

140

HC

HB 794

-

HB 827

HB 794

House Bill 794 seeks to encourage public participation in two banking institutions, mutual savings banks and savings and loan associations. These institutions were created to promote thrift among people of small means.

Mutual savings banks are non-stock, non-profit banks, and thus are not taxed as banks. Presently, voting rights are granted only to their small group of corporators, who do not directly represent the depositors. This bill would extend voting privileges to the depositors, who share proportionately in earnings after expenses and allocations to reserves and surpluses by the trustees. Just as shareholders may vote in corporations, depositors could vote in mutual savings banks on matters affecting their investments.

The original reason for not extending voting to depositors was since the class of depositors was the poor, they could not be expected to be knowledgeable for intelligent voting. This condescending attitude toward the poor seems inconsistent with our contemporary Alaskan values, which encourage public participation by all citizens. Opening up voting would give the consumer protection for his investments. This is in the true spirit of the purpose of mutual savings banks.

Section 4 intends to accomplish the same - namely, public participation, - for savings and loan associations by denying proxies. Proxies in a membership institution defeats the social purpose of such an institution by transferring power to the hands of a few powerful people. It would be beneficial to keep an institution in reach of the people for which it was intended to serve. Those who want corporate structures have the alternative of commercial banks and trust companies.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

POUCH D — JUNEAU 99811

February 25, 1976

Honorable Bob Bradley
Chairman
House Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Bob:

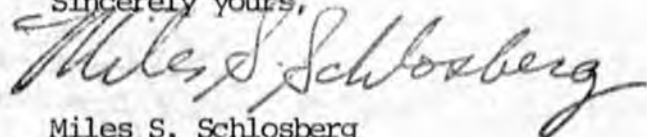
Re: HB 794 - Proxy Voting

I will not be able to attend the hearing on HB 794, which is scheduled for Wednesday evening, February 25. I would like to present my comments in writing since I cannot express them verbally before the Committee on the 25th. Therefore, could you please read this to the Committee at the hearing.

I oppose this bill because:

1. The effect of this bill is to permit a few large stockholders to dominate their banks by effectively making it unlikely that most small shareholders will vote, since they will not attend the meetings.
2. The bill would create a greater concentration of banking control because the small shareholders would be less likely to participate.
3. The bill would cause banks to be further immune from the sensibilities and sensitivities of the community which is represented to some extent by their widely dispersed shareholders.

Sincerely yours,



Miles S. Schlosberg
Director

STATE OF ALASKA THE LEGISLATURE

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 25, 1976

SUBJECT: Constitutionality of State Prohibition on Proxy
Voting as Applied to State Chartered Financial
Institutions - WO #2251

TO: Representative Bob Bradley

FROM: John Siemers, Legislative Intern *JS*

Under the Securities and Exchange Act of 1934 (15 U.S.C. 78a et. seq.) the Securities and Exchange Commission is authorized to adopt regulations governing solicitation of proxies (15 U.S.C. 78n). The Commission's authority extends only to securities which are required to be registered under the '34 Act. Under section 12(b) of the Act (15 U.S.C. 781(b)) securities listed on a national exchange must be registered with the Commission. Under 12(g) of the Act securities in a corporation whose assets exceed \$1,000,000 and whose stockholders number 500 or more persons must also be registered. Voluntary registration is also recognized under 12(g) for securities which are not required to be registered under the Act.

However, under 12(g)(2)(C) any security, other than a security evidencing nonwithdrawable capital, issued by a savings and loan association, cooperative bank, homestead association or similar institution, which is supervised and examined under state or federal law need not be registered under the Act (and, indeed, the wording of subsection (g) appears to be such that voluntary registration is not permitted either).

Therefore, for purposes of the proxy regulations of the '34 Act, there are two classes of securities. One class consists of securities not subject to registration. The other class consists of (a) the securities of corporations whose stock is listed on a national exchange or, (b) whose assets exceed \$1,000,000 and whose shareholders number at least 500 or more. A ban on proxy voting when applied to a state chartered bank which falls under this classification might raise questions as to federal supremacy in the area of proxy regulations. It might be argued that Congress in adopting a uniform system of proxy regulations applicable to a certain

class of securities also intended to develop a uniform system of shareholder voting which contemplates the existence of proxy voting. As such, a state law forbidding the use of proxies where such a ban is applied to securities registered under the '34 Act might represent state interference in a regulatory field over which Congress has chosen to exercise exclusive jurisdiction. This argument seems rather tenuous, since federal regulations of proxy solicitations and voting are, when applied to state chartered corporation, supplemented by the state's law of agency. Thus it would appear that Congress has not preempted the field, and that Congress has not created a federally protected right to vote by proxy. Federal regulations affecting proxies simply establish procedures by which proxies may be solicited (see 12 CFR 11.5, 206.5 and 335.5).

If securities registered under the '34 Act can be subjected to a state ban on proxy voting, exempted securities would also be subject to such a ban without interfering with federal supremacy. This does not mean, however, that such a ban would be immune from any constitutional challenge. Depending upon how the courts interpret the policy objectives of the bill, it may be struck down either under the equal protection clause or the commerce clause of the United States Constitution. If the court perceives the bill as an attempt to achieve a legitimate policy objective (e.g., to encourage shareholder participation in management of the corporation and to subject management to more careful scrutiny by stockholders) then the ban would probably be upheld. If, however, the courts look deeper into the intent of the bill, they could possibly conclude that the ban represents an attempt to eliminate out of state shareholders in Alaska's financial institutions. If the court reached this conclusion, it would undoubtedly declare the ban an unconstitutional discrimination against interstate commerce or possibly a denial of equal protection.

JS:bh

HB 802

COMMITTEE REPORT

2/17/76

HOUSE

JUDICIARY

Mr. Speaker:

Date 2/27/76

The Committee on COMMERCE has had HB 802

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

_____	recommends:	<u>[Signature]</u>
<u>[Signature]</u>	recommends:	<u>[Signature]</u>
<u>[Signature]</u>	recommends:	<u>[Signature]</u>
_____	recommends:	
_____	recommends:	

[Signature] Chairman

February 20, 1976

Mr. James Johnson, Chairman
Transportation Commission
10th Floor, Mackay Building
338 Denali Street
Anchorage, Alaska 99501

Dear Mr. Johnson:

The House Commerce Committee will hold a public hearing on House Bill No. 802, "An Act relating to regulation of Taxicabs." The Committee will hear testimony on Friday, February 27, 1976 at 8:00 A.M. in the House Commerce Committee room located in Room 628 of the Court Building in Juneau.

This bill adds a new section to the Alaska State Statutes, AS 28.15, by requiring a taxicab driver's permit. It also restricts municipalities from regulating the operation, maintenance, or fares of taxicabs.

If you cannot send a representative to testify on this bill, the committee will accept testimony in writing. Testimony may be sent to my office at Pouch V, Juneau, Alaska 99811 for distribution to the committee.

Sincerely,

Representative Bob Bradley
Chairman, House Commerce Committee

February 20, 1976

Mr. Dennis Robertson
Dept of Public Safety
Pouch N
Juneau, Alaska 99811

Dear Mr. Robertson:

The House Commerce Committee will hold a public hearing on House Bill No. 802, "An Act relating to regulation of Taxicabs." The Committee will hear testimony on Friday, February 27, 1976 at 8:00 A.M. in the House Commerce Committee room located in Room 628 of the Court Building in Juneau.

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Sincerely,

Representative Bob Bradley
Chairman, House Commerce Committee

February 20, 1976

Mr. Jim Sinnett
3200 Mt. View Drive
Anchorage, Alaska 99504

Dear Mr. Sinnett:

The House Commerce Committee will hold a public hearing on House Bill No. 802, "An Act relating to regulation of Taxicabs." The Committee will hear testimony on Friday, February 27, 1976 at 8:00 A.M. in the House Commerce Committee room located in Room 628 of the Court Building in Juneau.

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Sincerely,

Representative Bob Bradley
Chairman, House Commerce Committee

February 20, 1976

Mr. Douglas Wetford, Manager
Municipality of Anchorage
P. O. Box 400
Anchorage, Alaska 99510

Dear Mr. Wetford:

The House Commerce Committee will hold a public hearing on House Bill No. 802, "An Act relating to regulation of Taxicabs." The Committee will hear testimony on Friday, February 27, 1976 at 8:00 A.M. in the House Commerce Committee room located in Room 628 of the Court Building in Juneau.

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If you cannot send a representative to testify on this bill, the committee will accept testimony in writing. Testimony may be sent to my office at Pouch V, Juneau, Alaska 99811 for distribution to the committee.

Sincerely,

Representative Bob Bradley
Chairman, House Commerce Committee

February 20, 1976

Sunny Carpenter
Presiding Officer
Fairbanks North Star Borough
P. O. Box 1267
Fairbanks, Alaska 99707

Dear Mr. Carpenter:

The House Commerce Committee will hold a public hearing on House Bill No. 802, "An Act relating to regulation of Taxicabs." The Committee will hear testimony on Friday, February 27, 1976 at 8:00 A.M. in the House Commerce Committee room located in Room 628 of the Court Building in Juneau.

This bill adds a new section to the Alaska State Statutes, AS 28.15, by requiring a taxicab driver's permit. It also restricts municipalities from regulating the operation, maintenance, or fares of taxicabs.

If you cannot send a representative to testify on this bill, the committee will accept testimony in writing. Testimony may be sent to my office at Pouch V, Juneau, Alaska 99811 for distribution to the committee.

Sincerely,

Representative Bob Bradley
Chairman, House Commerce Committee

February 20, 1976

Mr. William Verwols
Acting Manager
Ketchikan Gateway Borough
344 Front Street
Ketchikan, Alaska 99901

Dear Mr. Verwols:

The House Commerce Committee will hold a public hearing on House Bill No. 802, "An Act relating to regulation of Taxicabs." The Committee will hear testimony on Friday, February 27, 1976 at 8:00 A.M. in the House Commerce Committee room located in Room 628 of the Court Building in Juneau.

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If you cannot send a representative to testify on this bill, the committee will accept testimony in writing. Testimony may be sent to my office at Pouch V, Juneau, Alaska 99811 for distribution to the committee.

Sincerely,

Representative Bob Bradley
Chairman, House Commerce Committee



JUNEAU ALASKA

Alaska State Legislature House

NOTICE OF PUBLIC HEARING

The House Commerce Committee will hold a public hearing on House Bill No. 802, "An Act relating to the regulation of Taxicabs." The Committee will hear testimony on Friday, February 27, 1976 at 8:00 A.M. in the House Commerce Committee room located in Room 628 of the Court Building in Juneau.

The committee invites all interested persons to present testimony at that time. Written testimony will also be accepted. It should be addressed to Representative Bob Bradley, Pouch V, State Capital, Juneau, Alaska 99811.

February 20, 1976

Mr. Jim Chrispman
Anchorage Times
820 W. 4th Avenue
Anchorage, Alaska 99501

Attention Advertising Department:

The enclosed ad is to be place in your newspaper as a display ad for the period of Monday, February 23 through Thursday, February 26.

The bill for the ad should be sent to the following:

Division of Administrative Services
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811

Thank you.

Sincerely,

Representative Bob Bradley
Chairman House Commerce Committee

February 20, 1976

Mr. Haslett
Fairbanks Daily News Miner
P. O. Box 710
Fairbanks, Alaska 99701

Attention Advertising Department:

The enclosed ad is to be place in your newspaper as a display ad for the period of Monday, February 23 through Thursday, February 26.

The bill for the ad should be sent to the following:

Division of Administrative Services
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811

Thank you.

Sincerely,

Representative Bob Bradley
Chairman House Commerce Committee

February 20, 1976

Ketchikan Daily News
501 Dock
Ketchikan, Alaska 99901

Attention Advertising Department:

The enclosed ad is to be place in your newspaper as a display ad for the period of Monday, February 23 through Thursday, February 26.

The bill for the ad should be sent to the following:

Division of Administrative Services
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811

Thank you.

Sincerely,

Representative Bob Bradley
Chairman House Commerce Committee

February 20, 1976

Daily Sitka Sentinel
112 Barracks
Sitka, Alaska 99835

Attention Advertising Department:

The enclosed ad is to be placed in your newspaper as a display ad for the period of Monday, February 23 through Thursday, February 26.

The bill for the ad should be sent to the following:

Division of Administrative Services
Legislative Affairs Agency
Pouch Y
Juneau, Alaska 99811

Thank you.

Sincerely,

Representative Bob Bradley
Chairman House Commerce Committee

Mail Div. Admin Serv
ask to bill to Leg Affairs
Pouch Y
send to ~~copy~~ ^{copy} ~~send~~ ^{copy}.

Attention:
Jim Advertising
& Chrispman
Anch. Times
820 W. 4th Ave
Anch 99501

Sitka - Daily Sitka Sentinel
747-3219 112 Barracks
Sitka,

Ketchikan - Daily News
501 Dock
Ketchikan, Ak 225-3157
99901

Fairbanks Daily News Miner

200 N. Crushman

Fairbanks, Ak 99701

456-6601

Mr. Haskett

Display P.O. # 710

Ads.

99701

February 20, 1976

Mr. Earl Richards
Deputy Mayor
City & Borough of Sitka
P. O. Box 79
Sitka, Alaska 99835

Dear Mr. Richards:

The House Commerce Committee will hold a public hearing on House Bill No. 802, "An Act relating to regulation of Taxicabs." The Committee will hear testimony on Friday, February 27, 1976 at 8:00 A.M. in the House Commerce Committee room located in Room 628 of the Court Building in Juneau.

This bill adds a new section to the Alaska State Statutes, AS 28.15, by requiring a taxicab driver's permit. It also restricts municipalities from regulating the operation, maintenance, or fares of taxicabs.

If you cannot send a representative to testify on this bill, the committee will accept testimony in writing. Testimony may be sent to my office at Pouch V, Juneau, Alaska 99811 for distribution to the committee.

Sincerely,

Representative Bob Bradley
Chairman, House Commerce Committee

McGraw-Hill Business Forms

LA11 0008 14.34 LA01 0027 14.34 02/26/76

TO: HAN, JON
FROM: KAREN, ANCH

I HAVE A RATHER LENGTHY TRANSMISSION FOR
REP. BOB BRADLEY FROM THE ANCHORAGE MUNICIPAL
ATTORNEY WHO IS UNABLE TO BE AT A COMMERCE
COMM HEARING ON HB 802 TOMORROW. EVIDENTLY
HIS COMMENTS HAD BEEN SOLICITED AND HE HAD
BEEN TOLD OUR OFFICE WOULD TRANSMIT THEM.
SO HERE GOES. PLEASE ACK RECEIPT AT END.
THANKS.

TO: REP. BOB BRADLEY
FROM: RICK SHERETT, ANCHORAGE MUNICIPAL ATTORNEY

THANK YOU FOR YOUR RECENT LETTER TO MR. WILFORD
IN WHICH YOU ASKED FOR THE MUNICIPALITY'S REACTION
TO HB 802.

(MORE)

LA11 0009 14.34 LA01 0029 14.34 02/26/76

CONTINUATION TO REP. BRADLEY...

THE ANCHORAGE MUNICIPALITY OPPOSES HB 802 FOR SEVERAL
REASONS. FIRST, SOME REGULATION OF THE NUMBER OF TAXIS
OPERATING IN ANCHORAGE IS DESIRABLE AS A MATTER OF
PUBLIC POLICY. EXCESSIVE NUMBERS OF TAXIS WOULD CREATE
SEVERE TRAFFIC CONGESTION IN ANCHORAGE, PARTICULARLY
IN CERTAIN KEY BUSINESS AREAS.

HISTORICALLY, SOME SORTS OF COMPETITION HAS NOT EXISTED
WELL IN THE TRANSPORTATION FIELD. TAXIS ARE AN EXCEPTION.
THE NUMBER OF TAXIS IN ANCHORAGE IS A MATTER OF PUBLIC
POLICY AND SHOULD BE CONTROLLED. A TAXI BUSINESS IS
CONSIDERED A PUBLIC UTILITY AND SHOULD BE REGULATED AS
SUCH. THE MUNICIPALITY HAS A LONG HISTORY OF
OPPOSING EXCESSIVE TAXI BUSINESS. THE MUNICIPALITY
WANTS TO CONTROL THE NUMBER OF TAXIS IN ANCHORAGE
FOR THE BENEFIT OF THE COMMUNITY.

City and Borough of Sitka

P.O. BOX 79 · SITKA, ALASKA · 99835



24 February 1976

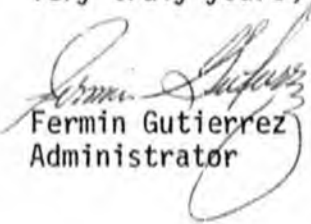
Representative Bob Bradley
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Bradley:

I am in receipt of your letter dated February 20, 1976, addressed to our Deputy Mayor and the copy of HB 802 which accompanied same. The City and Borough of Sitka opposes HB. 802, which we consider a further infringement on the powers of local governments.

Surely our State has better use for the funds and personnel which would be required to administer the proposed legislation? We are quite capable of regulating the taxi business in Sitka at no expense to the State, and we insist we be allowed to retain that right.

Very truly yours,


Fermin Gutierrez
Administrator

FG:mm

cc: R. Eliason
P. Meland
E. Haugen

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

ALASKA TRANSPORTATION COMMISSION

JAY S. HAMMOND, Governor

MACKAY BUILDING
338 DENALI STREET - ANCHORAGE 99501

February 26, 1976

Honorable Bob Bradley
Chairman
House Commerce Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Bradley:

In response to your letter of February 20, 1976 concerning HB-802, an Act relating to regulation of taxicabs, I would point out that present Alaska statutes, specifically AS 42.15 (Bus Transportation) charge the Alaska Transportation Commission with regulation of buses and certain commercial vehicles transporting passengers, baggage, and express for-hire on the highways of Alaska. In section 421(4) of this chapter taxicabs are exempt from regulation by this Commission. House Bill No. 802 would not change that in that essentially the Bill transfers the regulatory obligation of taxicabs from municipalities to the Commissioner of Public Safety.

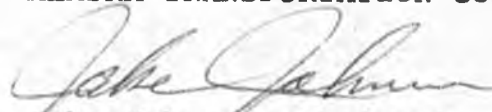
As the legislature is aware this agency has a tremendous workload presently regulating air commerce, bus transportation and the motor carrier industry and we are not necessarily looking for any additional responsibilities. We presently feel that the regulation of taxicabs should be a local matter since all cities and towns have their various unique problems. There is one area that should be considered in any new legislation that presently could lead to problems, and that is the definition of a taxicab. For example, the Anchorage ordinances define a taxicab as a vehicle transporting passengers with a capacity of 9 people including the driver. AS 42.15.431 (Bus Transportation) sub-paragraph (12) defines taxicab as a passenger vehicle having a seating capacity of not more than 7 persons including the driver. To avoid conflicts between various jurisdictions uniform language should be incorporated throughout the state particularly in view of the new innovations in transportation such

as Dial-a-Ride coming into the transportation scene which do not clearly conform to the various bus classifications in AS 42.15 and performs services similar to taxicabs with various seating capacities.

If I can be of any further assistance do not hesitate to contact this office.

Sincerely yours,

ALASKA TRANSPORTATION COMMISSION


Jake Johnson, Chairman

Chippale Bond

Enverall

HB

8/4

SPA-490-V
Anchorage, Alaska 99507

March 10, 1976

File

All Senators and Representatives
Pouch V
Juneau, Alaska 99811

Gentlemen:

Reference is made to House Bill No. 814, "An act providing for the licensin. of building designers". I am totally opposed to this legislation as it is not in the best interest of the citizens of our State.

I am a graduate engineer from the University of Alaska and am registered in Alaska as a Professional Engineer. I have for many years been in the position of Contracting Officer's Representative, administrating the design and/or construction of varied building programs. This past year, I supervised an office which administered a \$77 million building construction program. These projects range from several thousand dollars to several million dollars and are located in both urban and rural areas of Alaska.

I believe this qualifies me to have some knowledgeable opinions on the quality of designs that are prepared by Alaskan professionals. We have problems as these designs are prepared by humans but at least we maintain the highest possible standards for registration of professional Engineers and Architects. However, to lower these standards by passage of HB 814 would only serve to increase the problems.

For example, under HB 814, one individual would be permitted to design the foundations, structural system, electrical, mechanical, and all architectural features of a structure four (4) stories high of unlimited square footage and of any type of occupancy. I have never in my career met a man or woman so qualified and I hope I never meet one who thinks he is. Under existing law and practice, an Architect would design such a structure, utilizing the services of professionally registered consultants in the following fields (1) Soils and Foundations (2) Structural Engineering (3) Mechanical Engineering (4) Electrical Engineering. He might also utilize other consultants depending on the program but those listed are the absolute minimum. It is physically impossible for one individual to keep up with all the codes for these various specialized fields. If you disagree and do feel these "building designers" are that good then I say they would have no trouble in passing the examinations for professional registration as Engineers or Architects. So why the need for this bill?

All Senators and Representatives
March 10, 1976

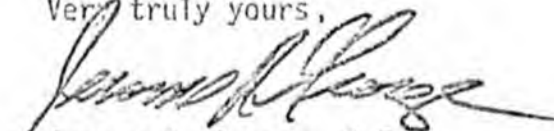
Page 2.

The whole purpose of professional registration is to protect the public by insuring that designers have certain qualifications and are above reproach in the conduct of their responsibilities to their clients. It is a tough job which even at best is plagued with problems. To lower the standards only serves to increase the potential danger to our citizens.

Would you want to be in a four (4) story building designed by a nonprofessional during the next earthquake? Fire?

I urge that this bill not be passed.

Very truly yours,



Jerome R. George, P.E.

cc: Doug Ackley, Chairman
Board of Registration for Architects, Engineers and Land Surveyors



March 12, 1976

Mr. Ted Smith, Representative
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Sir:

The question arises as to "why should building designers be registered?".

The answer is:

Building Designers should be registered for the same multitude of reasons that architects, engineers, accountants, physicians, surgeons, etc., are registered. Too many times the public has been subjected to faulty planning and design by irresponsible, inexperienced, uneducated and inept practitioners in various types and forms of human edifices, which soon become eyesores, public nuisances or hazards.

Registration provides the power and authority to eliminate and control shoddy design and construction to the public through its governmental offices. Registered building designers must maintain a higher level of practice standards than designers who are allowed to do as they choose or, as so often happens, as their client demands. Many times clients are so cost conscious that the need for public benefit and protection is lost. When the only consideration by the developer is monetary, safety and social factors are the first to fall by the wayside.

A building designers' board could and would deal swiftly with abuses of the profession through setting of standards which would provide for public protection and benefit within limits established through the profession. The board should have powers to penalize and enforce these standards on practicing professionals.

The instant slums created in so many locations throughout the nation and the world and the failures of shoddily constructed homes, illustrate the fact that many contractors simply do not keep up with the trends. It isn't necessarily true that they don't wish to, it simply points out the fact that trained professionals will have to pay more attention to the details that make the difference and do a more accountable job.

In registering building designers, California acknowledged the need for registration. The California program missed a few important details in its registration law and they are

March 12, 1976

readily apparent to building designers. These errors in California law can and hopefully will be eventually amended. At any rate, the California Registration Act has proven to be satisfactorily enforced and has imposed no great hardships or problems since its initiation in 1964. The most unsatisfactory part of its act is that it is not broad enough in its coverage and should also have included residential design which it neglected to do.

The theory for omitting residential design from the act was that it might infringe on someone's civil rights in preventing them from designing their own home. This did not recognize the fact that the individual who designed his own home might not live in that home. Then, if it were in some way faulty, would it not perhaps infringe on the rights of the occupant or later purchaser? No great cost or effort would be imposed upon individuals who wished to design their own homes. They would simply have to prepare their plan under the supervision of a responsible professional.

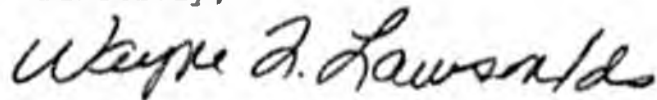
Most people do not live in one place for a lifetime, and so when they sell that "owner designed home", it is probably more difficult to sell due to design errors which other occupants would not appreciate.

Citing further illustrations, consider the buildings damaged by earthquakes, storms and other natural causes. No one will say that many of the buildings lost were not professionally designed. However, if you study the damages and history of these events, you will find that the major losses in life and property were in edifices designed by unregistered people who simply did not specialize in keeping up with the professional practice and responsibility.

In closing, let me say that most building failures, like airplane crashes, are due to pilot error. Register the building designer for the benefit of the public, other professionals, and the designer. Without registration, the designer has to compete against cheap, inefficient, careless and irresponsible competition who cannot be penalized for their erroneous ways. This is the detriment of the public's health and welfare.

Thank you for this opportunity to address you, and I wish you the best and Godspeed.

Sincerely,



Wayne F. Lawson, President
American Institute of Building Design



ALASKA CHAPTER THE AMERICAN INSTITUTE OF ARCHITECTS

March 17, 1976

Representative Bob Bradley
State House
Pouch V
Juneau, AK 99801

Subject: House Bill 814

Dear Representative Bradley:

The Executive Board of the Alaska Chapter of The American Institute of Architects has received copies of the proposed statute. The Board offers the following comments regarding the bill:

1. To the best of our knowledge no element of this bill provides for any protection of health and welfare. It just merely provides exclusive use of the term "Building Designer" to those few individuals who take an examination and pay licensing fees. We seriously doubt whether legislation of this type is of value to the Alaskan public, and therefore, question whether it should become a statute.
2. If the legislature feels that additional protection of public health and welfare is needed beyond that currently provided in the Alaska Statute AS 08.48.011 Chapter 48 regarding Architects, Engineers and Land Surveyors, we feel that such additional protection should be included within the framework of that current statute. The current statute should be amended to include those types of projects not already included such as:
 - a. Commercial buildings less than 500 sq. ft.
 - b. Residential structures of four dwelling units or less.
 - c. Agricultural building or buildings for personal use.

This amended legislation could take two forms:

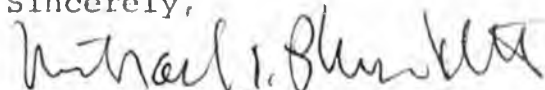
PLEASE REPLY TO: 505 W. Northern Lights Blvd.
Anchorage, AK 99503

Representative Bob Bradley
March 17, 1976
Page Two

It could include the building designer as a professional qualified to provide the services outlined above or could include a requirement for architect/engineer involvement on these project types.

3. Should the legislature elect to enact proposed legislation for building designers, we feel that such legislation would duplicate the existing Statute AS 08.48.011 Chapter 48. We see in the proposed legislation a conflict wherein the designer may perform services on structures of up to four stories without the need to associate with an architect or engineer. This is definitely in conflict with the current Architects, Engineers and Land Surveyors statute.
4. We feel that this legislation would confuse the public since it does not restrain anyone from designing buildings of the types outlined above. It only regulates the title "Building Designer" and makes it difficult for individuals, even if qualified, to call themselves such.

Sincerely,



Michael E. Plunkett A.I.A.
President
Alaska Chapter, A.I.A.

MEP/bc

*The Alaska Society of
Professional Engineers*



March 5, 1976

Honorable Senators and Representatives:

The legislative Committee of the Juneau Chapter, Alaska Society of Professional Engineers, would like to take this opportunity to comment on several pieces of legislation now under consideration. The Committee offers the following comments, inasmuch as the bills listed herein affect the engineering profession:

Senate Bill 537:

This bill adds two "public members" to each of a number of State Boards responsible for registering or licensing various professions, including engineering and land surveying. The stated eligibility for such "public members" is complete unfamiliarity with the particular profession as to qualifications, conduct, professional ethics, or practices of the profession. It is difficult to understand how the presence of someone so completely lacking in specific knowledge could possibly be beneficial in the selection status, and we therefore are not in favor of this bill. It is noted that the legal fraternity has been conspicuously omitted from the list of affected professions.

House Bill 578:

This bill establishes an Alaska Credentialing Review Commission to review the statutes and regulations regarding credentialing for numerous occupations and professions. Members of this commission could have no connection whatsoever, except as consumer, with any person or firm engaged in any of the listed occupations. The ability, of someone so completely remote from these occupations, to evaluate the statutes regulating such occupations, is at best a highly problematical thing. We feel that the individual professions can best govern their own field.

House Bill 646:

This bill would concentrate the selection of consultants for all state agencies in the Department of Public Works. Among its other objectionable features, it would allow a member of the Selection Board to approve award of a consultant contract to his own firm. The requirement that each agency must determine its requirements for professional services a year in advance is totally unrealistic. Under present law, user agencies now give public notice of their intent to utilize such services, and most have adequate regulations concerning the selection thereof. By separating the user agency from the selection process, the lines of communication between consultant and user may be tenuous at best, and non-existent at worst.

It is doubtful if the expenses involved in the operation of this board can be sufficiently beneficial to the State as to be justified.

House Bill 814:

This bill would create a category of "Registered Building Designer", along with a Board to administer the act. Basically, this bill would give authority to design most buildings in the State of Alaska, with no knowledge whatsoever of engineering or architecture. Anyone who represents himself to the public as a "building designer" for a period of three years, prior to enactment of this bill, is entitled to registration without examination. The educational and experience requirements in the bill are utterly meaningless, since such education and/or experience need not be involved with any particular profession or occupation. As now worded, a person who has completed the fourth grade in elementary school could qualify after working one year at most anything. A license for a person of such limited background to design buildings up to four stories in height, including the structural aspects, along with mechanical and electrical systems, is completely contrary to the safety and welfare of the public. We strongly recommend rejection of this bill.

House Bill 773:

This bill would require an environmental impact report for every project by a state agency on state land. Inasmuch as all state activities are now cleared through the State Clearinghouse, the benefits of this additional bureaucratic maze is somewhat questionable, and we feel that this bill is not really necessary.

House Bill 741:

This bill would create a Highway Commission, which would tend to remove the Highway Department from the political arena. About thirty states now have some such an organizational structure and it appears to be satisfactory. We feel that this particular bill could possibly use some editing, but we generally approve of this concept.

Warren E. Wild

Warren E. Wild, P.E.
ASPE, Legislative Committee

Copies to:

Senator Bill Ray
Senator Jalmar M. Kerttula
Representative Mike Miller
Representative Bob Bradley
Representative Bill Parker
Representative Jim Duncan
Representative Nels Anderson
Vern Akin, P.E.
Bill Whitnall, P.E.

SPA-490-V
Anchorage, Alaska 99507

March 10, 1976

All Senators and Representatives
Pouch V
Juneau, Alaska 99811

Gentlemen:

Reference is made to House Bill No. 814, "An act providing for the licensing of building designers". I am totally opposed to this legislation as it is not in the best interest of the citizens of our State.

I am a graduate engineer from the University of Alaska and am registered in Alaska as a Professional Engineer. I have for many years been in the position of Contracting Officer's Representative, administering the design and/or construction of varied building programs. This past year, I supervised an office which administered a \$77 million building construction program. These projects range from several thousand dollars to several million dollars and are located in both urban and rural areas of Alaska.

I believe this qualifies me to have some knowledgeable opinions on the quality of designs that are prepared by Alaskan professionals. We have problems as these designs are prepared by humans but at least we maintain the highest possible standards for registration of professional Engineers and Architects. However, to lower these standards by passage of HB 814 would only serve to increase the problems.

For example, under HB 814, one individual would be permitted to design the foundations, structural system, electrical, mechanical, and all architectural features of a structure four (4) stories high of unlimited square footage and of any type of occupancy. I have never in my career met a man or woman so qualified and I hope I never meet one who thinks he is. Under existing law and practice, an Architect would design such a structure, utilizing the services of professionally registered consultants in the following fields (1) Soils and Foundations (2) Structural Engineering (3) Mechanical Engineering (4) Electrical Engineering. He might also utilize other consultants depending on the program but those listed are the absolute minimum. It is physically impossible for one individual to keep up with all the codes for these various specialized fields. If you disagree and do feel these "building designers" are that good then I say they would have no trouble in passing the examinations for professional registration as Engineers or Architects. So why the need for this bill?

All Senators and Representatives
March 10, 1976

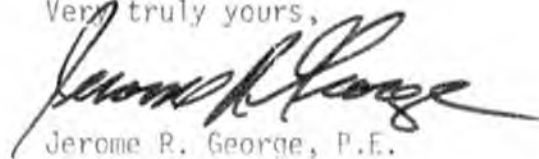
Page 2.

The whole purpose of professional registration is to protect the public by insuring that designers have certain qualifications and are above reproach in the conduct of their responsibilities to their clients. It is a tough job which even at best is plagued with problems. To lower the standards only serves to increase the potential danger to our citizens.

Would you want to be in a four (4) story building designed by a nonprofessional during the next earthquake? Fire?

I urge that this bill not be passed.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jerome R. George".

Jerome R. George, P.E.

cc: Doug Ackley, Chairman
Board of Registration for Architects, Engineers and Land Surveyors

HB

8/8

AREA CODE 206
885-5821

WILLIAM G. WOODROW, P.E.
REGIONAL EXECUTIVE COORDINATOR

NATIONAL AUTOMATIC SPRINKLER AND BOX 108
FIRE CONTROL ASSOCIATION, INC REDMOND, WASHINGTON 98052



National Automatic Sprinkler and Fire Control Association, Inc.

P.O. BOX 719 • 45 KENSICO DRIVE • MT. KISCO, N. Y. 10549 • (914) 241-2400

March 29, 1976

Representative Bob Bradley
601 North Bragsaw
Anchorage, Alaska 99504

Dear Bob:

The members of the Legislature of the great State of Alaska should be commended for their forward looking posture they have assumed in the area of fire protection.

Recognizing that the members of the Legislature are willing to accept comments on pending legislation from industry as well as the fire protection community at large, we offer the following suggestion with respect to House Bills #818 and #841, for your consideration.

We suggest inserting the following at line 13 of both Bills:

"This section does not apply to living units equipped with an approved automatic fire extinguishing system."

The reasons for this suggestion are many and we offer the following supportive documentation.

The National Safety Council some years ago issued the following statement:
"Automatic Sprinkler Systems provide the greatest single 'Safety to Life' feature available in the fire protection field. Not only can they sound an alarm, but they will immediately start fighting the fire when activated. The automatic sprinklers are by far the most reliable and effective means of fire extinguishment. Other forms of protective equipment, as well as automatic alarms, have their special place, but none can be an effective substitute for an automatic sprinkler system."

It further states:

"An automatic alarm system is not a substitute for an automatic sprinkler system and should be considered only as a necessary minimum."

After studying numerous fires the National Fire Protection Association has incorporated the following conclusion in the Life Safety Code:

"Experience shows that automatic sprinklers properly installed and maintained, are the most effective of any of the various safeguards against loss of life by fire."

A representative from the National Fire Protection Association has stated:

". . . in the present state of the art, the most practical system available to perform the function of detection and control of a fire is the automatic sprinkler system".

In 1959 and 1960 the Ford Foundation's Educational Facilities Laboratories conducted a series of 228 fire tests in five Los Angeles schools. Among their conclusions were the following:

- 1) Untenable smoke conditions invariably preceded untenable heat conditions in every test. Any deaths which could have occurred (by pre-established criteria) would have resulted from smoke and toxic gases, a by-product of combustion.
- 2) In every instance where complete automatic sprinkler protection was tested neither untenable smoke nor untenable heat conditions existed anywhere in the building.
- 3) Automatic smoke and heat detectors (automatic alarms) did not protect against loss of life in 29% of the cases in which automatic alarms were tested.

The National Fire Protection Association in its January 1974 Fire Journal published an article entitled The Effect of Structural Characteristics on Dwelling Fire Fatalities by W. J. Christian, Consulting Engineer, Underwriters' Laboratories, Inc. From this analysis of one and two family dwelling fires nationwide, it was determined that:

"... unconsciousness and incapacitation are the main reasons victims do not escape from dwelling fires".

It was also determined that:

"A large percentage of fatal dwelling fires (36%) involve victims who would have been unable to escape even if they had been warned in time and, apparently, control of the generation and transmission of toxic fire products would be required to improve the survival chances for such occupants."

Smoke detection devices certainly do provide a limited amount of fire warning, but an automatic sprinkler system accomplishes much more. Each sprinkler in the system serves a dual purpose; first, it responds individually to fire as a detector, and then as an expellant of water which is a extinguishing agent. And both acts are performed automatically.

It is my most sincere hope that you will review the above supportive documentation as it applies to the pending legislation. Should you have any questions, please do not hesitate to contact me.

Cordially yours,



William G. Woodrow
Regional Executive Coordinator
(Alaska, Idaho, Oregon,
Montana, Washington, Wyoming)

WGW:jw

Copy to Representative Richard K. Union

HB 820

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

JAY S. HAMMOND, Governor

DIVISION OF INSURANCE / POUCH D— JUNEAU 99801

February 24, 1976

Alaska State House of Representatives
Commerce Committee
In Session
Juneau, Alaska

Gentlemen:

Re: House Bill 820

This measure would permit the creation of a cooperative under Title 10 of Alaska Statutes for the purpose of engaging in the business of insurance.

The purpose for prohibiting the formation of a cooperative from engaging in the business of insurance under Title 10 is that the formation of entities which engage in the business of insurance is regulated under Title 21 by the Division of Insurance.

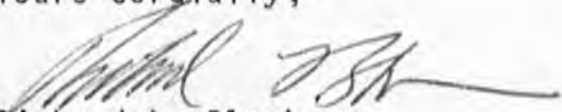
It is necessary, of course, that any entity which markets insurance even to its own members, must comply with the financial responsibility requirements, reporting requirements, rate law requirements and so forth.

As a matter of fact, in Title 21 there are already provisions which permit the creation of insurance mechanisms which, though not called cooperatives, are very similar. For example, a mutual insurance company is an insurance mechanism owned by the persons who purchased insurance. The policyholders are considered its members and entitled to participate in the distribution of earnings of the insuring entity.

A reciprocal is likewise a mutual pooling and sharing of risks among all those that participate.

In short, the creation of a cooperative insurance mechanism is already authorized in Alaska law but it is now, and ought to remain, under Title 21 and regulated as all other insuring entities for the protection of policyholders.

Yours cordially,


Richard L. Block
Director

cc: Pam Knode, Information Officer
Representative Kathryn Ostrosky

AB 821

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Assistant to the Commissioner
Department of Revenue

DATE: February 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Darrell D. Knox ~~DK~~
Deputy Director
Audit Division

SUBJECT: House Bill 821

After reviewing House Bill 821, Renter Credit, it has been noticed that several audit areas would be effected to properly administer the credit. The first area which should be noted is that the Individual Income Tax Return package would have to be expanded in two areas: (1) specific instructions would have to be given to taxpayers to explain the questions and exceptions of House Bill 821, and (2) a separate schedule would have to be added to the package to properly arrive at the correct credit. The renter schedule would have to note the months taxpayers lived in Alaska (43.20.032(b)(2)), which would also cause problems for matching separate returns as they are usually not filed or processed at the same time. The renter schedule would have to ask specific questions to determine qualifications and calculations of tax credit (43.20.032(d)). It should also be noted that to properly audit this credit, senior citizen property tax exemption and public assistance grant data must be maintained and matched to returns. This type of data would be difficult to verify and audit.

House Bill 821 does allow for spouses to claim credit which would be most difficult to audit due to the method of processing (43.20.032(b)(c)). Section 43.20.032(i) would require a complicated arrangement of the tax refund or payment section on the face of the tax return. It should be noted that if the desire to simplify tax returns is considered, this bill would create certain complications which are noted above.

Other areas which the bill does not address itself to are: (1) effective date and (2) the inclusion or exclusion of residents who purchase a mobile home but rent space in a trailer court, etc. In Alaska there are a considerable number of residents who reside in this manner.

Loss to the Treasury

It is estimated that approximately 30% of Alaska residents rent their residences, and that all renters in Alaska have adjusted gross income of \$8,000 or above due to base wages earned.

Estimated cost to properly administer the bill:

1. Forms cost per year	\$1,800
2. Tax Examiner position to review credit claimed	\$16,600
3. Additional auditor time required because of miscalculations of proper tax liability. One Revenue Auditor 1 half-time	<u>\$12,000</u>
TOTAL COST PER YEAR	<u>\$30,400</u>

COMPUTATION ON LOSS TO TREASURY

	<u>Estimated Returns Filed</u>		<u>Percent Claiming Renter Credit</u>		<u>Credit Claimed</u>		<u>Administrative Costs (A)</u>		<u>Total Cost</u>
FY 77	220,000	x	30%	x	\$45	+	\$30,400	=	\$3,000,400
FY 78	242,000	x	30%	x	\$45	+	\$33,400	=	\$3,300,400
FY 79	266,200	x	30%	x	\$45	+	\$36,800	=	\$3,630,500
FY 80	292,800	x	30%	x	\$45	+	\$40,500	=	\$3,993,300
FY 81	322,100	x	30%	x	\$45	+	\$44,500	=	\$4,392,850
Total Revenue Loss & Administrative Cost to Treasury									<u>\$18,317,450</u>

(A) - Inflation of 10% per year assumed.

If I can be of any further assistance in this matter, please feel free to contact me.

DDK/bjm

Attachment

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 821
 Title: Act relating to a renter credit granted under Alaska Net Income Tax
 Requested by: McKinnon Date: 2-17-76
 Return Date Requested: 2-23-76
 Agency: Revenue Program: Audit Division

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Audit Division

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		28.6	31.5	34.6	38.1	41.9
200 TRAVEL						
300 CONTRACTUAL		1.8	1.9	2.2	2.4	2.6
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	N/A	30.4	33.4	36.8	40.5	44.5

B. FUNDING: (Thousands of dollars)

GENERAL FUND	N/A	30.4	33.4	36.8	40.5	44.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	1.5/	1.5/	1.5/	1.5/	1.5/	1.5 /
MAN MONTHS (P./T.)	18/	18/	18/	18/	18/	18 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

N/A

IV. ATTACHMENTS

See memo attached dated February 20, 1976

V. DATE: 2-20-76 PREPARED BY: Danell J. Kups

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

March 30, 1976

The Honorable Bob Bradley
Chairman
House Commerce Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: Proposed Draft for CS for House Bill No. 821

Dear Mr. Bradley:

House Bill No. 821, an Act relating to a renter credit granted under the Alaska Net Income Tax, was introduced in the House on February 17, 1976 and was referred to the House Commerce and Finance Committee.

A fiscal note on the proposed legislation prepared by Darrell D. Knox, Deputy Director, Audit Division under the date of February 20, 1976 was furnished the House Commerce Committee.

According to the House Journal of March 22, 1976 a hearing was held on March 23, 1976 by the House Commerce Committee on March 23, 1976. A draft Committee Substitute was furnished to the Audit Division of the Department of Revenue for review.

For the consideration of the House Commerce Committee, I am enclosing a copy of a Fiscal Note and accompanying memorandum prepared by Darrell D. Knox, Deputy Director, Audit Division along with a copy of the draft for a Committee Substitute for House Bill No. 821.

If you or any members of the House Commerce Committee have any questions on the material submitted, please contact the writer by telephone at 465-2397 and I will contact Mr. Knox for further information or testimony at a hearing.

Very truly yours,



R. D. Stevenson
Special Assistant

Enclosure

The Honorable Bob Bradley

-2-

March 30, 1976

cc: Mark Kumbe
House State Affairs Committee
for The Honorable Joseph McKinnon
Sponsor, House Bill No. 821

Darrell D. Knox
Deputy Director
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. CS for House Bill 821 (Draft)

Title: An Act relating to a renter credit granted to Lower Alaska Net Income Tax

Requested by: _____ Date: _____

Return Date Requested: _____

Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Audit Division

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	N/A	28.6	31.5	34.6	38.1	41.9
200 TRAVEL						
300 CONTRACTUAL		.6	.6	.7	.7	.8
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	N/A	29.2	32.1	35.3	38.8	42.7

B. FUNDING: (Thousands of dollars)

GENERAL FUND	N/A	29.2	32.1	35.3	38.8	42.7
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	1.5/	1.5/	1.5/	1.5/	1.5/
MAN MONTHS (P./T.)	/	18 /	18 /	18 /	18 /	18 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

N/A

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant

DATE: March 30, 1976

FILE NO:

TELEPHONE NO:

FROM: Darrell D. Knox *DK*
Deputy Director
Audit Division

SUBJECT: Draft CS for HB 821

After reviewing the draft CS for HB 821, Renter Credit, it has been noticed that certain audit areas would be affected to properly administer the credit. The first area which would be affected is the Individual Income Tax Return package which would have to be expanded in the area of specific instructions to properly explain the provisions of HB 821.

Second, section 43.20.032(b) and (c) would require the matching of returns or the reviewing of taxpayer residence which would be difficult to properly audit. This is due to two reasons; (1) separate returns are usually not filed or processed at the same time and (2) specific residences would have to be audited as a great number of individuals in Alaska use a Post Office Box which does not lend itself to a proper verification of legal residence.

Loss to the Treasury

It is estimated that approximately 30 percent of Alaska residents rent their residences.

Estimated cost of properly administer the bill:

1. Forms cost per year	\$ 600
2. Tax Examiner II position to review credit claimed	16,600
3. Additinal auditor time required to properly audit credit claimed	<u>12,000</u>
TOTAL COST PER YEAR	<u>\$29,200</u>

COMPUTATION ON LOSS TO TREASURY

<u>FY</u>	<u>Credit Cost</u>		<u>Administrative Cost</u>		<u>Total Cost</u>
78	\$2,144,550	+	\$29,200	=	\$2,173,750
79	\$2,359,050	+	\$32,100	=	\$2,391,150
80	\$2,594,700	+	\$35,300	=	\$2,630,000
81	\$2,855,100	+	\$38,800	=	\$2,893,900
82	<u>\$3,139,950</u>	+	<u>\$42,700</u>	=	<u>\$3,182,650</u>

Total Revenue Loss and
 Admin. Cost to Treasury \$13,093,350 + \$178,100 = \$13,271,450

Details of the breakdown by adjusted gross income for the above data,
 available upon request.

The original HB 821 is revised to reflect the recent information on Adjusted
 Gross Income. Fiscal years are also changed to reflect effective date of
 January 1, 1977.

<u>FY</u>	<u>Credit Cost</u>		<u>Administrative Cost</u>		<u>Total Cost</u>
78	\$2,685,900	+	\$30,400	=	\$2,716,300
79	\$2,955,300	+	\$33,400	=	\$2,988,700
80	\$3,250,500	+	\$36,800	=	\$3,287,300
81	\$3,575,250	+	\$40,500	=	\$3,615,750
82	<u>\$3,932,250</u>	+	<u>\$44,500</u>	=	<u>\$3,976,750</u>

Total Revenue Loss and
 Admin. Cost to Treasury \$16,399,200 + \$185,600 = \$16,584,800

If I can be of any further assistance in this matter, please contact me.

DDK:lc

Send copy of Fiscal
NOTE TO State Affairs
Mike Kimbe

CS HOUSE BILL NO. 821

*Section 1. AS 43.20 is amended by adding a new section to read:

Sec. 43.20.032. RENTER CREDIT. (a) For the purpose of calculating the tax payable under this chapter, a qualified renter shall be allowed a credit against the tax, in the amount indicated on the following table:

If adjusted gross income is:	The credit is:
less than \$7,000	\$45
\$7,000 - 9,999	40
10,000 - 12,999	35
13,000 - 15,999	30
16,000 - 19,999	25
20,000 and up	0

(b) Except as provided in (c) of this section, a husband and wife shall receive but one credit under this section.

? - If the husband and wife file separate returns, the credit may be taken by either, or equally divided between them.

2 (c) If a husband and wife each maintained a separate place of residence and resided in this state during the entire taxable year, each spouse will be allowed the full credit.

(d) For purposes of this section,

(1) "qualified renter" means an individual who

(A) on March 1 of the taxable year was a resident of this state, as defined in sec. 340 of this chapter; renting and occupying premises in this state which constituted his principal place of residence; and

(B) did not purchase and move into property purchased for use as principal residence during the taxable year;

(2) "qualified renter" does not include

(A) an individual who, on March 1 of the taxable year, rented and occupied premises which were exempt from property taxes;

(B) an individual whose principal place of residence is with any other person who claimed the individual as a dependent for income tax purposes.-

(e) The credit allowed a mobile home owner who rents the space upon which the mobile home is situated is one-half the credit otherwise allowable under (a) of this section.

(f) Every person claiming the credit provided in this section shall, as part of the claim, and under the penalty of perjury, furnish all the information the Department of Revenue prescribes on a form supplied by the department.

(g) The credit provided in this section shall be claimed on returns as defined in sec. 30 of this chapter.

(h) For purposes of this section, "premises" means as it is defined in sec. 34.03.360(10).

*Sec. 2. This Act takes effect January 1, 1977.

Testified HB 821
Gary Jenkins, Dir of
Audit, Dept of Revenue
2-23-76

A/B

823

COMMITTEE REPORT

2/26/76

HOUSE

JUDICIARY

Mr. Speaker:

Date 3/27/76

The Committee on COMMERCE has had SSHP B23

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(X) recommends it BE REPLACED WITH CS FOR FILED AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

recommends: _____
Ludd
recommends: do not pass

recommends: _____

recommends: _____

recommends: _____

_____ Chairman

March 3, 1976

MEMORANDUM

TO: Bob Bradley

FROM: Terry Berman
Administrative Assistant

SUBJECT: HB 823, Credit Unions

Credit unions were first established by law in the United States in 1909 under state law in Massachusetts, following an investigation by the State Banking Commissioner there who found several informal employee state associatic in operation. He felt that these ought to be encouraged.

A Federal Credit Union Act was enacted in 1934, defining a credit union as "a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes."

Currently, there are credit union laws in forty-four states. No such law exists in Alaska. The state charters account for 45% of the credit unions in the United States indicating the relative strength of the State system.

SSHB 823 provides for state charters of credit unions that would come under the Department of Commerce. It is less restrictive than the federal act, as all existing state laws are, allowing credit unions to serve their members to even a greater measure. A credit union is distinct from a financial institution in that it is not pursuing profits and is "a dedicated group of people who believe that by this method a better life can be provided for all those in the group who join the credit union."

Since their expenses are low due to volunteer leadership, they can afford to make the types of loans that may be passed over by commercial banks because the loans are not the most profitable. Without credit unions, many parties who are considered good risks are not able to obtain loans.

Perhaps the most important service of a credit union is the education of the members in the management and control of their own money. Allowing the credit union to provide extensive services reinforces this. Since the motivation of a credit union is to be helpful to its members instead of to make profits, credit unions are not apt to take risks which endanger their solvency. In fact, because of social responsibility, they tend to stay within their means. This results in expansion of services coming with expansion of the credit union's assets.

State credit union legislation will allow greater access to credit by individuals and small business organizations in Alaska. It gives greater freedom to credit unions in choosing exactly how they will serve their members.

BV
4
927

W

March 16, 1976

Alaska Credit Union League
3500 Eide Street
Anchorage, Alaska 99502

File

Attention: Mr. William Samples

Dear Mr. Samples:

Re: SS HB 823 - State Credit Union Law

It was a pleasure talking to you and Messrs. Wilson and Vlahovich and Mrs. Pearson about this bill on the afternoon of March 4. At this point, I cannot tell you what this Department's position will be, but I want to express my appreciation of the clarifications you provided me. The changes you've suggested, including eliminating the central credit union, the state credit union insurance fund, and the credit union advisory board, satisfy a number of our objections. We will give your proposed redraft prompt consideration.

Sincerely,

Miles S. Schlosberg
Director

MSS:bjl

cc: Langhorne A. Motley, Commissioner, Department of Commerce and Economic Development

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100

DEPARTMENT Home Commerce

ATTENTION Jill Demas

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information |

Remarks:

*See - Jud
Jud. (Copy for File)*

FROM:
MAIL STATION NUMBER 0800

DEPARTMENT Commerce

BY Pam Beale DATE 3/22

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. SHB 823

Title: An Act Providing for State Chartered Credit Unions

Requested by: McKinnon

Date: March 15, 1976

Return Date Requested: March 15, 1976

Agency: Commerce & Economic Dev.

Program: Public Protection

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Banking, Securities, Small Loans & Corp.

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		166.1	215.2	236.7	260.3	286.3
200 TRAVEL		6.0	8.8	9.7	10.7	11.8
300 CONTRACTUAL		16.5	9.9	11.0	12.1	13.3
400 COMMODITIES		1.5	1.6	1.8	2.0	2.2
500 EQUIPMENT		4.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		194.1	235.5	259.2	285.1	313.6

B. FUNDING: (Thousands of dollars)

GENERAL FUND		194.1	235.5	259.2	285.1	313.6
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	6 /	1 /	/	/	/
MAN MONTHS (P./T.)	/	12 /	12 /	/	/	/

III. Analysis

Fiscal Year 77

Personal Services

1 Supervisor Range 21A Sal & Ben 34,209=	34,209
4 Examiners Range 19A Sal & Ben 29,606=	118,475
1 Clerk Typist II Range 7A Sal & Ben 13,475=	13,475

Assuming that $\frac{1}{2}$ of the 37 Federal Credit Unions in Alaska will convert to state charter. This would give state credit unions approximately, \$165.6 Million in total assets. Conversion & chartering will be nominal the first FY and it is believed the above personnel can manage. Examinations will have to be performed on all credit unions the second year thus increasing travel along with the addition of one new person to handle the investigation and chartering of new offices. It normally takes 4 men 15 days per \$10 Million of assets to perform an examination. One supervisor and an assistant supervisor will be needed in the office for reviewing reports, investigating and chartering, therefore total examining force would be 6 persons.

Travel	6,000
--------	-------

Second year travel was increased by 2.0 plus 10% as examination & investigating activity will pick up. 10% increase used there-after.

Contractual	16,500
-------------	--------

First year contractual expenditures estimated at 9.0 an additional 7.5 should be allocated to provide for a Credit Union Supervisor of another state to come under contract to draft regulations and supervise the initial set up of a Credit Union Section a three month period should be sufficient time to accomplish this. 10% inflation FY 78/81

Commodities	1,500
-------------	-------

10% inflation for FY 78-81

Equipment	4,000
-----------	-------

Total Fiscal Year 77.....	<u>194,108</u>
---------------------------	----------------

HB 825



Alaska State Legislature

House

JUNEAU ALASKA

March 17, 1976

MEMORANDUM

TO: Representative Bob Bradley

FROM: Terry Berman
Administrative Assistant *TMB*

SUBJECT: House Bill No. 825

A committee substitute for HB 825 was drafted after reviewing the Federal regulations on insider loans brought to the attention of the Commerce Committee by the Director of Banking, Miles Schlosberg. Contrary to the testimony of Mr. Schlosberg, the federal regulations are not the same nor do they achieve the same results as HB 825.

They differ in three respects:

1. The federal regulations only apply to commercial banks. HB 825 includes mutual savings banks and savings and loans associations. *- None*
2. The federal regulations require records of loans to be maintained by the bank. HB 825 requires the reporting of such loans directly to the Department of Commerce.
3. Federal regulations require the reporting of loans only if they exceed a certain amount (as much as 100,000 dollars if a bank's assets exceed 500 million dollars). HB 825 requires that all insider loans be reported.

The committee substitute was prepared to make the bill correspond more closely in definition with the federal regulations.



JUNEAU ALASKA

Alaska State Legislature
House

March 1, 1976

Terry Berman
Fed. Reserve

MEMORANDUM

TO: Rep. Bob Bradley, Chairman
House Commerce Committee

FROM: Terry Berman *TB*
Administrative Assistant

SUBJECT: House Bill 825

In recent weeks, the Federal Reserve Board has been calling for tighter control over banks. This comes with news of the failure of one of the nation's largest banks, Hamilton Banchares of Tennessee and the resulting losses, which were substantial, to several other large banks, scattered across the country. There have been two other bank failures of note in recent years, Franklin National Bank of New York and U. S. National Bank of San Diego, both among the top 300 in the nation. These failures were due partially to incomplete examination by regulatory bodies.

The Federal Reserve Board has pointed to the inability of state regulatory bodies to keep a close enough watch over its banks. HB 825, which asks that banks disclose loans to insiders, is one step toward correcting this.

Ever since the bank failures of the thirties, governments have kept a close watch on insider transaction, and "the American Bankers Association has supported efforts to curb insider abuses provided the burdens are not disproportionate." Some states have even prohibited loans to insiders. At present only salaried officers and employees have to have loans over \$5,000 secured. The present law places no restrictions on unsalaried officers, who are also insiders.

Thus, there are several loopholes. Loans may be taken out through a spouse or a business organizations. This bill asks that such loans be reported to the Department of Commerce, so that they may be taken into account in an examination of the bank. This bill does not restrict such loans, but allows the department access to information which could be vital in assessing the soundness of a bank.

If we weigh the small cost of disclosure of such information, which could be valuable even to the bank itself, against the heavy lossess to shareholders, borrowers, depositors, and the community itself. We can see the value of such legislation. It is vital that we protect the community against potential mismanagement.

HB 826

COMMITTEE REPORT

2/17/76

HOUSE

Mr. Speaker:

Date

4/21/76

The Committee on COMMERCE has had HB 826

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends: Do not pass
_____ recommends:
_____ recommends: Do not pass
_____ recommends:

_____ Chairman

DIRECTORY OF MERCHANTS OFFERING DISCOUNTS FOR CASH

1. ISSUES INVOLVED IN TWO-TIER PRICING

What Are Third-Party Credit Cards?

Third-party credit cards are issued to consumers by companies that guarantee payment of the selling price--minus a service fee--to the merchant who accepts a credit card for purchase of goods or services.

There are two major kinds of third-party credit cards: "travel and entertainment cards" (T and E) and "bank cards." T and E cards (such as American Express, Diners Club, Carte Blanche) are used mainly in restaurants and hotels. In contrast, bank cards (such as BankAmericard and Master Charge) are largely administered by local banks and are accepted by a wider range of merchants. In both cases, a third party performs certain administrative functions for the consumers who want to use the card and the merchants who want to accept it.

How Do Third-Party Credit Cards Increase the Selling Price?

Merchants who accept either type of third-party credit card agree to pay a service fee to the credit-card issuer or administering bank--a fee usually ranging from 2 percent to 5 percent (and sometimes higher) of the selling price. This fee, like other business costs, is reflected in the price that merchants charge their customers. Since the selling price is the same for all customers, shoppers pay for the costs of credit whether or not they use a credit card.

*File with
Paper bill*

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DIRECTORY OF MERCHANTS OFFERING DISCOUNTS FOR CASH

What Is the Difference Between Third-Party Credit Cards and Charge Cards Issued by the Merchants Themselves?

Some retail stores maintain their own charge-account systems, which customers may use to charge purchases bought from these retailers. Unlike third-party credit cards (such as American Express or Master Charge), these in-house charge systems involve no one else in the credit transaction beyond the retailers and their charge customers.

In-house charge systems can generate profits for the retailers, since it is the retailers themselves--and not a third party--who collect any interest that may accrue on credit sales. Many merchants, however, either do not have or do not rely exclusively on their own charge plans. It is primarily these merchants who might be persuaded to give discounts for cash purchases.

Why Haven't Most Merchants Offered Discounts for Cash Purchases in the Past?

Before passage of the FCBA (see page 8), contracts between participating merchants and the credit-card company (for T and E cards) or the administering bank (for bank cards) often included provisions that prohibited merchants from charging a higher price to credit-card customers than to cash customers. Under such contracts, merchants could not offer discounts for cash payment, even if they wanted to.

Why Were Such Contract Restrictions Unfair to Cash Customers?

A credit-card customer receives the special privilege and convenience of paying for a purchase weeks or months later. But

DIRECTORY OF MERCHANTS OFFERING DISCOUNTS FOR CASH

because the same selling price is used for all customers, cash customers subsidize the credit-card customers' privilege of postponing payment. Moreover, a cash customer saves merchants money because merchants keep the full amount of a cash sale. With a cash sale, they don't have to deduct the service fee they pay to a credit-card company or bank for a credit-card transaction--and they don't have all the paperwork that goes with it.

In short, cash customers get less and cost a merchant less. It is only fair that cash customers should pay less.

Don't Merchants "Absorb" the Cost of Credit Rather Than Pass It On to Their Customers?

Although the cost of credit is not shown on the price tag, it is an integral part of merchants' pricing decisions. It is taken into account in setting prices as part of the overhead--the general cost of operating a business. Merchants compute the selling price necessary, given competitive conditions, to assure an acceptable profit or rate of return on their investment. There can be no absorption of credit costs without passing them on to the customer, unless merchants reduce their profit margins, which is not likely.

Won't Merchants Just Raise Their Prices and Then Discount to the Old Price?

Some may. But most will not, because conditions in competitive markets discourage them from increasing prices above the already prevailing market level. Merchants who raise their prices above that level risk losing business to their competitors.

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DIRECTORY OF MERCHANTS OFFERING DISCOUNTS FOR CASH

What Will Happen to Prices If Two-Tier Pricing Becomes Widespread?

If the costs of third-party credit-card purchases are borne only by those who use third-party credit cards, the price of such a credit purchase may be somewhat higher than the prices under today's uniform price system. However, the price for a cash purchase would probably be somewhat lower.

Won't Merchants Who Charge More for Credit Purchases Lose Business?

When some merchants grant discounts for cash payments and others do not, it is possible that those granting discounts for cash may lose some credit-card customers. Those merchants will also lose the extra income they formerly derived from cash customers under the old single-price system. However, those losses could be offset by a substantial increase in the number of cash-paying customers, particularly if the availability of cash discounts is well publicized.

Why Would Merchants Want to Give Discounts for Cash Purchases?

Merchants who give discounts to cash customers may find that their sales volume increases significantly as a result of their discount policy. (For example, a 1974 survey sponsored by the Continental Illinois National Bank and Trust Company of Chicago found that 70 percent of consumers surveyed would pay cash instead of using credit if merchants offered discounts for cash purchases.) What's more, money from cash sales is immediately available to merchants without the time lag that results when merchants must forward their sales slips to credit-card issuers and await

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DIRECTORY OF MERCHANTS OFFERING DISCOUNTS FOR CASH

reimbursement. And with cash sales, merchants are relieved of the extra paperwork.

2. THE NEW LAW

In 1974, Consumers Union sued American Express and a Maryland bank administering BankAmericard. Consumers Union sought a ruling that provisions of the contracts between the third-party credit-card issuers and merchants that prohibited merchants from granting lower prices for cash were price-fixing arrangements in violation of antitrust laws. The lawsuits were settled, with American Express and the bank agreeing to notify their merchants that the challenged restrictions were no longer in effect. Similar agreements were arranged, in lieu of litigation, with Carte Blanche and with Central Charge Company and NAC Charge Plan (credit-card issuers in the Washington, D.C., area).

Although the Consumers Union lawsuits established the principle that merchants cannot be prohibited from adopting two-tier pricing, there remained two major legal obstacles to the widespread availability of cash discounts. First, other third-party credit-card issuers were not affected by the settlements. Second, merchants were hesitant to institute a two-tier pricing system because of concern that the granting of discounts to cash customers, while charging higher prices to those using third-party credit cards, might trigger the requirements of the Truth-in-Lending Act.

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DIRECTORY OF MERCHANTS OFFERING DISCOUNTS FOR CASH

The Fair Credit Billing Act (FCBA), which took effect on October 28, 1975, is intended to remove those two legal obstacles. Section 167 of the FCBA includes two important provisions:

First, the law declares unlawful all restraints, by contract or otherwise, of a merchant's freedom to use a two-tier pricing system for cash and credit customers. Thus the substance of the Consumers Union lawsuits has become law and now applies to all third-party credit-card issuers.

Second, the law states that the requirements of the Truth-in-Lending Act are not applicable to cash discounts of 5 percent or less. This exemption applies if the availability of discounts of 5 percent or less is conspicuously disclosed on the premises and is available to all prospective customers.

After FCBA

Despite these victories, another obstacle still remains: Even with the passage of the FCBA, merchants are merely permitted to give discounts to cash customers; they are not required to do so. It is up to consumers to convince merchants that granting cash discounts is in the merchants' own interest.

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HB 827

COMMITTEE REPORT

HOUSE

2/17/76

Mr. Speaker:

Date 2/3/76

The Committee on MERCE has had HB 827

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

[Signature] _____

[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: Do Not Pass

[Signature] recommends: Do Not Pass

[Signature] recommends: Do not pass

[Signature] recommends: Do Not Pass

_____ recommends: _____

[Signature] Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

BY: Commerce Committee

To: _____ HOUSE BILL No. HB 827

SENATE BILL No. _____

PAGE: _____

LINE: _____

Line 21 on Page 1, reinsert the word "written".

Line 13, on Page 2 reinsert the word "written".

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
315 FIFTH STREET, SUITE 8
JUNEAU, ALASKA 99801

TELEPHONE 586-6465 X6425
February 24, 1976

MEMORANDUM

TO: Rep. Bob Bradley
Commerce Committee

FROM: Don Clocksin, ALSC

SUBJECT: HB 827--Landlord-tenant amendments

This bill contains a number of adjustments and improvements in the Uniform Residential Landlord and Tenant Act which was first adopted in 1974 (Ch. 10, SLA 1974). These proposed amendments are based upon two years of extensive use of the act and careful analysis of how it would work better.

Section 1. In the section governing sublease by a tenant, the tenant is required to reveal, among other things, his/her proposed sublessee's marital status. Since requiring that information conflicts with the newly adopted amendments to the anti-discrimination statute, it should be repealed. The new amendments, in AS 18.80.240(3) (Chapter 104, SLA 1975), prohibit inquiries into marital status.

Section 2. This section reduces the maximum deposit from two to one month's rent. After seeing the section on deposits in action, we have learned that limiting security deposits and prepaid rent to two months' rent is not sufficient. It does not protect tenants. In the typical situation, a landlord charges not only a security deposit but also a month of prepaid rent. If the monthly rental were \$350, the total payments required just to move in would be \$1050.

\$	350--First month's rent
	350--Last month's rent (prepaid)
	350--Security deposit
	<hr/>
	\$1,050

Few people can pay that much at one time. Besides, such large amounts of security are not necessary when housing is so tight that a landlord need not worry about his/her dwelling staying vacant very long.

Section 3. This section creates a penalty for failing to set the tenant's deposit aside in a trust account and failing to tell the tenant how to get the money back. Through an oversight, the penalty section (subsection d) referred only to subsection (b) but not to (c).

Section 4. (A) On pg. 1, line 18, a typographical error is corrected.

(B) On pg. 1, line 21, the obligation to give written notice of a defect is eliminated. In my experience, many many tenants give oral notice of defects, but the landlord still will not fix something defective. Many landlords in fact have notice of defects but never have to fix the problem because of this overly technical requirement.

(C) On pg. 1, lines 23-28, the repair and deduct remedy is clarified. Where the old language simply authorized a deduction from rent of the costs of obtaining essential services the landlord has failed to provide, the subsection as rewritten would specify that labor and materials used by the tenant are compensable and that, if the tenant performs the work himself/herself, the state minimum wage level is recoverable.

(D) On pg. 2, lines 4-5, the section clarifies that the landlord warrants that the dwelling is habitable. If it is not, and is in fact worth less because of serious defects, the rent owed is reduced to reflect the substandard conditions. The act already established this principle, but confusion has occurred about how the principle of warranty of habitability is applied. The amendment will resolve the confusion.

Section 5. This section also eliminates the requirement of written notice. It is unfair if a landlord actually knows of a defect and avoids his/her obligation to fix it because of a technicality. See Section 4(b) above.

Section 6. This section increases the penalty for an illegal lock-out to \$1000 or one and one-half times the actual damages, whichever is greater. The section used to allow only one and one-half times actual damages. One of the greatest problems we are still having is with illegal evictions. It occurs by shutting off heat or lights, changing locks while the tenant is gone, removing furniture, and in some cases, physical violence. The common factor is that all of these evictions are done in violation of the law and deprive the tenant any due process of law. The landlord who evicts a tenant in one of these ways deserves no protection at all. There is never any excuse for such cruel, arbitrary conduct.

However, because the damages which can be recovered in a law-suit are hard to prove, the landlord can usually evict illegally with little fear of economic penalty. In a poll of Anchorage attorneys, approximately nineteen answered the question of whether, under the present law, they would represent an illegally evicted tenant who was unable to pay for their services. Only one said he would, the others claiming that the penalty would have to be increased considerably before they would help. The amendment seeks to discourage lock-outs and encourage private lawyers to represent victimized low and middle income tenants.

Section 7. This section makes a violation of this act a violation of the Unfair Trade Practices and Consumer Protection Act. Many, many people who are injured by a violation of this landlord-tenant law are too poor to hire a private lawyer and too rich for help from Alaska Legal Services Corp. For them, there is little they can do unless the Attorney-General's Consumer Protection office can step in on their behalf. The Consumer Protection office, I understand, is still inundated by landlord-tenant problems. They are forced to turn them away because they have no jurisdiction.

An interesting statistic is found in the First Report of the Ombudsman--1975 (Feb. 1976). According to that report the Ombudsman received a surprisingly high number of landlord-tenant problems. Of all inquiries, about 6% related to a private landlord-tenant problem, even though the Ombudsman deals only with state agencies. This means, I think that people aren't getting help elsewhere and that they expect state government to provide some assistance. The Consumer Protection office is best able to help.

DEC:btg

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
315 FIFTH STREET, SUITE B
JUNEAU, ALASKA 99801
TELEPHONE 586-0425

MEMORANDUM

TO: Reps. Bradley and Parker
FROM: Donald E. Clocksin *DEC*
RE: HB 827--Landlord-Tenant Amendments
DATE: March 15, 1976

H.B. 684.
**1. Filing arrangement -*
illegal
2. Filing under Consumer
Protection
File

This bill contains a number of adjustments and improvements in the Uniform Residential Landlord and Tenant Act which was first adopted in 1974 (Chapter 10, SLA 1974). These proposed amendments are based upon two years of extensive use of the Act and careful analysis of how it would work better.

Section 1. This amendment makes the Landlord and Tenant Act consistent with the anti-discrimination statute. In the section governing sublease by a tenant, the tenant is required to reveal, among other things, his/her proposed marital status. Since requiring that information conflicts with the newly adopted amendments to the anti-discrimination statute, it should be repealed. The new amendments, in A.S. 18.80.240(3) (Chapter 104, SLA 1975), prohibit inquiries into marital status.

Section 2. This section reduces the maximum deposit from two to one month's rent. After seeing the section on deposits in action, we have learned that limiting security deposits and prepaid rent to two months' rent is not sufficient. It does not protect tenants. In the typical situation, a landlord charges not only a security deposit but also a month of prepaid rent. If the monthly rental were \$350, the total payment required just to move in would be \$1,050.

\$ 350--First Month's Rent
\$ 350--Last Month's Rent
\$ 350--Security Deposit
\$1,050

Few people can pay that much at one time. Besides, such large amounts of security are not necessary when housing is so tight that a landlord need not worry about his/her dwelling staying vacant very long. By charging last month's rent or a damage deposit, the landlord is adequately protected. They always have the right to collect for damage which exceeds the deposit.

* Section 3. This section creates a penalty for failing to set the tenant's deposit aside in a trust account and failing to tell the tenant how to get the money back. Through an oversight, the penalty section (Subsection D) referred only to Subsection B instead of to Subsection C. The purpose of the trust account provision is to protect the tenant's money from the landlord's other creditors.

Section 4.

- (A) On page 1, line 18, a typographical error is corrected.
- (B) [The change on page 1, line 21, was deleted by the Commerce Committee amendment.]
- (C) On page 1, lines 23-28, the repair and deduct remedy is clarified. Where the old language simply authorized a deduction from rent of the costs of obtaining essential services the landlord has failed to provide, the subsection as rewritten would specify that only labor and materials used by the tenant are compensable and that, if the tenant performs the work himself/herself, the state minimum wage level is recoverable.
- (D) On page 2, lines 4-5, the section clarifies that the landlord warrants that the dwelling is habitable. If it is not, and is in fact worth less because of serious defects, the rent owed is reduced to reflect the substandard conditions. The Act already says this, but confusion has occurred about how the principle of warranty of habitability is applied. The amendment will resolve the confusion.

Section 5. [This section was deleted by Commerce Committee amendment.]

Section 6. This section increases the penalty for an illegal lockout to \$1,000 or one and one-half times the actual damages, whichever is greater. The section used to allow only one and one-half times actual damages. One of the greatest problems we are still having is with illegal evictions. It occurs by shutting off heat or lights, changing locks while the tenant is gone, removing furniture, and in some cases, physical violence. The common factor is that all of these evictions are done in violation of the law and deprive the tenant any due process of law. The landlord who evicts a tenant in one of these ways deserves no protection at all. There is never any excuse for such cruel, arbitrary conduct.

*Written into Bill
incorporated in
Bill Sub.*