended Municipal code so that the law could be utilized. The Municipal Attorney has requested minor changes to AS29.45.050(o) - which are contained in HB76 - in order to make things more clear

I respectfully request that, upon your Committee's review, that this bill be passed out of Committee. I hope you agree with me that this bill should become law.

Sincerely;

Charles Wohlforth
Charles Wohlforth
Assembly Member

Tel: 274-2271

Post-It* Fax Hole	7671	John	Ed Ops
To	Rep. Halcro	From	
City/Dept		City	
Phone #		Phone #	

MARC A. MARLOW

2500 Railroad Avenue
Anchorage, Alaska 99501
Phone: (907) 258-9662 • Fax: (907) 277-0623

February 10, 1999

To: House Community on Regional Affairs Committee

Att: Chairman Halero

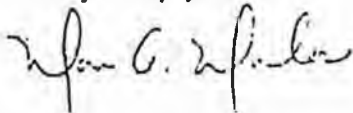
RE: HB76

Dear Representative Halero:

The statute embodied in HB76, AS29.45.050(o), became law last year. Subsequent to that the Anchorage Assembly passed AO98-135 to amend municipal code so that the law could be utilized. The municipal attorney asked for the minor changes to AS29.45.050(o) contained in HB76 in order to make things more clear.

Please pass HB76 out of your committee so it may become law.

Very truly yours,



Marc A. Marlow

HB

390

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 390
 (H) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Reauthorization of the 1% Salmon Tax BRU Alaska Seafood Marketing Institute (126)
 Component Alaska Seafood Marketing Institute
 Sponsor Representative McGuire
 Requester _____ Component No. 393

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	226.0	226.0	226.0	226.0	226.0	226.0
Travel	74.0	74.0	74.0	74.0	74.0	74.0
Contractual	1,467.0	1,467.0	1,467.0	1,467.0	1,467.0	1,467.0
Supplies	32.0	32.0	32.0	32.0	32.0	32.0
Equipment	1.0	1.0	1.0	1.0	1.0	1.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0
TOTAL	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	18	18	18	18	18	18
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 The Receipt Supported Services fund source stated here is derived from the collection of the 1% Salmon Marketing Tax. The 1% Salmon Marketing Tax is calculated on the actual Annual Harvest ex-vessel value of all salmon harvested in Alaska in any given year. Because of the varying cyclic nature of the salmon harvests from year to year, an average salmon ex vessel harvest value of \$180,000,000 per year of which 1% Salmon Marketing Tax equals \$ 1,800,000 has been used as the estimated collectable revenue for ASMI.
 The estimated expenditures are based on a percentage ratio .

Prepared by: Barbara Balknap, Director Phone 907-465-5570
 Division Alaska Seafood Marketing Institute Date/Time 2/11/02 4:26 PM
 Approved by: Deborah B. Sedwick, Commissioner Date 2/11/2002
 Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 390
 (H) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Reauthorization of the 1% Salmon Tax BRU Alaska Seafood Marketing Institute (126)
 Component Alaska Seafood Marketing Institute
 Sponsor Representative McGuire
 Requester _____ Component No. 393

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	226.0	226.0	226.0	226.0	226.0	226.0
Travel	74.0	74.0	74.0	74.0	74.0	74.0
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Supplies	32.0	32.0	32.0	32.0	32.0	32.0
Equipment	1.0	1.0	1.0	1.0	1.0	1.0
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Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
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TOTAL	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	18	18	18	18	18	18
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Receipt Supported Services fund source stated here is derived from the collection of the 1% Salmon Marketing Tax. The 1% Salmon Marketing Tax is calculated on the actual Annual Harvest ex-vessel value of all salmon harvested in Alaska in any given year. Because of the varying cyclic nature of the salmon harvests from year to year, an average salmon ex vessel harvest value of \$180,000,000 per year of which 1% Salmon Marketing Tax equals \$ 1,800,000 has been used as the estimated collectable revenue for ASMI.

The estimated expenditures are based on a percentage ratio .

Prepared by: Barbara Belknap, Director Phone 907-465-5570
 Division Alaska Seafood Marketing Institute Date/Time 2/11/02 4:26 PM
 Approved by: Deborah B. Sedwick, Commissioner Date 2/11/2002
 Agency Department of Community & Economic Development

Alaska State Legislature

Session
State Capitol Building, Room 418
Juneau, Alaska 99801-1182
Phone (907) 465-2995
Fax (907) 465-6592

Interim
716 West Fourth Avenue, Suite 430
Anchorage, Alaska 99501
Phone (907) 269-0250
Fax 9907) 269-0249

Chair, House Special Committee
on Economic Development, Trade
and Tourism

Chair, Joint House and Senate
Administrative Regulation and
Review Committee

Member
Resources Committee
Rules Committee

Representative Lesil McGuire *House District 17*

SPONSOR STATEMENT

HB 390

“An Act extending the termination dates of certain activities and salmon marketing programs of the Alaska Seafood Marketing Institute and of the salmon marketing tax; expanding the allowable use of that tax for the salmon marketing programs of the Alaska Salmon Marketing Institute; relating to the Alaska Seafood Marketing Institute’s salmon marketing committee; and providing for an effective date.”

HB 390 extends the termination date of certain activities and salmon marketing programs of the Alaska Seafood Marketing Institute, and the salmon marketing tax.

Under current uncodified law, the salmon marketing activities and programs of the Alaska Seafood Marketing Institute described in AS 16.51.100 (7) – (9) terminate on June 30, 2004. The salmon marketing tax described in AS 43.76.110 – 43.76.130, which supports certain ASMI activities and the ASMI’s domestic salmon marketing program, terminates June 30, 2003. HB 390 would extend those activities and programs, and the tax for an additional five years.

In addition, HB 390 amends AS 43.76.120 (d) to permit salmon marketing tax revenue to be appropriated for use in ASMI’s international salmon marketing program as well as for use in its domestic salmon marketing program. These changes would assure the continuation of the important work of ASMI and would provide greater flexibility in the marketing of Alaska salmon in the international marketplace.



United Fishermen's Marketing Association, Inc.

P.O. Box 2917 Kodiak, Alaska 99615

Telephone 486-4568

Fax: 907-486-8362



Representative Lesil McGuire
House Resources Committee
Alaska House of Representatives
Juneau, AK
Fax: 907-465-6592

March 6, 2002

Dear Representative McGuire,

The United Fishermen's Marketing Association, Inc. (UFMA) supports HB 390. UFMA supports the extension of the salmon marketing tax until June 30, 2003, and the provision to ASMI of the flexibility and authority to utilize salmon marketing tax revenues for the purpose of supporting advertising, public relations and other marketing initiatives for Alaskan Salmon in export markets.

The current environment with regard to Alaskan Salmon is very complex and multidimensional, largely influenced by the quantity of the world supply of salmon that is looking for a market, the relative position of Alaskan Salmon as part of that world salmon supply, and the perceptions, experiences and preferences of domestic and international consumers and customers that impact purchasing decisions with regard to salmon. A strong coherent marketing program for Alaskan Salmon is central to the progress of the Alaskan Salmon industry, and to the success of Alaskan Salmon as a meaningful category in the marketplace. Without a sustained Alaskan Salmon marketing program, where are we? Given the world salmon supply, the Alaskan Salmon supply (including its oscillations), the comparative cost of other protein, (e.g. poultry, pork, beef, other seafood, etc.) and all of the other factors that affect consumer and institutional buying on the demand side, we must conclude that a strong Alaskan Salmon marketing program is an essential element in any initiative that addresses the survival and profitability of the Alaskan Salmon Industry. An Alaskan Salmon marketing program is needed now, more than ever.

UFMA believes that ASMI has done a superb job of fulfilling its mission. The limited funds that are available to ASMI significantly limit ASMI's ability to provide substantial benefits to the Alaskan Salmon Industry in domestic and export markets. HB 390 provides ASMI with important support that they need to their job; a job that they do very well.

Thank you for your consideration of our support for HB 390.

Sincerely,



Jeffrey R. Stephan

House Resources Committee

March 4, 2002

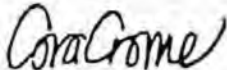
Page 2 of 2

We also support removing the domestic restriction on the one percent assessment. Expanding the allowable use of the salmon tax will allow the marketing experts at ASMI to use the money in regions with the greatest potential for sales. We feel that the judgment of ASMI staff and the oversight of the salmon marketing committee will be sufficient to ensure that these funds are used in such a way that fishermen get the maximum return for their assessment.

It is important to pass this bill in a timely manner. ASMI has many ongoing programs and it is important that they know their funding will be stable. When this bill passes, they will be able to commit to upcoming promotions and plan in advance with their retail partners. Waiting until just before the sunset date will put ASMI in a difficult position and will undermine the stability of their programs.

Again, we feel that the extension of the one percent and the removal of the domestic marketing restriction will greatly benefit the commercial fishing industry. We appreciate your consideration of these comments and request your support in passing this bill. If we can provide more information, please feel free to contact us.

Respectfully,



Cora Crome
Director



UNITED FISHERMEN OF ALASKA

February 21, 2002

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

Representative Lesil McGuire
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Re: HB 390 ASMI Salmon Marketing

Dear Representative McGuire:

United Fishermen of Alaska supports passage of this bill to allow renewing the harvester salmon 1% assessment for marketing, authorizing ASMI to lobby for federal funds, and allowing the ASMI board to spend the assessment for marketing worldwide.

As you are aware, the Alaska salmon industry is facing challenges due to imports of farmed fish, the value of the Japanese yen, the lagging Japanese economy, and inefficiencies in the present harvesting structure. It is import to signal to Alaska's fishery markets and our competitors that we are serious about marketing our product; renewing the assessment now rather than waiting until the last minute in 2003 sends the right message.

The twenty-nine member groups of UFA would appreciate your support in passing this bill.

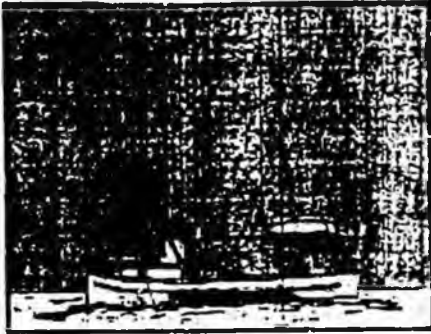
If you have any questions about our position or if you need additional information, please feel free to contact me.

Sincerely,

Thomas M. Gemmell
Executive Director

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve
Chignik Regional Aquaculture Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pink and Chum
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Old Harbor Fisherman's Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Pursa Seine Vessel Owners Association • Seafood Producers Cooperative
Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association



Alaska Trollers Association

130 Seward St., No. 505
Juneau, Alaska 99801
(907) 586-9400
(907) 586-4473 Fax

February 25, 2002

Representative Gary Stevens, Co-Chair
Representative Peggy Wilson, Co-Chair
House Fisheries Committee
Alaska State Legislature
Juneau, AK 99811

Dear Representatives:

The Alaska Trollers Association (ATA) strongly supports HB 390, which extends the salmon marketing tax through 2008 and allows ASMI the option to use this money on both domestic and foreign marketing programs.

Recent years have brought a series of challenges for those who harvest and market Alaska seafood. For instance, fishermen have seen their bottom line ravaged by the rapid rise of cheap subsidized farm salmon in the marketplace, combined with numerous regulatory policies restricting their access to salmon. Processors have struggled to maintain old markets, and develop new, in the face of increased production costs and the glut of farmed salmon.

In year 2000, Chile increased its export of farmed salmon by 57%. Canada's new government has just lifted its moratorium on new salmon farms. A look to Norway, Scotland, Ireland, New Zealand, Iceland, and even the US, makes the future painfully clear – salmon farming is here to stay and we must find a way to compete. More farmed species and product forms are in development and will further test our marketing skills. Now more than ever the salmon industry needs to identify its wholesome array of wild-caught fish as uniquely different in the marketplace.

September 11 has proved a fateful day for nearly every business across the globe and brought with it unexpected trials and tribulations for the seafood community. If your firm specializes in security, you're racing to accommodate an unanticipated demand. If you sell trips to far away places, you're dealing with consumer angst and inconvenience. If you sell seafood, you're coping with increased security measures as you transport your fish and try to sell them to people tightening their belts in the face of economic uncertainty. Food safety concerns are heightened. In sum, people just aren't spending as much or eating out as often these days, and that will likely continue in the near term. We must find a way to increase consumer confidence in US harvested salmon and educate them about the advantages of all that Alaska has to offer. This is why precisely why we support continuing our cooperative marketing efforts with ASMI.

ATA supports the salmon marketing tax. Alaska fishermen are digging deep into their pockets during this very lean time and choosing to support ASMI through reauthorization of the marketing tax. Our 1% contribution makes up a significant portion of ASMI's budget and we believe this would be the worst time to lose these critical marketing dollars. Of course, we also hope that the legislature will choose to help bolster the state's seafood marketing efforts with a separate appropriation to ASMI.

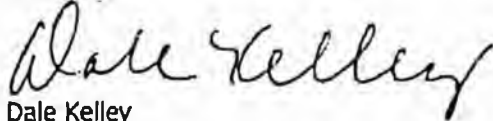
Seafood is Alaska's first industry. It is the business that has directly and indirectly provided more jobs and income than any other to Alaskans and the state for well over 100 years. When the fishing industry loses market share the entire state feels the pain of reduced employment and income for our communities and the general fund. We harvest more fish in this state than most countries and are competing head to head with entire nations that invest millions and millions of dollars to market fisheries product. This year the Norwegian fish farm industry estimates it will need \$100 million to market in the face of some of the problems it faces. Norway is already known to invest \$40 million plus each year to help their industry move fish. Obviously they recognize a strong reliance on seafood. I can't imagine that you don't see a similar link between Alaska seafood and the economic success of this state. In the face of significant market challenges, the seafood industry still contributed \$52 million dollars to the general fund in FY01.

ATA supports allowing ASMI the opportunity to use salmon marketing tax money in foreign markets. We think that providing ASMI the flexibility to search out the best marketing opportunities just makes good business sense. ATA doesn't view this provision as contrary to our long term goal of expanding markets in the USA, but as a necessary element to the successful design of strategic marketing plans that best serve Alaska's interest now and into the future.

Let's work in partnership to ensure the long-term health of this industry that has been, and can continue to be, a cornerstone of Alaska's economy.

Thanks in advance for your support of HB 390. If I can be of assistance on this or other issues, please don't hesitate to contact me.

Sincerely,



Dale Kelley
Executive Director

HB390

①

Chairman Mylder

I AM OPPOSED TO THE REAUTHORIZATION OF THE A.S.M.I. TAX BY THE LEGISLATURE, LETS BE FRANK NO ONE LIKES TO PAY TAXES, TO BE FORCED TO PAY A TAX THAT IS PROVIDING NO DIRECT BENEFIT TO YOU PERSONALLY OR FINANCIALLY IS UNPLEASANT.

SINCE THE INCEPTION OF THIS TAX IT HAS TRANSFERRED \$2,800,000 OUT OF KODIAK'S ECONOMY INTO ECONOMIC DEVELOPMENT FOR JUNEAU AND BELLINGHAM, WASHINGTON THROUGH A.S.M.I.

IT IS TIME TO REEXAMINE ALL ASPECTS OF THE SALMON INDUSTRY AS.M.I. ALSO NEEDS TO COME UNDER SCRUTINY.

NO OTHER FISHERY IN THE STATE PAYS A 1% MARKETING TAX, HATCHERY COST RECOVERY FISH ARE EXEMPT FROM THIS TAX.

THIS SPEAKS TO THE LACK OF CONFIDENCE IN AS.M.I. AND ITS ABILITY TO MARKET FISH.

IT MAYBE THAT SOMEONE IS BENEFITTING FROM THIS TAX,

(2)

A broker or grocery chain, it is definitely not the harvester, or the state of AK,

Raw fish tax is extracted off the exvessel value, the price paid to the harvester. our exvessel value does not reflect any benefit from this tax.

Asmi. has no product to sell and most processors could care less about generic marketing.

The tax has never been put to a vote of salmon permit holders, those whose pockets it comes from as the aquaculture tax was, a tax you can vote in or out through process,

You have to be in the good graces of the governor to get appointed to the Asmi. board, which is ridiculous, being the state hasn't put money into Asmi. for years and probably never will again.

On a final note, the domestic market is where it is at, that was the original intent of use for the tax, deviation from this hopefully would kill the tax.

(3)

10 yrs is a long enough to try a program, it is not working.

In comparison I wouldn't mind paying a road tax if I saw it paving Roads and filling pot holes, The asmi TAX SEEMS to be funding Ruts and digging them deeper.

Chris BERNIS

32 yr salmon fisherman

42 yr AK resident

Father of 5

HB

393

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 393
(H) Publish Date: 3/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
Title: "An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; . . ." BRU: Criminal Division: Civil Division
Sponsor: Representative Stevens Component: Criminal Appeals/Special Litigation
Requester: House Labor and Commerce Committee Component No.: 2279: 2206
Fair Business Practices

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*****	*****	*****	*****	*****	*****

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	*****	*****	*****	*****	*****	*****
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1108 Statutory Designated Prog Rcpts	*****	*****	*****	*****	*****	*****
TOTAL	** ****	*****	*****	*****	*****	*****

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

HB 393 would provide for the registration and regulation of sellers of business opportunities, which are prepackaged small business deals offered mainly to novice entrepreneurs over the Internet and through newspaper and radio advertisements, television "infomercials," and seminars. Typically, a business opportunity is an arrangement by which the seller provides products, equipment, supplies, or services to the buyer; assists the buyer in finding outlets or accounts for the buyer's products or services; purchases the products made, produced, or modified by the buyer, or provides the buyer with a marketing plan.

The bill would require that sellers of business opportunities register with the state, disclose specific information regarding the business to the buyer before sale, use an escrow account to assure delivery of business assets, and provide a 30-day right of cancellation for the buyer.

Prepared by: Joan M. Kasson
Division: Attorney General's Office
Approved by: Kathryn Daughhetea for Bruce M. Botelho, Attorney General
Agency: Department of Law

Phone: (907) 465-5370
Date/Time: 2/21/02 2:42 PM
Date: 2/21/2002

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. HB 393 - FN#1

ANALYSIS CONTINUATION

A seller who recklessly violates the registration requirements would be guilty of a class C felony. A seller who recklessly violates the contract or cancellation provisions would be guilty of a class A misdemeanor. The bill would also amend AS 45.50.471(b) to specify that a violation of the sale of business opportunities statute constitutes an unfair or deceptive act or practice in the conduct of trade or commerce.

The Department of Law does not anticipate significant revenues or costs from passage of this legislation. However, because there is no regulatory scheme now in effect, we cannot say with certainty how much additional staff time will be required to implement this bill.

Given our experience with implementing the Telephone Solicitation Act, we would guess that no more than ten or twelve sellers of business opportunities will register in the first year. Assuming an initial registration fee of \$150, the revenue in the first year would be approximately \$1,500 to \$1,800. With an annual renewal fee of \$50, the revenue from these same sellers would be \$500 to \$600 in the second year, plus any new initial registrations.

Costs will be generated both by the time spent processing the registration applications, and by time spent on any enforcement actions against unscrupulous sellers of business opportunities, who are generally located out of state and who make exaggerated earnings claims to induce buyer participation, and who would be unlikely to register with the state. We expect that processing ten to twelve applications per year, while perhaps more time consuming than other registrations due to the relative complexity of the business opportunity registration requirements, can be handled within existing funding levels. We have no way of anticipating how many enforcement actions may be required. The Consumer Protection unit is aware of dozens of business opportunity scams around the country, and they know Alaskans are being targeted, but not to what extent. However, the department does not believe the cost of pursuing limited enforcement actions against a few sellers will entail significant amounts of staff time. If our assumptions prove to be inaccurate, the department may need to seek additional funding in the future.

Alaska State Legislature

SESSION ADDRESS:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4925
Fax: (907) 465-3517
Toll Free: 1-800-821-4925



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Representative Gary Stevens BUSINESS OPPORTUNITIES BILL

Sponsor Statement – HB 393

This bill creates a new, comprehensive statute regulating the sale of business opportunities. Business opportunities, commonly referred to as “biz opps,” are prepackaged small business deals primarily targeted to novice entrepreneurs. Although some business opportunities offer consumers legitimate methods for earning income, the field is fraught with unfair and deceptive practices.

Typical business opportunities range from work-at-home schemes, like medical billing, to the sale of vending machines, ATMs, greeting card display racks and other products, to the sale of “900 numbers.” These deals are initially pitched to consumers through classified ads, over the Internet, and through “infomercials,” and potential buyers are subjected to high-pressure sales tactics. Unwary consumers are enticed by the promise of high earnings, which rarely materialize. According to the Federal Trade Commission, biz opp scams bilk consumers across the country of tens of millions of dollars each year.

With this bill, Alaska will join approximately half of the states in regulating the sale of business opportunities. Persons who want to sell or advertise business opportunities in Alaska would be required to register with the state, to disclose information to buyers, to use escrow accounts to assure delivery of business assets, and to provide a 30-day right of cancellation to the buyer. Violators will be subject to civil and criminal penalties. The bill provides important consumer safeguards for entrepreneurial-minded Alaskans.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 393
(H) Publish Date: 3/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
Title "An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; . . ." BRU Criminal Division; Civil Division
Sponsor Representative Stevens Component Criminal Appeals/Special Litigation
Requester House Labor and Commerce Committee Component No. 2279; 2206
Fair Business Practices

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*****	*****	*****	*****	*****	*****

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	*****	*****	*****	*****	*****	*****
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1108 Statutory Designated Prog Rcpts	*****	*****	*****	*****	*****	*****
TOTAL	*****	*****	*****	*****	*****	*****

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 393 would provide for the registration and regulation of sellers of business opportunities, which are prepackaged small business deals offered mainly to novice entrepreneurs over the Internet and through newspaper and radio advertisements, television "infomercials," and seminars. Typically, a business opportunity is an arrangement by which the seller provides products, equipment, supplies, or services to the buyer; assists the buyer in finding outlets or accounts for the buyer's products or services; purchases the products made, produced, or modified by the buyer; or provides the buyer with a marketing plan.

The bill would require that sellers of business opportunities register with the state, disclose specific information regarding the business to the buyer before sale, use an escrow account to assure delivery of business assets, and provide a 30-day right of cancellation for the buyer.

Prepared by: Joan M. Kasson Phone (907) 465-5370
Division Attorney General's Office Date/Time 2/21/02 2:42 PM
Approved by: Kathryn Daughhettee for Bruce M. Botelho, Attorney General Date 2/21/2002
Agency Department of Law

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. HB 393 - FN#1

ANALYSIS CONTINUATION

A seller who recklessly violates the registration requirements would be guilty of a class C felony. A seller who recklessly violates the contract or cancellation provisions would be guilty of a class A misdemeanor. The bill would also amend AS 45.50.471(b) to specify that a violation of the sale of business opportunities statute constitutes an unfair or deceptive act or practice in the conduct of trade or commerce.

The Department of Law does not anticipate significant revenues or costs from passage of this legislation. However, because there is no regulatory scheme now in effect, we cannot say with certainty how much additional staff time will be required to implement this bill.

Given our experience with implementing the Telephone Solicitation Act, we would guess that no more than ten or twelve sellers of business opportunities will register in the first year. Assuming an initial registration fee of \$150, the revenue in the first year would be approximately \$1,500 to \$1,800. With an annual renewal fee of \$50, the revenue from these same sellers would be \$500 to \$600 in the second year, plus any new initial registrations.

Costs will be generated both by the time spent processing the registration applications, and by time spent on any enforcement actions against unscrupulous sellers of business opportunities, who are generally located out of state and who make exaggerated earnings claims to induce buyer participation, and who would be unlikely to register with the state. We expect that processing ten to twelve applications per year, while perhaps more time consuming than other registrations due to the relative complexity of the business opportunity registration requirements, can be handled within existing funding levels. We have no way of anticipating how many enforcement actions may be required. The Consumer Protection unit is aware of dozens of business opportunity scams around the country, and they know Alaskans are being targeted, but not to what extent. However, the department does not believe the cost of pursuing limited enforcement actions against a few sellers will entail significant amounts of staff time. If our assumptions prove to be inaccurate, the department may need to seek additional funding in the future.

BUSINESS OPPORTUNITIES BILL

Sectional Analysis

***Sec. 1.** Amends AS 37.05.146(b)(4) to include receipts of fees for business opportunity registration and renewals as program receipts.

***Sec. 2.** Amends AS 45.50.471(b) to provide that a violation of the business opportunity statute is a violation of the Unfair Trade Practices and Consumer Protection Act.

***Sec. 3.** Amends AS 45 by creating a new chapter regulating the Sale of Business Opportunities.

***Sec. 45.66.010. Registration required.**

Prohibits a person from selling or offering to sell a business opportunity unless the person is registered with the department at least 30 days before selling or offering to sell a business opportunity.

***Sec. 45.66.020. Registration procedure.**

Requires that a person pay a registration fee and file certain documents in order to register with the department. The required documents include a copy of advertising materials, a disclosure statement to potential buyers, a surety bond, and a completed application form. The application form will require the seller to disclose the nature of the business opportunity and the method by which it will be advertised; the identity of the seller and owners or agents affiliated with the seller; and criminal convictions, civil judgments, and administrative determinations involving allegations of fraud, theft, and unfair trade practices.

***Sec. 45.66.030. Renewal of registration.**

Provides that a person must file a renewal application if the person sells or offers to sell a business opportunity for more than a year following the department's acknowledgment of registration.

***Sec. 45.66.040. Registration Fees.**

Requires that a seller pay a non-refundable fee to the department for a first-time application and a renewal fee for a renewal application. The amount of the fee will be established by regulation.

***Sec. 45.66.050. Material changes in registration information.**

Requires the reporting of any material changes to the application within 10 days of the change.

***Sec. 45.66.060. Surety bond required.**

Requires a business opportunity seller to post a surety bond in the amount of \$75,000 in order to do business in the state.

***Sec. 45.66.070. Location of offer and sale.**

Provides that the statute applies to a sale or offer to sell a business opportunity if the seller directs the offer to residents of this state, if the offer originates in this state, or if the buyer will operate the business opportunity in this state.

***Sec. 45.66.080. Disclosure requirements.**

Establishes that at least 10 days before the buyer signs the contract, the seller shall give the buyer a written disclosure statement. The disclosure statement must include information about the seller's business history, the seller's financial condition, the seller's legal history, the seller's history of business opportunity registration, the total price and payment schedule for the business opportunity, and the rights and obligations of the parties. Requires that if the seller makes claims about potential earnings, the seller must provide the basis for the claim and associated economic risks.

***Sec. 45.66.090. Written contract required.**

Requires that a seller use a written contract for selling the business opportunity. Contract provisions must include: payment terms; contact information for the seller, the seller's agent, and suppliers; a description of services that the seller is to provide; delivery dates; a complete description of the buy-back agreement if applicable; and a statement of the buyer's right to cancel.

***Sec. 45.66.100. Restrictions on down payments.**

Precludes a seller from requiring a buyer to pay as a down payment more than 20 percent of the initial payment unless any amount above the 20 percent is placed in an escrow account.

***Sec. 45.66.110. Escrow account requirements.**

Requires that the escrow account be held by a person who is independent from the seller, and requires that a seller who establishes an escrow account provide account information to the department. Also prevents the release of escrow funds until the buyer provides written notification to the escrow holder that the products or services required by the contract have been delivered.

***Sec. 45.66.120. Actions for claims against escrow account.**

Allows a buyer who has a claim against an escrow account to bring a civil action against the seller or escrow account holder to recover money from the escrow account.

***Sec. 45.66.130. Cancellation of contract.**

Allows for a buyer to cancel a contract for any reason if the buyer gives notice of the cancellation to the seller within 30 days after signing the contract. Also permits a buyer to cancel the contract at any time if the seller fails to meet disclosure requirements, makes deceptive statements about the business opportunity, or fails to provide services or products required under the contract. Provides that within 15 days of such notice by the buyer, the seller must tender payment to the buyer and terminate the buyer's financial obligations.

***Sec. 45.66.140. Prohibited representations.**

Prohibits sellers from representing that they are registered with the department unless they have complied with the registration requirements, and prohibits other misleading representations about registration status or compliance with the law.

***Sec. 45.66.150. Untrue statements or omissions.**

Prohibits a seller from making an untrue statement of material fact in registration information, disclosure statements, advertising or other communications.

***Sec. 45.66.160. Unwarranted conclusions.**

Provides that acknowledgment of registration by the department does not constitute a recommendation or approval of a seller or a business opportunity.

***Sec. 45.66.170. Waiver prohibited and void.**

Prohibits a seller from requesting that a buyer waive rights or defenses under this chapter.

***Sec. 45.66.180. Seller's records and files.**

Requires that a seller maintain records of the advertisement or promotion of a business opportunity for five years and that the seller allow access to the records by the department. Also requires that a seller keep all documents relating to a contract for four years.

***Sec. 45.66.190. Public records.**

Provides that documents required under this chapter are public records. However, testimony and records related to an investigation by the department would not be public records.

***Sec. 45.66.200. Denial, suspension, or revocation of registration.**

Allows the department to deny, suspend, or revoke a registration for a number of reasons, such as the seller's failure to comply with registration requirements; for fraud or deceit perpetrated on the buyer; or if a person represents an unreasonable risk to the public interest and has been convicted of a crime involving fraud or theft or has violated consumer protection laws. Establishes that prior to taking action under this provision, the department must provide to the person a notice of intent to deny, suspend, or revoke the

registration, and the person has an opportunity to respond to the notice by submitting a sworn statement.

***Sec. 45.66.210. Criminal penalties.**

Provides that a person who recklessly violates the registration, disclosure, or contract provisions of the chapter is guilty of a Class C felony; other violations are punishable as Class A misdemeanors.

***Sec. 45.66.220. Exemptions.**

Exempts from coverage certain transactions including sales or offers to sell:

- A business opportunity if the payments by a buyer under the contract are less than ~~\$200~~ 250
- a franchise under 16 CFR 436
- an ongoing business to be sold in its entirety
- equipment, materials, or samples for use in sales demonstrations and not for resale, or product inventory sold to the buyer at a bona fide wholesale price
- securities
- a business opportunity in which the buyer is a bank or financial institution
- a business opportunity involving a marketing plan made in conjunction with the registration of a trademark or service mark and where the seller has a minimum net worth of \$1,000,000
- a business opportunity where either the seller or the buyer is licensed as a real estate broker, associated real estate broker, or real estate sales person under AS 08.88 and the sale or offer is regulated by AS 08.88

***Sec. 45.66.230. Coordination with other laws.**

Provides that this chapter governs if a sale or offer to sell a business opportunity is regulated by this chapter and by other laws and if compliance with both is not possible.

***Sec. 45.66.240. Regulations.**

Allows the department to adopt regulations under the Administrative Procedure Act to implement this chapter.

***Sec. 45.66.900. Definitions.**

Provides definitions, including the definition of "business opportunity" as a contract or agreement for the sale of products, equipment, supplies, or services enabling the buyer to start a business and in which the seller agrees to provide additional services, such as

- Assisting in finding locations for the use or operation of vending machines, racks, display cases, or other similar devices
- Assisting in finding outlets or accounts for the buyer's products or services;
- Purchasing any or all products made, produced, fabricated, grown, bred, or modified by the buyer
- Agreeing to buy back products from the buyer products

-
- Representing that the buyer will derive income from the business that will exceed the price paid to the seller
 - Providing the buyer with a marketing plan

***Sec. 4.** Changes the court rules to require the court clerk, in actions brought against escrow accounts under AS 45.66.120, to mail a copy of the complaint and subsequent orders or judgments to the attorney general.

***Sec. 5.** Provides for a grace period for the registration of sellers of business opportunities who are in business before the effective date of Section 3, allowing them to continue selling or offering to sell for up to 45 days, after which time they must be registered.

***Sec. 6.** Allows the Department of Law to adopt regulations to implement the act.

***Sec. 7** Provides that AS 45.66.120(b) takes effect only if sec. 4 receives the two-thirds majority vote of each house.

***Sec. 8** Provides that Section 6 of the act takes effect immediately under AS 01.10.070(c).

***Sec. 9** Provides that this act, other than Sec. 6, takes effect July 1, 2002.

February 4, 2002

HB 393 –THE "BUSINESS OPPORTUNITY" BILL

What is a business opportunity?

A business opportunity, or "biz opp", is a pre-packaged small business deal offered primarily to novice entrepreneurs. Unfortunately, these enterprises are often fraudulent. Typical business opportunities range from a variety of work-at-home schemes such as medical billing, to the sale of vending machines, pay telephones, greeting card display racks and other products, to the sale of "900 numbers." They almost always promise high earnings, which rarely materialize. According to the Federal Trade Commission, biz opp scams bilk hundreds of thousands of consumers out of tens of millions of dollars each year.

How are biz opps advertised?

Biz opps are frequently pitched to consumers through classified ads, over the Internet, and through "infomercials," followed up with high-pressure sales pitches. The following are typical biz opp advertisements:

- "Medical Billing. Work from home – Full or Part Time. From \$24K to \$50K+ per year. Home Computer Required. CALL NOW."
- "1000 Envelopes=\$4000. From Home! \$4 per envelope you stuff GUARANTEED!"
- "HERSHEY AND NABISCO VENDING – High weekly income potential. Work 6-8 hrs/wk. Secured and guaranteed locations. \$7000 investment required."
- Small Town Entrepreneur Discovers Amazing Way to Earn Money at Home! FREE Report reveals how you can earn \$\$\$Thousands\$\$\$ each week...sending Fax-Ads to Business Offices in your area.

Who are the likely targets of biz opp scams?

Generally, biz opp fraud targets stay-at-home parents, retirees, people who are out of work, and individuals looking to create their own business. Alaskans may be targeted because of the seasonal nature of many jobs in Alaska, because of the disposable income associated with the PFD, and because of the entrepreneurial spirit of many Alaskans.

What does HB 393 do?

HB 393 creates a new, comprehensive statute regulating promoters of business opportunities. It requires persons who sell business opportunities to register with the state, to disclose information to buyers, to use escrow accounts to assure delivery of business assets, and to provide a 30-day right of cancellation to the buyer. With this bill, Alaska would be joining approximately half of the states, which have statutes requiring registration of business opportunities. In addition to providing an enforcement mechanism for the state, the bill will ensure that potential investors can be fully informed about a business before entering into a

sales agreement. As discussed below, some types of business opportunities are specifically exempted from the registration requirements of HB 393.

HB 393 provides for civil and criminal penalties for violators. A person who recklessly violates the registration requirements is guilty of a Class C felony. A person who recklessly violates the contract or cancellation provisions is guilty of a Class A misdemeanor. HB 393 also makes clear that a violation of the biz opp statute is also a violation of the Unfair Trade Practices and Consumer Protection Act.

Are there exemptions from the HB 393 registration requirements?

The registration requirements of HB 393 do not apply to a number of transactions, including those in which the total payment from the buyer to the seller is less than \$200. They also do not apply to the sale of sales demonstration equipment, materials, or samples for use in sales demonstrations and not for resale, or product inventory sold to the buyer at a bona fide wholesale price (businesses such as Amway or Mary Kay); sale of a franchise (as defined under federal law); sale of an ongoing business sold in its entirety; sales of securities; and real estate transactions regulated by AS 08.88. Exemption language is found on pages 12-14 (AS 45.66.220 – Exemptions).

*Prepared by Department of Law
March 2002*

So you want to work at home?

You're conflicted. You need extra income, but you want to be around for your kids. So you're tantalized by the idea of staying home and earning cash. Clever marketers know they have you. They promise a whole world of work-at-home possibilities that sound perfect: "Stuff envelopes on your own time." "Doctors need you to do their medical billing from home." "Like crafts? Great pay for assembly work." They try to lure you with enticing salaries: "Earn hundreds: The faster you work, the more you make."

The problem is, you rarely end up making the money you're promised. In fact, few people make any at all, and most lose money. An investigation of 112 work-at-home companies conducted in 2000 by Operation Job Fraud, a task force made up of several Better Business Bureaus and the U.S. Postal Inspection Service, turned up nothing but scams. When the task force investigated ads on the Internet, on posted flyers, and in magazines and newspapers, they "found no evidence of making the money promised," says Katy Conklin of the Better Business Bureau in Chattanooga, Tennessee. "We tried them ourselves. We spent our own money on the kits and materials, and we never made back our investment."

The Federal Trade Commission estimates that tens of millions of dollars a year are lost on these phony offers. Although most people are cheated out of anywhere from \$20 to a couple of hundred, some lose more.

Targeting potential victims is easy. Conklin recalls it happening in her own family. "Two years ago my daughter gave

Read this before you fall for some of the most common rip-offs. **BY JANICE LIEBERMAN**



BEEN CONNED? ←

Complain! Consumer agencies can go after bogus companies only if they know about them. File a complaint with the regional Better Business Bureau where the company is located, and call the Federal Trade Commission at 877-FTC-HELP or log on to ftc.gov.

using guilt tactics such as "Why would you leave your kids at home to work?" The scamsters stop at nothing!" Conklin says that working moms, the disabled, the elderly, students, and non-English-speaking immigrants most often fall victim to these scams.

So why aren't these fraudulent companies tracked down—and shut down? For one thing, many change their names

or addresses and go out of business within a year or two, making it daunting for investigators to track them. Second, such scams often go unreported: Many victims are too embarrassed to complain or don't want to spend time filing a claim.

All of which means it's up to you to protect yourself. As an assistant director of the Bureau of Consumer Protection at the Federal Trade Commission, Mona Spivack works to put these shady companies out of business. We asked her to describe three of the most common fraudulent schemes:

RIP-OFF #1: MEDICAL BILLING FROM HOME

This scam robs you of big bucks up front: According to Spivack, you're typically asked to shell out several hundred dollars for medical-billing software and a list of doctors who need your services. You're told that the doctors will give you lists of patients to bill and forms to input into your computer. You're supposed to submit the computerized forms to a clearinghouse that will forward them to Medicare for reimbursement. "They tell you it can be done on your own time and that you can make \$1,500 a week," says Spivack.

Sounds great, right? But here's the reality: You get the software, and it's hard to use. And when you send out letters to doctors offering them your help, they've never heard of you and aren't interested in your services. In fact, Tom Collier of the Better Business Bureau in Tucson, along with the Pima County Medical Society, surveyed 2,100 doctors to find out whether they'd even consider



Honorable Eldon Mulder, Co-Chair
House Finance Committee
Alaska Capitol, Room 507
Juneau, AK 99801-1182

Honorable Bill Williams, Co-Chair
House Finance Committee
Alaska Capitol, Room 511
April 16, 2002

RE: HB 393 (Stevens) – Support

Dear Co-Chairs Mulder and Williams:

On behalf of the members of AARP in Alaska, we urge you and your colleagues on the House Finance Committee to support HB 393, authored by Representative Gary Stevens.

HB 393 will address an issue that is often of concern to retirees. . . prepackaged "business opportunities" targeted at novice entrepreneurs and "work at home" schemes.

The bill would require that sellers of business opportunities register with the State and would require them to disclose specific information to the potential buyer before the sale. They would also be required to use an escrow account to assure delivery of promised goods and provide a 30-day right of cancellation to the buyer.

Representative Stevens has provided exceptions for some recognized direct selling operations. HB 393 would target those individuals and organizations that should not be allowed to operate in Alaska.

Government has a legitimate role in consumer protection. AARP believes HB 393 is an excellent example of appropriate oversight and regulation.

On behalf of all Alaskans who have been taken in by phony "business opportunities", AARP urges an "AYE" vote on HB 393.

Should you have any questions about our position, please feel free to contact Marie Darlin (586-3637), Coordinator of the AARP Capitol City Task Force; Patrick Luby (907-762-3314), AARP Legislative Representative; or me (907-245-5259).

Thank you for your consideration.

Sincerely

A handwritten signature in cursive script that reads "Marguerite Stetson".

Marguerite Stetson
Executive Council Member for Advocacy

cc: Representative Bunde, Vice Chair Representative Whitaker
Representative Foster Representative Croft
Representative Harris Representative Davies
Representative Hudson Representative Moses

having an outsider do their medical billing. Only 15 doctors said yes. "That's 0.6 percent of the market," says Collier.

Carolyn Agustin-Acosta learned about this scam the hard way. She saw an ad in a local paper for medical billing that promised earnings of \$20 to \$40 an hour. The Northridge, California, nurse was working 53 hours a week and needed to supplement her income but didn't want to spend any more time away from her 3-year-old son. After paying \$339 for the software, she received a list of doctors who she then realized didn't exist. "I was in tears," she says. "I lost all that money. I was looking forward to spending more time with my son and having more children, but I can't do it like this."

And once you've been scammed, good luck getting your money back. According to Stephen Gurwitz, a senior trial attorney with the FTC, "You call the customer service department [of the medical-billing company] to tell them the software is useless, and they say, 'Once you open the software, it can't be returned.'" To try to get a refund, he says, you can write letters of complaint to the company, the Better Business Bureau, the FTC, and the consumer protection agency in the state where the business is located.

A variation on the medical-billing scheme is one in which you're encouraged to help out Uncle Sam. The company provides you with a list of people who are due a government refund for some reason, say they overpaid on their taxes. Allegedly you'll get a cut of that refund as a commission. The list runs you about \$80, but as in the medical billing scam, the phone numbers and addresses

you're furnished with are fake (or if they're real, you have to talk strangers into giving you their money)—and you're still responsible for the cost of the phone calls and the postage.

RIP-OFF #2: HOME ASSEMBLY

Feeling crafty? Think you might try your hand at assembling picture frames or sewing—all on your own time? This offer, usually found in the classifieds, promises you up to several hundred dollars a week, depending on how fast you can assemble the products. You're asked to send in \$40 to \$100 for the supplies, which you receive in the mail with an instruction booklet. But you're sent only enough supplies for one sample item, and then your handiwork must be seen and "approved" by management. That part, of course, is rarely mentioned over the phone when you call the number posted in the ad.

Investigators say that these operators make it impossible for you to earn money. These wheeler-dealers send you craft kits with parts missing or pieces that don't fit. Or they ask you to sew something relatively easy but reject the result. "I've had professional seamstresses call me up crying, saying their sewing on something simple was sent back," Spivack says.

RIP-OFF #3: ENVELOPE STUFFING

It *sounds* so simple—which is why this scam has been around for years. How it works: You respond to an ad and are promised about \$5 per stuffed envelope. You pay \$25 to \$50 for envelopes, stamps, flyers, and a mailing list. What you get in return is a flyer to photocopy

4 clues that you're being scammed

CLUE 1: "Act now" pitches. Some con artists try to pressure you by saying that most of the positions are filled, so you had better act now. A legitimate employer will give you time to think about signing on.

CLUE 2: Evasive answers. Always ask for a detailed description of what you're expected to do to earn money, and of how, when, and how much you'll be paid. Get it in writing, and read the fine print.

CLUE 3: The claim that "anyone can do it." A real employer usually wants a résumé and references.

CLUE 4: Claims that you can make more at home than in a similar office job. To check out a work-at-home job, research the going rate for doing that same job in an office. For instance, data entry may pay \$7 to \$10 an hour: That's \$1,600 a month if you work full-time. An ad that promises you \$2,000 a week for doing the same job at home is probably bogus.

and send to people whom you're supposed to solicit by placing a newspaper ad conning them to "make money stuffing envelopes." So you've essentially passed along a chain letter duping others.

"It happened to us twice. I'm almost embarrassed to say it," one scammed woman confided to *Redbook*. The first incident happened a year ago, when she was pregnant and wanted to supplement her husband's income. What could be easier than stuffing envelopes in the comfort of her own home? Plus, she had worked in an office and knew how to get the job done quickly. She was so excited that she paid extra to have the kit sent to her faster. After spending \$40 she received a packet. Realizing it was a chain-letter scam, she did nothing with it; she didn't want to cheat other people.

The next time she answered an ad for stuffing envelopes, it read "This is not a scam." She sent \$80 and received nothing. "I actually called directory assistance to find the name of the person whose testimonial was in the original ad," she says. "Of course there was no listing for that person. I was so angry." She has since decided to make money babysitting. □

Where the real jobs are

Here's the good news about working from home: Legitimate opportunities do exist. Some require special skills, such as typing and bookkeeping, and most will want you to have your own work space. Below are job-list websites recommended by Rosalind Mays, author of *The Real Deal on Telecommuting*, who has a work-at-home site of her own (see below). Before you sign on with any company, check it out with the Better Business Bureau in the region where the business is located.

www.wahm.com/jobs.html This site—the Work at Home Moms job listing—links to job postings at monster.com, hotjobs.com, and other sites.

www.tjobs.com Search here by category for listings of creative and technical jobs (such as writing and programming), among others.

www.workaholics4hire.com This site provides links to other sites' job postings, but also includes its own listings of telecommuting positions in various fields.

www.sohojobs.org The Small Office-Home Office Jobs website profiles and evaluates other job sites, including their weekly job postings.

www.telecommuting.cjb.net Rosalind Mays's site lists jobs from newspapers, websites, and other sources, as well as links to other job-list sites.

—Lisa Pilnik

HB

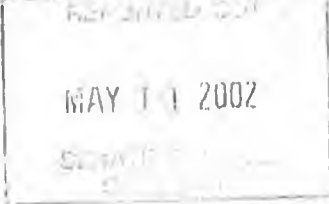
393

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/11/02



FURTHER:

DATE TURNED IN TO OFFICE: 5/11/02

Finance Committee considered **CS FOR HOUSE BILL NO. 393(JUD) am**
HB 393 SALES OF BUSINESS OPPORTUNITIES

"An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; amending Rules 4 and 73, Alaska Rules of Civil Procedure; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous S CS CS HB 393 (Y+C)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Law	2/21/02	Y		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>			Y	
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>				
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>			✓	

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 393
 (H) Publish Date: 3/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title "An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; . . ." BRU Criminal Division; Civil Division
 Sponsor Representative Stevens Component Criminal Appeals/Special Litigation
 Requester House Labor and Commerce Committee Component No. 2279; 2206

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*****	*****	*****	*****	*****	*****

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	*****	*****	*****	*****	*****	*****
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1108 Statutory Designated Prog Rcpts	*****	*****	*****	*****	*****	*****
TOTAL	*****	*****	*****	*****	*****	*****

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 HB 393 would provide for the registration and regulation of sellers of business opportunities, which are prepackaged small business deals offered mainly to novice entrepreneurs over the Internet and through newspaper and radio advertisements, television "infomercials," and seminars. Typically, a business opportunity is an arrangement by which the seller provides products, equipment, supplies, or services to the buyer; assists the buyer in finding outlets or accounts for the buyer's products or services; purchases the products made, produced, or modified by the buyer; or provides the buyer with a marketing plan.

 The bill would require that sellers of business opportunities register with the state, disclose specific information regarding the business to the buyer before sale, use an escrow account to assure delivery of business assets, and provide a 30-day right of cancellation for the buyer.

Prepared by: Joan M. Kasson Phone (907) 465-5370
 Division: Attorney General's Office Date/Time 2/21/02 2:42 PM
 Approved by: Kathryn Daughhetee for Bruce M. Botelho, Attorney General Date 2/21/2002
 Agency: Department of Law

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. HB 393 - FN#1

ANALYSIS CONTINUATION

A seller who recklessly violates the registration requirements would be guilty of a class C felony. A seller who recklessly violates the contract or cancellation provisions would be guilty of a class A misdemeanor. The bill would also amend AS 45.50.471(b) to specify that a violation of the sale of business opportunities statute constitutes an unfair or deceptive act or practice in the conduct of trade or commerce.

The Department of Law does not anticipate significant revenues or costs from passage of this legislation. However, because there is no regulatory scheme now in effect, we cannot say with certainty how much additional staff time will be required to implement this bill.

Given our experience with implementing the Telephone Solicitation Act, we would guess that no more than ten or twelve sellers of business opportunities will register in the first year. Assuming an initial registration fee of \$150, the revenue in the first year would be approximately \$1,500 to \$1,800. With an annual renewal fee of \$50, the revenue from these same sellers would be \$500 to \$600 in the second year, plus any new initial registrations.

Costs will be generated both by the time spent processing the registration applications, and by time spent on any enforcement actions against unscrupulous sellers of business opportunities, who are generally located out of state and who make exaggerated earnings claims to induce buyer participation, and who would be unlikely to register with the state. We expect that processing ten to twelve applications per year, while perhaps more time consuming than other registrations due to the relative complexity of the business opportunity registration requirements, can be handled within existing funding levels. We have no way of anticipating how many enforcement actions may be required. The Consumer Protection unit is aware of dozens of business opportunity scams around the country, and they know Alaskans are being targeted, but not to what extent. However, the department does not believe the cost of pursuing limited enforcement actions against a few sellers will entail significant amounts of staff time. If our assumptions prove to be inaccurate, the department may need to seek additional funding in the future.

SENATE COMMITTEE REPORT

DATE: 5/6/02

FURTHER: Finance

DATE TURNED IN TO OFFICE: 5/10/02

Judiciary Committee considered CS FOR HOUSE BILL NO. 393(JUD) am
 HB 393 SALES OF BUSINESS OPPORTUNITIES

"An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; amending Rules 4 and 73, Alaska Rules of Civil Procedure; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous 3 CS CSHB 393 (LEC)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
POL	2/21/02	XXXX		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	DO NOT PASS	No REC	AMEND
<i>[Signature]</i>	X			
<i>[Signature]</i>	X			
CHAIR: <i>[Signature]</i>	X		✓	

SENATE COMMITTEE REPORT

DATE: 4/22/02

FURTHER: Judiciary
Finance

DATE TURNED IN TO OFFICE: 5/4/02

Labor and Commerce Committee considered CS FOR HOUSE BILL NO 393(JUD) am

HB 393 SALES OF BUSINESS OPPORTUNITIES

"An Act relating to unfair and deceptive trade practices and to the sale of business opportunities; amending Rules 4 and 73, Alaska Rules of Civil Procedure; and providing for an effective date."

and recommends:

- be replaced with SCS CS HB 393 (LIC)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Law	2/2/02	***		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Walter Gustafson</i>			✓	
<i>Benjamin Davis</i>	✓			
<i>Jonny</i>	✓			
CHAIR: <i>Ben Stevens</i>			✓	

HB

399

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 399 (L&C)
() Polish Date: _____

Revision Date/Time (correction): 4/26/02 11:12 AM Dept. Affected: Law
Title: "An Act relating to the licensing and regulation of mechanical administrators and to the mechanical code . . ." BRU: Civil Division
Sponsor: House Rules by Request of the ARRC Component: Legislation/Regulations
Requester: House Labor and Commerce Committee Component No.: 2209

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSHB 399 (L&C) amends certain definitions so as to make reference to the mechanical code adopted by Department of Public Safety. Certain regulations of the Department of Community and Economic Development that apply the mechanical code that applies to certain construction contractors and mechanical administrators are annulled.

Passage of this legislation will have no additional fiscal impact on the Department of Law.

Prepared by: Joan M. Kasson Phone: (907) 465-5370
Division: Attorney General's Office Date/Time: 4/26/02 11:12 AM
Approved by: Kathryn Daughhetee for Bruce M. Botelho, Attorney General Date: 4/26/2002
Agency: Department of Law

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 399(L&C)
(H) Publish Date: 4/2/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Uniform Mechanical Code BRU: Alaska Housing Finance Corp.
Component: Operations
Sponsor: House Rules
Requester: House Labor and Commerce Component No.: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Section 4 amends AHFC's "state building code" definition for construction standards on housing eligible mortgage purchases.

With an immediate effective date, there may be some confusion among inspectors and builders in the middle of the upcoming construction season regarding which code is required. There will have to be an effort on the part of AHFC and others to get out the word regarding the changes proposed in the bill. This will include changing workshop curriculum, mail-outs, newspaper ads, bulletins and other such notices.

These costs are anticipated to be minimal, and can be assumed with existing budgetary authority.

Prepared by: John Bitney, Legislative Liaison Phone 330-8445
Division: Alaska Housing Finance Corporation Date/Time 2/25/02 5:18 PM
Approved by: Larry Persily, Deputy Commissioner Date 02/25/2002
Agency: Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS HB 399 (L&C)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title An act relating to the Uniform Mechanical Code BRU: Occupational Licensing (117)
and other safety codes Component Occupational Licensing
Sponsor Rules by Request
Requester House Finance Component Ifo. 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (1156 - Receipt Supported Services)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill annuls the DCED regulations establishing the mechanical code that applies to certain construction contractors and mechanical administrators. It states that the mechanical code referenced in the definition of mechanical administrator is the mechanical code adopted by the Department of Public Safety. It directs the department to offer applicants for mechanical administrator licenses the choice of being tested on either the 1997 Uniform Mechanical Code or the 2000 International Mechanical Code. The exam option will be offered through December 31, 2003. The bill does not specify what exam will be offered after that date.

Prepared by: Jennifer Strickler, Administrative Manager
Division Occupations' Licensing
Approved by: Deborah B. Sedwick, Commissioner
Agency Department of Community & Economic Development

Phone (907) 465-2144
Date/Time 4/4/02 4:42 PM
Date 4/4/2002

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill version: CSHB 399(FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DPS
Title An act relating to the Uniform Mechanical BRU Fire Prevention
Code and other safety codes Component Fire Prevention Operations
Sponsor House Rules by Request
Requester House Finance Component No. 494

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill annuls the DCED regulations establishing the mechanical code that applies to certain construction contractors and mechanical administrators. It states that the mechanical code referenced in the definition of mechanical administrator is the mechanical code adopted by the Department of Public Safety. It directs DCED to offer applicants for mechanical administrator licensing the choice of being tested on either the 1997 Uniform Mechanical code or the 2000 International Mechanical Code. The exam option will be offered through December 31, 2003. After that date, applicants will be tested exclusively on the version of the mechanical code adopted by the Department of Public Safety.

Prepared by: Gary Powell, Director Phone 269-5491
Division Fire Prevention Date/Time 4/26/02 1:20 PM
Approved by: Commissioner Glenn G. Godfrey Date 4/26/2002
Agency Department of Public Safety

ALASKA STATE LEGISLATURE

Rep. Lesil McGuire, Chair
Sen. Robin Taylor, Vice-Chair
Sen. Lyda Green
Sen. Georgianna Lincoln
Rep. Jeannette James
Rep. Joe Hayes



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Administrative Regulation Review Committee Sponsor Statement CS for HB 399 (L&C)

“An Act relating to the licensing and regulation of mechanical administrators and to the mechanical code and other building codes; annulling certain regulations adopted by the Department of Community and Economic Development relating to the mechanical code that applies to certain construction contractors and mechanical administrators; relating to the examination of applicants for mechanical administrators licenses; and providing for an effective date.”

Since passage of the Administrative Procedures Act, the Legislature has delegated its authority to implement statute to the Departments. The regulation process allows full time employees of the State to work with stakeholders in determining the best way to apply the intent of the legislature.

For the most part the system works fairly well, with state employees reading the statute and bringing forward ideas on how government and the public should work together in the particular area being regulated. That is not the case with 12 AAC 21.990 (7) and 12 AAC 39.992(b).

HB 399 has been introduced by the Administrative Regulation Review Committee to repeal regulations implemented by the Department of Commerce and Economic Development, Division of Occupational Licensing. The regulations in this case clearly contradict statute.

Alaska Statutes, require the division to test and issue licenses for Mechanical Contractor Administrators under the “Uniform Mechanical Code” (UMC) a trademarked and copyrighted document. This past fall the Division decided that the UMC would no longer be the standard for testing. This decision was based on regulations implemented by the Department of Public Safety, State Fire Marshall to use the “International Mechanical Code” for its inspections.

Regardless of what Public Safety did, that does not give authority to another Department to ignore the statutes governing its operation. Since this is obviously the case here, the Committee feels an obligation to send a clear message that Legislative Intent and Language is the law and policy of state government. Passage of HB 399 will send that message to every Department and Division in the state. Amendments by the Labor and Commerce Committee have endeavored to also correct the problems that the Department will face because of their oversight.