

ALASKA LEGISLATURE COMMITTEE FILES 1983 - 1984 8672

2656 SLC SB 438 - SB 470

2656

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:  
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.  
TITLE PAGE ONLY HAS BEEN FILMED.

A PERFORMANCE REPORT  
ON THE  
BOARD OF REGISTRATION FOR  
ARCHITECTS, ENGINEERS,  
AND LAND SURVEYORS

July 1, 1980 - April 15, 1983

Audit Control Number  
08-1114-54-83-R

Commissioner, Department of  
Commerce and Economic Development

Richard A. Lyon

Deputy Commissioners, Department of  
Commerce and Economic Development

Vincent O'Reilly  
Terry Elder

Members of the Board of Registration for  
Architects, Engineers, and Land Surveyors

President  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member

Wallace I. Deboff  
Wayne K. Jenson  
Paul Stutzman  
Gordir. Unwin  
Wallace Wellenstein  
Gordon S. Best  
Robert Boswell  
Odin Strandberg  
Vacant

AMENDED TITLE: C0SSB 438  
 AN ACT RELATING TO THE STATE BOARD OF REGISTRATION FOR ARCHITECTS, ENGINEERS, AND LAND SURVEYORS, AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: SENATE LABOR&COMM COMMITTEE.  
 CO-SPONSORS:

CURRENT STATUS: 5/29/84 CHAPTER 0063 SLA 84

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/09/84	01	2011	FIRST READING -- COMMITTEE REPORTS
03/09/84	02	2309	L&C -- CS05
03/09/84	03	2310	L&C LETTER OF INTENT
03/15/84	04	2361	RLS -- L&C CS05, OTHER05 TAKEN UP IMMEDIATELY
03/15/84	05	2363	SECOND READING
03/15/84	06	2363	L&C CS ADOPTED BY UNAN CONSENT
03/15/84	07	2363	ADVANCED TO 3RD READING BY UNAN CONSENT
03/15/84	08	2363	THIRD READING
03/15/84	09	2363	PASSED BY DIV 19-00-01
03/15/84	10	2363	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/10/84	19	2678	FAILED TO CONC IN (H) AMS BY DIV 00-19-01
04/10/84	20	2679	CC -- ELIASON MULCAHY RODEY
05/08/84	23	2974	CC REPORT ADOPTED BY DIV 19-01-00
05/08/84	24	2974	EFF DATE CLAUSE VOTE SAME UNAN CONSENT
05/15/84	27	3101	TRANSMITTED TO GOVERNOR
05/29/84	28	3393	SIGNED BY GOVERNOR-CH0063, EFF 05/30/84
****	**	**	*** *** ***

DATE	SEQ	PAGE	LEGISLATIVE ACTION
03/16/84	11	2945	FIRST READING -- COMMITTEE REPORTS
04/04/84	12	3200	L&C -- CS05
04/05/84	13	3224	SECOND READING
04/05/84	14	3224	L&C CS ADOPTED BY UNAN CONSENT
04/05/84	15	3224	ADVANCED TO 3RD READING BY UNAN CONSENT
04/05/84	16	3224	THIRD READING
04/05/84	17	3224	PASSED BY DIV 36-00-04
04/05/84	18	3225	EFFECTIVE DATE VOTE SAME AS PASSAGE
04/16/84	21	3344	FAILED TO RECEDE FRM AMS BY DIV 12-25-03
04/16/84	22	3345	CC -- RINGSTAD UENLING SZYMANSKI
05/14/84	25	3641	CC REPORT ADOPTED BY DIV 24-11-05
05/14/84	26	3641	EFF DATE ADOPTED BY DIV 37-00-03
***	**	**	*** *** ***



OFFICIAL BUSINESS

# ALASKA STATE LEGISLATURE - SENATE

## COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON  
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811  
(907) 465-3844

### MEMORANDUM

TO: Representative John Ringstad, Chair  
House Conference Committee on SB 438

FROM: Senator Dick Eliason, Chair  
Senate Conference Committee on SB 438

RE: SB 438 - "An Act relating to the Board of Registration for  
Architects, Engineers, and Land Surveyors"

DATE: April 19, 1984

There are two major differences between CSSB 438 (L & C) and HCS CSSB 438 (L & C). The Senate version includes a public member within the nine member board and requests the board to adopt regulations regarding a "continue competency" requirement.

The Senate feels very strongly that the Board should have representation by an individual who has no direct financial interest in this area of expertise except as a consumer without increasing the size of the original board. Currently this board is the only board which regulates entry into a profession without public representation on the board. Wayne Jensen, President of the Board, stated a majority of board members felt that IF a board member were to be added without increasing its membership, the proposal originally set forth in CSSB 438 (L & C) was the most appropriate course of action. I urge you to reconsider this issue and to agree that inclusion of a public member to this board is in the best interest of the Alaskan consumers.

Upon reviewing the merits of requiring proof of continued competency before license renewal, it has become evident that this stipulation may not be the best answer to assure qualified professionals in these professions. Therefore, the Senate is willing to agree to the deletion of this requirement.

The Senate Conference Committee on SB 438 would like to meet with the House Conference Committee to discuss the merits of this legislation. Please let me know when it would be most convenient for you.

CONFERENCE COMMITTEE REPORT

May 4, 1984

Date

Mr. President:  
Mr. Speaker:

The CONFERENCE COMMITTEE considered CS FOR SENATE BILL NO. 438(L&C) and HOUSE CS FOR CS FOR SENATE BILL NO. 438(L&C) (State Board of Registration for Architects, Engineers and Land Surveyors; eid) and recommends that:

CONFERENCE CS FOR SENATE BILL NO. 438 - "An Act relating to the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

be adopted.

*[Signature]*  
Senator Blinson, Chairman  
*[Signature]*  
Senator Rutsky

Senator Rutsky

*[Signature]*  
Rep. Ruppstad, Chairman  
*[Signature]*  
Rep. [unclear]  
*[Signature]*  
Rep. [unclear]



OFFICIAL BUSINESS

# ALASKA STATE LEGISLATURE - SENATE

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Architects, Engineers

<u>MEMBER</u>	<u>APPT</u>	<u>REAPPT</u>	<u>TERM</u>
Gordon S. Best Box 476 Soldotna 99669 Land Surveyor	82/10/08	RT-83/02/28	88/07/01
Robert B. Boswell 543 Third Ave. #206 Fairbanks 99701 Engineer	81/11/16		87/07/01
Wayne K. Jensen P.O. Box 310 Juneau 99802 Architect - Chair	78/10/02		84/07/01
Malcolm A. Menzies Box 1786 Juneau 99802 Civil Engineer	83/10/19		86/07/01
Sandra L. Sampson P.O. Box 104757 Anchorage 99510 Architect	83/10/19		89/07/01
Odin E. Strandberg 6502 Lakeway Dr. Anchorage 99502 Mining Engineer	81/07/31		87/07/01
Paul E. Stutzmann P.O. Box 1429 Fairbanks 99707 Civil Engineer	75/04/28		84/07/01
VACANT Architect			86/07/01
VACANT Engineer			88/07/01

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 27, 1984

SUBJECT: Board of Registration for Architects,  
Engineers, and Land Surveyors (CCS SB 438)

TO: Senator Dick Eliason  
Chairman  
Senate Labor & Commerce Committee

FROM: Teresa B. Cramer *TBC*  
Legislative Counsel

You have asked for language to ensure that the membership on the Board of Architects, Engineers and Land Surveyors turns over in an orderly progression. As the provisions of CCS SB 438 now read, there would be four members appointed in 1984. Two terms have regular expiration dates of July 1, 1984. Under the bill, appointments to those terms would be for terms of four years. Two terms are vacant and appointments to those vacancies would also be to terms of four years if the bill becomes law before the appointments are made. In addition, one term expires in 1988 and would be filled with a four-year appointment. Therefore, in 1992, five vacancies would occur on the board.

To remedy this imbalance, you may wish to consider adding the following language as a new section 7 to CCS SB 438:

A member appointed to fill a vacancy in a position with a duration of six years may serve for the duration of that term. A vacancy that exists on the effective date of this Act shall be considered a vacancy in a position with a duration of six years, and a person appointed to fill such a vacancy may serve the unexpired portion of the six-year term.

TC:ojb  
J7/002

# Alaska State Legislature

Representative John Ringstad  
District 20-B  
P.O. Box 1848  
Fairbanks, Alaska 99707  
(907) 456-8336

While in Juneau  
Pouch V  
Juneau, Alaska 99811  
(907) 465-4998

## House of Representatives

### MEMORANDUM

TO: Senator Dick Eliason, Chair  
Senate Conference Committee on SB 438

FROM: Representative John Ringstad, Chair  
House Conference Committee on SB 438

RE: SB 438 - "An Act relating to the Board of Registration for  
Architects, Engineers, and Land Surveyors"

DATE: April 24, 1984

I am in receipt of your memorandum dated April 19, 1984. I would like to invite you and the members of the Senate Conference Committee to meet with the House Conference Committee on SB 438 at your earliest convenience. I would suggest Wednesday, April 25 or Thursday, April 26 at 3:00 p.m. or later. The House Resources Committee room 118 in the Capitol Building is available for our use.

Please let me know what time would be convenient for the Senate Conference Committee on SB 438 to meet with the House Conference Committee.



# ALASKA STATE LEGISLATURE - SENATE

## COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON  
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811  
(907) 465-3844

OFFICIAL BUSINESS

March 8, 1984

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

The Senate Labor and Commerce Committee has had under consideration for "Sunset Review" the Board of Registration for Architects, Engineers, and Land Surveyors pursuant to your referral under AS 44.66.050 and AS 08.03.010.

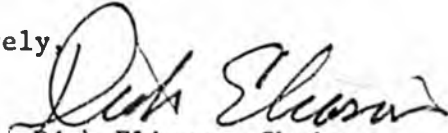
In accordance with the statutory requirement, a public hearing was held on the review of the Board. The Committee considered the proposed budget of the Board and examined the performance audit of the activities of the Board prepared by the Legislative Audit Division.

Guided, in part, by the report prepared by the Legislative Audit Division, the Committee took into consideration the factors required to be considered under AS 44.66.050(c). The Board has operated in the public best interest by licensing only qualified people in the appropriate fields. The regulations which were anti-competitive have already been repealed by the Board.

The Board is the only licensing board that has no lay representation. In general, lay members with no direct financial interest in a regulated profession can and should contribute to policy formulation and enforcement decision. The Committee will introduce legislation which will add a public member to the Board as well as limiting the number of terms a Board member can serve.

Through the new legislation, the Board will be requested to promulgate regulations to assure license renewal is based upon evidence of professional continued competency. A four year extension period for the Board is recommended.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dick Eliason".

Senator Dick Eliason, Chair  
Labor and Commerce Committee

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3500

March 15, 1984

The Honorable Dick Eliason, Chair  
Senate Labor and Commerce Commission  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Re: Committee report on SB 438  
(Architects, engineers, and  
land surveyors)

Dear Senator Eliason:

In reviewing the March 8 Senate Labor and Commerce Committee's report on SB 438 (extending the Board of Registration for Architects, Engineers, and Land Surveyors), I noticed one sentence that requires some clarification. The last sentence in the third paragraph of the report stated that "(t)he regulations which were anti-competitive have already been repealed by the Board." (1984 H. J. 2310)

In fact, one anti-competitive regulation was not repealed by the Board but rather was deleted by the regulations attorney in the Department of Law, as a result of a stipulation to settle an antitrust lawsuit against the Board by the U.S. Department of Justice. The attached copies of two pages from the Alaska Administrative Code include that deletion of 12 AAC 36.230(b) and an explanatory editor's note.

I hope that this clarification is helpful. Please do not hesitate to contact me if I can provide any further information.

Sincerely yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:   
Peter B. Froehlich  
Assistant Attorney General

PBF:eja

Enclosure:

The Honorable Dick Eliason, Chair  
Senate Labor and Commerce Commission

March 15, 1984  
Page 2

cc w/enc.: Wayne Jensen, Chair  
Board of Registration for Architects, Engineers  
and Land Surveyors  
Department of Commerce and Economic Development

Harry Traeger, Director  
Division of Occupational Licensing  
Department of Commerce and Economic Development

The Honorable John Cowdery, Chair  
House Labor and Commerce Committee  
Alaska State House of Representatives

*The Alaska Society of  
Professional Engineers*



Address Reply To:

Donald R. Dent, PE/RLS  
National Director  
2064 Belair Drive  
Anchorage, AK 99503  
(907) 277-6855

March 30, 1984

Senator Richard Eliason  
Chairman, L&C Committee  
Pouch V  
Juneau, AK 99811

re: CS SB 438 (L&C)  
relating to State Board of Registration for  
Architects, Engineers, and Land Surveyors

Dear Seantor Eliason;

As the Legislative Chairman for the Alaska Society of Professional Engineers, I am writing to convey our concerns with the text of the above referenced bill as it emerged from the Senate Labor and Commerce Committee, passed the Senate, and was presented to the House Labor and Commerce Committee.

Initially, the Bill contained only \*Section 1, which changed the termination date of the Board to June 30, 1988, and the standard clause for effective date.

Through your committee, as prepared by your staff, several radical changes to the licensing statute, AS 08.48, were proposed. These proposals would (1) remove the Mining Engineer from the Board, (2) add one Public Member to the Board, (3) reduce the term of Board members to four years, from the present six years, (4) limit membership on the Board to two consecutive terms, and (5) require evidence of "continued competence" of each registrant in order to renew a license.

The rationale for these proposed changes came, in part, from the Legislative Audit Division. It's only surmise where their additional support arises. Be that as it may, the proposed changes contained in CS SB 438 (L&C), as passed by the Senate, have serious drawbacks. We do support the extension of the life of the Registration Board, but have serious reservations on the balance of the Bill. Following will be discussion of the proposed changes.

Removal of the Mining Engineer and replacing that seat with a Public Member shows a lack of understanding of the necessary operations and functions of the Board. There are over 3200 registrants in Alaska, less than 1500 of whom are residents. The Board meets at least five times a year in order to handle the large volume of applicants for licenses, and for other actions. Each applicant is evaluated on education, background and experience to determine if the qualifications for licensure and practice are met. This evaluation is usually performed in teams of three. A Public Member, as the 9th member of the Board, it is assumed, would not be involved with this evaluation process.

To this date, it has never been the intent of the Legislature that non-licensed persons make determination of eligibility to practice architecture, engineering, or land surveying. The Public Member, as the 9th member, would necessitate additional workload be put on the other 8 members, would incur additional expenses against an already strangled Board budget, and would be non-productive in the licensing functions of the Board.

When the present statute, AS 08.48, was enacted in 1972, it was felt by the Legislature, and supported by the professions, that a six-year term for Board members was necessary in order to "keep politics out of the licensing area" as much as possible, and to provide the ability to maintain continuity in the Board's operations. This was directed in AS 08.48.021(b), in which only two members must be confirmed each year, and one member every six years. With the bulk of Alaskan registrants and applicants (estimated at over 90%) residing in or near to the three population centers of the state, this provides better personal access to the Board. A four-year term would mandate that once every four years three Board seats would be up for confirmation and two each of the other years. The Administration has made no bones about its desire to pack the Board with political appointees, diffuse Board membership away from the population centers, reduce the size and funding of the Board as an "economy measure", and to reduce the Board's effectiveness and credibility by coercive actions.

The limitation of Board terms to two consecutive terms is a good idea. This would disallow entrenchment.

A statutory requirement of "continued competence" for relicensing has little or no merit. Although the Legislative Audit Division conducted a poll in which a high percentage of respondents indicated that they personally participated in seminars and short courses, the making of such individual efforts mandatory will not prove maintenance of competence within the profession. Evaluation would be strictly subjective. The problems with the statutory requirement involves (1) establishment of criteria by the Board of acceptable evidence, including seminars and shortcourses which issue CEU's (this would also have to be conversant with programs "outside" to accommodate the high percentage of non-residents), (2) the high volume workload put on the Board to evaluate and substantiate the relicensing applications every two years (3) negation of ability to handle the increased workload as a result of the Governor's reduction of Board budget to 4% of the funds generated, and reduction of Board members (this would necessitate the state hiring additional non-licensed personnel to make the decisions on relicensure), (4) the high cost and amount of time involved to handle this for the state, and the Board, (5) our University system, being the easiest access for continuing education, is not geared to handle the additional influx of specialty courses that would be required, particularly in the architectural field (this would also apply

March 30, 1984

Page 3

to the 16 other professional areas regulated by the state in which continuing competence is being promoted by the Administration), (6) the high cost and loss of time to registrants in being compelled to attend continuing education classes held not at a time and place, or even content, of their choosing, or ability to attend. In this last instance, what would be the cost to a registrant in Nome or Kotzebue to have to go to Fairbanks to take a one or two day class to meet the CE requirements? \$1000 to \$1500 would not be an unreasonable assumption. If membership and participation in Professional Societies were to be one of the requirements for relicensing, as it is in Iowa, it would be impossible for a person not situated in one of the three population centers to comply, or be licensed. The Professional Societies do not have chapters in every city, town or village.

The only state which requires Continuing Education for relicensure is Iowa. Why only one? Other states have seriously contemplated the process, but have discarded it because it is not cost effective for the state, it would reduce (restrict) the number of practitioners in the state, it would be cumbersome to operate (increase in bureaucratic red tape), and there is no proof that there would be an increase in competence on the part of practitioners.

These determinations are exactly those found in Iowa after a two year assessment of the program. There was a loss of over 850 registrants and an increase of 500 inactive registrants - effectively a net loss of 1350 registrants. There was an increase of over 8000 class room hours in the University system. There was the necessity to increase staff personnel just to handle the data processing duties. There was absolutely no proof of any benefit to the public.

Enactment of such requirement, for the Alaska situation, would be discriminatory against many registrants based on domicile and economic status. Restricting the number of practitioners, would be in restraint of trade, for no beneficial purpose or known result. It appears obvious that the proponents of "continuing competence" have not done adequate homework - by weighing all sides of the issue.

Your response, and views, would be appreciated.

Sincerely,



Donald R. Dent, PE/RLS  
Legislative Chairman

# COMMITTEE REPORT

## SENATE

FURTHER:

2/9/84

Date 3/8/84

Mr. President

The Committee on LABOR & COMMERCE considered SB 435

extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 437
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_

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Chairman

Chairman recommendation



## SIGN-IN SHEET

Proposed Legislation

SB 438

Name (please print)	Address	Representing	Testify?? (YES or NO)	Phone Number
M. A. MENZIES	1335 FRITZ COVE - JNU	BOARD of A.E.L.S.	YES	789-0880
HARRY D. TREAGER	Div of Coc Lic	COMMERCE	YES	2534
Carol Dextner	Office of Gov		yes	

SENATE LABOR AND COMMERCE COMMITTEE

HEARING DATE

3/8/84

Bd of Architects

Post Office Box 310  
Juneau, Alaska 99802

March 1, 1984

RE: Sunset Review  
Board of Registration for Architects,  
Engineers and Land Surveyors

Senator Elliason  
Senate Labor and  
Commerce Committee  
State of Alaska  
Pouch V  
Juneau, Alaska 99811

Dear Senator Elliason:

We wish to take the opportunity afforded us during the sunset review process to offer some constructive suggestions that we feel will improve the effectiveness of the board.

1. Addition of Public Board Members

This board is one of few that does not have public members. One reason for this is that this is a combined board, regulating three distinct professions and therefore has a comparatively large membership. The concern on appointment of public members is that the professional membership would be reduced beyond a workable level. The Statutes designate three Architects, one Land Surveyor, and five Engineers. If each profession was regulated by its own board, which is the case in most other states, the total membership might be more than double what it is now.

In summary, we are in favor of having public members on the board, but do not want to see the professional membership reduced. A change to AS 08.48.011 will be required if the board composition is revised.

2. Reduction in the Length of Terms

The board favors reducing the term of office for board members to five years from six and to limit the number of terms to two. This will require a change in AS 08.48.021(b).

3. Revise the Exemptions for Registration

The board favors simplifying the exemptions and eliminating confusion by changing AS 08.48.331. The recommended changes are to eliminate paragraphs (3), (4), (9)(A), (10) and (12).

Paragraphs 3 and 4 deal with government employees practicing architecture, engineering or land surveying. Where the public safety is involved, projects should be designed and sealed by registered individuals regardless of whether they are governmental employees of private consultants.

Paragraph (9) (A) has caused confusion when agencies or companies ask if this applies to them when they design projects for only their employees. The board has never held that they were exempt in these instances; we feel that the confusion can be resolved by eliminating the paragraph.

Paragraph (10) has caused confusion when people try to expand the definition of the term "Specialty Contractor" to encompass or overlap the professions regulated by the board. We feel that paragraph 7 adequately states that this statute does not prohibit the practice of any other profession, and that paragraphs (1), (2) and (11) exempts construction activity.

Paragraph (12) is confusing as it also deals with the subject in paragraph (9)(A) which we suggest removing.

5. Participate in the Regional and National Examination and Registration Processes

This board is a member of the National Council of Architectural Registration Boards (NCARB) and the National Council of Engineering Examiners (NCEE), as are all other state registration boards. Through the work of these two agencies, continuity is maintained in registration requirements throughout the United States. Through annual business meetings the registration standards and examinations are reviewed and approved. Since we, like all other states, use the standards and examinations adopted by these national organizations, it is important that the Alaska board participate in the business of NCARB and NCEE. The only way we can effectively represent the State is to attend the annual meetings. In the past we have been unable to attend because of a lack of funds.

This board provides the State general fund with revenue that far exceeds the annual appropriation for board operation. We, in fact, have the potential to generate even greater revenues,

Senator Elliason  
March 1, 1984  
Page 3

but since the level of service provided the public and the candidates for registration is unaffected, there is no incentive for us to raise fees. In fact, we often have considered lowering fees to closer reflect the service provided.

In summary, we feel it is extremely important to participate with other state registration boards in NCARB and NCEE and that there should be a correlation between the revenues produced through fees and the expenses necessary to operate properly.

Sincerely,



Wayne Jensen, President  
Board of Registration for Architects,  
Engineers and Land Surveyors

WJ:mec12(2)

cc: Harry Treager  
Paul Stutzman  
Robert Boswell  
Sandra Sampson  
Sam Best  
Odin Strandberg  
Malcom Menzies

Bd Recommend's Repealing

blue area

FINDINGS TITLE 9.  
BUSINESS AND PROFESSIONS.  
CHAPTER 48.  
ARCHITECTS, ENGINEERS AND LAND SURVEYORS.  
ARTICLE 4.  
GENERAL PROVISIONS.  
SECTION 39.48.331.

EXEMPTIONS.  
THIS CHAPTER DOES NOT APPLY TO

- (1) THE EXECUTION AS A CONTRACTOR OF WORK DESIGNED BY A PROFESSIONAL ARCHITECT OR ENGINEER, OR THE SUPERVISION OF THE CONSTRUCTION OF THIS WORK AS A FOREMAN OR SUPERINTENDENT FOR A CONTRACTOR;
- (2) SUPERINTENDENTS, FOREMEN, INSPECTORS, OR BUILDING TRADES CRAFTSMEN IN THE PERFORMANCE OF THEIR CUSTOMARY DUTIES;
- (3) AN OFFICER OR EMPLOYEE OF THE UNITED STATES GOVERNMENT PRACTICING ARCHITECTURE, ENGINEERING OR LAND SURVEYING AS REQUIRED BY THAT PERSON'S OFFICIAL CAPACITY;
- (4) AN OFFICER OR EMPLOYEE OF THE STATE PRACTICING ARCHITECTURE, ENGINEERING OR LAND SURVEYING AS REQUIRED BY THAT PERSON'S OFFICIAL CAPACITY IF REGISTRATION IS NOT REQUIRED BY THAT PERSON'S JOB DESCRIPTION OR BY AS 38.95.150 OR 38.95.150;

398.48.331 DOCUMENT# 1 OF 1 PAGE # 2 OF 4

- (5) THE WORK OF AN EMPLOYEE OR A SUBORDINATE OF A PERSON LEGALLY REGISTERED UNDER THIS CHAPTER, IF THE WORK OR SERVICE DOES NOT INCLUDE FINAL DESIGNS OR DECISIONS OR SURVEYS, AND IS DONE UNDER THE DIRECT SUPERVISION OF AND VERIFIED BY A PERSON LEGALLY REGISTERED UNDER THIS CHAPTER;
- (6) THE SERVICES ORDINARILY PERFORMED BY LOCOMOTIVE, STATIONARY AND MARINE ENGINE MEN, POWER PLANT OPERATORS, AND MANUFACTURERS WHO SUPERVISE THE OPERATION OF OR OPERATE MACHINERY OR EQUIPMENT, OR SUPERVISE CONSTRUCTION WITHIN THEIR OWN PLANT WHICH AFFECT ONLY THE PROPERTY OR INTEREST OF THE MANUFACTURER, UNLESS THE PUBLIC HEALTH OR SAFETY IS INVOLVED;
- (7) THE PRACTICE OF ANY OTHER LAWFULLY RECOGNIZED PROFESSION;
- (8) ASSOCIATES, CONSULTANTS OR SPECIALISTS RETAINED BY AN INDIVIDUAL, A PARTNERSHIP OF LEGALLY REGISTERED INDIVIDUALS, OR A CORPORATION AUTHORIZED UNDER THIS CHAPTER, IN THE PERFORMANCE OF THE PROFESSIONAL SERVICES OFFERED BY THE LEGALLY REGISTERED INDIVIDUAL, PARTNERSHIP, OR AUTHORIZED CORPORATION IF RESPONSIBLE CHARGE OF THE WORK REMAINS WITH THE INDIVIDUAL, PARTNERSHIP OR DESIGNATED REPRESENTATIVE OF THE CORPORATION;
- (9) A PERSON PREPARING PLANS, DRAWINGS, OR SPECIFICATIONS FOR
  - (A) A BUILDING FOR THAT PERSON'S OWN USE AND OCCUPANCY UNLESS THE PUBLIC HEALTH, SAFETY, OR WELFARE IS SUBSTANTIALLY INVOLVED;
  - (B) OTHER OR RANGE BUILDINGS UNLESS THE PUBLIC

HEALTH, SAFETY, OR WELFARE IS SUBSTANTIALLY INVOLVED;

(9) A BUILDING INTENDED TO BE USED ONLY AS A RESIDENCE BY NOT MORE THAN FOUR FAMILIES AND NOT MORE THAN TWO STORIES HIGH;

(10) A BUILDING WITH A TOTAL OF NOT MORE THAN 500 SQUARE FEET OF FLOOR SPACE;

(10) A SPECIALTY CONTRACTOR LICENSED UNDER APPROPRIATE ALASKA STATUTES, WHILE ENGAGED IN THE BUSINESS OF CONTRACTING, DESIGNING SYSTEMS OR FACILITIES AS OTHERWISE PERMITTED BY LAW FOR WORK WITHIN THE SPECIALTY FOR WHICH THE SPECIALTY CONTRACTOR'S LICENSE WAS ISSUED TO BE PERFORMED OR SUPERVISED BY THE CONTRACTOR, OR ANY LICENSED CONTRACTOR PREPARING SHOP OR FIELD DRAWINGS FOR WORK WHICH THE SPECIALTY CONTRACTOR HAS CONTRACTED TO PERFORM.

(11) A PERSON FURNISHING, EITHER ALONE OR WITH SUBCONTRACTORS, LABOR AND MATERIALS, WITH OR WITHOUT PLANS, DRAWINGS, SPECIFICATIONS, INSTRUMENTS OF SERVICE, OR OTHER DATA COVERING THE LABOR AND MATERIALS TO BE USED FOR ANY OF THE FOLLOWING:

(a) STOREFRONTS (FACADES), INTERIOR ALTERATIONS OR ADDITIONS, FIXTURES, CABINETWORK, FURNITURE, OR OTHER APPLIANCES OR EQUIPMENT;

(b) WORK NECESSARY TO PROVIDE FOR INSTALLATION OF AN ITEM LISTED IN (a) OF THIS PARAGRAPH;

(c) ALTERATIONS OR ADDITIONS TO A BUILDING NECESSARY TO OR ATTENDANT UPON INSTALLATION OF AN ITEM LISTED IN (a) OF THIS PARAGRAPH, IF THE ALTERATION OR ADDITION DOES NOT CHANGE OR AFFECT THE STRUCTURAL SYSTEM

OR SAFETY OF THE BUILDING;

(12) AN OFFICER OR EMPLOYEE OF AN INDIVIDUAL, FIRM, PARTNERSHIP, ASSOCIATION OR CORPORATION WHICH OFFICER OR EMPLOYEE PRACTICES ARCHITECTURE, ENGINEERING OR LAND SURVEYING WHEN REQUIRED BY THAT PERSON'S OFFICIAL CAPACITY OR WORK DUTIES CONNECTED WITH THAT PERSON'S EMPLOYMENT IF THE INDIVIDUAL, FIRM, PARTNERSHIP, ASSOCIATION OR CORPORATION IS NOT ENGAGED IN THE BUSINESS OF OFFERING ARCHITECTURAL, ENGINEERING OR LAND SURVEYING SERVICES TO THE PUBLIC.

REG. 3 CH 172 SLA 1972, AND SEC. 2 CH 95 SLA 1981

(1) at all times recognize his primary obligation to protect the safety, health, property, and welfare of the public in the performance of his professional duties; if his professional judgment is overruled under circumstances where the safety, health, and welfare of the public are endangered, he shall inform his employer or client of the possible consequence and notify such other proper authority of the situation as may be appropriate; and

(2) undertake to perform assignments only when he or his associates, consultants, or employees are qualified by education, training, experience, and licensing in the specific technical branches or fields involved;

(3) be completely objective and truthful in all professional reports, statements, or testimony and shall include all relevant and pertinent information in such reports, statements, or testimony when the result of an omission would, or reasonably could, lead to a fallacious conclusion; and

(4) not affix his signature or seal to any plan or document dealing with professional services in which he is not qualified by virtue of education, experience, and licensing; and

(5) issue no statements, criticisms, or arguments on architectural, engineering, or land surveying matters connected with public interests which are inspired or paid for by his interested party or parties unless he has prefaced his comment by explicitly identifying himself by disclosing the identities of the party or parties on whose behalf he is speaking, and by revealing the existence of any pecuniary interest. (Eff. 5/23/74, Reg. 50; am 9/30/78, Reg. 67)

Authority: AS 08.48.101(a)  
AS 08.48.111

#### 12 AAC 36.220. CONFLICT OF INTEREST.

(a) Each architect, engineer, or land surveyor shall avoid conflicts of interest with his employer or client but, when unavoidable, the architect, engineer, or land surveyor shall promptly inform his employer or client of any business association, interests, or circumstances and identify any circumstances which could influence his judgment or the quality of his service to his employer or client.

(b) An architect, engineer, or land surveyor may not accept compensation, financial or otherwise, from more than one party for services on the same project or for services pertaining to the same project unless the circumstances are fully disclosed to and agreed to by all interested parties or their authorized agents.

(c) An architect, engineer, or land surveyor may not solicit or accept financial or other valuable consideration from suppliers for specifying their products.

(d) An architect, engineer, or land surveyor may not solicit or accept gratuities from other parties dealing with his client or employer in connection with the work for which he is responsible. (Eff. 5/23/74, Reg. 50; am 9/30/78, Reg. 67)

Authority: AS 08.48.101(a)(5)

12 AAC 36.225. PUBLIC SERVICE. When in public service as a member, advisor, or employee of a government body, an architect, engineer, or land surveyor may not participate in considerations or actions with respect to services provided by him or his organization. An architect, engineer, or land surveyor, in his capacity as an elected, retained, or employed public official, may not review or approve work that he has performed, whether it was under his direction or on behalf of another employer or client. (Eff. 9/30/78, Reg. 67)

Authority: AS 08.48.101(a)(5)

12 AAC 36.230. SOLICITATION OF EMPLOYMENT. (a) An architect, engineer or land surveyor may not pay, solicit nor offer, directly or indirectly, any bribe or commission for professional employment with the exception of his payment of the usual commission for securing salaried positions through licensed employment agencies.

(b) Deleted 11/18/83.

(c) An architect, engineer or land surveyor may not falsify or permit misrepresentation of his or her associates' academic or professional qualifications. He may not misrepresent or exaggerate his degree of responsibility in or for the subject matter of prior assignments.

(d) Brochures or other presentations incident

to an architect's, engineer's or land surveyor's solicitation of employment may not misrepresent pertinent facts concerning employers, employees, associates, joint ventures, or his or their past accomplishments with the intent and purpose of enhancing his qualifications and his work. (Eff. 5/23/74, Reg. 50)

Authority: AS 08.48.101  
AS 08.48.111

Editor's Note: As of Register 88, Jan. 1984, 12 AAC 36.230(b) was deleted by the regulations attorney under AS 44.62.125 (b)(6) and in accordance with a Stipulation and proposed Final Judgment filed on November 18, 1983 by the Board of Architects, Engineers and Land Surveyors and the United States Department of Justice in the United States District Court for the District of Alaska in United States v. Alaska Board of Registration for Architects, Engineers and Land Surveyors, Civil Action No. A82-423 CIV. This Stipulation and proposed Judgment were filed because 12 AAC 36.230(b) was in violation of section 1 of the Sherman Antitrust Act [15 U.S.C. § 1 (1977)]. The proposed Final Judgment which may become final on or soon after January 16, 1984 will also prohibit further enforcement of any ban or board policy against competitive bidding.

**12 AAC 36.235. ADVERTISING.** An architect, engineer, or land surveyor may not advertise his or her services in a deceptive or untruthful manner. (Eff. 9/30/78, Reg. 67; am 5/30/82, Reg. 82)

Authority: AS 08.48.101(a)(5)

**12 AAC 36.240. IMPROPER CONDUCT.** (a) An architect, engineer, or land surveyor may not knowingly associate with or permit the use of his name or firm name in a business venture by any person or firm which he knows or has reason to believe is engaging in business or professional practices in a fraudulent or dishonest manner.

(b) If an architect, engineer, or land surveyor has knowledge or reason to believe that another person or firm may be in violation of the provisions of AS 08.48, or any of these rules of professional conduct, he or she shall present that information to the board in writing and shall cooperate with the board in furnishing such further information or assistance as may be required. (Eff. 5/23/74, Reg. 50; am 9/30/78, Reg. 67)

Authority: AS 08.48.101(a)

### ARTICLE 3. GENERAL PROVISIONS

#### Section

#### 250. Definitions

**12 AAC 36.250. DEFINITIONS.** For the purposes of this chapter and AS 08.48, unless the context requires otherwise

S

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439

Board of Chiropractic Examiners

Current Number of Licensees - 95

FY '83 - Allocated 10.5 (Board Travel and Per Diem)

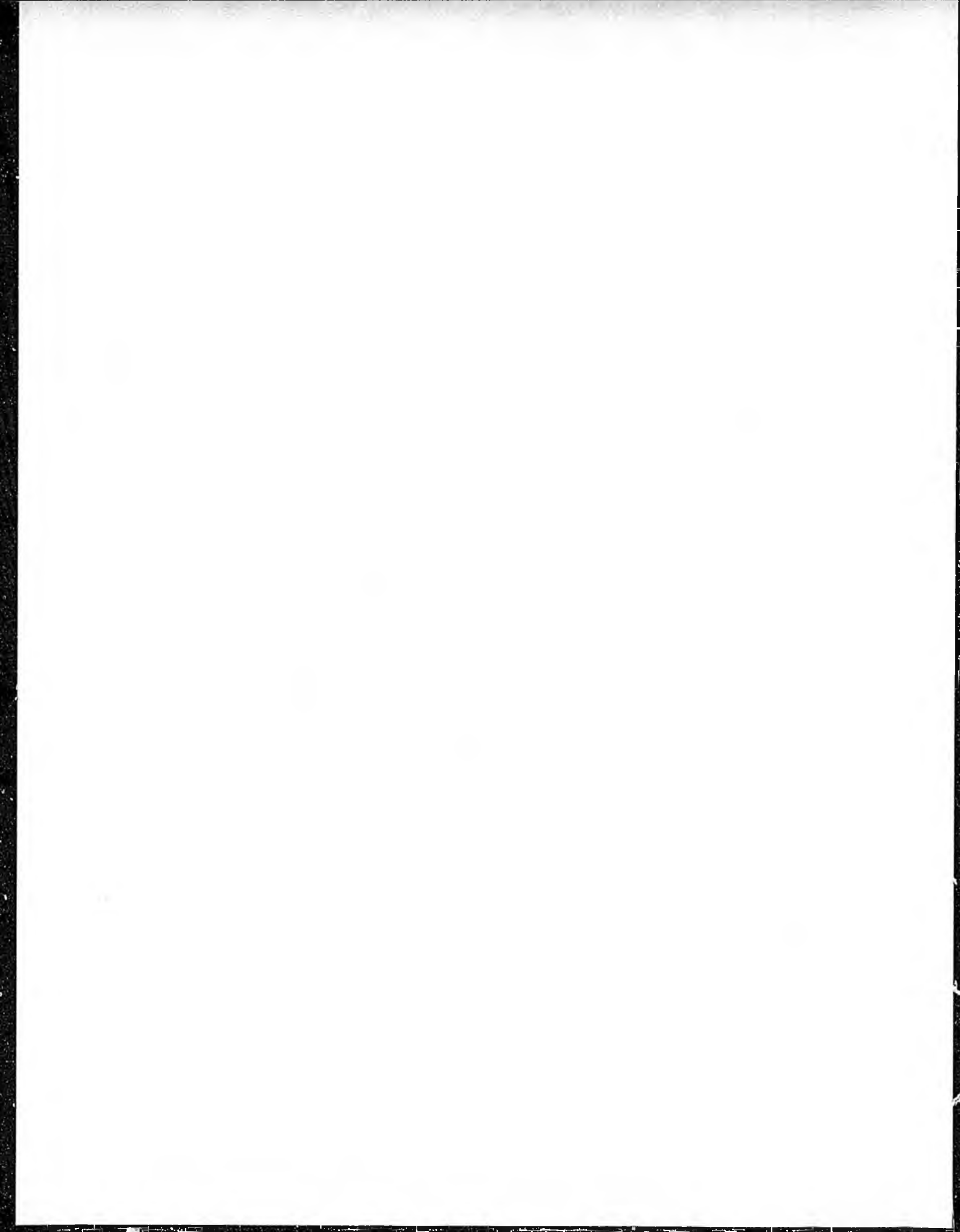
Revenues (7/1/82 - 7/1/83)	5.5	
Contractual	23.0	
Board Travel and Per Diem		12.9
**Personal Services		8.6
*Contractual		<u>1.5</u>
	Total	23.0

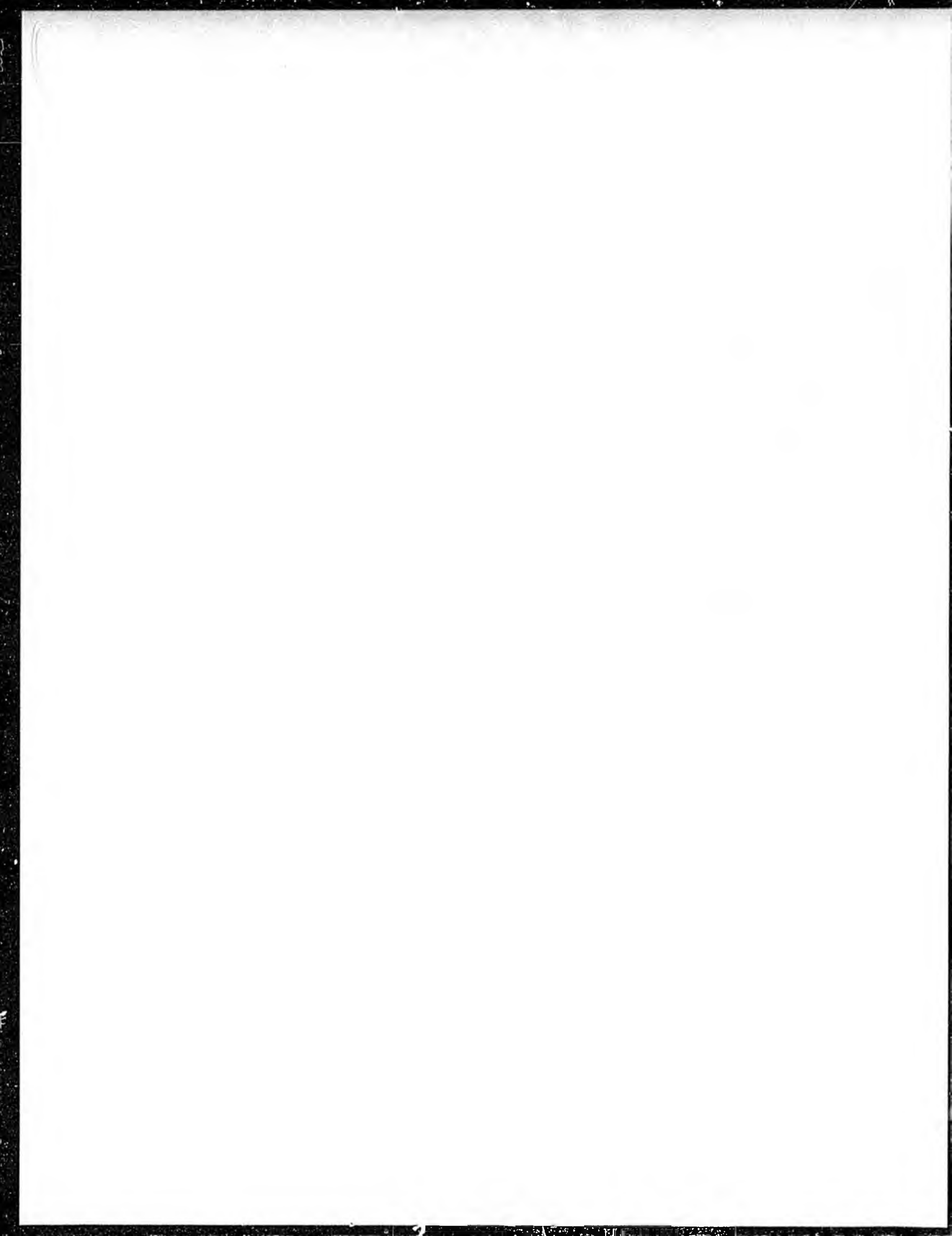
FY '84 - Allocated 5.5 (Board Travel and Per Diem)

Revenues (7/1/83 - 2/1/84)	1.4	
Contractual	9.5	
Board Travel and Per Diem		5.0
**Personal Services		4.1
*Contractual		<u>.4</u>
	Total	9.5

FY '85 Board Component - Division Budget Total - 95.0  
Board of Chiropractic Examiners Allocation - 2.3

- \* The above items are funded in the division's budget under the Administration component.
- \*\* Personal services or 1/3 of one licensing examiner's position.





**COMMITTEE REPORT**  
**SENATE**

FURTHER:

2/19/88

Date 3/11/88

Mr. President

The Committee on LABOR & OCCUPATION considered SB 439

extending the termination date of the Board of Chiropractic Examiners, et al.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title \_\_\_\_\_
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
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[Signature]  
Chairman

[Signature]  
Chairman recommendation



CREATED IN 1939, THE ALASKA BOARD OF CHIROPRACTIC EXAMINERS IS A REGULATORY BOARD COMPRISED OF FIVE MEMBERS --- FOUR ARE LICENSED CHIROPRACTORS AND ONE IS A PUBLIC INDIVIDUAL. THIS BOARD REVIEWS APPLICATIONS OF INDIVIDUALS DESIRING TO ENTER THE CHIROPRACTIC PROFESSION AS WILL AS ADOPTS REGULATIONS REGARDING THE STANDARDS OF PROFESSIONAL PRACTICE.

*THE LDC COMM. HAS HAD UNDER SUNSET REV. AND HAS FOUND THAT THIS BOARD*

THE BOARD OF CHIROPRACTIC EXAMINERS HAS FUNCTIONED IN THE PUBLIC'S BEST INTEREST AND SHOULD BE REESTABLISHED. SB 439 EXTENDS THE TERMINATION DATE OF THIS BOARD FOR 4 YEARS; UNTIL 1988.

THIS BOARD HAS BEEN VERY RESPONSIVE TO THE DIVISION OF LEGISLATIVE AUDIT FINDINGS OUTLINED IN THEIR PERFORMANCE REPORT. THE BOARD CONCURRED WITH THE AUDIT'S RECOMMENDATIONS AND HAVE TAKEN STEPS TO IMPLEMENT THE CHANGES.

THE BOARD OF CHIROPRACTIC EXAMINERS SHOULD BE REESTABLISHED FOR FOUR YEARS. THE REGULATION AND LICENSING OF QUALIFIED PROFESSIONALS IS NECESSARY TO PROTECT THE PUBLIC'S HEALTH, SAFETY, AND WELFARE. I RECOMMEND PASSAGE OF SB 439.

FURTHER INFORMATION

THE BOARD DOES REQUIRE THAT A PHOTOGRAPH BE ATTACHED TO AN APPLICATION. HOWEVER, THE SENATE LABOR AND COMMERCE COMMITTEE REQUESTED THE BOARD REVIEW THIS POLICY AND ELIMINATE THIS REQUIREMENT.

FIVE RECOMMENDATIONS PROPOSED BY LEGISLATIVE AUDIT:

1) ELIMINATE THE WRITTEN PART OF STATE EXAM.

THIS SECTION DUPLICATED THE NATIONAL EXAM. THE BOARD HAS CHANGED THIS REQUIREMENT.

2) ADOPT CONTINUING EDUCATION REGULATIONS.

THE BOARD HAS DRAFTED CONTINUING EDUCATION REGULATIONS AND WILL PUSH TO SEE THE REGULATIONS ADOPTED.

3) IMPROVE EXAM GUIDELINES.

THIS HAS BEEN ACCOMPLISHED.

4) REVISE REGULATIONS REGARDING ISSUANCE OF TEMPORARY PERMITS.

THE BOARD HAS BEEN DRAFTING THESE REGULATIONS.

5) MAINTAIN YEARLY REPORTS.

THE BOARD HAS ACCOMPLISHED THIS TASK.

THE BUDGET FOR THE BOARD IS ON PAGE 15.

AVERAGE REVENUE	\$8,680	(FROM LICENSE FEES)
* EXPENDITURES	<u>42,240</u>	
COST TO STATE	\$33,560	

\* EXPENDITURES INCLUDE BOARD MEMBER TRAVEL AND PER DIEM PLUS A % OF TOTAL ADMINISTRATIVE SUPPORT OF THE DIVISION OF OCCUPATIONAL LICENSING.



ALASKA STATE LEGISLATURE - SENATE  
COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON  
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99611  
(907) 465-3844

OFFICIAL BUSINESS

March 8, 1984

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

The Senate Labor and Commerce Committee has had under consideration for "Sunset Review" the Board of Chiropractic Examiners pursuant to your referral under AS 44.66.050 and AS 08.03.010.

In accordance with the statutory requirement, a public hearing was held on the review of this Board. The Committee considered the proposed budget of the Board and examined the performance audit of the activities of the Board prepared by the Legislative Audit Division.

Guided, in part, by the report prepared by the Legislative Audit Division, the Committee took into consideration the factors required to be considered under AS 44.66.050(c). The Board of Chiropractic Examiners has operated in the public interest by promulgating regulations which assure only qualified professionals practice chiropractics. The Board issues licenses to applicants that have met all licensing requirements and have taken and passed the State examination. To encourage upgrading of professional competency, the Board has drafted continuing education regulations and will be actively pursuing this area. The Board is reviewing their policies to assure that temporary permits are appropriately used.

The Senate Labor and Commerce Committee has introduced legislation that would extend the Board of Chiropractic Examiners another four years.

Sincerely,

Senator Dick Eliason, Chair  
Senate Labor and Commerce Committee

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF OCCUPATIONAL LICENSING

JAY S. HAMMOND, GOVERNOR

POUCH D  
JUNEAU, ALASKA 99811

Phone: 465-2534

March 7, 1984

Senator Richard Eliason  
Chairman. Labor and Commerce Committee

Dear Mr. Chairman:

Mr. Mercer of The Division of Occupational Licensing has requested that I respond to your Committee's question relating to the photos which we require be submitted with applications for Chiropractic examinations.

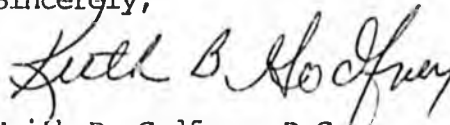
Simply put, the requirement assures the Board it is administering the examination to the right individual. Attempts are made by some applicants to have a substitute write the examination. This may occur infrequently but we feel the licensed Chiropractor could harm the public if the license is obtained in this manner. It could take a while before he is discovered.

The photographs of the applicants are not viewed by individual Board members. Applications with photos are handled only by the license examiner and/or the Board lay member.

Personally, I feel the Chiropractic Board would agree to an alternate, secure revision of the photo requirement if one could be developed.

Please contact me if further assistance is required. Thank you for your Committee's time.

Sincerely,



Keith B. Godfrey, D.C.  
President, Alaska State Board  
of Chiropractic Examiners

KBG/ps

# 3,000 doctors could be phony

Associated Press

Several states are checking physicians' qualifications and others are re-examining their medical licensing procedures following published reports that up to 3,000 doctors nationwide may be working under phony credentials.

"I think it's fair to say we'll approach this a little more cautiously in the future," Delaware Deputy Attorney General Edward Kafader, counsel to the Board of Medical Practice, said Tuesday.

The New York Times reported Sunday that federal and state officials have launched a nationwide investigation into reports that up to 3,000 people may be working as doctors or seeking medical certification with false credentials, many from Caribbean medical schools.

According to the report, the probe was sparked by the U.S. Postal Service's discovery last year of extensive trafficking in fraudulent credentials. Federal prosecutors recently disclosed that a Peruvian living in Alexandria, Va., had admitted taking some \$1.5 million from 165 people in order to obtain fake documents for them, mainly from a school in the Dominican Republic.

An informal survey by The Associated Press on Tuesday showed that at least nine states have responded by checking to see if the individuals listed by the U.S. Postal Service have been licensed, by further checking credentials of foreign school graduates or by re-examining the thoroughness of evaluation procedures. They are Washington, Maryland, Pennsylvania, Rhode Island, New York, Illinois, Delaware, Minnesota and Massachusetts.

The most extensive investigation is taking place in New York, where officials said at least three psychiatric residents have already been fired for

falsifying credentials.

In addition, the credentials of more than 1,000 licensed physicians and residents are being examined by the Office of Mental Health, which checks doctors applying to state psychiatric hospitals, and the Office of Professional Discipline, which handles all residents seeking licenses in New York, officials said.

A resident is a medical school graduate in training to get a medical license, usually in a specialty.

New York is also "developing new guidelines for our hospitals to check the credentials of residents and all doctors," said Robert Spoor, spokesman for the Office of Mental Health.

Maryland officials are setting up a 12-member task force to ensure that physicians who graduated from foreign medical schools are properly trained, said Dr. C. Earl Hill, president of the state Board of Medical Examiners.

The state already requires verification of education outside the United States, but the recent reports show the need for "tighter scrutiny," Hill said.

Pennsylvania's medical board is investigating allegations of phony credentials held by doctors in that state, including cases that arose from information supplied by the Postal Service, said board spokesman Stephen Gardner. He refused to elaborate.

Officials in Washington are checking credentials of five residents from medical schools in the Caribbean, demanding in-person interviews as well as new documents from the schools and hospitals where the five have previously worked, said Deanna Dicombe, executive secretary for the state medical disciplinary board.

## SUMMARY

### Performance Report - Board of Chiropractic Examiners

The Alaska Board of Chiropractic Examiners is a regulatory board comprised of five members; four are licensed chiropractors and one is a public individual. The underlying reasons for this Board are as follows:

- 1) Review applications of individuals desiring to enter the chiropractic profession in Alaska;
- 2) Administer an examination to test the applicant's ability;
- 3) Adopt regulations regarding the standards of professional practice;
- 4) Investigate and act upon complaints filed against members.

The Division of Legislative Audit proposed five recommendations which, if implemented, may improve the effectiveness and efficiency of the Board.

1. The Board should eliminate Part I (written) of the State examination. Any person applying for a chiropractic license by examination is required to submit a Diplomate Certificate from the National Board of Chiropractic Examiners. This certificate indicates that the applicant has successfully passed a nationally recognized examination testing knowledge related to the field of chiropractics.

In addition to this requirement, the Board administers a State examination which basically consists of three parts. Part I tests the applicant on topics previously examined at the National Board level. In a 1971 opinion, the Attorney General stated that "the Board has the authority to require an applicant to demonstrate competence only in those subjects not covered by the National Board".

Therefore, considering the redundancy of the State written examination, the Division of Legislative Audit recommended the discontinuance of the State written examination.

2. The Board should adopt continuing education regulations for chiropractors as a provision for license renewal.

In October of 1981, the Board drafted continuing education regulations, but has not yet adopted them. The Alaska Chiropractic Society has unanimously endorsed the requirement of continuing education for license renewal as did 94% of respondents to a questionnaire. The support for this requirement seems to be enthusiastic, but still the Board has not promulgated the necessary regulations.

The Division of Legislative Audit recommends that the Board adopt continuing education regulations as soon as possible.

3. The Board should improve examination guidelines.

Examination guidelines should be established to prevent situations where a Board member/employer is administering and grading the State examination for an employee.

4. The Board should revise regulation 12 AAC 16.200 regarding the issuance of temporary permits.

Currently, regulations stipulate that a temporary permit holder must "practice in association with a licensed chiropractor in the State". The term "association with" does not limit the scope of services that can be performed nor requires direct or indirect supervision by the licensed chiropractor. Therefore, a temporary permit holder is allowed to practice unsupervised for up to 6 months prior to taking the State examination.

The Board should revise the regulations on the issuance of temporary permits to include either a supervisory requirement or a limitation on the services that can be performed.

5. The Board should issue, and the Division of Occupational Licensing should maintain the yearly reports as required by statute.

Without the report, neither the Legislature nor the Governor have an adequate basis for evaluating and analyzing the Board's performance.

It is the opinion of the Division of Legislative Audit that the Board of Chiropractic Examiners should be abolished. The regulation and licensing of qualified professional is necessary to protect the public's health, safety, and welfare.

S B

456

Original sponsor: P.Fischer

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 456 (L&C)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to embalmer and funeral director  
7 trainees."

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

9 \* Section 1. AS 08.42 is amended by adding a new section to read:

10 Sec. 08.42.085. QUALIFICATIONS FOR TRAINEES. (a) A person may  
11 apprentice as an embalmer trainee if the person

12 (1) is 18 years of age;

13 (2) applies on a form provided by the department; and

14 (3) furnishes evidence satisfactory to the department that  
15 an embalmer licensed in this state will supervise the training and  
16 that the training will take place in a funeral establishment that  
17 meets the requirements of AS 08.42.100.

18 (b) A person may apprentice as a funeral director trainee if the  
19 person

20 (1) is 18 years of age;

21 (2) applies on a form provided by the department; and

22 (3) furnishes evidence satisfactory to the department that  
23 a funeral director licensed in this state will supervise the training  
24 and that the training will take place in a funeral establishment that  
25 meets the requirements of AS 08.42.100.

26 (c) The department shall issue a permit valid for one year to an  
27 applicant who meets the requirements of this section. The department  
28 shall renew a permit for one year if the trainee applies for renewal  
29 on a form provided by the department and shows that the training

New  
lang.

1 activity continues to satisfy the requirements of this section. The  
2 department may not charge a fee for processing applications under this  
3 section.

4 (d) A person may apprentice as a funeral director trainee or as  
5 an embalmer trainee for no more than two years.

6 \* Sec. 2. AS 08.42.110(4) is amended to read:

7 (4) "trainee" means a person who has met the qualifications  
8 set out in AS 08.42.085(a) [AS 08.42.050(a)(1) AND (2)] and is engaged  
9 in learning the practice of embalming under the direction and control  
10 of a person properly licensed to practice embalming, or a person who  
11 has met the qualifications set out in AS 08.42.085(b) [AS 08.42.050-  
12 (b)(1) AND (2)] and is engaged in learning the practice of funeral  
13 directing under the direction and control of a person properly li-  
14 censed to practice funeral directing.  
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STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill Resolution No.: SB NO. 456

Title: "An Act relating to employer/federal director trainees"

Sponsor: Sen. P. Fischer

Requestor: State Affairs & L.&C.

Date of Request: February 13, 1984

FISCAL DETAIL

Agency Affected: Commerce & Economic Dev.

Program Category Affected: Public Protection

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

Occupational Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No fiscal impact expected from this bill. The anticipated applications would be limited in number so as to reflect a minimal fiscal impact on the division. No revenue may be generated under the terms of this bill.

ANALYSIS: Attach a separate page for analysis

Prepared By: Darrell Miller

Division: Occupational Licensing

Approved by Commissioner: Richard A. Lyon  
Agency: Commerce & Economic Development

Phone: 465-2535

Date: February 15, 1983

Date: 2/24/84

Distribution (by Agency preparing fiscal note):

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

12/1/83

The change made in the Labor +  
Commerce Cmte was to limit the time  
a person can act as a trainee. A  
maximum of two years was decided  
would be an appropriate time frame.

This <sup>time</sup> limit would prevent a situation  
where a trainee would be employed  
as "cheap labor"

# MEMORANDUM

Re 50750  
State of Alaska

TO: File

DATE: March 28, 1984

FILE NO:

TELEPHONE NO:

PPF  
FROM: Pat Park-Fisher  
Secretary

SUBJECT: Comments from  
Frederick Witzleben

1. Letter sent to Senator Paul Fischer on February 29, 1984.
2. Points in letter.
  - a. It should be more clearly stated that apprenticeship could be served either prior to schooling or after training.
  - b. Discussed 08.42.056 - Sequencing.
  - c. Should be a maximum period time trainees could serve. This would avoid "professional trainees."
  - d. Maximum number of trainees for one (1) licensed embalmer. This would avoid having a minimum number of licensees and using "cheap labor."
  - e. Add requirements in qualifications for high school graduation or a GED equivalency.

PPF/mc3/8  
32884a

(c) In the event the dead body is to be disposed of in a manner not requiring embalming, the department may issue a permit to an unlicensed person, on an annual basis, for the care and disposition of dead human bodies for compensation. This permit otherwise in no way licenses the holder to practice mortuary science.

Sec. 08.42.030. EXAMINATION OF APPLICANTS FOR LICENSE TO PRACTICE MORTUARY SCIENCE. The department is granted authority to examine all applicants for a license to practice mortuary science and to determine whether an applicant possesses the necessary qualifications. The department shall hold an examination at least once each year at the place and time the department may determine.

Sec. 08.42.040. APPLICATION FOR LICENSE TO PRACTICE MORTUARY SCIENCE. The applicant for an examination for a license to practice as an embalmer or as a funeral director shall make application to the department in writing on a form provided by the department.

Sec. 08.42.050. QUALIFICATIONS FOR LICENSE TO PRACTICE MORTUARY SCIENCE. (a) In order to qualify for a license to practice embalming, the applicant shall

(1) be at least 18 years of age;

(2) ~~3~~ have graduated from an accredited school or college of mortuary science;

(3) ~~4~~ have taken and passed the examination for a license to practice embalming conducted by the department;

(4) ~~2~~ have completed at least one year of apprenticeship as a resident trainee under a licensed embalmer.

(b) In order to qualify for a license to practice funeral directing the applicant shall

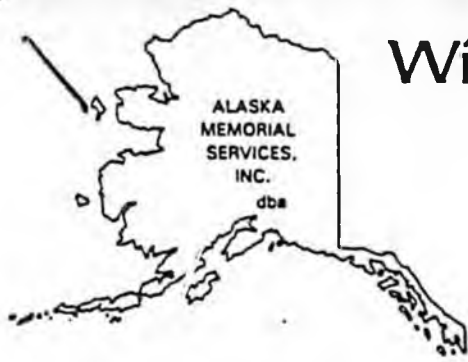
(1) be at least 18 years of age;

(2) ~~3~~ have satisfactorily completed at least one year (30 semester credit hours) at an accredited college or university;

(3) ~~4~~ have taken and passed the examination for a license to practice funeral directing conducted by the department;

(4) ~~2~~ have completed at least one year of apprenticeship as a trainee under a person licensed to practice funeral directing in this state.

Sec. 08.42.060. SCOPE AND CONDUCT OF EXAMINATION FOR A LICENSE TO PRACTICE MORTUARY SCIENCE. (a) The department shall examine applicants for an embalmer's license; the examination may include any or all of the following subjects: (1) theory and practice of embalming, (2) anatomy, (3) pathology, (4) bacteriology, (5) hygiene (including sanitation and public health), (6) chemistry (including toxicology), (7) restorative arts (including plastic surgery and demi-surgery), (8) funeral service arts and sciences,



# Witzleben Family Funeral Homes and Crematory

P.O. Box 102351  
Anchorage, Alaska 99510-2351

MAR 5 1984

February 29, 1984

Senator Paul Fischer  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Re: SB 456

Dear Senator Fischer:

I appreciate the time you allowed me yesterday morning when I called you regarding my comments on SB456. As I indicated, I had hoped to be able to follow up the call with a letter, prior to my leaving Alaska on business for the next several weeks.

I have read the proposed additions and amendments to AS 08.42. MORTICIANS and have several suggestions to offer for your consideration and that of any committee that would be reviewing this bill.

1. It should be clearly stated that the resident traineeship of the Embalmer/ Funeral Director should be allowed either before and/or after attendance at a College or College of Mortuary Science, depending on the license desired. That is the current problem with the law. The Department of Commerce & Economic Development, Mortuary Science Section has interpreted the existing law to read that one would have to complete the academic requirements before doing any "training". If that is the only item to be changed, then that could simply be accomplished by amending the existing law by correction section 08.42.050 (a) and (b) by moving (4) of each sub-paragraph into the #(2) position and changing the (2)(3) to the next higher, since the department seems to base their findings on sequence. However, I still feel that it needs to be clearly stated BEFORE AND/OR AFTER the academic program.

2. It should state the maximum period of time that one individual can serve as a registered trainee. Putting in a time period will eliminate the possibility of an individual from becoming a "professional trainee" and not ever attempting to secure the academic training.

3. It should also state the maximum number of "trainees" that one licensed embalmer/ funeral director can have in a training program at a time. I do not believe that it is the desire or intention of either the majority of funeral owners or the department that this program be used as a source of cheap labor.

4. One additional point that should be included in the new section would be that the individual need be a graduate of high school or the equivalent (i.e. GED) before beginning the training program.

6th Avenue Chapel  
1023 East 6th Avenue  
(907) 274-7576

Our Family Serving Your Families

Bragaw Chapel  
1707 South Bragaw  
(907) 277-1682



# Witzleben Family Funeral Homes and Crematory

P.O. Box 102351  
Anchorage, Alaska 99510-2351

Senator Paul Fischer  
February 29, 1984  
Page -2-

I appreciate your efforts in seeking a change in the law that will hopefully make it possible for young Alaskans who might wish to enter this profession, the opportunity to do so, and find out if this is what they want prior to expending large sums of money for educational training and then finding that they are in the wrong field.

If I can be of any further assistance to you or your committee in regards to this or any other legislation affecting my profession, please feel free to contact me or my wife, who is also licensed, at any time. I am leaving Anchorage tomorrow evening and will be returning on March 17th.

Sincerely yours,

F. J. Witzleben, President

6th Avenue Chapel  
1023 East 6th Avenue  
(907) 274-7576

Our Family Serving Your Families

Bragaw Chapel  
1707 South Bragaw  
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STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: April 5, 1984

REQUEST	FISCAL DETAIL
Bill/Resolution No.: <u>CSSB 456(L&amp;C)</u>	Agency Affected: <u>Commerce &amp; Econ. Dev.</u>
Title: <u>"An Act relating to</u>	Program Category Affected: <u></u>
<u>embalmer/funeral dir. trainees"</u>	<u>Public Protection</u>
Sponsor: <u>Labor &amp; Commerce Comm.</u>	BRU, Program or Subprogram(s) Affected: <u></u>
Requestor: <u>L &amp; C Committee</u>	<u>Occupational Licensing</u>
Date of Request: <u>April 3, 1984</u>	<u></u>

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: No fiscal impact is expected from this bill. The anticipated applications would be limited in number so as to reflect a minimal fiscal impact on the division. No revenue may be generated under the provisions of this bill.

ANALYSIS: Attach a separate page for analysis

Prepared By: Darrell Miller Phone: 465-2535  
 Division: Occupational Licensing Date: 4/5/84  
 Approved by Commissioner: Richard A. Lyon Date: 4/9/84  
 Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

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

12/1/83

SB 456 TITLE & SPONSOR SUMMARY 16:40 6/04/84 PAGE 1 OF 3  
 PREPARED TITLE: HCSOSSE 456(L&C)AM II  
 HOUSE ACT RELATING TO EMBALMER AND FUNERAL DIRECTOR TRAINEES  
 PRIME SPONSOR: FISCHER, P.  
 CO-SPONSORS:  
 CURRENT STATUS: 6/01/84 CHAPTER 0076 SLA 84

SB 456 SENATE ACTION 16:40 6/04/84 PAGE 2 OF 3  
 LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
2/13/84	01	2039	FIRST READING -- COMMITTEE REPORTS
2/23/84	02	2157	MOVED FROM S.A. TO L&C BY UNAN CONSENT
3/30/84	03	2538	L&C -- CS04
3/30/84	04	2538	L&C F/NOTE EQUALS ZERO
4/05/84	05	2647	RLS -- L&C CS03, OTHER03 TAKEN UP IMMEDIATELY
4/05/84	06	2650	SECOND READING
4/05/84	07	2650	L&C CS ADOPTED BY UNAN CONSENT
4/05/84	08	2650	ADVANCED TO 3RD READING BY UNAN CONSENT
4/05/84	09	2651	THIRD READING
4/05/84	10	2651	PASSED BY DIV 19-00-01
5/23/84	22	3208	CONCURRED IN HOUSE AMS BY DIV 20-00-00
5/24/84	23	3263	TRANSMITTED TO GOVERNOR
6/01/84	24	3474	SIGNED BY GOVERNOR-CH0076, EFF 03/30/84
XXXX	XX	XX	XXX XXX XXX

SB 456 HOUSE ACTION 16:40 6/04/84 PAGE 3 OF 3  
 LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
4/06/84	11	3233	FIRST READING -- COMMITTEE REPORTS
4/18/84	12	3369	L&C -- CS05
5/21/84	13	3945	SECOND READING
5/21/84	14	3945	L&C CS ADOPTED BY UNAN CONSENT
5/21/84	15	3946	AM TO AM01 WITHDRAWN
5/21/84	16	3946	AM01 ADOPTED BY DIV 22-15-03
5/21/84	17	3946	ADVANCED TO 3RD READING BY UNAN CONSENT
5/21/84	18	3947	THIRD READING
5/21/84	19	3947	PASSED BY DIV 24-09-07
5/21/84	20	3947	NOTICE OF RECONSIDERATION GIVEN
5/22/84	21	3976	RECONSIDERATION NOT TAKEN UP
XXXX	XX	XX	XXX XXX XXX

# COMMITTEE REPORT

## SENATE

FURTHER:

3/23/84

Date 3/27/84

Mr. President

The Committee on LABOR AND COMMERCE considered SB 456  
relating to embalmer and funeral director trainees.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title \_\_\_\_\_
- same title and recommends do pass
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation Zero fiscal note
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Do pass

Chairman

[Signature]

Chairman recommendation





Official Business

Senator Paul Fischer

# Alaska State Legislature

## Senate

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 12, 1984

MEMO TO: Senator Dick Eliason, Chair  
Labor and Commerce Committee  
Alaska State Senate

FROM: Senator Paul Fischer *PF*

SUBJECT: SB 456

SB 456, "An Act relating to embalmer and funeral director trainees", enables a person at least 18 years of age to undertake a traineeship with a suitably licensed embalmer or funeral director prior to that person's completing the necessary schooling required for licensure. The purpose of this bill is to permit a person to gain some experience in the profession of embalming or funeral directing without having to leave Alaska, prior to undertaking the formal academic program in fulfillment of the requirements for licensure.

As presently structured, Alaska Statutes require a person seeking to become an embalmer or funeral director to complete a required academic curriculum prior to undertaking any traineeship. An embalmer is required to graduate from an accredited college of mortuary science, a minimum two-year program. There are no such schools in Alaska, and the individual must therefore make a great expenditure of time and funds to receive the degree prior to returning to Alaska to undertake a traineeship. A funeral director candidate must have completed a year of college prior to undertaking a traineeship.

By permitting traineeships prior to completion of the academic curriculum, an individual will have an opportunity to get a realistic idea of the requirements of the profession and determine whether or not to then pursue the necessary academic course of study to become a professional embalmer or funeral director. There are currently 102 currently licensed embalmers, funeral directors, and funeral establishments in Alaska.

It has been noted that SB 456 does not provide for a limit on the length of time a traineeship may continue. This bill will need to be amended to put a one year ceiling on the length of

Senator Dick Elaison, Chair  
Labor and Commerce Committee  
March 12, 1984  
Page 2

of the traineeship to prevent potential abuses of the traineeship  
experience.

If any additional information in support of SB 456 is  
needed, please let me know.

PF/mc

BECKY/SOLDOTNA 2/29/84 P.O.M. OMNI #18978

TO: SEN. PAUL FISCHER

2

FROM: RANDY PIERCE  
BOX 5065  
KENAI, AK 99611  
283-9455

THANK YOU FOR SPONSORING SB 456. I MOVED FROM WASH.STATE TO AK TO COMPLETE APPRENTICESHIP PROGRAM BEFORE ATTENDING MORTUARY COLLEGE. ANY HELP YOU COULD PROVIDE IN PASSING THIS BILL WOULD BE MOST APPRECIATED. I HOPE TO HEAR FROM YOU, ANY INFORMATION REGARDING THIS BILL.

EOM\*\*\*\*\*



Official Business

# Alaska State Legislature

## Senate

Pouch V  
State Capitol  
Juneau, Alaska 99811

February 29, 1984

MEMO TO: Senator Dick Eliason  
FROM: Senator Paul Fischer *PF*  
SUBJECT: Hearing on SB 456

As Chairman of Senate Labor and Commerce Committee, I would appreciate your scheduling SB 456 RE: Embalmer and Funeral Director Trainees to be heard in Labor and Commerce Committee in the near future. As I shall be out of town on state business for several days prior to March 12, I would appreciate your scheduling the bill after that date, to permit me to testify.

Please let me know when SB 456 is scheduled. Thank you for this courtesy.

PF/mc

S B

464

SB 464 TITLE & SPONSOR SUMMARY 16:40 6/04/84 PAGE 1 OF 3

RENDED TITLE: CSSB 464(FIN)  
AN ACT PERMITTING THE ESTABLISHMENT OF HORIZONTAL PROPERTY  
REGIMES FOR MOBILE HOMES  
PRIME SPONSOR: HALFORD.

CO-SPONSORS:  
CURRENT STATUS: 5/29/84 IN (H) LABOR & COM

SB 464 SENATE ACTION 16:40 6/04/84 PAGE 2 OF 3

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/13/84	01	2041	FIRST READING -- COMMITTEE REPORTS
03/16/84	02	2373	LAC -- CS01, NR03, OTHER01
04/02/84	03	2583	FIN COMM REFERRAL ADDED BY UNAN CONSENT
04/02/84	04	2583	AM TO LAC CS
04/02/84	05	2583	MOVED FROM JUD TO FIN BY UNAN CONSENT
05/25/84	06	3260	FIN -- CS04, NR01
05/29/84	07	3349	RLS -- FIN CS04, OTHER04 TAKEN UP IMMEDIATELY
05/29/84	08	3353	SECOND READING
05/29/84	09	3353	FIN CS ADOPTED BY UNAN CONSENT
05/29/84	10	3354	ADVANCED TO 3RD READING BY UNAN CONSENT
05/29/84	11	3354	THIRD READING
05/29/84	12	3354	PASSED BY DIV 20-00-00

\*\*\* \*\* \*\*

SB 464 HOUSE ACTION 16:41 6/04/84 PAGE 3 OF 3

DATE	SEQ	PAGE	LEGISLATIVE ACTION
05/29/84	13	4142	FIRST READING -- COMMITTEE REPORTS LABOR & COMMERCE RULES

\*\*\* \*\* \*\*

# COMMITTEE REPORT

## SENATE

FURTHER: JUDICIARY

2/13/84

Date 3/15/84

Mr. President

The Committee on LABOR AND COMMERCE considered HR 460

pertaining to the establishment of horizontal property regimes for mobile homes.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for HR 460 (1-2)
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to Finance Committee

MEMBERS SIGNING  
DO PASS

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

no one

Billings

...

...

...

...

[Signature]  
Chairman

[Signature]  
Chairman recommendation



STATE OF ALASKA  
THE LEGISLATURE

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


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 15, 1984

SUBJECT: Condominia (CSSB 464(L&C))

TO: Senator Dick Eliason  
Chairman, Senate Labor  
and Commerce Committee

FROM: Richard A. Bradley   
Legislative Counsel

I have been asked to provide the Committee with a brief explanation of what CSSB 464 (L&C) accomplishes.

The goal of Senator Halford was an amendment to existing law to permit the establishment of the condominium regime in mobile home parks.

It was felt that the existing provisions of AS 34.07 were inadequate to permit this result primarily because of the use of the term "apartment" throughout AS 34.07 to describe the aspect of property owned in the condominium. The more recent versions of the condominium law as enacted in other states as well as the recommended "uniform law" used the more abstract term "unit" to describe what is owned. With this change, it is thought possible to establish a condominium regime for, for example, mobile homes, automobile parking garages, as well as the more typical residential units. I gather that the development of condominium office buildings has not been hampered by the existing law, notwithstanding the limitations in the word "apartment."

While these substantive goals were achieved by the use of the term "unit" and by a substantial change in the definitions section (AS 34.07.450 in bill sec. 46)-- see particularly the definition of "real estate", I also sought to revise the law minimally. That is, I have not sought to bring the law up to what may be recommended by the Uniform Law but when the law had what seemed to be inadequate internal consistency, I sought to deal with that problem without changing the substantive law.

Senator Richard Eliason  
Page 2  
March 15, 1984

Aspects of this revision appear in Sec. 21, Sec. 28, Sec. 29, Sec. 40, and Sec. 43 (in sec. 420(a)).

And, as suggested, the definitions section is almost completely new, though in its case, the changes are more substantive.

If I may be of further assistance, please advise.

RAB:ojb  
J4/088

Mobile Home  
Parks  
(condominium-  
izing)

page 298

SENATE BILL NO. 464, by Senator Halford. Seeks to allow mobile home parks to convert to a "condominium" arrangement whereby all residents would hold an undivided interest in the real estate on which the trailers are located, with each resident also owning the "space" taken up by his trailer. Amends the "Horizontal Property Regime Act" (AS 34.07) by adding provisions allowing the establishment of "mobile home horizontal property regimes." AS 34.07 governs condo conversions. Does not provide for an effective date (becomes law 90 days after signed by the Governor).

Introduced February 13 and referred to Labor & Commerce and Judiciary.

Summary

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907.465.3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 15, 1984

SUBJECT: Condominia (CSSB 464(L&C))

TO: Senator Dick Eliason  
Chairman, Senate Labor  
and Commerce Committee

FROM: Richard A. Bradley   
Legislative Counsel

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It was felt that the existing provisions of AS 34.07 were inadequate to permit this result primarily because of the use of the term "apartment" throughout AS 34.07 to describe the aspect of property owned in the condominium. The more recent versions of the condominium law as enacted in other states as well as the recommended "uniform law" used the more abstract term "unit" to describe what is owned. With this change, it is thought possible to establish a condominium regime for, for example, mobile homes, automobile parking garages, as well as the more typical residential units. I gather that the development of condominium office buildings has not been hampered by the existing law, notwithstanding the limitations in the word "apartment."

While these substantive goals were achieved by the use of the term "unit" and by a substantial change in the definitions section (AS 34.07.450 in bill sec. 46)-- see particularly the definition of "real estate", I also sought to revise the law minimally. That is, I have not sought to bring the law up to what may be recommended by the Uniform Law but when the law had what seemed to be inadequate internal consistency, I sought to deal with that problem without changing the substantive law.

Why CS was needed

Senator Richard Eliason  
Page 2  
March 15, 1984

Aspects of this revision appear in Sec. 21, Sec. 28, Sec. 29, Sec. 40, and Sec. 43 (in sec. 420(a)).

And, as suggested, the definitions section is almost completely new, though in its case, the changes are more substantive.

If I may be of further assistance, please advise.

RAB:ojb  
J4/088

COMMENTS ON CS SB 464:

JOE STIMSON, Anchorage Municipality zoning officer (264-4215):

- The only way he can foresee new mobile home parks in state is with condos. There hasn't been a new mobile home park in Anchorage since 1975. There might be some impetus to build if you could develop a park and sell the lots. It's getting too expensive to buy multi-family land and develop it into mobil home parks.
- Anchorage has same re-location problem as Juneau. Most parks won't accept mobile homes more than two years old. Will be a problem soon in Anchorage: two parks being re-zoned to higher residential. These people will have to move mobile homes to Mat Valley or Kenai, which doesn't help Anchorage's problem. (Park up for re-zoning is just north of Fireweed Lane between Arctic Blvd and C St. Second one is off Spenard Rd and McRae.)

JIM M<sup>C</sup>GOWAN, Real Estate Commission (272-5508):

- Thinks it is a good idea. Permits moile home owners to own the park. In Anchorage, where sewage runs through lots and landlords won't act, it removes the non-resident aspect and makes everyone responsible. People own the park and anything anyone does is to advantage of all.
- From regulatory standpoint, mobile home condos make more sense than many other types of condos. Plan works better for banks: ties mobile home to real property so banks have double clout (under condo concept AFFC would probably finance the land as well as the mobile home; therefore could require notification before mobile home is moved.)
- Can help avoid hidden liens. Mobile homes can be listed both as personal property (i.e. UCC filings) and as real property. As result, the real estate agent sometimes can't find records in the title search and the buyer is left holding the bag. In a case last year, people paid \$30,000 only to discover they owned a tiny lot -- and still owed \$20,000 on the trailer (which had been listed as personal property). This plan discourages that: AHFC could insist that once the trailer is on condo land it becomes real property. Could require owner of property to submit documents to recorder's office showing that it has been converted to real property and cross referencing UCC listings.

WILLIS KIRKPATRICK, Division of Banking (465-2521):

- Said he sees "nothing wrong with the bill". Said it is a "pretty good idea."

CONNIE SIPE, Consumer Protection Agency (276-3550)

- Concept is innovative, creative and can work. But has questions about definitions.
- Bill deletes old definitions and replaces them with new ones taken from the Uniform Acts. Wonders if using Uniform Acts in this section but not in rest of state law will "leave holes".
- Concerned about how definitions affect current condo law. Current law defines "common areas" and "apartment" (34.07.450). These current definitions say the interior -- or skin -- of the wall belongs to the condo owner, but the wall itself is common property (so that if wanter gets into the WALL it is a common problem). The new bill, however, replaces "apartment" with "unit" and she wonders if that will create "chaos". Also concerned about definition of "real estate". Bill takes that definition from Uniform Act, which differs from our present statute. Says it could affect peoples' rights and remedies under the Consumer Protection Act.

DAVE ROSE, Alaska Permanent Fund Corp. (465-2047):

- Philosophically it is a beautiful way to solve the dislocation problem. Someone could buy an existing trailer court and re-sell it in condo lots to the residents and let the people stay where they are instead of forcing them to relocate.

JERRY KURTZ, Alaska Code Revision Commission (276-6100):

- Seat of the pants observation is that the bill looks good. Said the approach 's "dead right". Had read the bill but not studied it.

MICHAEL LYNCH, Alaska Housing Finance Corp. (276-5599):

- Concerned about financing. Thinks a Planned Unit Development (PUD), or a PUD de minimus, or a straight subdivision plan might work better. (PUD de minimus means only necessary things, like water, roads and sewer, would be in common. Common property under this plan does not significantly add to the value of the individual lot.)
- Said sees a problem with pre-sale requirement that 50% of condos in a project must be sold (with earnest money) before the project gets final approval. The bill doesn't appear to take that into account.

FRED FERRARA, Alaska Valuation Service Inc. (561-1031) of Anchorage:

- Likes the idea very much.
- Mobile home condos vs. mobile home subdivisions: Believes there would be a large public outcry against a mobile home subdivision, but that a mobile home condo association in correctly zoned property would cause no problem.
- Financing: Is the 50% sold rule a problem in mobile home condos? Doesn't see why it should be. The two are different -- condo is a building and more complicated than a mobile home lot. The improvements bankers would be worried about would have already been done (like roads and sewers). The AHFC could set its own pre-sale requirements distinguishing mobile home condos from condos within buildings.
- Types of financing: Said the AHFC now gives special long-term financing (Type A) to mobile homes and lots which are not in a mobile home park. But mobile home condos would probably qualify only for limited financing. (Fanny May and Freddy Mac finance only residential improvements. Banks do not long-term finance land, he said.)
- Advantages of condo mobile homes: Gives people equity without high rent. Payments on mobile home condo lot would be about the same as rent on a trailer space. Thinks a project like this would move fast in Anchorage.

S B

470

p.m. with Senators Mulcahy and Pettyjohn present. Senator Rodey joined the Committee a few minutes later. Senator Sackett was absent.

The first bill up for consideration was SB 470--"An Act relating to insurance". Senator Mulcahy, prime sponsor for SB 470, stated this legislation was an in-depth rewrite of the statutes pertaining to surplus line insurance. The Division of Insurance has taken an active part in drafting SB 470, and therefore, Ken Moore, Director, is very qualified to comment on the merits of this legislation.

Number 014

Ken Moore, Director of the Division of Insurance, testified the basic intent of SB 470 is to provide a mechanism which protects the individual who purchases insurance in the non-admitted market. This legislation upgrades the Unauthorized (non-admitted) Insurers Act and the Surplus Lines Insurance Act to be in accord with the recently adopted models of the National Association of Insurance Commissioners.

SB 470 will give the Division of Insurance the ability to deal with the competence of the licensee and provide more meaningful protection for the public.

Number 098

Don Koch, Division of Insurance, informed the Committee that Ken Moore chaired the National Association of Insurance Commissioner during the adoption of the surplus line model bill. SB 470 is an "Alaskanized" version of the model bill.

Koch pointed out a definition change in Section 20, 9 (A) that indicated a vessel of 50 displacement tons or less was not included in the definition of "marine" and therefore not included in the requirements of SB 470.

Number 128

Chairman Eliason wondered what the displacement value of an average crab boat would be?

Number 151

Koch proposed two amendments for the Committee's consideration.

1) Page 18, line 23 - delete "within 30

days after" and add "upon".

2) Page 18, line 24 - delete "file with director" and add "maintain".

Number 170

Senator Mulcahy moved that the Committee unanimously accept the preceding amendment. The motion carried.

Number 180

Additional amendments were proposed by the Division of Insurance.

3) Page 23, lines 9-10 - remove the language beginning at "except" to the end of the sentence.

4) Page 31, line 23 - remove the words, "under regulations which he shall adopt".

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Number 285

Henry George, President of the Surplus Line Brokers, urged support for SB 470 stressing this legislation is important to assure that the companies insuring Alaskans are solvent. The licensing regulation will make it possible for the Division of Insurance to monitor the non-admitted market. As the majority of the surplus line insurance is placed with out-of-state companies, it is extremely important that the Division of Insurance can track these companies.

SB 470 will allow (1) greater control of the non-admitted market; (2) licensing; (3) stronger participation of the Surplus Line Broker's Corporation. Mr. George testified that this close partnership will help deter present abuses in the system.

Number 332

In response to Chairman Eliason's question, George listed several abuses that currently

are found:

- (1) Surplus line brokers who are not properly licensed.
- (2) Brokers who place insurance without adequate capital back-up.
- (3) Brokers who slowly pay back claims due to cash flow problems.

SB 470 will allow surplus line brokers to work with the Division of Insurance to "clean up" the industry.

Number 347

Don Coates, Director of the Surplus Line Broker's Association, remarked he has been a surplus line broker for 15 years and as a broker is very supportive of SB 470. The current reporting system needs to be refined. Recently, four companies have declared bankruptcy and under the current statutes the companies were untouchable. If SB 470 had been in effect, the Division of Insurance would have had more control.

Number 366

Chairman Eliason initiated discussion among the Committee regarding the proposed amendments.

Number 374

Senator Mulcahy moved the Committee adopt the proposed amendments and asked for unanimous consent.

Number 381

Chairman Eliason directed the staff to have a Committee Substitute for SB 470 drafted.

Number 387

The next bill for consideration was SB 525-- "An Act relating to Unemployment Insurance." Jack Shay, Director, Division of Employment Security, began his testimony by outlining the various sections of this legislation.

Section 1 states that the training and building fund will not lapse until 30 days following the last day of each fiscal year.

Sections 2 and 3 adds a 21st class to the ranking of employers. This new class is to conform to suggested federal guidelines. In 1983, 163 employers would have been effected. This new class would create an \$18.00 increase for each employer in the new 21st class. In 1984 no employer would be

3AAC26.070. Standards for Prompt, Fair and Equitable Settlements Applicable to All Insurers. (a) An insurer or a person designated by the insurer to act on its behalf involved in the settlement of a claim must, within 15 days or the time frame specified in the insurance contract, after receiving a properly executed proof of loss or other evidence of loss acceptable to the

insurer from a first party claimant, advise the claimant of the acceptance or denial of the claim.

(b) A claim denial must be in writing and a copy or the capability of reproducing its text must be included in the claim file.---

(c) A claim denial based on a specific policy provision, condition or exclusion must include, in the written denial, reference to that specific provision, condition, or exclusion.

(d) If an insurer or a person designated by the insurer to act on its behalf needs more time to determine whether the claim of a first party claimant should be accepted or denied, notification must be given to the first party claimant within 15 working days after the receipt of the proof of loss giving the reason more time is needed. 45 days from the date of the initial notification and every 45 days thereafter while the investigation remains incomplete, written notification must be provided to the claimant stating the reason additional time is necessary to complete the investigation.

(e) An insurer or a person designated by the insurer to act on its behalf may not fail to settle a claim for first party claimant on the grounds that responsibility for payment should be assumed by others, except as may be expressly provided otherwise by the provisions of the insurance policy issued by the insurer.

(f) If negotiations for settlement of a claim continues directly with a claimant who is neither an attorney nor represented by an attorney to a point in time when the claimant's rights may be affected by a statute of limitations or a policy time limit, written notification must be provided to the claimant stating that the time limit may be expiring and may affect the claimant's rights. Notice must be given to first party claimants not less than 30 days before, and to third party claimants not less than 60 days before, the date on which the insurer believes the time limit may expire.

(g) A statement may not be made that indicates the rights of a third party claimant may be impaired if a form or release is not completed within a given period of time, unless the statement is given for the purpose of notifying the third party claimant of the provision of a relevant statute of limitation.

(h) If an insurer has a reasonable basis, supported by specific information available for inspection by the division of insurance, for suspecting that a first party claimant has fraudulently caused or contributed to the loss, the insurer is relieved from the requirements of this section. However, the insurer must, within a reasonable time for full investigation and after receipt of a properly executed proof of loss, advise the claimant of the acceptance or denial of the claim. (Eff. / / , Reg. )

Authority: AS21.06.090  
AS21.36.125  
AS21.36.350

SB 470 TITLE & SPONSOR SUMMARY 16:41 6/04/84 PAGE 1 OF 3  
RENDED TITLE: CSSB 470(RLS)  
AN ACT RELATING TO INSURANCE

GENERAL DOLLARS: \$0 (F. NOTE)  
PRIME SPONSOR: MULCAHY.  
OTHER DOLLARS: \$0

CO-SPONSORS:

CURRENT STATUS: 5/30/84 TRANSM TO GOVERNOR

SB 470 SENATE ACTION 16:41 6/04/84 PAGE 2 OF 3  
LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
02/13/84	01	2043	FIRST READING -- COMMITTEE REPORTS
03/23/84	02	2446	L&C -- CS04, NR01
03/23/84	03	2446	L&C F/NOTE EQUALS ZERO
05/03/84	04	2705	FIN -- L&C CS05
05/14/84	05	3078	RLS -- DP(AM)04, OTHER04 TAKEN UP IMMEDIATELY
05/14/84	06	3079	SECOND READING
05/14/84	07	3079	RLS CS ADOPTED BY UNAN CONSENT
05/14/84	08	3079	ADVANCED TO 3RD READING BY UNAN CONSENT
05/14/84	09	3079	THIRD READING
05/14/84	10	3080	PASSED BY DIV 20-00-00
05/30/84	19	3416	TRANSMITTED TO GOVERNOR

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SB 470 HOUSE ACTION 16:41 6/04/84 PAGE 3 OF 3  
LEGISLATIVE ACTION

DATE	SEQ	PAGE	LEGISLATIVE ACTION
05/15/84	11	3050	FIRST READING -- COMMITTEE REPORTS
05/23/84	12	3961	L&C -- DP03, NR02
05/28/84	13	4102	SECOND READING
05/28/84	14	4102	ADVANCED TO 3RD READING BY UNAN CONSENT
05/28/84	15	4102	THIRD READING
05/28/84	16	4103	PASSED BY DIV 32-00-08
05/28/84	17	4103	NOTICE OF RECONSIDERATION GIVEN
05/29/84	18	4139	PASSED ON RECONSIDERATION BY DIV 32-00-01

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# COMMITTEE REPORT

## SENATE

FURTHER:

FINANCE

2/13/64

Date 3/22/64

Mr. President

The Committee on LABOR & COMMERCE considered SB 470

relating to insurance.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 470 (L+C)
- new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

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MEMBERS HAVING OTHER RECOMMENDATIONS

[Signature]

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\_\_\_\_\_


\_\_\_\_\_

Chairman

Chairman recommendation

3/20/84

I have read CS 58470 (L+C) and it does resolve the questions we posed at the last hearing on the bill. The amendments we did request at that time have been incorporated in the substitute.

  
Don Bush  
Division of Insurance



STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SB 470  
Title: Relating to Insurance

Sponsor: Mulcahy  
Requestor: Senate L&C  
Date of Request: 2/15/84

FISCAL DETAIL

Agency Affected: Dept. of Comm. & Econ. Dev.  
Program Category Affected: Public Protection  
BRU, Program or Subprogram(s) Affected: Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Kenneth C. Moore, Director Phone: 465-2515  
Division: Insurance Date: 2/15/84

Approved by Commissioner: Richard A. Lyon Date: 2/15/84  
Agency: Department of Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

12/1/83

AMMENDMENTS PROPOSED

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Dept's Proposed Amendments

## INSIDE INSURANCE

# Big losses raise question of 'moral hazards'

*'Most people are not in a position to make money off of sinking their vessel'*

by Robert Mann

Millions of dollars worth of fishing vessel losses in 1982 have broken over Seattle's marine insurance community like a rogue wave at sea. The result, according to brokers and underwriters, could be that fishermen will be paying higher deductibles and premiums in the very near future.

Although the Coast Guard does not keep track of the total number of fishing vessels and processors lost in a given year, some worried underwriters are drawing up lists of their own. The 1982 numbers look pretty grim to companies that are insuring Alaskan fishing vessels.

According to one list, there have been over \$48 million worth of total losses of crabbers, seiners, draggers, processors and gillnetters through November of 1982. Five processors, three of which burned and sank within a six week period,

accounted for \$29 million worth of the total; the *Al-Ind-Esk-A-Sea*, which burned and sank off Everett on October 22, was perhaps the most spectacular of the losses. Another underwriter said over \$22 million worth of crabbers sunk, burned, or ran aground this year.

Bad times seem to bring an increase in the number of reports of vessel owners burning or deliberately sinking their boats to collect the insurance money so they can get out of the business. The fact is, though, that not much is usually gained from that kind of act, according to several underwriters.

"When people are going broke, it seems that the friction of the mortgage against one's wallet seems to heat up the back of the boat, and away she goes," quipped John Adams. Adams manages Pacific General Agency, Inc., a company that insures millions of dollars worth of fishing vessels throughout the U.S.

Adds Adams: "It really does a fisherman no good to file a claim or

have a convenient loss, if he is going to lose his ability to make a living. Most people are not in a position to make money off of sinking their vessel. At best, they usually get the mortgage paid off."

Maurice Oaksmith, an insurance broker, agrees with Adams for different reasons. "I really don't think that 'moral hazards' (intentional sinkings and burnings) are a factor right now, even with the depressed state of some of the fisheries. I've got great faith in human nature, particularly in the fishing industry."

Others in the insurance business, however, do not share Oaksmith's "faith" in human nature in the fishing fleets. One president of an insurance company here instructed his underwriters not to carry any more lines on converted processors, which he labeled, "floating fire hazards." Another marine insurance underwriting firm, Mathews & Livingston, Inc., bailed out of the fish vessel business in 1981 because "it is a volatile market and we were

looking at doubling our rates from our London connection," says a company spokesperson.

"My friends at Lloyd's say the Northwest and Alaska losses have just about destroyed their marine underwriting syndicate," says a former British underwriter who has worked in the U.S. marine insurance industry for two years.

Lloyd's and other western European companies that assume part of the risk on American fishing vessels are quoting prices that many U.S. brokers and underwriters are finding hard to sell to customers. An understanding of why the European insurers are shying away from the fishing vessel business requires a brief explanation of how marine insurance works.

Imagine a pyramid with the broker or underwriter sitting at the top. The fisherman comes into the office, and tells the broker or underwriter what kind of policies he wants and what he is willing to pay. (Most fishermen are covered for losses or damage to the hull and

machinery. A fisherman, no matter what his past record, can usually find someone to insure him.) The broker then goes to his underwriters—the first set of risk-takers, who usually carry only a small percentage of risk themselves. The risk on expensive fishing vessels is always spread out among re-insurers.

The most reliable re-insurers are in London at Lloyd's or the Institute of London Underwriters and other western European countries. Those companies, though, may spread the risk even further down the pyramid. At the bottom of the pyramid, you might find that a company you never heard of in Latin America might be assuming a fraction of a percentage of the total risk on an Alaskan fishing vessel. When claims are made, payment starts at the pyramid's bottom and works its way up.

According to Adams and others, North Pacific fishing vessels have a bad reputation in the European re-insurance market, hence the doubling and tripling of rates in the last two or three months. As a result of the increases, some smaller companies have been forced to seek reinsurance with unproven foreign security firms.

"The London and Western European reinsurance markets have just dried up," says Adams. "It's imprudent for a company like ours to hold all the risk on a crabber with a high degree of hazard. We have to have re-insurers and as these re-insurers drop out, there goes the market."

In the competitive marine insurance business, some companies are so hungry for premium dollars they are re-insuring through companies in South Africa, the Bahamas, and Hong Kong. "You have to realize that there are over 600 companies based in Hong Kong alone, and most of them are only a name in the phone book," said Adams, who adds that many claims go unpaid. "Many of the foreign securities firms will disappear before the claims can get in."

Says Maurice Oaksmith, "Insurance companies and syndicates make money from underwriting and investment income. Now that interest rates are lower on short-term money, the competition for insurance premium dollars is getting even heavier. Some people want to make a quick killing by buying their reinsurance as cheaply as possible so that they can keep most of the premium. They tend to stray into left field re-insurers."

Oaksmith says that "If underwriters are selective, and properly re-insured, they can make money writing fish boats at or near the level of where premiums are today."

John Adams knocks on his desk and says his firm has made money. "We have tried to be cautious with those people that we suspect." But Adams feels that most marine insurance underwriters and brokers today do not know their market. "In the past few years we've seen the inundation of the marine insurance market with inexperienced people with all kinds of capacity. There have been more and more companies coming in and diving right out again after a few hard licks."

rie says there are quite a few "damn good salesmen who are very gullible because they don't want to know the truth about the security they're representing. If it's an undesirable risk, it will usually end up with what we consider to be the less inquisitive underwriters who fail to ask the questions they should ask."

Adams maintains that there are very few underwriters who truly understand the fishing business well enough to know when to ask if a person is a "known troublemaker with a poor record in the past. Some people, though, are not crooked, they're just doggone unlucky," says Adams.

Adams feels most underwriters insuring fish boats should know how machinery operates so that they can know if a claim is legitimate or not. "Most underwriters don't know anything about claims. Unfortunately, the claims people think the underwriters know everything," says Adams.

Although Adams has worked around fishing boats a long time, he says he is often too busy to get the chance to visit the docks to inspect fishing vessels he insures, although he says he tries to as often as possible. Like others, he relies on marine surveyors, the eyes and ears of every underwriter or broker. (See accompanying story.)

Marine surveyors perform condition and valuation (C&V) surveys for vessel owners, insurance companies, and banks. They check a vessel's wiring, construction, deck equipment, rigging, navigation equipment, electronics, cabin arrangements, safety and life saving equipment, hydraulics, engine room, and even the vessel's housekeeping and appearance. They also note any recommendations for improving the vessel before reaching what they feel is a fair market value for the boat.

"Surveyors have a pretty good feeling for what a boat's value is, and they understand replacement costs," says Oaksmith. "But there can be honest differences of opinion between a surveyor and a boat owner."

Some surveyors say they are pressured to keep boat values high even though their market values might be depressed in a weak market. According to one surveyor who ran a C & V survey on a large

floating processor in 1979, the vessel's owners pressured him to keep the value high because the bank had loaned them a lot of money on processing equipment. The surveyor says he told the owners that the boat had no track record and needed more work, so he valued it substantially less than what the owners had wanted.

"I gave them two legal-sized sheets of repair and safety recommendations, and two months later they had somebody else doing the survey. They obviously wanted someone who would agree with their value," the surveyor says. He asked to remain anonymous. "I have quit one job before because the guy hasn't done what I've asked him to do. But within a week he's got insurance from somebody else."

"What's happening in the present market is that a lot of people are not insuring market values. They're insuring investment value," says another veteran surveyor. "A lot of money had to be put into that processor to get her operable, and