

639

SC

FILE NO. 13

639

SB

576

COMMITTEE REPORT
SENATE

FURTHER: None

4/23/80

Date: April 24, 1980

Mr. President:

The Committee on COMMERCE has had SB 576

regulation of collection agencies and continuing the existence of the
Collection Agency Board

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

- do pass do not pass
- do pass with attached amendments(s) same title
- replace with CS for _____ new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{any} recommendations
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Tom Kelly

Edward Bradley

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Tom Stinson Do Not Pass

Willis Sturgeon in Notes

Edward Bradley

CHAIRMAN

Senator Bradley:

I want to take this opportunity to state my opposition to the sunseting of the Collection Agency Board now before the Senate Commerce Committee.

I received a copy of the Legislative Budget and Audit Committee report by Gerald L. Wilkerson, CPA - his analysis of a performance review of the Collection Agency Board. I feel his report, generally speaking, is good - it gives exposure to some of the problems - and his view of where the Board is lacking.

I have been licensed as a collection agency in the State of Alaska for 18-19 years. This is the first time I have had exposure to the accomplishments, finances or shortcomings of the Board. I disagree the strongest with Mr. Wilkerson's conclusions. I can appreciate Mr. Wilkerson's desire to have numbers to evaluate; however, a well-written regulation needs time and exposure to really judge it's value.

Prior to the formation of the Collection Agency Board as I recall, licensing consisted of a State of Alaska business license. The license charge was minimal. Recognizing the need for regulation and a qualification standard for both operators and agencies, the current regulations were promulgated and adopted as I recall by a combined effort of members of the collection industry in Alaska and the Alaska state government. It was my understanding the fees for operators and agencies were set at their current level then to furnish funding for the anticipated expenditures of the Board.

This report is the first attempt, from my experience, of addressing the finances involved in the Board. There were no expenses for the Board between October 1971 and March 1977, omitted by the

report - therefore a financial plus for that period. Appendix A indicates an average yearly revenue of \$7,500 with expenditures over \$15,000 with a net deficit of \$7,800. This appears to be considerably out of balance with the response to this report on page 31(b) by James L. Engwall, chairman of the Board, in which he states...."the Board's entire budget for 1979-1980 to be \$3,200." If the cost of continuing the Collection Agency Board is a factor, there has been no attempt to separate the expenses relevant to the Board only, excluding those relating to DOL functions.

I am in disagreement with some important conclusions offered in this report: "In our opinion, no public need for the Collection Agency Board has been demonstrated and continuation of the Board is not necessary to protect the public's health, safety and welfare.... However, licensing of collection agencies and operators and enforcement of existing statutes and newly developed regulations governing the licensees is necessary and essential for the public's health, safety and welfare. The Division of Occupational Licensing (OL) within the Department of Commerce and Economic Development, which already has the statutory authority to do so, can perform these functions." The OL has several noticeable shortcomings, as indicated in Recommendations No. 2, 3 & 4, page 8 & 9; also page 12, item II. Also, licensing has never been a function of the Board anyway.

I attended the Board meeting in Anchorage March 14, 1978 at which time the revised agency and operator regulations were adopted. We were assured by OL that finalized copies would be mailed to all agencies. To date that copy has not arrived.

Mr. Wilkerson indicates on page six, collection agency accounting

and other records are not being inspected by the Board, DOL, or authorized agent. Regarding this, he states on page 32 of the report, "DOL procedures require all Board members to forward complaints, without delay, to the Division's chief investigator for appropriate action." I don't believe the Board should undertake personally the investigation of complaints. A better function of the Board might be the screening of complaints to dismiss those having little or no basis and passing on to the DOL chief investigator for appropriate action those complaints which are deemed to need investigation.

I am very strongly opposed to delegation of the Collection Agency Board's responsibilities and functions to the Consumer Protection Agency of the Department of Law, because I feel they are biased, in some respects unqualified and to a degree possess a conflict of interest to the responsible operation of the industry in Alaska. The public sector can best be served by responsible, objective regulation of the business community, the collection industry being only one small part of that community but it serves a very definite need.

The consensus of everyone contributing to this report seems to be that increased financing will be necessary to do the investigative work recommended that is not now being funded. This appears to be true with or without the Board. A financial statement is needed showing past expenses of this Board along with a budget proposal showing proposed expenses for the future with and without the Board.

I am in agreement with the Collection Agency Board's responses

with particular emphasis on Appendix B, Schedule 1, page 31(d); also on 31(e) which states: "It is the collective opinion of members of the Collection Agency Board that the Board can accomplish the State's policymaking, investigative and advisory roles to the extent intended by the Legislature in a more efficient and cost-effective manner than the Division of Occupational Licensing acting alone."

In view of this and the vague alternatives, I strongly urge the continuation of the Collection Agency Board.

Merritt C. Long

Merritt C. Long, Owner
MATANUSKA VALLEY COLLECTION SERVICE
P. O. Box 773
Palmer, Alaska 99645

21 March 1980

cc - Senator Jalmar Kerttula
Representative Pat Carney

A PERFORMANCE REVIEW
OF THE
COLLECTION AGENCY BOARD

March 22, 1979

Commissioner of the Department
of Commerce and Economic
Development

Charles Webber

Deputy Commissioner of the
Department of Commerce and
Economic Development

Bertram L. Wagnon

Members of the
Collection Agency Board

Chairman
Member
Member
Member
Member

James L. Engwall
Don Hostak
Allan D. Shepard
Donald Leach
Judy E. Warwick

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

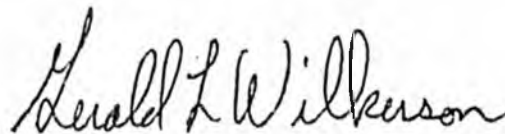
May 24, 1979

Members of the
Legislative Budget and Audit Committee:

In accordance with the intent of Titles 24 and 44 of the
Alaska Statutes, the attached report is submitted for your
review.

A PERFORMANCE REVIEW
OF THE
COLLECTION AGENCY BOARD

March 22, 1979



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

TABLE OF CONTENTS

	<u>Page</u>
Purpose and Scope of the Review.	4
Organization and Function.	15
Report Conclusion.	16
Findings and Recommendations	7
Analysis of Public Need.	12
Appendixes:	
A. Collection Agency Board Revenues Compared with Expenditures.	17
B. Investigation Statistics	19
C. Administrative Statistics.	21
D. Questionnaire Sent to Board Members.	22
E. Questionnaire Sent to Collection Agency Operators.	28
Responses:	
Department of Commerce and Economic Development	30(a)
Board Chairman Response.	31(a)
Legislative Audit's Additional Comments.	32(a)

PURPOSE AND SCOPE OF THE REVIEW

Purpose

In accordance with the intent of Alaska Statutes 24.20.271 (1) and 44.66.050 (sunset legislation), an audit of the Collection Agency Board was conducted to review Board activities and accomplishments to determine if the Board has been operating in an effective, efficient, and economical manner.

As required by legislative intent, this report shall be considered during the legislative oversight function in determining whether the Collection Agency Board should be reestablished. The law currently specifies that this Board will terminate on June 30, 1980 but will continue until June 30, 1981 for the purpose of concluding its affairs.

Scope

The major areas reviewed were the Board's operations and its licensing, administration, complaint and affirmative action functions. Our review consisted of analyzing and evaluating the following:

- (1) Applicable statutes and proposed Board regulations;
- (2) Interviews with Board members and questionnaires sent to the Board;
- (3) Correspondence with professional associations;
- (4) Tests of records and documents of the Board and the Division of Occupational Licensing (OL), Department of Commerce and Economic Development;
- (5) Interviews with OL employees;
- (6) Complaints filed with OL, the Ombudsman's Office, Consumer Affairs Agency, and the Equal Employment Opportunity Office;
- (7) Questionnaires sent to 22 State licensed Collection Agency Operators.

Scope Constraint

This review was hampered by the Board not having established and reported financial and program plans as required by AS 37.07.050 nor has it developed and reported performance information required by AS 37.07.090.

ORGANIZATION AND FUNCTION

The Collection Agency Board was established by the 1968 Session Laws of Alaska and exists under the provisions of Title 8, Chapter 24 of the Alaska Statutes. The Board consists of five members, four of whom are appointed by the governor. Two of the appointees are public members while two are licensees engaged in the collection agency business within the State. The fifth member is designated by the Commissioner of Commerce and Economic Development from his staff and has historically been the Director of the Division of Occupational Licensing. Board members serve staggered terms of three years.

The Board is organized under the Department of Commerce and Economic Development, Division of Occupational Licensing (OL). OL provides licensing, administrative, budgetary and investigative services to the Board. The licensing section processes applications, collects fees, issues licenses, maintains license files, answers inquiries and provides other administrative help to the Board.

The function of the Board is primarily regulatory, mandated by AS 08.24. Accordingly, the Board has the authority to adopt rules and regulations necessary to enforce the statutes, make a complete investigation of applicants for licensure as a collection agency or operator and inspect the records of collection agencies operating in the State.

REPORT CONCLUSION

Policy Issues

This review contains policy issues raised as a result of our evaluation of various Board practices. The final policy decisions affecting these practices are not within the scope of this review but require legislative consideration. In debating these issues, the legislative oversight committees should consider the findings and alternatives presented in this report in reaching their decision.

Report Conclusion

In our opinion, no public need for the Collection Agency Board has been demonstrated and continuation of the Board is not necessary to protect the public's health, safety and welfare (see Recommendation No. 1). However, licensing of collection agencies and operators and enforcement of existing statutes and newly developed regulations governing the licensees is necessary and essential for the public's health, safety and welfare. The Division of Occupational Licensing (OL) within the Department of Commerce and Economic Development, which already has the statutory authority to do so, can perform these functions.

In the event it is determined that the Collection Agency Board will be reestablished, the following recommendations need Board attention. If the Board is not reinstated, OL should implement the procedures where applicable to solve the problems addressed.

Investigation of complaints concerning collection agencies and operators has been unsatisfactory (see Recommendation No. 2).

We found that collection agency accounting and other records are not being inspected by the Board, OL or their authorized agent (see Recommendation No. 3).

The advertising of Board meetings has not always been sufficiently timely to encourage public participation in the meetings (see Recommendation No. 4).

The Collection Agency Board has not established formal goals, objectives and quantifiable measures (see Recommendation No. 5).

We noted that the statutes, applications and newly developed regulations relating to collection agencies and operators contained items which we considered vague, obsolete or possibly discriminatory (see Recommendation No. 6).

FINDINGS AND RECOMMENDATIONS

Findings and Recommendations No. 1, 3, 5, and 6 are addressed to the Collection Agency Board. Findings and Recommendations No. 2 and 4 are addressed to the Division of Occupational Licensing (OL) and should be read in conjunction with "A Performance Review of the Division of Occupational Licensing, Department of Commerce and Economic Development, October 30, 1978".

Recommendation No. 1

The Collection Agency Board should be allowed to terminate on June 30, 1980. However, the licensing function and the enforcement of statutes and regulations should be continued.

During our review of the Collection Agency Board, we have determined that collection agencies and operators should be licensed because the practice of this profession can significantly affect the public's health, safety and welfare. Licensing not only allows the State to maintain a list of all agencies and operators working in Alaska, but also to require that these agencies and operators meet certain conditions before being allowed to practice the profession in the State. The requirement that these conditions be met, such as the filing with the Department of Commerce and Economic Development of a \$5,000 bond or cash in lieu of bond, helps ensure the public's welfare is being protected.

However, the Board is not doing anything that could not be done by the Division of Occupational Licensing (OL). For example, the Commissioner of the Department, rather than the Board, has the authority to issue, suspend or revoke collection agency and operator licenses or apply other penalties such as fines.

The Collection Agency Board did not hold any meetings between October 13, 1971 and March 14, 1977. The licensing function did not suffer during this dormant period as the Department issued 40 operators' licenses and 28 agency licenses.

The Board does have the authority to adopt rules and regulations necessary to effectuate the purposes of Alaska Statute Title 8 Chapter 24. The Board did exercise this authority by formulating regulations regarding licensing, licensee accounting requirements, rules of professional conduct, and general provisions, which are currently in the process of being finalized. However, the Board has not formulated regulations for repossession of collateral security such as is practiced by towing companies when they repossess vehicles.

The Board also has the authority, along with the Department or their authorized agent, to inspect the records of collection agencies. This authority, however, is not being exercised in that collection agency records are not being inspected by the Board or the Department.

In summary, there is a public need for the licensing and regulating of collection agencies and operators in Alaska, but there is no public need for the Collection Agency Board.

An alternative to the recommendation made here (i.e. terminate the Board but retain the licensing and enforcement functions) is to terminate both the Board and the licensing function. In this event, the Consumer Protection Section of the Department of Law, as well as their enabling statutes and regulations pertaining to collection agencies and operators, would have to be strengthened. However, by retaining the licensing function, the fees and penalties can help offset the cost of enforcing the statutes and regulations. Furthermore, the requirements for licensure, such as the submission of the applicant's fingerprints to the FBI during the background check, serve as a deterrent to potentially unscrupulous persons entering the collection industry in Alaska.

In the event the Board is not terminated, and/or licensing is continued, then the following recommendations should be considered.

Recommendation No. 2

The Investigation Section of the Division of Occupational Licensing (OL) should investigate complaints concerning collection agencies and/or operators on a timely basis. Procedures should be established to keep the public informed of complaint activities such as the type of complaint and the penalty applied.

OL received 25 complaints about collection activities between July 1, 1975 and March 12, 1979. Of the eighteen cases closed, eight were never resolved. For seven of the eight not resolved, there was no evidence of any investigation. The cases were closed because they were relatively minor and too much time had passed to make them worth pursuing.

We also found that there are no procedures established to keep the public informed of complaint activities and the disposition of complaints.

Enforcement of the regulating statutes is essential for public protection. Violations of laws and regulations by licensees should be investigated and prosecuted. Penalties, such as fines, revocation of license or suspension of license should be applied when appropriate. When penalties are

applied, they should be publicized to let the public and other licensees know that complaints will be investigated, laws and regulations will be enforced, and penalties will be applied when appropriate.

Recommendation No. 3

The Division of Occupational Licensing should inspect collection agency accounting and other records on a random basis.

Alaska Statute 08.24.280 requires collection agencies to keep specific records for all collections and disbursements. The records are required to be open for inspection by the Department, the Board, or their authorized agent at all reasonable times. Currently, collection agency records are not being inspected at all.

Without periodic inspections of the collection agencies' records, it is impossible to determine if they are being kept and are accurate. Inaccurate records can result in financial losses to both debtors and creditors, and in inaccurate credit reports. Whether or not the Collection Agency Board remains in existence, violations of laws and regulations by licensees should be investigated and prosecuted. Inspections of each collection agency's records are one way of determining compliance with statutory requirements.

Recommendation No. 4

Collection Agency Board meetings should be sufficiently advertised - in a timely manner - so as to encourage public participation.

Advertisement orders for Board meetings were placed on a one time only basis. Six advertisement orders were placed but no affidavit of publication was obtained to indicate the ad was published. One Board meeting advertisement was published on the day of the meeting in one paper and only two days before the meeting in another paper.

Alaska Statute 44.62.310(e) states, in part, that "reasonable public notice shall be given for all meetings..." Alaska Statute 44.62.312(a)(5) states, in part, that "the people's right to remain informed shall be protected so that they may retain control over the instruments they have created".

In our opinion, the advertising of meetings in the examples mentioned above were not sufficiently timely to encourage public participation in the meetings.

Recommendation No. 5

The Board should establish formal goals, objectives and quantifiable measures which should be included in the Division of Occupational Licensing's (OL's) budget document.

Objectives describe what an agency or Board is seeking to accomplish during a specific year. Well formulated objectives are capable of measurement and should include numerical targets so that actual accomplishments can be compared with stated targets. Without goals and objectives, the Board's performance cannot be adequately evaluated and analyzed.

OL establishes its own budget goals and objectives. The budget documents do not include any goals or measures for individual boards. Without the Board's goals and measures being identified or measured, neither the Governor's Office nor the Legislature can evaluate the Board's performance.

Recommendation No. 6

The Collection Agency Board, in conjunction with the Division of Occupational Licensing, should review the statutes and regulations relating to collection agencies and operators and clarify or delete those parts which are vague, obsolete or discriminatory.

We found several statutes and regulations which we considered vague, obsolete or possibly discriminatory. For example:

- A. AS 08.24.100(b) is vague and should be clarified. It mentions an annual operator's license renewable every second year with a biennial fee.
- B. AS 08.24.110(a) (5) and 12AAC 20.020(c) are considered to be vague because they do not state what a crime involving moral turpitude is.
- C. AS 08.24.110(b) is vague because it does not define what constitutes "good cause shown" for the purpose of waiving or modifying statutory requirements for licensure.
- D. AS 08.24.180(a) and (b) is obsolete because it refers to the licensing of people actively engaged in the collection agency business on May 1, 1968.
- E. The following statutes and proposed regulations could encourage discrimination because of race, color, national origin, age or sex:

AS 08.24.120(a) (2) requires a photograph of the applicant;

12AAC 20.010(a) (1) birth date;

12AAC 20.010(a) (6) credit reports;

12AAC 20.020(a) (2) birthdate and birthplace;

12AAC 20.020(a) (7) credit report.

The Board and/or Division of Occupational Licensing should consult with the State Equal Employment Opportunity Office or the Human Rights Commission on the make-up of the requirements and applications for licensure. Any discriminatory - type items should be analyzed to determine if a real need for the information exists. If not, the items should be deleted.

ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analysis of Board activities relates to the public need factors defined in the "sunset" law. This analysis is not intended to be all inclusive, but addresses those areas we were able to cover within the scope of our review.

In the event it is determined that the Collection Agency Board will be continued, the following recommendations need Board attention. If the Board is not reinstated, OL should implement the procedures where applicable to solve the problems addressed.

- I. The extent to which the board, commission or program has operated in the public interest.
 1. In our opinion, no public need for the Board has been demonstrated. The Board did not hold any meetings between October 13, 1971 and March 14, 1977. During this dormant period the Department, which has the statutory authority to do so, issued 40 operators licenses and 28 agency licenses (see Recommendation No. 1).

- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.
 1. The OL investigative section has not provided adequate investigative support necessary for the enforcement of the law (see the OL Performance Audit Report and Recommendation No. 2).
 2. Because of high turnover within the Division of Occupational Licensing, the Collection Agency Board has had a number of different licensing examiners. This has caused a lack of continuity in licensing requirements.
 3. By not holding any meetings between October 13, 1971 and March 14, 1977, the Board was seriously hampered in developing regulations to govern the industry.

III. The extent to which the board, commission or agency has recommended statutory changes which are generally of benefit to the public interest.

1. The Board has made one recommendation for a statutory change. This will eliminate the one year residency requirement for a person to qualify for an operator's license.

IV. The extent to which the board, commission or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.

1. The public is invited to attend Board meetings and to give their input about the workings of the Board. Notices of meetings are advertised generally one time only in each of three newspapers throughout the State. We found that the time between the publishing of the notice and the meeting is not always sufficient to allow persons wishing to attend a meeting time to prepare for it. The publishing of the advertisements is handled by the Division of Occupational Licensing (see Recommendation No. 4 and the OL Performance Audit Report).

V. The extent to which the board, commission or agency has encouraged public participation in the making of its regulations and decisions.

1. As stated under criteria IV, the public is invited, by published notices in newspapers, to attend Board meetings to give their input about Board regulations.
2. Public hearings were held in Fairbanks on March 2, 1978 and in Anchorage on March 3, 1978 for the purpose of allowing the public to testify on proposed regulations. Several people gave testimony at each of the hearings.

VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of the ombudsman have been processed and resolved.

1. One complaint has been filed with the Ombudsman's Office concerning an agency reportedly failing to pay the complainant monies collected in his behalf. The complaint was found to be justified and was rectified.
2. One complaint concerning a collection agency which was filed with the Consumer Protection Section of the Attorney General's office is currently before the State Supreme Court.
3. Of the thirteen cases which are currently open and are on file in the Division of Occupational Licensing, one was opened in 1972 and one was opened in 1973.
4. Of the thirty-two cases on file in OL which were closed between 1976 and March 1979, fourteen were not complaints but just routine background checks. Eight of the remaining cases were closed without being satisfactorily resolved. Of these eight, seven did not show any investigative effort by OL (see Recommendation No. 2 and the OL Performance Audit Report).

VII. The extent to which a board or commission which regulated entry into an occupation or profession has presented qualified applicants to serve the public.

1. The Collection Agency Board does not have the statutory authority to pass upon the qualifications of applicants for agency and/or operator licenses. They also do not have the authority to issue licenses.
2. The Director of OL, who is also a member of the Board, has been submitting applications to the Board for the purpose of obtaining their recommendation on whether to issue a license or not. Between March 1977 and March 1979, nine operator and six agency licenses were issued.
3. The Board did not hold any meetings between October 13, 1971 and March 14, 1977. During this dormant period the Department, which has the statutory authority to do so, issued forty operators licenses and twenty-eight agency licenses (see Recommendation No. 1).

4. As of February 1979, there are twenty-two collection agencies and twenty-five operators licensed in the State.

VIII. The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission or agency to its own activities and the area of activity or interest.

1. The statutes, applications and/or regulations pertaining to collection agencies and operators require information such as birthdate, birthplace, marital status, number of dependents and a picture of the applicant. These requirements may be violations of the Equal Employment Opportunity requirements. However, some of this information may be necessary to confirm an applicant's qualifications. We have recommended that the requirements be analyzed to determine if a real need for the information exists (see Recommendation No. 6 and the OL Performance Audit Report).

IX. The extent to which statutory, regulatory, budgeting or other changes are necessary to enable the agency, board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

1. If the Collection Agency Board is reinstated, it should be added to the list of boards, commissions and/or agencies which come under the Administrative Procedures Act. This is a technicality since the Board is covered by the act.
2. Please refer also to the Findings and Recommendations section of this report and the OL Performance Audit Report.

APPENDIXES

APPENDIX A

COLLECTION AGENCY BOARD
REVENUES COMPARED WITH EXPENDITURES
Fiscal Year 1978
(UNAUDITED)

Average Revenue (Schedule 1 and Note 1)	\$ 7,507
Expenditures (Note 2)	<u>15,289</u>
Excess of Expenditures over Average Revenues	<u><u>\$(7,782)</u></u>

Schedule 1
Types of Revenues

<u>Revenues</u>	<u>Amount</u>	<u>Collection Time</u>
<u>Collection Agency License</u>		
Application Fee	\$100	With application
Renewal Fee	\$200	Biennially
Late Renewal Penalty	\$50	If 15 days after renewal date
Non Resident Application Fee	\$200	With application
Non Resident Renewal Fee	\$400	Biennially
<u>Collection Agency Operator License</u>		
Application Fee	\$40	With application
Renewal Fee	\$100	Biennially
Late Renewal Penalty	\$50	If 15 days after renewal date
Non Resident Application Fee	\$100	With application
Non Resident Renewal Fee	\$200	Biennially

Note 1

Most of the collection agency revenues are composed of renewal registration fees. These fees are collected once every two years and cause revenues in one year to be much

greater than the revenues collected in the next year. Therefore, we calculated and reported an average of the revenues collected in fiscal years 1977 and 1978 in order to obtain an accurate representation of collected revenues.

Note 2

Expenditures include those made by Board members, such as travel and per diem, and an allocated percentage (estimated) of total administrative expenses of OL. They do not include expenditures for efforts of other departments, such as the Department of Law, that may be assisting the Board and OL.

APPENDIX B

INVESTIGATION STATISTICS

Schedule 1

Cases opened between July 1, 1975 and March 22, 1979

<u>Case Description</u>	<u>Fiscal Year Case Opened</u>				<u>Total Opened</u>	<u>Total Closed</u>
	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>		
Complaints:						
Practicing Without licenses	1	1	2	9	13	11
Licensee Violating Statutes	1	2	1	4	8	5
Non-licensee Violating Statutes	-0-	-0-	-0-	1	1	1
Alleged embezzlement or fraud by licensee	2	-0-	-0-	-0-	2	-0-
Licensee using another licensee's business name	-0-	-0-	1	-0-	1	1
Total Complaints (Note 1)	<u>4</u>	<u>3</u>	<u>4</u>	<u>14</u>	<u>25</u>	<u>18</u>
Routine Background Checks - Not Complaints (Note 2)	<u>2</u>	<u>2</u>	<u>9</u>	<u>3</u>	<u>16</u>	<u>14</u>
Total Cases Opened (Note 3)	<u>6</u>	<u>5</u>	<u>13</u>	<u>17</u>	<u>41</u>	
Cases closed by March 22, 1979	<u>-0-</u>	<u>4</u>	<u>12</u>	<u>16</u>		<u>32</u>

Note 1

Of the twenty-five complaint cases opened, eighteen have been closed. Of these eighteen, eight were closed without being satisfactorily resolved. Seven of these 8 cases did not show any investigative effort by OL (see Recommendation No. 2).

Note 2

AS 08.24 authorizes the Department of Commerce and Economic Development and the Collection Agency Board to conduct a

complete investigation of applicants for an operator's license, including inquiry of police agencies as to the applicant's record of arrest or conviction of a crime. The "Routine Background Checks" referred to in the schedule are a result of this authorization. They consist of the following:

- a) The applicant's fingerprints, which are required along with the application, are sent to the Alaska State Troopers and to the Federal Bureau of Investigation (FBI) for file checks for any crimes the applicant may have committed;
- b) Depending on the information received from these two agencies, the results are either filed or further investigation is conducted;
- c) The applicant's personal and employee references are contacted for their input as to the applicant's character and status in the community.

Note 3

In addition to the 41 cases contained in Schedule 1, 4 cases which were opened between 1972 and 1975 are still considered open as of March 12, 1979.

APPENDIX C

ADMINISTRATIVE STATISTICS

As of
March 22, 1979

Currently Licensed Collection Agencies	22
Currently Licensed Collection Agency Operators	25

Board Meetings:

A meeting was held on October 13, 1971. The next meeting was held on March 14, 1977 in Anchorage. From that date to the present (March 1979), the following meetings have been held:

August 5, 1977	in Juneau
November 18, 1977	in Anchorage
January 5, 1978	in Anchorage
August 28, 1978	in Anchorage
November 17, 1978	in Anchorage
February 23, 1979	in Anchorage

APPENDIX D

COLLECTION AGENCY BOARD
QUESTIONNAIRE SENT TO BOARD MEMBERS

1. What do you believe to be the goals and objectives of the Collection Agency Board?

<u>Description</u>	<u>Number of Board Member Response (Notes 1 and 2)</u>
A. To adopt rules and regulations to implement Title 8 Chapter 24 of the Alaska Statutes.	2
B. Hear the merits of complaints after investigation by the Division of Occupational Licensing.	1
C. Confirm major administrative decisions, such as agency and operator licensing and revocation	1
D. Help prevent collection agency business failures, which might result in loss of customer funds, by conducting extensive background checks on new applicants for licensure.	1
E. Represent the industry when National and State legislation affecting collection agencies and operators is being proposed.	1

2. How does the Board measure its progress in meeting its goals and objectives?

<u>Description</u>	<u>Number of Board Member Response</u>
A. Regulations have been developed and are currently (March, 1979) being reviewed by the Attorney General's Office before being finalized.	2
B. The Board is lobbying for more investigative funds for the Division of Occupational Licensing to permit more investigating of licensee activity including spot audits of agency operations.	1
C. The Board's method of judging its progress must be a purely subjective one. Community interest and the interest of the credit/collection industry has increased tremendously.	1

3. Are there any statutes or regulations that you believe to be obsolete, vague, unduly restrictive, and/or inadequate to provide the Board with the responsibility and power to properly govern the purpose and activities of the Board? Please list and explain.

<u>Description</u>	<u>Number of Board Member Response</u>
A. Eliminate the conflict over operator residency requirements in Title 8 Chapter 24.	1
B. The bonding requirement (for fidelity of agency and employees) should be raised to become more in line with amounts held in client trust fund accounts.	1
C. The statutes as they stand do a pretty good job of regulating the collection industry if they are followed by the State.	1
D. The Board should have the right to, of themselves, suspend or revoke a license for cause, and to demand an immediate audit, and impound a client's trust fund when they have established in fact that clients' trust funds are not being paid, or are being used as operating funds.	1

4. Has the Board recommended any statutory changes which are generally in the public's best interest? Please list and explain.

<u>Description</u>	<u>Number of Board Member Response</u>
A. Eliminate section 08.24.110(1) which requires one year residency to qualify for an operator's license.	2
B. Many changes, which are a part of the new regulations governing the collection agency industry in Alaska, have been recommended.	1

5. Is the staff from the Department of Commerce and Economic Development and/or other departments adequate to perform and enforce all laws and regulations relating to the Collection Agency Board? What staff support services are provided adequately/inadequately?

<u>Description</u>	<u>Number of Board Member Response</u>
A. No. The staff must be bolstered with more and better investigators and auditors.	2

- C. The reasons are that one agency, which has been the subject of many past lawsuits, did not want any one in the State looking at their operations. Although the owner was a member of the Board for only one term, he effectively controlled the other members at the time. 1

8. Do you think Collection Agencies and/or operators should be licensed by a State agency? Please explain.

- | <u>Description</u> | <u>Number of Board Member Response</u> |
|--|--|
| A. Yes. The licensing procedure provides a means of not only registration of key data about an operator and agency, but - more importantly - a means of evaluating the eligibility and character of applicants. 1 | 1 |
| B. Yes. The licensing procedure is adequate as it is, if it is followed correctly. 1 | 1 |
| C. Yes. The business does a great deal of good, but one or two bad apples can and have done a great deal of harm. The industry should be governed, and have the opportunity through a board consisting of some representatives of the industry, to have a say in the governing and disciplining of agencies. 1 | 1 |

9. Do you think a duplication of effort exists between the Collection Agency Board and the Consumer Protection Section of the Department of Law concerning the regulation of collection agencies and operators? Please explain.

- | <u>Description</u> | <u>Number of Board Member Response</u> |
|--|--|
| A. No. The authority and functions are quite different. 1 | 1 |
| B. Yes. The Board could easily handle all the complaints against the industry. If the Board decided some legal action was necessary, then that function could be handled by the Attorney General's Office. 2 | 2 |

10. In your opinion, are there any changes that could be made to the Board which would make it more effective in meeting its goals and objectives as you perceive them in question number one?

<u>Description</u>	<u>Number of Board Member Response</u>
A. <i>The Board desperately needs the investigative and audit support of the Division, which is at a very low level due to a lack of personnel and funding.</i>	1
B. <i>Board members should serve for a four year term to enable them to become more familiar with the industry problems.</i>	1
C. <i>The Board needs the power to, of themselves, suspend or revoke a license for cause.</i>	1
D. <i>The make-up of the Board (i.e. 5 members) does not need to be changed.</i>	1

11. Do you think the Collection Agency Board should be allowed to continue operations past the scheduled termination date of June 30, 1980? Why or why not?

<u>Description</u>	<u>Number of Board Member Response</u>
A. <i>The functions carried out by the Board should be continued.</i>	1
B. <i>Yes. The continuation of the Board is necessary for the health and well being of the collection industry. The Board's screening of applicants prevents unscrupulous characters from entering the business.</i>	2

12. Any other comments? (This is your chance to air your gripes, compliments and/or opinions!)

<u>Description</u>	<u>Number of Board Member Response</u>
A. <i>Yes. New applications should be documented better by the State before being referred to the Board.</i>	1
B. <i>When discussion is had in Juneau, concerning the future of this Board, I would like to present my views on the need for the Board.</i>	1

Note 1

The questionnaire was sent to all 5 Board members in November 1978. We received replies from 3 Board members. Therefore, the response rate is 60%.

Note 2

Some Board members responded to each question with several answers. Therefore, total responses for each question may exceed the number of Board members.

APPENDIX E

QUESTIONNAIRE SENT TO COLLECTION AGENCY OPERATORS

		Number of Responses (See Notes 1 and 2)		
		Yes	No	No Opinion
1.	Have you ever had any contact with the Collection Agency Board?	<u>14</u>	<u>3</u>	<u>-0-</u>
2.	If so, was it concerning:			
	A. Application for licensure?	<u>4</u>	<u>13</u>	<u>-0-</u>
	B. New regulations?	<u>7</u>	<u>10</u>	<u>-0-</u>
	C. Board policy?	<u>1</u>	<u>16</u>	<u>-0-</u>
	D. New legislation?	<u>6</u>	<u>11</u>	<u>-0-</u>
	E. Inspections of your records?	<u>-0-</u>	<u>17</u>	<u>-0-</u>
	F. Complaints?	<u>1</u>	<u>16</u>	<u>-0-</u>
	G. Other? Please specify: _____	<u>5</u>	<u>12</u>	<u>-0-</u>
3.	Do you believe the Board has operated in the public's best interest? If not, please specify: _____	<u>14</u>	<u>1</u>	<u>2</u>
4.	Would the absence of the Board be detrimental to the public's best interest? Please discuss: (A typical response was that there should be some control over collection agencies.)	<u>12</u>	<u>4</u>	<u>1</u>
5.	Are there any statutes or regulations that are obsolete, vague or unduly restrictive? Please specify:	<u>7</u>	<u>5</u>	<u>5</u>
6.	Are you aware of any discriminatory practices involving licensing or investigations of the Board?	<u>-0-</u>	<u>15</u>	<u>2</u>
7.	Do you believe that Alaska's licensing requirements (for agencies and operators) are adequate and effective in ensuring the the public is protected? Please specify:	<u>17</u>	<u>-0-</u>	<u>-0-</u>

	<u>Yes</u>	<u>No</u>	<u>No Opinion</u>
8. Are there any additional statutes, regulations or licensing requirements needed to ensure the public is adequately protected? Please specify:	<u>1</u>	<u>12</u>	<u>4</u>
9. Do you have any complaints concerning the service provided by the staff support of the Division of Occupational Licensing, Department of Commerce and Economic Development? Please specify: (A typical response was that the staff was slow in answering correspondence and not informing the public and agencies of upcoming meetings);	<u>6</u>	<u>11</u>	<u>-0-</u>
10. Do you believe that there is a need for licensure of all collection agency operators in the State?	<u>13</u>	<u>4</u>	<u>-0-</u>
11. Do you believe that there is a need for licensure of all collection agencies in the State?	<u>17</u>	<u>-0-</u>	<u>-0-</u>
12. Any additional comments? (This is your chance to air your gripes, compliments and/or opinions!) (A typical response was that more information is needed on Board meetings prior to the meeting.)	<u>8</u>	<u>9</u>	

Note 1

Number of questionnaires sent to State licensed collection agency operators	<u>22</u>
Number of collection agency operators who responded	<u>17</u>
Response Rate	<u>77.3%</u>

Note 2

One agency operator's response was not received in time to include in this report. Two Board members, who are also licensed agency operators, were sent Board members' questionnaires and not agency operators' questionnaires.

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

June 21, 1979

RECEIVED

JUN 26 1979

**LEGISLATIVE
AUDIT**

Mr. Gerald Wilkerson, CPA
Division of Legislative Audit
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

The following comments are in response to the Performance Review of the Collection Agency Board, as submitted by the Division of Legislative Audit.

Recommendation No. 1: We agree that this profession could affect the public's welfare, and that the division can license agencies and operators if the board were terminated. It should be noted that the board has discussed formulation of regulations for repossession of collateral security.

Recommendation No. 2: Agreed. Complaints received against all regulated professions should be handled on a timely basis. Budgetary restraints have mandated prioritization of investigations.

Recommendation No. 3: Agreed. However, current staffing prohibits in-house auditing of agencies' records. Budgetary limitations also severely limit the use of outside sources. AS 08.01.087(b)(3) allows examination of books and records and for that agency to pay the reasonable costs of the examination only if it appears that a person has engaged in, or is about to engage in, an act or practice in violation of a provision of this chapter. Without sufficient funding, outside hired agents or auditors could be difficult to retain.

Recommendation No. 4: Agreed. Division policy has been to publish notice of meetings two weeks to one month prior to the date of meeting and usually for one time only in three newspapers. Payment for the ad is made upon receipt of affidavit of publication. Again, budgetary limitations at this time limit publication to one time in three different newspapers. To double the number of times printed would require approximately \$9,000 additional funding for all boards.

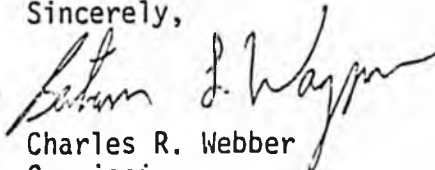
June 21, 1979

Recommendation No. 5: Agreed. All boards have been contacted to provide this information for the division's FY '81 budget.

Recommendation No. 6: Agreed. The board, in conjunction with the division, is addressing needed statutory and regulatory updates.

I appreciate the time and efforts expended by your staff and the opportunity to provide these comments.

Sincerely,



Charles R. Webber
Commissioner

CRW/sa2/5

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF OCCUPATIONAL LICENSING

POUCH D
JUNEAU, ALASKA 99811

June 25, 1979

RECEIVED

JUN 29 1979

LEGISLATIVE
AUDIT

Mr. Gerald Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
State of Alaska
The State Legislature
Pouch W
Juneau, AK 99811

Dear Mr. Wilkerson,

Thank you for the copy of your Preliminary Audit Report on "A Performance Review of the Collection Agency Board", dated March 22, 1979. Please accept the following response on behalf of the Collection Agency Board. This response does not preclude additional individual response from Board members.

We believe that the Collection Agency Board as it is now constituted can and does protect the public's safety and welfare. This conclusion is drawn from our review of the authority of the Board and its effectiveness in carrying out that authority, although we have undoubtedly approached that review from a different perspective than your auditor. In addition, at least three members of the Board have a considerable working knowledge of the collection industry.

In terms of its authority, the Board has three basic functions: to develop administrative regulations, to investigate and to advise the Division of Occupational Licensing. Most of the issues raised in your audit relate to your evaluation of the Board's effectiveness over the years in carrying out that authority.

Here is our specific response, each section labelled according to section names within your audit report:

"Recommendation Number 1"

1. "...the Board is not doing anything that could not be done by the Division of Occupational Licensing."

On the face of it, this seems to be a reasonable statement. And, as I pointed out in detail to a Legislative Audit staff member in my letter to him of April 27, 1979, the Division of Occupational Licensing - if properly funded - probably could conduct investigations and obtain some of the investigative tips that only those within such a unique industry would likely obtain. However, I seriously doubt that collection agency operators and others

wishing to provide confidential tips in a discreet fashion would tend to provide this information to a bureaucrat, irrespective how trustworthy.

We are talking here about human behavior patterns. Informers would be far more likely to pass investigative information on to a peer (such as a collection agency operator member of the Board) or to a person independent of both the Division and the industry (such as a public member of the Board).

Collection agencies deal daily with behavior patterns of consumer members of the public. Non-payment of a legally incurred debt can be viewed as a form of larceny, assuming the non-payment is intentional. Persons purposefully engaging in this practice (the irresponsible variety and not those with sincere financial problems) border on if not overtly practice criminal behavior.

Collection agency operators deal daily with a certain number of persons from this element of society in an effort to enforce payment responsibility and protect persons who are responsible in their credit dealings. This function, moreover, makes the work and qualifications for the work of a collection agency unique and quite different from those of other disciplines licensed by the State.

It is for this reason that we feel the Board is needed to provide in a discreet and sometimes clandestine fashion information concerning suspicious operator and collection agency activities and those of unlicensed agencies and operators and applicants for agency and operator licenses.

What about the cost-effectiveness of the Board? The Board's entire Budget for fiscal 1979-1980 is \$ 3,199. This can be compared to either the cost of the Division performing the same functions or savings to the public because of Board activities, or both.

There have been at least two instances during the past year in which the Board has taken action and/or made a recommendation to the Division which has clearly saved the public much more than the direct costs of operating the Board. What the same results would have cost the Division, I do not know. However, that cost would likely have exceeded our \$3,200 annual cost. There are also a number of other instances in which the Board's functions have generated savings to the Public, but the savings in those cases would be difficult to estimate because of its indirect nature.

2. "...The licensing function did not suffer during this dormant period as the Department issued 40 operators licenses and 28 agency licenses."

Again, on the face of it, this seems reasonable. However, quantity does not measure quality. And, unless a review was made of the extent to which operators and agencies receiving licenses during the "dormant period" measure up after a thorough background check to the statutory criteria for license eligibility, there is no way of determining that the Board would not have positively affected the quality of those who would have been licensed.

There are at least two instances during the past year in which the Board on its own investigation verified a history of responsibility problems with a prospective licensee and supplied this information to the Division with a recommendation that licenses not be issued.

How many such instances would have existed (or do exist) with licensees who first received their license during the "dormant period"?

3. "...the Board has not formulated regulations for repossession of collateral security".

We agree. However, Board members are now working on drafts of proposed collateral repossession regulations which will be considered in a work session prior to our next regular Board meeting.

4. "....this (investigative) authority...is not being exercised..."

At its last regular meeting (May 18, 1979), the Board authorized for cause an investigation of the accounting records of a collection agency.

5. The third paragraph of page 8 implies that the Consumer Protection Division of the Attorney General's office is capable of handling all collection agency consumer complaints. If indeed their enabling statutes were strengthened to permit that kind of activity, they could also be given investigative authority. However, doing so would not necessarily bring in investigative tips of the source and nature now received by Board members and would not be as cost-effective as the Board in performing this function.

Recommendation Number 3:

"...collection agency records are not being inspected at all..."

Please see number 4 above. Subsequent to its re-activation, the Board has just begun to work its way into this arena as salient cases appear which require investigation.

Recommendation Number 5;

We agree. Adoption of our proposed regulations this summer will clarify four major areas of concern. We now are developing what we feel should be our investigative and advisory goals. Once developed, we will outline specific objectives designed to meet those goals.

Recommendation Number 6:

We agree with respect to your examples A, B, C, D, and E-photograph. We do not agree with respect to birth date and credit report.

1. Birth Date is needed to establish that the applicant meets the minimum age requirement of the statute.
2. Birth Date provides identifying information by which an investigating Board member or Division investigator could, for example, distinguish between two persons with the same name living in the same town.
3. Credit reports are needed to provide background information to evaluate the applicant's eligibility under several of the statutory criteria. In addition to permitting an evaluation of the individual's or firm's historical performance in carrying out its fiscal responsibilities, a credit report provides corroboration of data provided by the applicant.

"ANALYSIS OF PUBLIC NEED"

Section I

Please see my discussion of this matter under "Recommendation Number 1" above.

Section V, Number 2

"...several people gave testimony at each of the hearings"

Comment: I believe that minutes of those hearings will show that more than 40 persons testified, indicating a substantial amount of interest by the industry and public in the proposed regulations. Your quantification, "several", implies that perhaps two persons testified, which would indicate little interest.

APPENDIX B

Schedule I

Comment: We currently are investigating at least three cases in which an agency or operator is/was allegedly operating without a license and at least one case in which a licensee is allegedly using another licensee's name. In addition, the Board and Division are currently notifying all known organizations or individuals in the State known to be practicing collateral repossession and who are not apparently exempt from provisions of Title 24 that they may be required to obtain an agency/operator license. This activity may result in numerous cases of non-licensee violating statutes (or regulations).

APPENDIX C

Board Meetings

Comment: This schedule does not include two Board meetings with quorums present held in March of 1978. These sessions were in part public hearings to hear comment on proposed administrative regulations affecting collection agencies and operators and affecting the public in its relationship with agencies and operators.

June 25, 1979

APPENDIX D

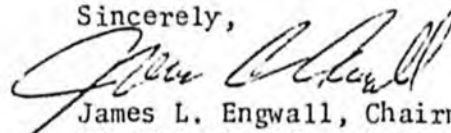
Comment: The index of responses to your questionnaire which are tabulated in this Appendix and your "Note 1" at the end of Appendix D appear to indicate that only several members of the Board responded. My response to the questionnaire was intended to be a response on behalf of the entire Board. If my questionnaire does not so indicate, it is my error. In any case, the intent of the questionnaire which I returned was to provide Board response on behalf of all members collectively. In intent, then, all members of the Board did respond.

In Alaska, the Collection Agency Board deals with agencies and operators who are estimated by a member of our Board to place an average of 800,000 collection telephone calls each year. That's more than 3,150 calls each working day, an indication of the scope of activity over which Division employees and investigators and the Board are responsible. For Division personnel, this activity is in addition to the numerous other disciplines under their jurisdiction.

It is the collective opinion of members of the Collection Agency Board that the Board can accomplish the State's policymaking, investigative, and advisory roles to the extent intended by the Legislature in a more efficient and cost-effective manner than the Division of Occupational Licensing acting alone.

Thank you for this opportunity to respond to your thorough review of our activities. Any member of the Board will be pleased to provide you with any further information you may desire in connection with your Sunset Review activities.

Sincerely,



James L. Engwall, Chairman
COLLECTION AGENCY BOARD

Je/

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

July 3, 1979

Members of the
Legislative Budget and Audit Committee:

We have reviewed the Collection Agency Board's response to The Performance Review of the Collection Agency Board dated March 22, 1979. Our comments follow:

Recommendation No. 1

Board Response 1 (page 31a):

The Board feels that informers are more likely to pass investigative information on to Board members than to a State agency. However, Division of Occupational Licensing (DOL) procedures require all board members to forward complaints, without delay, to the Division's Chief Investigator for appropriate action. This is based on a November 2, 1977 memo from an Assistant Attorney General which states: "It is our position that the boards should refrain from becoming actively involved in investigations....The reason for this limitation of board investigatory functions is the risk of undue bias that could violate a respondent's right to a fair and impartial hearing."

In addition, none of the 25 complaint cases opened between July 1, 1975 and March 22, 1979 were referred to the Division of Occupational Licensing by the Board.

Therefore, the Board is not needed for investigative input.

Board Response 2 (page 31b):

The Board feels that review by the board could positively affect the quality of licensees. Yet, none of the licenses issued by the Department without Board review have been revoked. However, lack of investigative effort, rather than quality, may be the reason licenses haven't been revoked (see Recommendations No. 2 and 3). Since many of the licenses issued have not been renewed, it may be the market which eliminates those who are not properly qualified.

Board Response 4 (page 31c):

At its May 18, 1979 meeting the Board authorized a Board member who owns a collection agency to investigate another agency. As noted in our comments titled "Board Response 1", investigations by Board members can result in a violation of a respondent's right to a fair and impartial hearing. The Board member doing the investigation must not participate in the Board's decision regarding this case.

There is also an additional problem. Even though the Board member may have a good working knowledge about collection agency accounting requirements, and about how fraud and embezzlement are carried out and hidden, the board member may lack knowledge of investigative techniques. Failure to properly document the investigation could result in a weakened or lost criminal case.

Board Response 5 (page 31c):

We made no comment regarding Consumer Protection's capability of handling complaints because that Division's performance has not been reviewed.

Appendix B

As noted on the schedule, the period reported on ended March 22, 1979.

Appendix C

The March, 1978 public hearings were discussed on page 13 (section V.2.) of the report.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 25, 1980

SUBJECT: Section-by-section analysis of SB 576
relating to the Collection Agency Board
(Work Order Number 8523)

TO: Senator Brad Bradley
Chairman, Senate Commerce Committee

FROM: Tamara Brandt Cook ^{TBC}
Legislative Counsel

You have requested a section-by-section analysis of Senate Bill 576 entitled "An Act relating to the regulation of collection agencies and continuing the existence of the Collection Agency Board; and providing for an effective date."

Section 1 This section provides for sunset review of the Collection Agency Board on June 30, 1984.

Section 2 The composition of the board has been altered so that one member is a certified public accountant and only one member is engaged in the collection agency business. The existing law provides for two members who are persons engaged in the collection agency business. Otherwise, the board membership remains the same.

Section 3 This amends the section dealing with appointment and term of office of board members so that no person may serve more than two consecutive terms. Since the terms are for three years, a person who has served two terms must wait three years before he can be reappointed to the board, but this amendment does not place a limitation on the number of terms that a person may serve.

Section 4 This provides for the biennial renewal of licenses and raises the fee from \$100 to \$300. It also deletes the requirement that renewal take place on or before

July 1st of every other year. This change was made in order to conform with AS 08.01.100 requiring the Department of Commerce and Economic Development to set renewal dates with the approval of the respective occupational board. Since the department must provide administrative services to all occupational boards, it seems appropriate to allow the department to determine how these duties shall be organized.

Section 5 Once again, an amendment was necessary to raise license renewal fee from \$100 to \$300.

Section 6 Under this provision, three credit references and a credit report must be submitted along with an application for a license. Other provisions of that section continue to require that an applicant also submit a set of finger prints, an application fee, and the license fee.

Section 7 In order for a collection agency to be licensed it must provide a surety bond to the state. This amendment raises the amount of the bond from \$5,000 to \$10,000 and also adds the requirement that the bond contain the name of the collection agency which is seeking a license and that it be executed in trust for the state.

Section 8 This section allows a collection agency to deposit cash with the state rather than providing a bond. The amendment raises the amount required for a cash deposit from \$5,000 to \$10,000.

Section 9 While the Department of Commerce and Economic Development or its authorized agent continues to have access to the books of a collection agency, this section is amended so the Collection Agency Board does not have access to these records. Since one member of the board must be a person involved in the collection agency business, the amendment serves to protect the confidentiality of the records of a collection agency by denying the possibility of access to these records by a potential competitor.

Section 10 This amendment serves to raise the renewal license fee for a nonresident operator's license from \$200 to \$300 in order to conform to the increase imposed upon residents.

Section 11 The Collection Agency Board is added to the list of boards and agencies which must comply with the adjudicatory procedures set out in the Alaska Administrative Procedure Act.

Section 12 This section repeals those provisions which are inconsistent with this act.

AS 08.03.010(a)(3) removes the Collection Agency Board from the list of boards to be terminated June 30, 1980;

AS 08.24.110(a)(1) deletes the requirement that a person who wishes to apply for an operator's license must have been a resident of the state for at least one year prior to application;

AS 08.24.110(a)(3) deletes the requirement that a person applies for an operator's license be of good moral character;

AS 08.24.120(a)(2) deletes the requirement that a person applying for an operator's license submit a photograph of himself;

AS 08.24.160 deletes the section setting out the form for the bond which would be required of a collection agency seeking licensure in the state, which was done primarily because the form does not include the new requirement that the bond be executed in trust for the state and because eliminating the form requirement allows the Department of Commerce and Economic Development flexibility to develop forms which particularly suit its administrative routines;

AS 08.24.180 deletes an outdated grandfather clause allowing a person who had been engaged in a collection agency business on May 1, 1968 to automatically receive a license to continue in business;

AS 08.24.200(a) repeals a section requiring renewal of licenses upon July 1st every second year in order to allow the Department of Commerce and Economic Development to set the renewal date.

Senator Brad Bradley
Page 4
April 25, 1980

Section 13 This section provides that the act will take effect on June 30, 1980, the date upon which the Collection Agency Board is scheduled to terminate under existing law.

If you have any further questions, please contact me.

TBC:ljb

SENATE BILL 576

MR. PRESIDENT, THIS BILL, CONCERNING THE COLLECTION AGENCY BOARD, IS ~~ONE~~ ONE OF MANY SUNSET REVIEW BILLS, *some few we have had, and several others are to come.*

(SEC. 08.03.010(c))
P.1, L.10/12

SECTION 1 PROVIDES FOR SUNSET REVIEW OF THE COLLECTION AGENCY BOARD AND PROVIDES FOR A TERMINATION DATE OF JUNE 30, 1984.

(SEC. 08.24.011)
P.1, L.14/21

SECTION 2 IS AMENDED TO INCLUDE A CERTIFIED PUBLIC ACCOUNTANT (CPA) ON THE BOARD. BECAUSE OF THE NATURE OF THE COLLECTION AGENCY BUSINESS, IT ~~IS~~ *was* *recommended by the Dir. of C.A. and other testimony that a* ~~FELT THAT A~~ CPA'S KNOWLEDGE WILL PLAY A MAJOR ROLE IN THE CONTROL OF ACCOUNTS RECEIVABLE AND HELP CONTROL THE "UNDERHANDEDNESS" WHICH HAS BEEN SOMEWHAT PREVALENT IN THIS BUSINESS. THE MEMBERS ON THE BOARD INVOLVED IN THE COLLECTION AGENCY BUSINESS HAVE BEEN REDUCED FROM TWO TO ONE IN ORDER TO ADD THE NECESSARY CPA. OTHERWISE, THE BOARD MEMBERSHIP REMAINS THE SAME.

(SEC. 08.24.021)
P.1, L.29; P.2, L.1

SECTION 3 IS AMENDED SO THAT NO BOARD MEMBER MAY SERVE MORE THAN TWO CONSECUTIVE TERMS. THIS WAS DONE TO ALLOW MORE TURNOVER ON THE BOARD AND TO CREATE MORE DIVERSITY OF IDEAS AND TO BETTER SERVE THE PUBLIC INTEREST.

(SEC. 08.24.100(B))
P. 2, L.4/6

IN SECTION 4 THE WORD "ANNUAL" HAS BEEN DELETED PROVIDING FOR THE BIENNIAL RENEWAL OF LICENSES.

THIS SECTION RAISES THE FEE FROM \$100 TO \$300, BECAUSE THE FEE HAD NOT BEEN INCREASED SINCE 1968. [THIS SECTION ALSO DELETES THE REQUIREMENT THAT RENEWAL TAKE PLACE ON OR BEFORE JULY 1 OF EVERY OTHER YEAR. THIS CHANGE WAS MADE IN ORDER TO CONFORM WITH AS 08.01.100 REQUIRING THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO SET RENEWAL DATES WITH THE APPROVAL OF THE RESPECTIVE OCCUPATIONAL BOARD.]

(SEC. 08.24.100(A))
P. 2, L. 7/8

IN SECTION 5, ONCE AGAIN, AN AMENDMENT WAS NECESSARY TO INCREASE THE LICENSE RENEWAL FEE FROM \$100 TO \$300.

(SEC. 08.24.120(A))
P. 2, L. 10/12

IN SECTION 6, IN ADDITION TO OTHER INFORMATION CURRENTLY REQUIRED OF AN APPLICANT FOR A LICENSE, THREE CREDIT REFERENCES AND A CREDIT REPORT FROM A CREDIT BUREAU IS ALSO REQUIRED BY THIS BILL. THIS HELPS UPGRADE THE PROFESSION AND PROVIDES *for* MORE CREDIBILITY OF ~~CONSUMER~~ COLLECTION AGENCIES. THIS SHOULD ALSO HELP TO REDUCE THE *fraud* ^{some} "FLY-BY-NIGHTERS."

(SEC. 08.24.150(A))
P. 2, L. 13/21

SECTION 7, IN ORDER FOR A COLLECTION AGENCY TO BE LICENSED IT MUST PROVIDE A SURETY BOND TO THE STATE. THIS AMENDMENT RAISES THE AMOUNT OF THE BOND FROM \$5,000 TO \$10,000 [AND ALSO ADDS THE REQUIREMENT THAT THE BOND CONTAIN THE NAME OF THE

COLLECTION AGENCY WHICH IS SEEKING A LICENSE AND THAT IT BE EXECUTED IN TRUST FOR THE STATE.]

(SEC. 08.24.150(B))
P.2, L.22/27

SECTION 8 ALLOWS A COLLECTION AGENCY TO DEPOSIT CASH WITH THE STATE RATHER THAN PROVIDING A BOND. THE AMENDMENT RAISES THE AMOUNT REQUIRED FOR A CASH DEPOSIT FROM \$5,000 TO \$10,000.

(SEC. 08.24.280(F))
P.2, L.28/29
P.3, L.1/5

SECTION 9 WHILE THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT OR ITS AUTHORIZED AGENT CONTINUES TO HAVE ACCESS TO THE BOOKS OF A COLLECTION AGENCY, THIS SECTION IS AMENDED SO THE COLLECTION AGENCY BOARD DOES NOT HAVE ACCESS TO THESE RECORDS. SINCE ONE MEMBER OF THE BOARD MUST BE A PERSON INVOLVED IN THE COLLECTION AGENCY BUSINESS, THE AMENDMENT SERVES TO PROTECT THE CONFIDENTIALITY OF THE RECORDS OF A COLLECTION AGENCY BY DENYING THE POSSIBILITY OF ACCESS TO THESE RECORDS BY A POTENTIAL COMPETITOR.

SEC. 08.24.370)
P.3, L.7/13

SECTION 10 THIS AMENDMENT SERVES TO RAISE THE RENEWAL LICENSE FEE FOR A NONRESIDENT OPERATOR'S LICENSE FROM \$200 TO \$300 IN ORDER TO CONFORM TO THE INCREASE IMPOSED UPON RESIDENTS.

(SEC. 44.62.330(A))
P.3, L.14/15

SECTION 11 IS AMENDED TO ADD THE COLLECTION AGENCY BOARD TO THE LIST OF BOARDS AND AGENCIES WHICH MUST COMPLY WITH THE ADJUDICATORY PROCEDURES SET OUT IN THE ALASKA ADMINISTRATIVE PROCEDURES ACT.

P.3, L.16/17

seven sections

SECTION 12 REPEALS, ~~AS FOLLOWS, THOSE PROVISIONS~~ WHICH ARE INCONSISTENT WITH THIS ACT. *I would be glad to discuss them ^{and justify} if requested, otherwise, I won't bore you.*

- ① AS 08.03.010(A)(3) REMOVES THE COLLECTION AGENCY BOARD FROM THE LIST OF BOARDS TO BE TERMINATED JUNE 30, 1980;
- ② AS 08.24.110(A)(1) DELETES THE REQUIREMENT THAT A PERSON WHO WISHES TO APPLY FOR AN OPERATOR'S LICENSE MUST HAVE BEEN A RESIDENT OF THE STATE FOR AT LEAST ONE YEAR PRIOR TO APPLICATION; *[Some national agencies are quite reputable and we saw no need for this requirement if one of them decided to establish in Alaska.]*
- ③ AS 08.24.110(A)(3) DELETES THE REQUIREMENT THAT A PERSON APPLYING FOR AN OPERATOR'S LICENSE BE OF GOOD MORAL CHARACTER; *[What does it mean and what does it have to do with a honest business. Being not guilty of moral turpitude is still a requirement.]*
- ④ AS 08.24.120(A)(2) DELETES THE REQUIREMENT THAT A PERSON APPLYING FOR AN OPERATOR'S LICENSE SUBMIT A PHOTOGRAPH OF HIMSELF; *[This was thought to be discriminatory; it would probably indicate race.]*
- ⑤ AS 08.24.160 DELETES THE SECTION SETTING OUT THE FORM FOR THE BOND WHICH WOULD BE REQUIRED OF A COLLECTION AGENCY SEEKING LICENSURE IN THE STATE, WHICH WAS DONE PRIMARILY BECAUSE THE FORM DOES NOT INCLUDE THE NEW REQUIREMENT THAT THE BOND BE EXECUTED IN TRUST FOR THE STATE AND BECAUSE ELIMINATING THE FORM REQUIREMENT ALLOWS THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

FLEXIBILITY TO DEVELOP FORMS WHICH PARTICULARLY
SUIT ITS ADMINISTRATIVE ROUTINES;

⑥ AS 08.24.180 DELETES AN OUTDATED GRANDFATHER
CLAUSE ALLOWING A PERSON WHO HAD BEEN ENGAGED IN
A COLLECTION AGENCY BUSINESS ON MAY 1, 1968, TO
AUTOMATICALLY RECEIVE A LICENSE TO CONTINUE IN
BUSINESS;

⑦ AS 08.24.200(A) REPEALS A SECTION REQUIRING
RENEWAL OF LICENSES UPON JULY 1 EVERY SECOND YEAR
IN ORDER TO ALLOW THE DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT TO SET THE RENEWAL DATE.]

p.3, l.18

SECTION 13 THIS SECTION PROVIDES THAT THE ACT
WILL TAKE EFFECT ON JUNE 30, 1980, THE DATE UPON
WHICH THE COLLECTION AGENCY BOARD IS SCHEDULED TO
TERMINATE UNDER EXISTING LAW.

→ 71
→ MR. PRESIDENT, I URGE THE PASSAGE OF SENATE BILL 576.

→ MR. PRESIDENT, MOST OF THE LARGER COLLECTION AGENCIES HAVE RATHER GOOD
REPUTATIONS, BUT A GOOD NUMBER OF SMALLER ONES HAVE BEEN GUILTY OF FRAUD,
SO WE HAVE TIGHTENED UP THE REQUIRMENTS SOMEWHAT IN THIS BILL FOR THAT
REASON.
→

COLLECTION AGENCY

STATUTES

Sec. 08.03.010. Termination, continuation and reestablishment of regulatory boards. (a) Boards listed in this subsection have a termination date of June 30, 1979:

- 08.03.010
- (1) Board of Chiropractic Examiners (AS 08.20.010);
 - (2) Board of Dental Examiners (AS 08.36.010);
 - (3) State Medical Board (AS 08.64.010);
 - (4) Board of Nursing (AS 08.68.010);
 - (5) Board of Dispensing Opticians (AS 08.71.010);
 - (6) Board of Examiners in Optometry (AS 08.72.010);
 - (7) Board of Pharmacy (AS 08.80.010);
 - (8) Board of Veterinary Examiners (AS 08.98.010);
 - (9) Board of Psychologist and Psychological Associate Examiners (AS 08.86.010);
 - (10) Board of Nursing Home Administrators (AS 08.70.010);
 - (11) Physical Therapy Board (AS 08.84.010).

(b) Boards listed in this subsection have a termination date of June 30, 1980:

- (1) Board of Public Accountancy (AS 08.04.010);
- (2) Board of Barber Examiners (AS 08.12.010);
- (3) Collection Agency Board (AS 08.24.011):
- (4) Board of Hairdressing and Beauty Culture Examiners (AS 08.28.010);
- (5) Board of Electrical Examiners (AS 08.40.010);
- (6) State Board of Registration for Architects, Engineers and Land Surveyors (AS 08.48.011);
- (7) Guide Licensing and Control Board (AS 08.54.010);
- (8) Board of Marine Pilots (AS 08.62.010);
- (9) Real Estate Commission (AS 08.88.011);
- (10) Board of Welding Examiners (AS 08.99.010);
- (11) Board of Governors of the Alaska Bar Association (AS 08.08.040).

(c) Upon termination, each board listed in (a) and (b) of this section shall continue in existence until June 30 of the next succeeding year for the purpose of concluding its affairs. During this period, termination does not reduce or otherwise limit the powers or authority of each board. One year after the date of termination, a board not continued shall cease all activities.

(d) The termination, dissolution, continuation or reestablishment of a regulatory board shall be governed by the legislative oversight procedures of AS 44.66.050.

(e) A board scheduled for termination under this chapter may be continued or reestablished by the legislature for a period not to exceed four years. (§ 2 ch 149 SLA 1977)

08.24.011

Sec. 08.24.011. Collection Agency Board. There is created a Collection Agency Board consisting of five members, four of whom shall be appointed by the governor. The board shall consist of two persons engaged in the collection agency business within the state and licensed under this chapter. The third member shall be designated by the commissioner of commerce and economic development from his staff. Two members shall be public members in accordance with AS 08.01.025. (§ 1 ch 101 SLA 1968; am § 42 ch 218 SLA 1976; am § 7 ch 258 SLA 1976)

Effect of amendments.—The first 1976 amendment substituted "commissioner of commerce and economic development" for "commissioner of commerce" in the third sentence.

The second 1976 amendment made the same change as the first 1976 amendment

and, in addition, substituted "five members, four of whom" for "three members, two of whom" in the first sentence and added the fourth sentence.

COLLECTION AGENCY
STATUTES

08.24.021

Sec. 08.24.021. Appointment and term of office. The board members shall be appointed initially for terms of two and three years respectively. Thereafter, appointments to the board shall be made upon the expiration of the initial appointment and the term of office for each member so appointed shall be three years. The members shall serve at the pleasure of the governor. Vacancies caused by death, resignation or removal from office shall be filled by appointment by the governor. (§ 1 ch 101 SLA 1968)

08.24.100

Sec. 08.24.100. Licensed operator required, exceptions and fee. (a) Notwithstanding any other provision of this chapter, no licensee may engage in the collection agency business unless and until the collection agency, and each branch office of the agency is under the management and control of a licensed operator for each office. The department or the board may waive this requirement for a period not to exceed 90 days upon the death or disability of an operator, or for other good cause.

(b) The annual operator's license shall be renewable on or before July 1 of each second year beginning on July 1, 1968, and the biennial fee is \$100. (§ 1 ch 101 SLA 1968)

08.24.110

Sec. 08.24.110. Qualification for operator's license, (a) To qualify for an operator's license, the applicant shall:

- (1) have been a resident of this state continuously for at least one year before the time of application;
- (2) be a high school graduate, or have the equivalent education of a high school graduate;
- (3) be of good moral character;
- (4) not have been convicted of violating this chapter, nor have any unsettled complaints under this chapter against him;
- (5) not have been convicted of a felony or a crime of larceny or embezzlement or a crime involving moral turpitude;
- (6) be 19 years of age or older at the time of application;
- (7) not be a disbarred attorney or have filed bankruptcy;
- (8) pay the biennial license fee which is fixed at \$100.

(b) The commissioner may waive or modify the requirements specified in (a) (2), (4), (5) and (7) of this section for good cause shown. (§ 1 ch 101 SLA 1968)

08.24.120

Sec. 08.24.120. Application for operator's license. (a) An application for an operator's license shall be made on forms furnished by the department and shall contain the information required in § 110 of this chapter and, in addition, the following:

- (1) a complete set of fingerprints;
- (2) a 2" x 3" photograph showing a front view of head and shoulders;
- (3) if an original application, an application fee of \$40;
- (4) the biennial license fee required by § 100 of this chapter.

(b) The department and the board are authorized to make a complete investigation of applicants including inquiry of police agencies as to the applicant's record of arrest or conviction of crime. (§ 1 ch 101 SLA 1968)

COLLECTION AGENCY
STATUTES

08.24.150

Sec. 08.24.150. Bond. (a) The bond provided for in § 140 of this chapter shall be in the sum of \$5,000, executed by the applicant, as principal, and by a corporation which is licensed or authorized to transact business of fidelity and surety insurance within the state as surety. The department may at any time request verification of a bonding agent's authority by the main office of any company acting as surety.

(b) A licensee may, at any time, file with the department a new bond. A licensee may in lieu of a bond make a \$5,000 cash deposit with the department, the deposit to be held by the department under the same terms and conditions as if bond in that amount were posted.

(c) A surety may file with the department notice of his withdrawal on the bond of a licensee. Upon filing a new bond, or upon the revocation of the collection agency license, or upon expiration of 60 days after the filing of notice of withdrawal as surety by the surety, the liability of the former surety for all future acts of the licensee shall terminate.

(d) The department shall immediately cancel the bond given by a surety company upon being advised its license to transact business of fidelity and surety insurance has been revoked by the state.

08.24.280

Sec. 08.24.280. Records and funds. (a) A collection agency shall keep a record of all sums collected by it, and of all disbursements made by it, and shall maintain and keep all the records and all customers' funds in a trust account with a recognized financial institution in this state. Collection agencies shall maintain accounting records of collections for and payments to customers for a period of six years from the date of the last entry. Collection agencies shall keep other records for a period of two years from the date of the last entry.

(b) Every collection agency shall maintain a permanent numerical receipt record which shall indicate as to each payment made by a debtor the following information:

- (1) the name of the debtor making payment;
- (2) the amount paid;
- (3) the name of the creditor to whom funds are being applied;
- (4) the date and form of payment;
- (5) the balance remaining due on account.

(c) An agency using a computer system giving read-out debtor payment information will not have to maintain a numerical receipt record; however, if requested, a receipt will be furnished to debtor.

(d) The receipt shall be made immediately upon the receipt of funds by the collection agency in payment of a debt; the original copy to be made immediately available to the debtor who has made payment, upon request; and a copy to be made immediately available to the creditor for whom payment was received, upon request; and a copy to be maintained in the permanent receipt record.

(e) A collection agency shall maintain daily cash ledger sheets showing all funds received from debtors and all funds received as fees for services, such as credit reports and the like.

08.24.370

Sec. 08.24.370. Nonresidents. A nonresident may apply for and receive a collection agency license or an operator license or both on the same basis as a resident. The application fee for a nonresident operator license is \$100, and the biennial license fee is \$200. The application fee for a nonresident agency license is \$200, and the biennial license fee is \$400 for the principal place of business and \$400 for each branch office. (5 1 ch 101 SLA 1968)

COLLECTION AGENCY
STATUTES

44.62.330

Sec. 44.62.330. Application of §§ 330 — 630. (a) The procedure of the state boards, commissions, and officers listed in this subsection or of their successors by reorganization under the constitution shall be conducted under §§ 330 — 630 of this chapter. This procedure, including, but not limited to, accusations and statements of issues, service, notice and time and place of hearing, subpoenas, depositions, matters concerning evidence and decisions, conduct of hearing, judicial review and scope of judicial review, continuances, reconsideration, reinstatement or reduction of penalty, contempt, mail vote, oaths, impartiality, and similar matters shall be governed by this chapter, notwithstanding similar provisions in the statutes dealing with the state boards, commissions, and officers listed. Where indicated, the procedure that shall be conducted under §§ 330 — 630 of this chapter is limited to named functions of the agency.

(47) Collection Agency Board (AS 08.24.011)

08.24.180

Sec. 08.24.180. Persons presently engaged in collection business. (a) A person who is actively engaged in a collection agency business on May 1, 1968 and who wishes to continue to engage in this business shall apply for a license within 60 days after May 1, 1968.

(b) A person who applies or receives a license under (a) of this section is subject to all of the provisions of this chapter, except that in his application for a license he is not required to comply with § 120(a) (3) and (4) of this chapter. (§ 1 ch 101 SLA 1968)

08.24.200

Sec. 08.24.200. Expiration and renewal. (a) All licenses required by this chapter shall expire on June 30, 1970, and June 30 of each second year thereafter and shall be renewed as of July 1 following upon payment of required biennial fees.

(b) If a licensee under this chapter is delinquent for a period of 15 days in applying for the renewal of a license, the department shall suspend the license and notify the licensee by certified mail or by personal service. The notice shall state that the license will be revoked if application for renewal is not made within 15 days from the date on which the notice was mailed or personally served. When a licensee has been delinquent in renewing his license or certificate, the department shall charge an additional fee of \$50 for the renewal of the license. (§ 1 ch 101 SLA 1968)

08.01.025

Sec. 08.01.025. Public members. No public member of a board may:

- (1) be engaged in the occupation which the board regulates;
- (2) be associated by legal contract with a member of the occupation which the board regulates except as a consumer of the services provided by a practitioner of the occupation; or
- (3) have a direct financial interest in the occupation which the board regulates. (§ 1 ch 258 SLA 1976)

COLLECTION AGENCY BOARD

The Collection Agency Board should be allowed to terminate on June 30, 1980. After that date, licensing by the Department of Commerce & Economic Development shall continue as provided in AS 08.24, including promulgation of regulations by the Department.

If the Board is to continue:

1. Delete the following in Sec. 08.24.110:

(3) ~~[Be of good moral character]
The AG cannot even define this.~~

(5) [or a crime involving moral turpitude]

2. ~~Repeal~~ Repeal Sec. 08.24.180 - grandfather clause

3. Amend Sec. 08.24.100 - Make it a biennial license with a biennial fee of \$300.00 [\$100] - keep it consistent.

4. Sec. 08.24.150 - Bond - Increase the amount of bond required for collection agencies from [\$5000.] to \$10,000. Only surety bonds or cash shall be submitted. They should include the collection agency name and In Trust for the State of Alaska - so the State can cash them. (Upgrade solidity of agencies.)

5. Sec. 08.24.021 - Board members may be appointed to serve no more than two consecutive terms. (Currently 3-year terms)

6. Repeal Sec. 08.24.120(a)(2) - requiring a photograph with the application - (discriminatory).

7. Add to Sec. 08.24.120(5) - Proof of Financial Responsibility

a. Three credit references and a credit report from a credit bureau. (This is required on the applications, but it is not in statute.)

8. Sec. 08.24.011 - The Board should consist of three members only.

1 - CPA

1 - Collection Agency Operator

1 - Public Member

1 - Commissioner or his designee

(The board currently consists of five members)

9. A procedure for filing against a bond should be put into regulations or statute. A step-by-step process. Evidently, according to OL, lawyers and the layman do not know how to go about this process. *Statement call for regulations to be developed for step-by-step -*

10. In Sec. 08.24.280(f) - delete [the board].

The reason for this is that the board is made up of two collection agency people and as the statute now stands, they can go to other collection agencies and look at their books and get customers names, etc. for their agency. The books should not be open to these board members.

11. Delete Sec. 08.24.370 - Non-Residency

It should remain [Sec. 08.24.110(1)] that in order to obtain a license, an individual must be a resident for one year. This will help control "fly-by-night" collectors.

(The board suggests deleting the residency statute and allow anyone to come up from another state and open an agency. This should not be so. There has to be at least one licensed operator in an agency and the non-resident may work in an agency when he or she comes to Alaska, but they should not be allowed to own one until they are here for at least a year.)

Optional

Sec. 08.24.370 - Amend: Non-residence fee of \$200. [\$100.]
and biennial renewal of \$300 [\$200]



Official Business

Alaska State Legislature

Senate

Committee on Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

The Collection Agency Board plays a major role in controlling the "white collar" crime so prevalent in this profession. The Board has the ability to "point-out" those agencies which are "questionable" in character and has acted as a liaison between the state and consumer in controlling fraudulent crime.

For instance, Mr. James Carter was issued a new license for his collection agency by the Division of Occupational Licensing without proper investigation. Don Leach, a member of the Collection Agency Board, has been investigating Mr. Carter and found that Mr. Carter has judgments against him for close to \$100,000. Such "rubber-stamping" of licenses by the Division of Occupational Licensing clearly points out the need for the Collection Agency Board. The Board can prevent licensing of those collection agency owners who continue to milk their corporations dry and use the monies for personal assets. If someone is going to collect money from me they had better have excellent credit themselves.

SB 576, "...the continuation of the existence of the Collection Agency Board..." contains many measures which help prevent the crime so prevalent in this profession; e.g., raising the bond required for a Collection Agency business from \$5,000 to \$10,000, etc. (See attached analysis of the bill.)

Jon Mathison
Administrative Assistant
Senate Commerce Committee

Enclosure

bm

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 25, 1980

SUBJECT: Section-by-section analysis of SB 576
relating to the Collection Agency Board
(Work Order Number 8523)

TO: Senator Brad Bradley
Chairman, Senate Commerce Committee

FROM: Tamara Brandt Cook *TBC*
Legislative Counsel

You have requested a section-by-section analysis of Senate Bill 576 entitled "An Act relating to the regulation of collection agencies and continuing the existence of the Collection Agency Board; and providing for an effective date."

Section 1 This section provides for sunset review of the Collection Agency Board on June 30, 1984.

Section 2 The composition of the board has been altered so that one member is a certified public accountant and only one member is engaged in the collection agency business. The existing law provides for two members who are persons engaged in the collection agency business. Otherwise, the board membership remains the same.

Section 3 This amends the section dealing with appointment and term of office of board members so that no person may serve more than two consecutive terms. Since the terms are for three years, a person who has served two terms must wait three years before he can be reappointed to the board, but this amendment does not place a limitation on the number of terms that a person may serve.

Section 4 This provides for the biennial renewal of licenses and raises the fee from \$100 to \$300. It also deletes the requirement that renewal take place on or before

July 1st of every other year. This change was made in order to conform with AS 08.01.100 requiring the Department of Commerce and Economic Development to set renewal dates with the approval of the respective occupational board. Since the department must provide administrative services to all occupational boards, it seems appropriate to allow the department to determine how these duties shall be organized.

Section 5 Once again, an amendment was necessary to raise license renewal fee from \$100 to \$300.

Section 6 Under this provision, three credit references and a credit report must be submitted along with an application for a license. Other provisions of that section continue to require that an applicant also submit a set of finger prints, an application fee, and the license fee.

Section 7 In order for a collection agency to be licensed it must provide a surety bond to the state. This amendment raises the amount of the bond from \$5,000 to \$10,000 and also adds the requirement that the bond contain the name of the collection agency which is seeking a license and that it be executed in trust for the state.

Section 8 This section allows a collection agency to deposit cash with the state rather than providing a bond. The amendment raises the amount required for a cash deposit from \$5,000 to \$10,000.

Section 9 While the Department of Commerce and Economic Development or its authorized agent continues to have access to the books of a collection agency, this section is amended so the Collection Agency Board does not have access to these records. Since one member of the board must be a person involved in the collection agency business, the amendment serves to protect the confidentiality of the records of a collection agency by denying the possibility of access to these records by a potential competitor.

Section 10 This amendment serves to raise the renewal license fee for a nonresident operator's license from \$200 to \$300 in order to conform to the increase imposed upon residents.

Section 11 The Collection Agency Board is added to the list of boards and agencies which must comply with the adjudicatory procedures set out in the Alaska Administrative Procedure Act.

Section 12 This section repeals those provisions which are inconsistent with this act.

AS 08.03.010(a)(3) removes the Collection Agency Board from the list of boards to be terminated June 30, 1980;

AS 08.24.110(a)(1) deletes the requirement that a person who wishes to apply for an operator's license must have been a resident of the state for at least one year prior to application;

AS 08.24.110(a)(3) deletes the requirement that a person applies for an operator's license be of good moral character;

AS 08.24.120(a)(2) deletes the requirement that a person applying for an operator's license submit a photograph of himself;

AS 08.24.160 deletes the section setting out the form for the bond which would be required of a collection agency seeking licensure in the state, which was done primarily because the form does not include the new requirement that the bond be executed in trust for the state and because eliminating the form requirement allows the Department of Commerce and Economic Development flexibility to develop forms which particularly suit its administrative routines;

AS 08.24.180 deletes an outdated grandfather clause allowing a person who had been engaged in a collection agency business on May 1, 1968 to automatically receive a license to continue in business;

AS 08.24.200(a) repeals a section requiring renewal of licenses upon July 1st every second year in order to allow the Department of Commerce and Economic Development to set the renewal date.

Senator Brad Bradley
Page 4
April 25, 1980

Section 13 This section provides that the act will take effect on June 30, 1980, the date upon which the Collection Agency Board is scheduled to terminate under existing law.

If you have any further questions, please contact me.

TBC:ljb

SENATE BILL 576

MR. PRESIDENT, I MOVE THE ADOPTION OF SENATE BILL 576 WHICH DEALS WITH THE CONTINUATION OF THE COLLECTION AGENCY BOARD.

(SEC. 08.03.010(c))

P.1, L.10/12

SECTION 1 IS AMENDED TO ADD A NEW PARAGRAPH WHICH CONTINUES THE EXISTENCE OF THE COLLECTION AGENCY BOARD UNTIL JUNE 30, 1984. THE COLLECTION AGENCY BOARD PLAYS A MAJOR ROLE IN CONTROLLING THE WHITE COLLAR CRIME SO PREVALENT IN THIS PROFESSION. THE BOARD HAS THE ABILITY TO "POINT OUT" THOSE AGENCIES WHICH ARE "QUESTIONABLE" IN CHARACTER AND HAS ACTED AS A LIAISON BETWEEN THE STATE AND CONSUMER IN CONTROLLING FRAUDULENT CRIME.

(SEC. 08.24.011)

P.1, L.14/21

SECTION 2 IS AMENDED TO INCLUDE A CERTIFIED PUBLIC ACCOUNTANT (CPA) ON THE BOARD. BECAUSE OF THE NATURE OF THE COLLECTION AGENCY PROFESSION IT IS FELT THAT A CPA'S KNOWLEDGE WILL PLAY A MAJOR ROLE IN THE CONTROL OF ACCOUNTS RECEIVABLE AND HELP CONTROL THE "UNDERHANDEDNESS" WHICH IS CURRENTLY IN THIS PROFESSION. THE NUMBER OF MEMBERS ON THE BOARD WHO ARE INVOLVED IN THE COLLECTION AGENCY BUSINESS HAS BEEN REDUCED FROM (TWO) TO ONE IN ORDER TO ADD THE NECESSARY CPA TO THE BOARD. HENCE THE COMPOSITION WILL BE THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT, A CPA, A PROFESSIONAL IN THE COLLECTION BUSINESS, AND TWO PUBLIC MEMBERS.

(SEC. 08.24.021)

P.1, L.29; P.2, L.1

SECTION 3 IS CHANGED TO FORBID A BOARD MEMBER FROM SERVING MORE THAN TWO CONSECUTIVE TERMS. BUT THIS DOES NOT LIMIT THE TOTAL NUMBER OF TERMS WHICH A PERSON MAY SERVE -- THIS PROVIDES GREATER TURNOVER OF THE MEMBERS ON THE BOARD. THIS WAS DONE TO ALLOW MORE TURNOVER ON THE BOARD AND TO CREATE MORE DIVERSITY.

(SEC. 08.24.100(F))

P.2, L.4/6

IN SECTION 4 THE WORD (ANNUAL) HAS BEEN DELETED PROVIDING FOR THE BIENNIAL RENEWAL OF LICENSES. THIS SECTION RAISES THE FEE FROM (\$100) TO \$300. IT ALSO DELETES THE REQUIREMENT THAT RENEWAL TAKE PLACE ON OR BEFORE JULY 1 OF EVERY OTHER YEAR. THIS CHANGE WAS MADE IN ORDER TO CONFORM WITH AS 08.01.100 REQUIRING THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO SET RENEWAL DATES WITH THE APPROVAL OF THE RESPECTIVE OCCUPATIONAL BOARD.

(SEC. 08.24.120(A))

P.2, L.10/12

SECTION 6 ADDS A PARAGRAPH WHICH REQUIRES THE APPLICANT FOR A LICENSE TO INCLUDE THREE CREDIT REFERENCES AND A CREDIT REPORT FROM A CREDIT BUREAU. THIS HELPS UPGRADE THE PROFESSION AND PROVIDES MORE CREDIBILITY OF THE PEOPLE WHO OPEN, WORK IN, OR OPERATE AN AGENCY. THIS WILL ALSO REDUCE THE "FLY-BY-NIGHTERS."

(SEC. 08.24.150(A))

P.2, L.13/21

SECTION 7 RAISES THE AMOUNT OF BOND REQUIRED BY THE APPLICANT AS PRINCIPAL FROM (\$5000) TO \$10,000

AND THE BOND SHALL CONTAIN THE NAME OF THE COLLECTION AGENCY FOR WHICH A LICENSE IS BEING APPLIED AND SHALL BE EXECUTED IN TRUST FOR THE STATE OF ALASKA. THE BOND SHALL BE EXECUTED IN TRUST FOR THE STATE OF ALASKA TO MAKE IT EASIER FOR THE STATE TO CASH THE BONDS. (PAGE 2, LINES 22-27) SECTION 8, AS 08.24.150(B) RAISES THE AMOUNT OF CASH REQUIRED BY AN APPLICANT FROM (\$5000) TO \$10,000 FOR THE SAME REASONS AS THE BOND.

(SEC. 08.24.280(F))
P.3, L.4/5

SECTION 9 DELETES THE WORD (BOARD). THE RECORDS SHALL AT ALL REASONABLE TIMES BE OPEN FOR INSPECTION BY THE DEPARTMENT, OR ITS AUTHORIZED AGENT. THE BOARD CURRENTLY CONTAINS TWO COLLECTION AGENCY MEMBERS AND AS THE STATUTE NOW STANDS, THEY COULD GO TO OTHER COLLECTION AGENCIES TO EXAMINE RECORDS, BOOKS AND ACQUIRE CUSTOMER'S NAMES, AMOUNTS COLLECTED, ETC., FOR THEIR OWN AGENCIES. THE BOOKS SHOULD NOT BE OPEN TO THESE BOARD MEMBERS.

(SEC. 08.24.370)
P. 3, L. 7/13

SECTION 10 IS AMENDED TO RAISE THE NONRESIDENT FEES. THIS CONFORMS WITH THE RESIDENT FEE RAISE.

(SEC. 44.62.330(A))
(P. 3, L.14/15

SECTION 11 IS AMENDED TO ADD THE COLLECTION AGENCY BOARD TO THE LIST OF BOARDS AND AGENCIES WHICH MUST COMPLY WITH THE ADJUDICATORY PROCEDURES SET OUT IN THE ALASKA ADMINISTRATIVE PROCEDURES ACT.

P.3, L.16/17

THE FOLLOWING IS REPEALED:

- SEC. 08.03.010(A)(3) - REMOVES THE COLLECTION AGENCY BOARD FROM THE LIST OF BOARDS TO BE TERMINATED JUNE 30, 1980.
- SEC. 08.24.110(A)(1) - REPEALS THE REQUIREMENT THAT TO QUALIFY FOR AN OPERATOR'S LICENSE, THE APPLICANT SHALL (HAVE BEEN A RESIDENT OF THIS STATE CONTINUOUSLY FOR AT LEAST ONE YEAR BEFORE THE TIME OF APPLICATION). WE ALLOW NONRESIDENTS TO OBTAIN A LICENSE BEFORE ONE-YEAR RESIDENCY.
- SEC. 08.24.110(A)(3) - REMOVES THIS AMBIGUOUS WORDAGE (BE OF GOOD MORAL CHARACTER) - THE ATTORNEY GENERAL'S OFFICE CANNOT DEFINE THIS TERM.
- SEC. 08.24.120(A)(2) - ELIMINATES THE REQUIREMENT FOR A PHOTOGRAPH TO BE ATTACHED TO THE APPLICATION. THIS HAS BEEN DEEMED DISCRIMINATORY.
- SEC. 08.24.160 - REPEALS THE \$5000 BOND REQUIREMENT.
- SEC. 08.24.180 - DELETES AN OUTDATED GRANDFATHER CLAUSE ALLOWING A PERSON WHO HAD BEEN ENGAGED IN A COLLECTION AGENCY BUSINESS ON MAY 1, 1968 TO AUTOMATICALLY RECEIVE A LICENSE TO CONTINUE IN BUSINESS.
- SEC. 08.24.200(3) - REPEALS RENEWAL LICENSE SECTION WHICH HAS BEEN CHANGED BY THIS BILL. THE SECTION REPEALED REQUIRES RENEWAL OF LICENSES UPON JULY 1 EVERY SECOND YEAR IN ORDER TO ALLOW THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO SET THE RENEWAL DATE.

COLLECTION AGENCY

STATUTES

Sec. 08.03.010. Termination, continuation and reestablishment of regulatory boards. (a) Boards listed in this subsection have a termination date of June 30, 1979:

08.03.010

- (1) Board of Chiropractic Examiners (AS 08.20.010);
- (2) Board of Dental Examiners (AS 08.36.010);
- (3) State Medical Board (AS 08.64.010);
- (4) Board of Nursing (AS 08.68.010);
- (5) Board of Dispensing Opticians (AS 08.71.010);
- (6) Board of Examiners in Optometry (AS 08.72.010);
- (7) Board of Pharmacy (AS 08.80.010);
- (8) Board of Veterinary Examiners (AS 08.98.010);
- (9) Board of Psychologist and Psychological Associate Examiners (AS 08.86.010);
- (10) Board of Nursing Home Administrators (AS 08.70.010);
- (11) Physical Therapy Board (AS 08.84.010).

(b) Boards listed in this subsection have a termination date of June 30, 1980:

- (1) Board of Public Accountancy (AS 08.04.010);
- (2) Board of Barber Examiners (AS 08.12.010);
- (3) Collection Agency Board (AS 08.24.011);
- (4) Board of Hairdressing and Beauty Culture Examiners (AS 08.28.010);
- (5) Board of Electrical Examiners (AS 08.40.010);
- (6) State Board of Registration for Architects, Engineers and Land Surveyors (AS 08.48.011);
- (7) Guide Licensing and Control Board (AS 08.54.010);
- (8) Board of Marine Pilots (AS 08.62.010);
- (9) Real Estate Commission (AS 08.88.011);
- (10) Board of Welding Examiners (AS 08.99.010);
- (11) Board of Governors of the Alaska Bar Association (AS 08.08.040).

(c) Upon termination, each board listed in (a) and (b) of this section shall continue in existence until June 30 of the next succeeding year for the purpose of concluding its affairs. During this period, termination does not reduce or otherwise limit the powers or authority of each board. One year after the date of termination, a board not continued shall cease all activities.

(d) The termination, dissolution, continuation or reestablishment of a regulatory board shall be governed by the legislative oversight procedures of AS 44.66.050.

(e) A board scheduled for termination under this chapter may be continued or reestablished by the legislature for a period not to exceed four years. (§ 2 ch 149 SLA 1977)

08.24.011

Sec. 08.24.011. Collection Agency Board. There is created a Collection Agency Board consisting of five members, four of whom shall be appointed by the governor. The board shall consist of two persons engaged in the collection agency business within the state and licensed under this chapter. The third member shall be designated by the commissioner of commerce and economic development from his staff. Two members shall be public members in accordance with AS 08.01.025. (§ 1 ch 101 SLA 1968; am § 42 ch 218 SLA 1976; am § 7 ch 258 SLA 1976)

Effect of amendments. — The first 1976 amendment substituted "commissioner of commerce and economic development" for "commissioner of commerce" in the third sentence.

The second 1976 amendment made the same change as the first 1976 amendment

and, in addition, substituted "five members, four of whom" for "three members, two of whom" in the first sentence and added the fourth sentence.

COLLECTION AGENCY
STATUTES

08.24.021

Sec. 08.24.021. Appointment and term of office. The board members shall be appointed initially for terms of two and three years respectively. Thereafter, appointments to the board shall be made upon the expiration of the initial appointment and the term of office for each member so appointed shall be three years. The members shall serve at the pleasure of the governor. Vacancies caused by death, resignation or removal from office shall be filled by appointment by the governor. (§ 1 ch 101 SLA 1968)

08.24.100

Sec. 08.24.100. Licensed operator required, exceptions and fee. (a) Notwithstanding any other provision of this chapter, no licensee may engage in the collection agency business unless and until the collection agency, and each branch office of the agency is under the management and control of a licensed operator for each office. The department or the board may waive this requirement for a period not to exceed 90 days upon the death or disability of an operator, or for other good cause.

(b) The annual operator's license shall be renewable on or before July 1 of each second year beginning on July 1, 1968, and the biennial fee is \$100. (§ 1 ch 101 SLA 1968)

08.24.110

Sec. 08.24.110. Qualification for operator's license. (a) To qualify for an operator's license, the applicant shall:

- (1) have been a resident of this state continuously for at least one year before the time of application;
- (2) be a high school graduate, or have the equivalent education of a high school graduate;
- (3) be of good moral character;
- (4) not have been convicted of violating this chapter, nor have any unsettled complaints under this chapter against him;
- (5) not have been convicted of a felony or a crime of larceny or embezzlement or a crime involving moral turpitude;
- (6) be 19 years of age or older at the time of application;
- (7) not be a disbarred attorney or have filed bankruptcy;
- (8) pay the biennial license fee which is fixed at \$100.

(b) The commissioner may waive or modify the requirements specified in (a) (2), (4), (5) and (7) of this section for good cause shown. (§ 1 ch 101 SLA 1968)

08.24.120

Sec. 08.24.120. Application for operator's license. (a) An application for an operator's license shall be made on forms furnished by the department and shall contain the information required in § 110 of this chapter and, in addition, the following:

- (1) a complete set of fingerprints;
- (2) a 2" x 3" photograph showing a front view of head and shoulders;
- (3) if an original application, an application fee of \$40;
- (4) the biennial license fee required by § 100 of this chapter.

(b) The department and the board are authorized to make a complete investigation of applicants including inquiry of police agencies as to the applicant's record of arrest or conviction of crime. (§ 1 ch 101 SLA 1968)

COLLECTION AGENCY
STATUTES

08.24.150

Sec. 08.24.150. **Bond.** (a) The bond provided for in § 140 of this chapter shall be in the sum of \$5,000, executed by the applicant, as principal, and by a corporation which is licensed or authorized to transact business of fidelity and surety insurance within the state as surety. The department may at any time request verification of a bonding agent's authority by the main office of any company acting as surety.

(b) A licensee may, at any time, file with the department a new bond. A licensee may in lieu of a bond make a \$5,000 cash deposit with the department, the deposit to be held by the department under the same terms and conditions as if bond in that amount were posted.

(c) A surety may file with the department notice of his withdrawal on the bond of a licensee. Upon filing a new bond, or upon the revocation of the collection agency license, or upon expiration of 60 days after the filing of notice of withdrawal as surety by the surety, the liability of the former surety for all future acts of the licensee shall terminate.

(d) The department shall immediately cancel the bond given by a surety company upon being advised its license to transact business of fidelity and surety insurance has been revoked by the state.

08.24.280

Sec. 08.24.280. **Records and funds.** (a) A collection agency shall keep a record of all sums collected by it, and of all disbursements made by it, and shall maintain and keep all the records and all customers' funds in a trust account with a recognized financial institution in this state. Collection agencies shall maintain accounting records of collections for and payments to customers for a period of six years from the date of the last entry. Collection agencies shall keep other records for a period of two years from the date of the last entry.

(b) Every collection agency shall maintain a permanent numerical receipt record which shall indicate as to each payment made by a debtor the following information:

- (1) the name of the debtor making payment;
- (2) the amount paid;
- (3) the name of the creditor to whom funds are being applied;
- (4) the date and form of payment;
- (5) the balance remaining due on account.

(c) An agency using a computer system giving read-out debtor payment information will not have to maintain a numerical receipt record; however, if requested, a receipt will be furnished to debtor.

(d) The receipt shall be made immediately upon the receipt of funds by the collection agency in payment of a debt; the original copy to be made immediately available to the debtor who has made payment, upon request; and a copy to be made immediately available to the creditor for whom payment was received, upon request; and a copy to be maintained in the permanent receipt record.

(e) A collection agency shall maintain daily cash ledger sheets showing all funds received from debtors and all funds received as fees for services, such as credit reports and the like.

08.24.370

Sec. 08.24.370. **Nonresidents.** A nonresident may apply for and receive a collection agency license or an operator license or both on the same basis as a resident. The application fee for a nonresident operator license is \$100, and the biennial license fee is \$200. The application fee for a nonresident agency license is \$200, and the biennial license fee is \$400 for the principal place of business and \$400 for each branch office.
(§ 1 ch 101 SLA 1968)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill, No 576 - An Act relating to the regulation of collection agencies and continuing the existence of the Collection Agency Board; and providing for an effective date.
Requested by Commerce Committee Date 4/29/80

II. FISCAL DETAIL

Agency Affected Commerce and Economic Development
Program Category Affected Consumer Protection
BRU, Program, or Subprogram(s) Affected Regulation and Licensing of Professions
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

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

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

No fiscal impact is associated with passage of this bill.

IV. DATE 4/29/80 PREPARED BY Ann Griggs, Director

AGENCY Occupational Licensing


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

PHONE 465-2534

BILL ANALYSIS

ASSIGNMENT DATE _____

UNASSIGNED _____

DEPARTMENT	SPONSOR (PRINCIPAL)	BILL NO.
Commerce & Economic Development	Commerce Committee	SB 576
DEPARTMENT POSITION		
Oppose		
DIVISION DIRECTOR	DATE	Deputy COMMISSIONER
<i>(Ann B. Quigg)</i> Occupational Licensing	4/29/80	Bertram L. Wagon
GOVERNOR'S OFFICE USE		
<input type="checkbox"/> POSITION NOTED	<input type="checkbox"/> POSITION APPROVED	<input type="checkbox"/> POSITION DISAPPROVED
BY: _____	DATE: _____	
SUMMARY		
(1) RELATED BILLS (SIMILAR OR CONFLICTING) HB 940		
(2) a. ORGANIZATIONAL SUPPORT FOR BILL		(2) b. ORGANIZATIONAL OPPOSITION TO BILL
Unknown		Unknown
(3) PROGRAM EFFECTS OF BILL		
(4) FISCAL IMPACT: <input type="checkbox"/> NONE <input checked="" type="checkbox"/> FISCAL ANALYSIS ATTACHED		
(5) AMENDMENTS PROPOSED:		
The Collection Agency Board should be allowed to terminate as of June 30, 1980.		

(6) COMMENTS:

The Division of Occupational Licensing opposes SB 576 and believes that the Collection Agency Board should be allowed to terminate as of June 30, 1980. However, the licensing function and the enforcement of statutes and regulations should be continued and remain within the Department of Commerce & Economic Development, DOL. The Division of Occupational Licensing is capable of performing the necessary functions to protect the public in regards to the licensing and enforcement of this profession.



Alaska State Legislature

House of Representatives

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

March 6, 1980

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811


Dear Mr. Speaker:

The House State Affairs Committee has had under consideration for "Sunset" review the Collection Agency Board under AS 24.20.271 and AS 44.66.050.

A public hearing was held on the review of the board, at which testimony of the Director of the Division of Occupational Licensing was received. Additional testimony was received from the public in person and by teleconference. The Committee particularly examined the performance audit of the activities of the board prepared by the Legislative Audit Division.

The State Affairs Committee finds itself in agreement with the Legislative Audit Division and recommends that the Collection Agency Board not be reinstated. The committee further recommends that legislation be introduced to transfer the duties of the Collection Agency Board to the Division of Occupational Licensing.

Sincerely,


Representative Mike Miller
Chairman
House State Affairs

Members:

Bin Paul

Torrey Manton

Rep. Llesina

John G. Zille

Ray M. Strollo

Terry Gardiner