

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8155 HOUSE STATE AFFAIRS

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the continental states, it is neither reasonable nor efficient to approve every proprietary school that wants to teach appraisal classes, when appraisers from Alaska are unlikely to attend such schools.

As a final note to the educational process, when licensed or certified appraisers from another state wish to be also certified in Alaska, we have a process that is called endorsement. This basically gives credit for the examination and education as well as the experience awarded by that state. We are aware that the education in those instances may be by courses that we would not accept, but for purposes of interstate flow of appraisers, we have generally accepted that background.

Relative to the acceptance of the designated appraisers of the Appraisal Institute as having met the requirements of education, that process was open to any organization who can demonstrate, as the Appraisal Institute did, that their designation experience exceeds the state law. No other organization submitted such background though we would have been happy to consider them. The fact that only two people have submitted in that manner shows that it is not of concern to the individuals or to their organizations. In light of the poor use of the procedure, we considered rescinding that process and have done so for all future applications. By the way, both individuals far exceeded the educational requirements of our law, but as you already know, you cannot receive a designation in a significant appraisal organization if you only have as little an education as the law requires, either residential or general.

Relative to your comment on the resolution of complaints of appraiser misconduct, you are incorrect and your observations totally invalid. Only 10 cases have been filed since our law was passed, four of those have been closed after action was taken. Six cases are still pending, four of which have been filed in the past 90 days! Only two are still pending from 1992 and both of those are in a private review appraiser's hands for comment. The State of Alaska has a very active and reliable process for occupational licensing violations which is well recognized in this state as being thorough and objective. It may be slow at times but not abnormally so for the consequences that can result from the process. The board will continue to monitor the quantity and timeliness of the process.

Relative to the courtesy license or temporary practice process, we believe a different approach is warranted. This is not a state where an appraiser from the next county (which happens to be across the state line) receives a job order from the bank to do the work. Travel costs for 5 days of driving to Alaska or a \$600.00 to \$900.00 airfare limit the work to firms within the state or those who work for major lenders or corporations that have interests in Alaska. This second group of people are those that come up fairly often, and they have elected to become fully certified in the state. Of our total of 141 certified appraisers, 17 are residents of other states who are dual certified or licensed. All are general appraisers. Only two courtesy licenses have been applied for in Alaska and both were granted without delay. We believe affiliation with someone in Alaska is necessary due to the unique arctic and subarctic conditions in much of the state. This affiliation allows us to have a responsible party available for service in Alaska. In

November 2, 1993

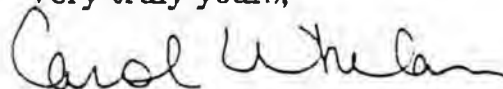
fact, this type of affiliation has been an accepted method of completing work here by outside appraisers prior to the enactment of the certification law.

We have discussed this matter again but believe, with the high ratio of nonresident appraisers who are certified here, it appears that we have shown the process, as set up, is working. Relative to the fee, while \$50.00 may be a standard application fee, there is nothing further in there for management and administration, and we believe the \$150.00 licensing fee is very fair. Costs of most items are considerably higher in Alaska than in most places and this type of fee level is not burdensome relative to the costs of travel to and producing an appraisal in this state.

We appreciate your comments concerning the institutional appraiser and will relate your conclusions to the lenders, which incidentally coincide with the opinion of the board.

I trust our comments have been responsive to your concerns and will be happy to discuss these issues further.

Very truly yours,



for Alfred J. Ferrara
Chairman
Board of Certified
Real Estate Appraisers

AJF/go117.ajf
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cc: Karl Luck, Director
Division of Occupational Licensing

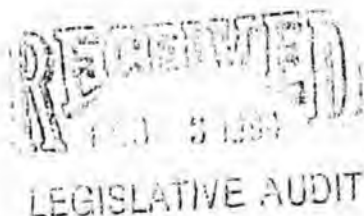
DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

P.O. BOX 110800
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500
FAX: (907) 465-5442

February 3, 1994

Mr. Randy Welker
Legislative Auditor
Legislative Budget & Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811



Dear Mr. Welker:

This is written in response to the Audit Division's (Audit) Preliminary Audit Report for the Board of Certified Real Estate Appraisers (Board). Below is the Department of Commerce and Economic Development's comments on Audit's preliminary findings and recommendations.

Recommendation No. 1

The Legislature should extend the Board of Certified Real Estate Appraisers' (BCREA) termination date to June 30, 1998.

The department concurs that BCREA should be extended so that compliance with federal law is met.

Recommendation No. 2

The certification of real estate appraisers in Alaska should be mandatory for all appraisers.

The department concurs with this finding.

Recommendation No. 3

- A. BCREA statutes and regulations should be revised to remove barriers which significantly limit nonresident appraisers from practicing in this state.

The Appraisal Subcommittee in a September 24, 1993 letter to the BCREA, criticized the BCREA for its restrictive interpretation of Title XI concerning courtesy licensure. In response, the BCREA in a November 2, 1993 letter to the Appraisal Subcommittee confirmed its opinion that the requirements set out by the BCREA are not restrictive. Courtesy licensure is not mandatory in the BCREA statutes. However, centralized licensing AS 08.02.030 provides that boards may provide for temporary courtesy licensing via regulation, which the BCREA has done. The department will present Audit's recommendations to the BCREA for their review.

B. BCREA does not have a reciprocity policy with any other state and its endorsement provision is not often exercised.

The statute governing the BCREA does not provide for the BCREA to license by "reciprocity." Therefore, the BCREA does not have a "reciprocity policy" with any other state. Audit's statement ". . . . and its endorsement provision is not often exercised" is misleading. AS 08.87.110(c) sets out the requirements to receive a license without examination. Specifically, AS 08.87.110(c)(1) requires an individual to be certified in another state that has certification requirements substantially equivalent to the requirements established by AS 08.87.110 and by regulations issued by the BCREA. The Appraiser Qualification Board (AQB) has set the standard for experience requirements. Alaska's experience requirement is more stringent than what is recommended by the AQB, and Alaska is also more stringent than other states' requirements.

The BCREA has not denied any applicant who has applied by credentials because their qualifying state did not have licensure requirements equivalent to Alaska, but rather advised the applicant that while their qualifying state does not meet Alaska's experience requirement, the applicant nevertheless is eligible to receive licensure under AS 08.87.110(a) or (b) as appropriate. Generally, most applicants have the experience requirement set in statute even though their state has lesser experience requirements.

In comparison to other state licensing laws, the Appraiser statute is not unique in its credential requirements. Changing the experience requirements requires legislative intervention.

Recommendation No. 4

BCREA should seek statutory amendments(s) in order to reflect updated AQB criteria and ASC guidance. BCREA would need to develop regulations to meet the statutory changes.

A. The education criteria for Alaska's residential real estate appraiser certification does not meet AQB requirements.

The department concurs with this recommendation and has drafted proposed legislation.

B. BCREA regulations may be viewed as discriminatory regarding the acceptance of education from a member organization of the Appraisal Foundation.

This recommendation will be presented to the BCREA for their review. However, the BCREA in its November 2, 1993 letter to the Appraisal Subcommittee defended its regulations regarding education courses.

Recommendation No. 5

Division of Occupational Licensing (OL) should investigate complaints regarding the competency of certified real estate appraisers in a timely manner.

The department concurs with this recommendation; however, additional investigative staff is required to be able to comply. One additional investigator position has been requested in the FY 95 budget.

Recommendation No. 6

The Office of the Governor (Boards and Commissions) should appoint BCREA board members in a timely manner.

The department concurs with this recommendation.

Recommendation No. 7

BCREA should prepare and submit required annual performance reports to the Department of Commerce and Economic Development (DCED).

The department concurs with this recommendation.

Recommendation No. 8

OL should continue their efforts to adequately provide public notice of board meetings and application deadlines for examinations.

The department will continue to public notice events as required by statute, which in recent years has proven to be adequate. The auditor provided the following dates as the basis of his comments of inadequate public notice:

September 11, 1991 meeting
July 20, 1991 exam
October 19, 1991 exam
April 11, 1992 exam

No FY 93 dates were provided; consequently, we are unable to verify this comment. Advertising orders were placed in three papers for the September 11, 1991 meeting. These were submitted approximately two months in advance of the events. Two newspapers published the ad as requested, the third did not. The April 11, 1992 exam was public noticed in three newspapers. Although our records for 1991 do not provide documentation of advertisement for the remaining two examinations, the absence of complaints at either the Ombudsman or department level suggests that adequate public notice was given for all these events.

Recommendation No. 9

BCREA should consult the Department of Law (Law) to determine whether policies in the BCREA policy manual should be adopted into regulation.

The department agrees that most policies set by boards should be in regulation. The department will work with the BCREA in this matter and consult with Law as appropriate.

Recommendation No. 10

The Department of Commerce and Economic Development (DCED) should continue to work with the Office of the Governor and Office of Management and Budget (OMB) in establishing fee levels for occupational licensees that are more reflective of the actual regulatory cost of the occupation.

The department agrees with the recommendation subject to the following comments:

An OMB audit of the department's fee setting practice was completed in early October. OMB's recommendations for defining direct costs, including the implementation of timekeeping records for licensing staff, investigators, and hearing officers, has been implemented effective July 1, 1993 by the division.

The OMB audit recommended a cap on incremental fee increases of no more than 10-25% per licensing period. This is problematic inasmuch as it places a limit on recovering the actual cost of licensing the profession. Unpredictable and unforeseen program expenses occur due to investigations, litigation, and legal challenges which are not controlled by the board or the division. Limiting expenditures in order to comply with these caps is anticipated to have serious effects on the division's abilities to comply with their statutory mandates. Under the present scheme, once a program has expended its "acceptable limit" for fee increase adjustments under the OMB recommendations and in accordance with AS 08.01.065, the board will effectively be shut down for the remainder of the fiscal year. The consequences have potential health and safety risks as well as potential economic hardships for licensees who wish to renew their licenses, sit for examinations, etc. The division will make requests for additional spending allocation to Legislative Budget and Audit Committee to alleviate these harsh consequences, but failing favorable consideration, the division must control its expenditures.

The division does not fully concur with the audit findings that errors were made in the calculation of a two-year average of expenditures used to determine the FY 93 license fees, and as a result, license fees did not truly reflect the cost of providing regulatory services to each occupation. Detailed expenditure information used in calculating a two-year average was based on information obtained from the state accounting system. The data generated from the state accounting system for the purposes of this audit has changed from data obtained by division staff when fee decisions were made.

In conclusion, the Department of Commerce and Economic Development has worked with the OMB auditor regarding this issue.

Recommendation No. 11

OL should request statutory changes to AS 08.01.050 and AS 08.01.070 to clarify responsibilities for the taking of board meeting minutes and production of an annual report.

A rewrite of AS 08.01 is available, and the division is seeking legislative support to introduce it. The rewrite makes numerous revisions including amendments to the statutes cited in this recommendation.

The rewrite included revisions which make drafting minutes a department responsibility. It also provides for an annual report deadline submission of August 1. The annual report deadline revision is necessary as many statistics needed for the annual report are not available until June 30, thus making it impossible for the boards to meet the existing deadline of submission by June 30.

The division disagrees that the annual report authorship should be amended to make annual report submission a department responsibility. We recognize that division staff are instrumental in assisting boards when completing reports. Staff provide statistical and clerical assistance, however, this report must be reflective of the board's position on various matters involving the profession regulated including legislative and regulatory needs, budget requests, and upcoming goals. These are areas which the board is solely responsible for developing.

Recommendation No. 12

OL should develop and implement written policies and procedures for reporting potential violations of the Executive Branch Ethics Act to the Department of Law (Law).

The department agrees and will comply with this recommendation. A written procedure developed by staff will be limited to include directives for staff follow-up at each meeting with collection of ethic reports, as well as clarifying dates which quarterly reports must be compiled and forwarded to the Attorney General's Office. We concur that staff is responsible for the timely submission to the Department of Law. This is the limit of responsibility on behalf of the department.

All other policy, procedures, interpretations, and written directives for what must be reported, must come from the Department of Law. Guidance on when a member must report a conflict, what should be reported, confirmation of what constitutes a conflict, and who has authority to rule/overrule a decision made by a designated supervisor, are all matters which are beyond the scope of DCED staff expertise. Consequently, the department disagrees with the statement in the text of recommendation No. 12 which states "Functionally, OL staff advise the professional licensing boards associated with them as to the reporting necessary for compliance with the Ethics Act. . . ."

The department has asked for a written directive from the Department of Law, in layman's terms, which clarifies these matters. Any forthcoming directives from the Department of Law will be distributed to board members.

Recommendation No. 13

OL should, in conjunction with the Equal Employment Opportunity Office (EEO), review application forms used by OL for licensure to assure that personal questions of a potential discriminatory nature are essential for prudent licensure.

The department disagrees with this recommendation. We believe the procedures for denying an applicant and the practice of listing the specific reasons for denial in the notice to the applicant provides adequate protection for the board from being subject to discrimination complaints based on the height/weight questions.

Thank you for the opportunity to comment. If my department can assist you in any other way, please let me know.

Sincerely,


Paul Fuhs
Commissioner

PF/go8491c

020394c

cc: Karl Luck, Director
Division of Occupational Licensing

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
BOARD OF CERTIFIED REAL ESTATE APPRAISERS
P.O. BOX 110806
JUNEAU, ALASKA 99811-0806
(907) 465-2542

Requirements for Certification as a Residential Real Estate Appraiser

Pursuant to AS 08.87.110, the board shall issue a residential real estate appraiser certificate to a person who presents evidence satisfactory to the board that the person

(1) has successfully completed 60 hours of classroom instruction in subjects related to real estate appraisal from an appraisal organization or academic institution approved by the board; and

(2) has successfully completed 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser;

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

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

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

(6) has paid the required fees.

CERTIFICATE BY ENDORSEMENT

The board may issue a residential real estate appraiser certificate to a person who can, by evidence satisfactory to the board, show that the person

(1) has been certified in another state that has certification requirements substantially equivalent to the requirements established by this chapter and by regulations issued by the board under this chapter, and that provides for certification of nonresidents under condition similar to those set out in this subsection and without discriminatory costs;

(2) is not the subject of an unresolved complaint or disciplinary action before an authority regulating real estate appraiser or a professional real estate appraiser's association;

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

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

(5) has submitted proof of continued competency satisfactory to the board;

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

(7) has paid the required fees.

CERTIFICATE BY EXAMINATION

The Alaska Board of Certified Real Estate Appraisers currently utilizes as its testing agent Assessment Systems, Inc. (ASI). Application forms for the examination are available from the offices of the Division of Occupational Licensing. For specific information regarding the examination and fees contact:

Appraiser Examination Program
ASI Processing Center
718 Arch Street
Philadelphia, PA 19106
Phone: (215) 592-0266

The following items must be on file before you will be considered for a certificate by examination:

1. complete and notarized application;
2. application fee, \$50.00;
3. certification fee, \$250.00;
4. federal registry fee, \$50.00 (\$25.00 per year);
5. official transcript, certified copies of certificates of completion or other evidence of course completion acceptable to the board that verify:
 - a. successful completion of 60 or more classroom hours of instruction in subjects related to real estate appraisal from an appraiser organization or academic institution approved by the board; and
 - b. successful completion of 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.

An applicant's classroom hours of instruction must relate directly to real estate appraisal theory or practices and must have been completed through courses offered by one of the following appraisal organizations or academic institutions:

1. any member organization of the Appraisal Foundation; or
2. regionally accredited junior college, college, or university.

To meet the requirements for initial certification, a course or seminar must be a minimum of 15 classroom hours in duration and require successful completion of a final examination.

6. Work experience verification form (three forms). The total amount of an applicant's work experience must be verified by a combination of at least three different individuals. If an applicant cannot, for good cause, provide three different work experience verifications forms, the board will, in its discretion, consider other forms of work experience verification.
7. Copy of examination results.

CERTIFICATE BY ENDORSEMENT

A person certified as a residential real estate appraiser in another state who wishes to practice in the State of Alaska may apply for certification by endorsement by submitting the following items:

1. complete and notarized application;
2. application fee, \$50.00;
3. certification fee, \$250.00;
4. federal registry fee, \$50.00 (\$25.00 per year);
5. official transcript, certified copies of certificates of completion or other evidence of course completion acceptable to the board that verify:
 - a. successful completion of 60 or more classroom hours of instruction in subjects related to real estate appraisal from an appraiser organization or academic institution approved by the board; and
 - b. successful completion of 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.
6. Verification of certification from all states that applicant holds or has held a certificate/license.
7. Documentation of 40 hours of continuing education in real estate appraisal that contributed directly to a certified real estate appraiser's knowledge of current theories, practices and techniques of real estate analysis and appraisal that was obtained immediately preceding the date of application.

Name of Employer: _____
 Dates From: _____ To: _____
 Employer Address: _____
 Employer Telephone No.: _____
 Name of Supervisor: _____
 Position Held by Applicant: _____
 Duties and Responsibilities: _____

STATUTORY EDUCATION REQUIREMENT

Provide evidence that you have successfully completed 60 or more classroom hours related to real estate appraisal and 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.

I have successfully completed the following Real Estate Appraisal Courses approved by any member organization of the Appraisal Foundation or regionally accredited junior college, college, or university. Use separate sheet, if necessary.

COURSE SUMMARY

COURSE TITLE	COURSE SPONSOR	DATE COMPLETED	TOTAL HOURS

USE ADDITIONAL SHEETS AS NECESSARY FOR COURSE SUMMARY.

Please enclose the course completion certificates for the above courses.

Subject to the penalties of unsworn falsification as defined in AS 11.56.210, I, _____, the applicant herein, state that all facts, statements and answers contained in this application are true and correct; I am not omitting any information which might be of value to this board in determining my qualifications and character, whether it is called for or not; and I agree that any falsification, omission, or withholding of information of facts concerning my qualification as an applicant shall be sufficient to bar me from this or any future examination of my application by the Alaska board and such falsifications, omissions, or withholding shall serve as sufficient grounds for the suspension, cancellation or revocation of my appraiser certificate even though it is not discovered until after issuance.

I hereby give my permission to the Board of Certified Real Estate Appraisers to secure additional information concerning me or any statement in this application from any person or any source the board may desire. I further agree to submit to questioning by the board or any member thereof, and to substantiate any statements if desired by the board.

I have read the Alaska Real Estate Appraiser Practice Act. I solemnly declare upon my honor that, if granted a certificate to practice in Alaska, I will respectfully comply with any law governing the practice of appraisers in this state, and will do my best to uphold and maintain the ethics of the profession.

 Signature of Applicant

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the State of _____
 this _____ day of _____, 19 _____.

 Notary Public

My Commission Expires: _____

STATE OF ALASKA
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806
Juneau, Alaska 99811-0806
(907) 465-2542

AUTHORIZATION FOR RELEASE OF RECORDS

TO WHOM IT MAY CONCERN:

I, _____, residing at _____

_____, authorize the Alaska Division of Occupational Licensing and its investigators to examine my appraisal employment, educational records, and records pertaining to litigation, judgements, suits and/or settlements, and any law enforcement records pertaining to me and discuss them with persons having possession of them. I also expressly permit and authorize the release of all such records pertaining to me to the Alaska Division of Occupational Licensing and its investigators.

I request that upon presentation of this release, or a true copy, that you provide copies of those records to the division and its investigators.

I authorize the division to discuss my records with persons or organizations which are considered appropriate by the division in connection with an official investigation, and to provide copies of my records to those persons or organization if appropriate.

This release also applies to any documents or records which contain information pertaining to psychiatric, drug or alcohol evaluation, diagnosis or treatment received by me.

This authorization is given expressly in connection with my application (initial, renewal, reactivation) for Alaska Appraisal Certificate. This authorization expires one year from the date of my signature.

My social security number is: _____ My date of birth is: _____

Home Telephone: () _____ Work Telephone: () _____

I hereby release you, your organization, the Alaska Department of Commerce and Economic Development, Division of Occupational Licensing and its investigators, and all others directly or indirectly involved in this matter from any liability or damage which may result from furnishing the information requested.

Signature: _____ Date: _____

SIGNED AND SWORN to before me on this _____ day of _____, 19 _____

Notary Public
My Commission Expires: _____

If Notary Public is unavailable, please have a witness verify your signature.

Witness: _____ Date: _____

NOTE: A photocopy reproduction of this request shall be, for all intents and purposes, as valid as the original. You may retain this form for your files.

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

VERIFICATION OF LICENSURE/CERTIFICATION

Sir:

I am applying for a certification to practice as an appraiser in the State of Alaska. The Board of Certified Real Appraisers requires that this form be completed by the jurisdiction in which I hold or have held certificates/licenses. Please complete the form and return it directly to the Board of Certified Real Estate Appraisers at the above address.

Name _____

Address _____

PLEASE DO NOT DETACH. The information below must be completed by the state licensing board, not to be completed by the applicant.

State of _____

Name of Licensee/Certificate Holder: _____

License/Certificate No. _____ Issued effective _____

By credentials/endorsement _____ By examination _____

Exam Source _____ (i.e., ASI, PES, etc.) Date _____

Certificate/License is current _____ lapsed _____ Expiration date _____

Has the applicant's certificate/license ever been suspended, revoked, voluntarily surrendered, placed on probation or restricted in any other way? Yes No

If so, for what reason? _____

Derogatory information, if any _____

Comments, if any _____

Does your state allow nonresidents to become certified? Yes No

If yes, is there additional costs or requirements to be incurred by the applicant? Yes No

[Board Seal]

(All verifications must have board seal)

Signed _____

Title _____

State Board _____

Date _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

**WORK EXPERIENCE VERIFICATION FOR
RESIDENTIAL REAL ESTATE APPRAISERS**

The board will accept a work verification form only if it has been completed by a licensed construction contractor, federal or state lender, present or former employer, company or entity that deals with real estate appraisers or officers of a state or federal agency, all of whom may have recent knowledge of the specific appraiser's experience.

SECTION I. Residential Real Estate Appraiser

I, _____ of _____
Printed Name Title Representing

_____ certify to my knowledge that _____
Name of Applicant

has at least three years of experience in real property appraisal within the last five years or two years of experience as a registered trainee under AS 08.87.310. I am/was associated with the applicant from ____ / ____ to ____ / ____
mo. yr. mo. yr.

(One year of experience equals 1,000 hours of real estate appraisal work within a 12-month period.)

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____.

Notary Public

My Commission Expires: _____

SECTION II. Registered Trainee

Please complete this section if applicant is a registered trainee:

I, _____ certify that I am a certified real estate appraiser
certified in the State of Alaska and that _____ has been/was
Applicant's Name

employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
his ____ day of _____, 19 ____.

Notary Public

My Commission Expires: _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

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Printed Name Title Representing

_____ certify to my knowledge that _____
Name of Applicant

has at least three years of experience in real property appraisal within the last five years or two years of experience as a registered trainee under AS 08.87.310. I am/was associated with the applicant from ____ / ____ to ____ / ____
mo. yr. mo. yr.

(One year of experience equals 1,000 hours of real estate appraisal work within a 12-month period.)

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Signature

Date

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this ____ day of _____, 19 ____.

Notary Public

My Commission Expires: _____

SECTION II. Registered Trainee

Please complete this section if applicant is a registered trainee:

I, _____ certify that I am a certified real estate appraiser
certified in the State of Alaska and that _____ has been/was
Applicant's Name

employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____.

Notary Public

My Commission Expires: _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

**WORK EXPERIENCE VERIFICATION FOR
RESIDENTIAL REAL ESTATE APPRAISERS**

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I, _____ of _____
Printed Name Title Representing

_____ certify to my knowledge that _____
Name of Applicant

has at least three years of experience in real property appraisal within the last five years or two years of experience as a registered trainee under AS 08.87.310. I am/was associated with the applicant from ____ / ____ to ____ / ____
mo. yr. mo. yr.

(One year of experience equals 1,000 hours of real estate appraisal work within a 12-month period.)

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____.

Notary Public

My Commission Expires: _____

SECTION II. Registered Trainee

Please complete this section if applicant is a registered trainee:

I, _____ certify that I am a certified real estate appraiser
certified in the State of Alaska and that _____ has been/was
Applicant's Name

employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____.

Notary Public

My Commission Expires: _____

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
BOARD OF CERTIFIED REAL ESTATE APPRAISERS
P.O. BOX 110806
JUNEAU, ALASKA 99811-0806
(907) 465-2542

Requirements for Certification as a General Real Estate Appraiser

Pursuant to AS 08.87.110, the board shall issue a general real estate appraiser certificate to a person who presents evidence satisfactory to the board that the person

- (1) has successfully completed 150 hours of classroom instruction in subjects related to real estate appraisal from an appraisal organization or academic institution approved by the board; and
- (2) has successfully completed 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser;
- (3) has within the seven years immediately preceding the filing of the application for certification four years of experience in real property appraisal or three years of experience as a registered trainee under AS 08.87.310;
- (4) successfully completes an examination prescribed by the board;
- (5) has not been convicted of a crime involving moral turpitude; and
- (6) has paid the required fees.

CERTIFICATE BY ENDORSEMENT

The board may issue a general real estate appraiser certificate to a person who can, by evidence satisfactory to the board, show that the person

- (1) has been certified in another state that has certification requirements substantially equivalent to the requirements established by this chapter and by regulations issued by the board under this chapter, and that provides for certification of nonresidents under condition similar to those set out in this subsection and without discriminatory costs;
- (2) is not the subject of an unresolved complaint or disciplinary action before an authority regulating real estate appraiser or a professional real estate appraiser's association;
- (3) has not failed the examination for certification as a real estate appraiser in this state;
- (4) has not had certification as a real estate appraiser revoked or suspended in this state or in another jurisdiction;
- (5) has submitted proof of continued competency satisfactory to the board;
- (6) successfully completes an examination that may be prescribed by the board relating to appraisal matters unique to Alaska; and
- (7) has paid the required fees.

CERTIFICATE BY EXAMINATION

The Alaska Board of Certified Real Estate Appraisers currently utilizes as its testing agent Assessment Systems, Inc. (ASI). Application forms for the examination are available from the offices of the Division of Occupational Licensing. For specific information regarding the examination and fees contact:

Appraiser Examination Program
ASI Processing Center
718 Arch Street
Philadelphia, PA 19106
Phone: (215) 592-0266

The following items must be on file before you will be considered for a certificate by examination:

1. complete and notarized application;
2. application fee, \$30.00;
3. certification fee, \$300.00;
4. federal registry fee, \$25.00;
5. official transcript, certified copies of certificates of completion or other evidence of course completion acceptable to the board that verify:
 - a. successful completion of 150 or more classroom hours of instruction in subjects related to real estate appraisal from an appraiser organization or academic institution approved by the board; and
 - b. successful completion of 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.

An applicant's classroom hours of instruction must relate directly to real estate appraisal theory or practices and must have been completed through courses offered by one of the following appraisal organizations or academic institutions:

1. any member organization of the Appraisal Foundation; or
2. regionally accredited junior college, college, or university.

To meet the requirements for initial certification, a course or seminar must be a minimum of 15 classroom hours in duration and require successful completion of a final examination.

6. Work experience verification form (three forms). The total amount of an applicant's work experience must be verified by a combination of at least three different individuals. If an applicant cannot, for good cause, provide three different work experience verification forms, the board will, in its discretion, consider other forms of work experience verification. For the general appraiser, 50% of the experience must be in nonresidential property. Alaska has adopted that ratio in our general appraiser experience requirements. Since the state law specifies four years of experience for a general appraiser, 50%, or two years of that must be in nonresidential property. Since the law defines one year as 1,000 work hours, a total of 2,000 hours of nonresidential experience must be demonstrated by each person seeking the general certification.

That experience need not be in a two-year period, but must be entirely within a seven-year period since all of the creditable experience for a general appraiser must have occurred during the past seven years.

7. Copy of examination results.

CERTIFICATE BY ENDORSEMENT

A person certified as a general real estate appraiser in another state who wishes to practice in the State of Alaska may apply for certification by endorsement by submitting the following items:

1. complete and notarized application;
2. application fee, \$30.00;
3. certification fee, \$300.00;
4. federal registry fee, \$25.00;
5. official transcript, certified copies of certificates of completion or other evidence of course completion acceptable to the board that verify:
 - a. successful completion of 150 or more classroom hours of instruction in subjects related to real estate appraisal from an appraiser organization or academic institution approved by the board; and
 - b. successful completion of 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.
6. Verification of certification from all states that applicant holds or has held a certificate/license.
7. Documentation of 40 hours of continuing education in real estate appraisal that contributed directly to a certified real estate appraiser's knowledge of current theories, practices and techniques of real estate analysis and appraisal that was obtained immediately preceding the date of application.

Name of Employer: _____
 Dates From: _____ To: _____
 Employer Address: _____
 Employer Telephone No.: _____
 Name of Supervisor: _____
 Position Held by Applicant: _____
 Duties and Responsibilities: _____

STATUTORY EDUCATION REQUIREMENT

Provide evidence that you have successfully completed 150 or more classroom hours related to real estate appraisal and 15 classroom hours of instruction related to standards of professional practice as a real estate appraiser.

I have successfully completed the following Real Estate Appraisal Courses approved by any member organization of the Appraisal Foundation or regionally accredited junior college, college, or university. Use separate sheet, if necessary.

COURSE SUMMARY

COURSE TITLE	COURSE SPONSOR	DATE COMPLETED	TOTAL HOURS

USE ADDITIONAL SHEETS AS NECESSARY FOR COURSE SUMMARY.

Please enclose the course completion certificates for the above courses.

Subject to the penalties of unsworn falsification as defined in AS 11.56.210, I, _____, the applicant herein, state that all facts, statements and answers contained in this application are true and correct; I am not omitting any information which might be of value to this board in determining my qualifications and character, whether it is called for or not; and I agree that any falsification, omission, or withholding of information of facts concerning my qualification as an applicant shall be sufficient to bar me from this or any future examination of my application by the Alaska board and such falsifications, omissions, or withholding shall serve as sufficient grounds for the suspension, cancellation or revocation of my appraiser certificate even though it is not discovered until after issuance.

I hereby give my permission to the Board of Certified Real Estate Appraisers to secure additional information concerning me or any statement in this application from any person or any source the board may desire. I further agree to submit to questioning by the board or any member thereof, and to substantiate any statements if desired by the board.

I have read the Alaska Real Estate Appraiser Practice Act. I solemnly declare upon my honor that, if granted a certificate to practice in Alaska, I will respectfully comply with any law governing the practice of appraisers in this state, and will do my best to uphold and maintain the ethics of the profession.

 Signature of Applicant

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the State of _____
 this _____ day of _____, 19 _____.

 Notary Public

STATE OF ALASKA
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806
Juneau, Alaska 99811-0806
(907) 465-2542

AUTHORIZATION FOR RELEASE OF RECORDS

TO WHOM IT MAY CONCERN:

I, _____, residing at _____

_____, authorize the Alaska Division of Occupational Licensing and its investigators to examine my appraisal employment, educational records, and records pertaining to litigation, judgements, suits and/or settlements, and any law enforcement records pertaining to me and discuss them with persons having possession of them. I also expressly permit and authorize the release of all such records pertaining to me to the Alaska Division of Occupational Licensing and its investigators.

I request that upon presentation of this release, or a true copy, that you provide copies of those records to the division and its investigators.

I authorize the division to discuss my records with persons or organizations which are considered appropriate by the division in connection with an official investigation, and to provide copies of my records to those persons or organization if appropriate.

This release also applies to any documents or records which contain information pertaining to psychiatric, drug or alcohol evaluation, diagnosis or treatment received by me.

This authorization is given expressly in connection with my application (initial, renewal, reactivation) for Alaska Appraisal Certificate. This authorization expires one year from the date of my signature.

My social security number is: _____ My date of birth is: _____

Home Telephone: () _____ Work Telephone: () _____

I hereby release you, your organization, the Alaska Department of Commerce and Economic Development, Division of Occupational Licensing and its investigators, and all others directly or indirectly involved in this matter from any liability or damage which may result from furnishing the information requested.

Signature: _____ Date: _____

SIGNED AND SWORN to before me on this _____ day of _____, 19 _____.

Notary Public
My Commission Expires: _____

If Notary Public is unavailable, please have a witness verify your signature.

Witness: _____ Date: _____

NOTE: A photocopy reproduction of this request shall be, for all intents and purposes, as valid as the original. You may retain this form for your files.

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

VERIFICATION OF LICENSURE/CERTIFICATION

Sir:

I am applying for a certification to practice as an appraiser in the State of Alaska. The Board of Certified Real Appraisers requires that this form be completed by each jurisdiction in which I hold or have held certificates/licenses. Please complete the form and return it directly to the Board of Certified Real Estate Appraisers at the above address.

Name _____

Address _____

The information below must be completed by the state licensing board, not to be completed by the applicant.

.....
PLEASE DO NOT DETACH.

State of _____

Name of Licensee/Certificate Holder: _____

License/Certificate No. _____ Issued effective _____

By credentials/endorsement _____ By examination _____

Exam Source _____ (i.e., ASI, PES, etc.) Date _____

Certificate/License is current _____ lapsed _____ Expiration date _____

Has the applicant's certificate/license ever been suspended, revoked, voluntarily surrendered, placed on probation or restricted in any other way? Yes No

If so, for what reason? _____

Derogatory information, if any _____

Comments, if any _____

Does your state allow nonresidents to become certified? Yes No

If yes, is there additional costs or requirements to be incurred by the applicant? Yes No

[Board Seal]

(All verifications must have board seal)

Signed _____

Title _____

State Board _____

Date _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

**WORK EXPERIENCE VERIFICATION FOR
GENERAL REAL ESTATE APPRAISERS**

The board will accept a work verification form only if it has been completed by a licensed construction contractor, federal or state lender, present or former employer, company or entity that deals with real estate appraisers or officers of a state or federal agency, all of whom may have recent knowledge of the specific appraiser's experience.

SECTION I. General Real Estate Appraiser

I, _____ of _____
Printed Name Title Representing

_____ certify to my knowledge that _____
Name of Applicant

has at least four years of experience of which two years of experience is known to me to be of a nonresidential experience in real property appraisal within the last seven years or three years of experience as a registered trainee under AS 08.87.310. I am/was associated with the applicant from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this _____ day of _____, 19 _____.

Notary Public

My Commission Expires: _____

SECTION II. Registered Trainee

Please complete this section if applicant is a registered trainee:

I, _____ certify that I am a certified real estate appraiser
certified in the State of Alaska and that _____ has been/was
Applicant's Name

employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this _____ day of _____, 19 _____.

Notary Public

My Commission Expires: _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110806, Juneau, Alaska 99811-0806

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SECTION I. General Real Estate Appraiser

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_____ certify to my knowledge that _____
Name of Applicant

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mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

SECTION II. Registered Trainee

Please complete this section if applicant is a registered trainee:

I, _____ certify that I am a certified real estate appraiser
certified in the State of Alaska and that _____ has been/was
Applicant's Name

employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Board of Certified Real Estate Appraisers
P.O. Box 110805, Juneau, Alaska 99811-0806

**WORK EXPERIENCE VERIFICATION FOR
GENERAL REAL ESTATE APPRAISERS**

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SECTION I. General Real Estate Appraiser

I, _____ of _____
Printed Name Title Representing
_____ certify to my knowledge that _____
Name of Applicant

has at least four years of experience of which two years of experience is known to me to be of a nonresidential experience in real property appraisal within the last seven years or three years of experience as a registered trainee under AS 08.87.310. I am/was associated with the applicant from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

SECTION II. Registered Trainee

Please complete this section if applicant is a registered trainee:

I, _____ certify that I am a certified real estate appraiser
certified in the State of Alaska and that _____ has been/was
Applicant's Name
employed and under my direct supervision as a registered trainee from ____ / ____ to ____ / ____ .
mo. yr. mo. yr.

NOTARY SEAL

Signature

Date

SUBSCRIBED AND SWORN before me, a Notary Public, in and for the state of _____
this ____ day of _____, 19 ____ .

Notary Public

My Commission Expires: _____

The following is summary comments which should help the applicant complete the appraiser's work verification form for Board review. The purpose of this form is for the board to determine the diversity and complexity of work experience and to verify the appropriate number of work hours. The following guide notes, labelled A through K, are provided to explain what type of information the board looks for in each column. Please refer to the following list when filling out the work verification form.

- (A) ID Number: This number is your office file identification number.
- (B) Date: The month and year the appraisal report was completed.
- (C) Name/Location: This is the common name/location of the property, i.e., George's Office Tower, Anchorage, Alaska. Please be very clear, so the board can understand the property being appraised.
- (D) Size: Size of the property, note if square footage, acres, or number of units.
- (E) Experience Category: A numeric answer regarding the following 11 experience categories.
- (F) Property Classification: Below are 13 general property classifications, indicate the one which most closely approximates the appraisal assignment.
- (G) Value Range: Check the appropriate column range as follows: \$1 to \$250,000; \$251,000 to \$500,000; \$500,001 and over.
- (H) Approaches to Value: Check the appropriate columns if full approaches to value were utilized in the report.
- (I) Type of Report: Please check appropriate format for report, i.e., narrative, letter, form appraisal, or other. If the other column is checked, please attach an explanation as to the format used.
- (J) Appraiser: Indicate whether you were sole signer, co-signer or did not sign the report.
- (K) Hours: Indicate total number of hours spent on research, analysis and preparation of report. Do not include hours which someone else spent.

EXPERIENCE CATEGORY

1. Fee and Staff Appraisal
2. Ad Valorem Tax Appraisal
3. Review Appraisal
4. Appraisal Analysis
5. Real Estate Counseling
6. Highest and Best Use Analysis
7. Feasibility Analysis
8. Instruction of Appraisal Courses
9. Setting Forth of Opinions of Value of Real Property for Tax Purposes as an Employee of a County Assessor's or Board of Equalization
10. Assistance in Preparation of Appraisals
11. Real Estate Valuation Experience as a Real Estate Lending Officer or Real Estate Broker but Only to the Extent that the Experience is Directly Related to the Actual Performance or Professional Review of Real Estate Appraisals

PROPERTY CLASSIFICATIONS:

- CB Commercial Building
- CL Commercial & Office Land
- FL Farm/Forest Land
- FR Farm/Forest Land with Residential and/or Farm-Use Equipment
- IB Industrial Warehouse & Manufacturing Building
- IL Industrial and "Business Campus" Land
- MFS Multi-Family Small 2-8 Units
- MFL Multi-Family Large 8 or More Units
- ML Multi-Family Land
- OB Office Buildings and Plazas, Including Medical
- RL Residential (Single-Family) Land Including Any Subdivision Potential and Multiple Lot Sales
- SFR Single Family Residential (1-4 Family Units)
- OT Other (Please Specify) _____

HB

411

HOUSE COMMITTEE REPORT

2/11/94

(9)

Date Referred: January 28, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/10/94

The STATE AFFAIRS Committee considered:

HB 411

HOUSE BILL NO. 411

REPEAL ART IN PUBLIC PLACES REQUIREMENT

"An Act relating to the art in public places requirements for state-owned and state-leased buildings and facilities."

RECOMMENDATIONS: the same title
 be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note EDUCATION

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i> VEZEY	X	<i>[Signature]</i> Kott		✓	
<i>[Signature]</i> Sanders	✓	<i>[Signature]</i> B. Davis	✓		
		<i>[Signature]</i> Ulmer	X		
		<i>[Signature]</i> Oberg		✓	
		<i>[Signature]</i> G. Davis		✓	
	(2)		(2)	(2)	

[Signature] Vezev
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB411

Revision Date: _____ Department Affected: _____

Title: An Act relating to the art in public places requirements for state-owned and state-leased buildings and facilities.

BRU: _____

Component: _____

Sponsor: Representative Vezev

Requestor: Representative Vezev

COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

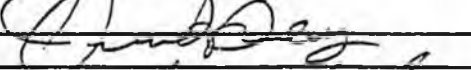
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:


FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ _____

ANALYSIS: All Capital Improvement Projects issued by Department of Education have a contractual obligation to comply with art work in public places. Any savings derived by this legislation would be based on future capital appropriations.

Prepared by: Duane Guiley 
Division: School Finance

Phone: _____
Date: February 9, 1994

Approved by Commissioner: 
Agency: Education

Jerry Covey
Date: February 9, 1994

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 411

Revision Date: _____ Dept. Affected: Administration
 Title: "An Act relating to art in public places..." BRU: Leasing
 Component: Leasing
 Sponsor: Rep. Vezey
 Requestor: (H) Sla COMPONENT SERIAL NO. 81

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY94) cost: none

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Dugan Petty, Director Phone: 465-2250
 Division: General Services Date: _____

Approved by Commissioner: Nancy Bear Usera Date: 2/2/94
 Agency: Administration

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PARTICIPANTS IN:HOMER LTC

HOM

1 MS.	GAIL	PARSONS		TSFY. HB 411
	PO BOX 2397		HOMER	AK 99603 (907)235-3978
2 MR.	TOBY	TYLER		TSFY. HB 411
	PO BOX 1281		HOMER	AK 99603 (907)000-0000
3 MS	LYNN	NADEN		TSFY. HB 411
	PO BOX 2776		HOMER	AK 99603 (907)235-5966
4 MR.	JIMMIE	WILES		TSFY. HB 411
	PO BOX 734		HOMER	AK 99603 (907)235-3492
5 MR.	MAKO	HAGGERTY		UNABL HB 411
	PO BOX 737		HOMER	AK 99603 (907)235-6410
6 MS.	ALEDA	YOURDON		OBSV. HB 411
	PO BOX 2209		HOMER	AK 99603 (907)235-2753

PARTICIPANTS IN:JUNEAU

JNU

1 REP	AL	VEZEY		TSFY. ALL ITEMS
				AK (907)000-0000
2 REP	FRAN	ULMER		TSFY. ALL ITEMS
				AK (907)000-0000
3 REP	BETTYE	DAVIS		TSFY. ALL ITEMS
				AK (907)000-0000
4 REP	HARLEY	OLBERG		TSFY. ALL ITEMS
				AK (907)000-0000
5 REP	PETE	KOTT		TSFY. ALL ITEMS
				AK (907)000-0000
6 REP	JERRY	SANDERS		TSFY. ALL ITEMS
				AK (907)000-0000
7 REP	GARY	DAVIS		TSFY. ALL ITEMS
				AK (907)000-0000
8	TO	OBSERVE		OBSV. ALL ITEMS
9	TO	OBSERVE		OBSV. ALL ITEMS
10	TO	OBSERVE		OBSV. ALL ITEMS
11	TO	OBSERVE		OBSV. ALL ITEMS
12	TO	OBSERVE		OBSV. ALL ITEMS
13	TO	OBSERVE		OBSV. ALL ITEMS
14	TO	OBSERVE		OBSV. ALL ITEMS
15	TO	OBSERVE		OBSV. ALL ITEMS
16	TO	OBSERVE		OBSV. ALL ITEMS
17	TO	OBSERVE		OBSV. ALL ITEMS
18	TO	OBSERVE		OBSV. ALL ITEMS
19	TO	OBSERVE		OBSV. ALL ITEMS
20	TO	OBSERVE		OBSV. ALL ITEMS
21	TO	OBSERVE		OBSV. ALL ITEMS
22	TO	OBSERVE		OBSV. ALL ITEMS
23	TO	OBSERVE		OBSV. ALL ITEMS
24	TO	OBSERVE		OBSV. ALL ITEMS
25	TO	OBSERVE		OBSV. ALL ITEMS
26	TO	OBSERVE		OBSV. ALL ITEMS
27	TO	OBSERVE		OBSV. ALL ITEMS
28	TO	OBSERVE		OBSV. ALL ITEMS
29	TO	OBSERVE		OBSV. ALL ITEMS
30	TO	OBSERVE		OBSV. ALL ITEMS
31	TO	OBSERVE		OBSV. ALL ITEMS
32	TO	OBSERVE		OBSV. ALL ITEMS

02/11/94

11:04:09

TCN: 40249

DATE & TIME: 02/10/94 08:00 TO 10:00

STATUS:7 STATS. IN

PARTICIPANTS IN:JUNEAU

JNU

33	TO	TESTIFY	TSFY. ALL ITEMS
34	TO	TESTIFY	TSFY. ALL ITEMS
35	TO	TESTIFY	TSFY. ALL ITEMS

PARTICIPANTS IN:KETCHIKAN

KTN

1 MS.	SHERRY	HEWITT		TSFY. HB 411
	3441 ARNOLD		KETCHIKAN	AK 99901 (907)225-2839
2 MS.	KATHLEEN	BERNTSON		TSFY. HB 411
	1260 SAYLES ST.		KETCHIKAN	AK 99901 (907)225-2944
3 MS.	MARGARET	ORTIZ		TSFY. HB 411
	3204 S. TONGASS HWY		KETCHIKAN	AK 99901 (907)225-6321
4 MS.	JOAN	NUGENT		TSFY. HB 411
	PO BOX 8141		KETCHIKAN	AK 99901 (907)225-4350
5 MS.	VICTORIA	LORD		TSFY. HB 411
	PO BOX 7342		KETCHIKAN	AK 99901 (907)247-8617
6 MR.	RAY	TROLL		TSFY. HB 411
	PO BOX 8874		KETCHIKAN	AK 99901 (907)225-5954
7 MS.	KARLA	HOUTARY		OBSV. HB 411
	4616 N. TONGASS HWY		KETCHIKAN	AK 99901 (907)225-0191

PARTICIPANTS IN:SEWARD

SEW

1 MS.	SANDY	STOLLE	SELF	TSFY. HB 411
	PO BOX 2363		SEWARD	AK 99664 (907)224-5857
2 MR.	MICHAEL	OLSON	SELF	TSFY. HB 411
	PO BOX 2152		SEWARD	AK 99664 (907)224-7161
3 MRS.	DIXIE	LANDENBURGER	SELF	OBSV. HB 411
	PO BOX 274		SEWARD	AK 99664 (907)224-3979
4 MS.	BROOKE	LANDENBURGER	SELF	OBSV. HB 411
	PO BOX 274		SEWARD	AK 99664 (907)224-3979

PARTICIPANTS IN:OFFNET 1

ZZZ OF1

1 MR.	-	HASSEN		TSFY. HCR 29
			AK	(907)000-0000
2	TO	TESTIFY		TSFY. ALL ITEMS



HOUSE STATE AFFAIRS COMMITTEE

DATE: FEBRUARY 10, 1994

PLACE: Capitol, Room 102

SUBJECT OF MEETING:

- HCR-29 Commend Air Force Envir Impact Statement
- HB-395 Court Administrative Director in PERS
- HB-411 Art in Public Places
- HCR-30 Twenty-Sixth Annual Girls State

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Don Cahill	Alaska Heritage Foundation	1000 S. KATZMAN, JUNEAU AK. 99801		784-2927	556-9362	<input checked="" type="radio"/>	<input type="radio"/>	HB 411
BOB STALNAKER	RETIREMENT BENEFITS				465-4471	<input type="radio"/>	<input type="radio"/>	HB 395
						<input type="radio"/>	<input type="radio"/>	
						<input type="radio"/>	<input type="radio"/>	
						<input type="radio"/>	<input type="radio"/>	
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						<input type="radio"/>	<input type="radio"/>	

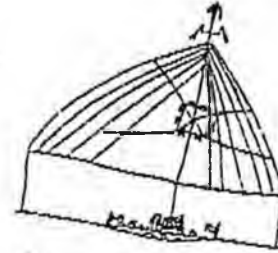
FEB 09 1994

02-09-1994 02:38PM FROM MCCLINTOCK & E.R.E.S

TO

14653258 P.01

Susan W. Fair
Post Office Box 771338
Eagle River, Alaska 99577
(907) 696-2169 (office)
(907) 696-2168 (home/message)
FAX phone: (907) 694-3297



Susan W. Fair
POST OFFICE BOX 771338
EAGLE RIVER, ALASKA 99577

FACSIMILE TRANSMISSION COVER SHEET

Date: 9 FEB 1994

Time: PM

To: REPRESENTATIVE AL VEZEY
CHAIR., HOUSE STATE AFFAIRS

FAX NUMBER: 465-3258

Attention: _____

Regarding: REPEAL HB411, PERCENT FOR ART

Sent By: _____

MESSAGE:

PLEASE INCLUDE IN TOMORROW'S
HEARING. THANK YOU SWF

Number of pages including cover sheet: 3

Hard copy being sent? _____

FEB 09 1994

9 February 1994

Representative Al Vesey
Chair, House State Affairs Committee
Room 102, State Capitol
Juneau, Alaska 99801-1182

Re: Repeal of State Percent for Art Program (HB411)

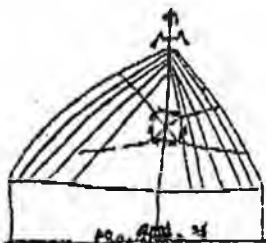
Representative Vesey and Committee Members:

I urge you to reconsider your stand on the repeal of Alaska's important Percent for Art Program. The support of the arts and humanities is one of the most visible and long-lasting ways in which we make public statements, as a community, about who we are and what we value. That we as communities are not always fully in agreement about what is aesthetically pleasing makes the role of public art even more important. Here is something we can debate about, enjoy, and pass forward to others; a visible product that elicits response from almost every viewer.

The value of art is both public, personal, and referential. Most of us, no matter how expertly trained, "know what we like" when it comes to art. We like to see it; we like to talk about it. The important role of diverse local juries in Percent for Art selection assures that works selected will be thought provoking, technically superior, and often, drawn from our talented (but diminishing) pool of Alaskan artists. I have personally worked with Alaska Native artists from all groups over a twenty year period, have served on Percent for Art juries, and have an eleven year old son. I can assure you that repeal of this program will affect Native artists, my school-age child, and myself, as well as the general public.

Throughout human history, government and private patronage have supported the arts, particularly public art. In non-literate cultures, the only monuments left behind to testify that humans are a deep-thinking, beauty-loving species, are works of art. Pyramids, Incan masonry, Philadelphia's "giant clothespin" sculpture all have much in common; they are much more than objects in telling us something about who we are, and in telling others something about what we hold important.

Alaska is a beautiful state with a diverse population. Public art draws attention to both. One has only to see a photograph of Inupiaq sculptor Melvin Olanna, now deceased, working from a scaffold on a major public exterior sculpture in Nome using traditional themes and centuries-old motifs to know that in this process something ephemeral, yet tangible, and certainly profound was given back to his region and his people. And only once do you have to stand under the dramatic red sculpture at Fire Lake



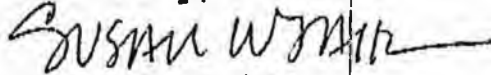
Susan W. Fair POST OFFICE BOX 771338 / EAGLE RIVER, ALASKA 99577 / (907) 696-2169 / FAX: (907) 694-3297

FEB 09 1994

Elementary school in May with a group of children, watching Violet-green swallows carry nesting material back and forth to an unintended birdhouse in the sculpture, to know that public art is worthwhile, delightful, and sometimes unexpected. I hope that it will be kept that way.

Thank you for your attention.

Sincerely,



Susan W. Fair
Eagle River, Alaska



Alaska State Legislature

FEB 10 1994

Please enter into the record my testimony to the House State Affairs
 committee name Committee
 committee on HB411, dated 2-10-94
 bill/subject

I am a teacher in the Kenai Gateway Borough School District, and ~~was~~ parent of 2 students in the district. As a teacher and a parent, I strongly oppose the passage of HB411. I have worked in 3 buildings in our district - 2 with art ~~buildings~~ funded by the 1% for art, 1 without. It has been my observation that, at Point Huggins Elm. and Ketchikan High School, students respond very favorably in their behavior when they have attractive surroundings - when they work in a place that looks like an art gallery, they treat it ~~as~~ as such. Parents and students are so proud of their beautiful schools they show them off to visitors. Art ~~also~~ enhances the atmosphere in a school that students respond to in a very positive way. I feel the 1% for art is money extremely well spent and am opposed to removing the 1% requirement.

Signed: Sherrey Hewitt
 Testifier

Representing (Optional)

3441 Arnold Ave.

Address

907-225-2839

Phone No.

Representative Vezey, Chair
House State Affairs Committee
Alaska State Legislature
Juneau AK 99801-1182

February 7, 1994

Dear Representative Vezey:

I am unable to attend the teleconference on HB 411 Repeal Art in Public Places, because I live in as rural community not connected to the teleconference system.

Please enter this letter in the public testimony.

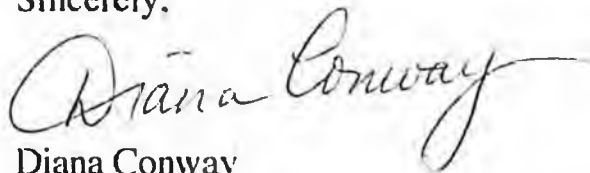
I strongly oppose your bill to eliminate public art. The 1% for Art program in Alaska has been a wonderful success. It stimulates the economy by providing work for artists and artesans (many of them Native) and it stimulates the mind by exposing the public to fine art.

Throughout history even the most utilitarian cultures decorated their utensils and dwellings. How can our children's spirits soar if we tell them beauty is no longer of importance?

I understand the need to cut costs, but the 1% program is automatically tied to such cuts already. If buildings are to be scaled down, so will the art attached to them. If we can afford to build administrative offices, schools and hospitals we can afford to set aside a meager portion of that cost to make the facilities beautiful.

As an alternative place to look for budget cuts I suggest the Office of International Trade, which I know from personal experience does little except provide free travel for businessmen and politicians, or the Alaska Aerospace Development Corporation, which is pure pie in the sky.

Sincerely,



Diana Conway
Box 6461
Halibut Cove, AK 99603-6461

HOUSE STATE AFFAIRS
ROLL CALL VOTE

BILL HB 411

TAPE 94-11A

DATE 2/10/94

SUBJECT OF VOTE:

<u>MEMBER</u>	<u>YEA</u>	<u>NAY</u>	<u>ABS</u>
Rep. Al Vezey	<u>✓</u>	<u>—</u>	<u>—</u>
Rep. Pete Kott	<u>✓</u>	<u>—</u>	<u>—</u>
Rep. Harley Olberg	<u>✓</u>	<u>—</u>	<u>—</u>
Rep. Jerry Sanders	<u>✓</u>	<u>—</u>	<u>—</u>
Rep. Gary Davis	<u>—</u>	<u>✓</u>	<u>—</u>
Rep. Fran Ulmer	<u>—</u>	<u>✓</u>	<u>—</u>
Rep. Bettye Davis	<u>—</u>	<u>✓</u>	<u>—</u>

Moves to Finance

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 411

Revision Date: _____ Dept. Affected: Revenue
 Title: Repeal Art in the Public Places Requirement BRU: All
 Component: All
 Sponsor: Rep. Vezey
 Requestor: House State Affairs Committee COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ -0-

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Bob Baratko Phone: 465-2312
 Division: Administrative Services Date: 02-11-94
 Approved by Commissioner: Darrel J. Rexwinkel Date: 2/11/94
 Agency: Department of Revenue

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February 8, 1994

Representative Al Vezey
Chairman,
House State Affairs Committee
The Alaska Legislature
State Capitol, Room 102
Juneau, Alaska 99801-1182

Dear Representative Vezey:

I am writing to inform you of my intent to testify on HB 411 (An Act relating to the art in public places requirement for state-owned and state-leased buildings and facilities) before the House State Affairs Committee hearing this Thursday, February 10 at 8:00 a.m. I will be testifying, on behalf of the Alaska State Council on the Arts, against the bill. Here is a brief outline of the Council's position.

HB 411 would negatively effect the two constituencies the Percent for Art program is designed to serve: the public and artists. Public Art is an aesthetic enrichment of the public environment that comments on who we are as Alaskans, and what it means to live, work, and study in this place. The biggest public impact of the repeal would be on Alaska's schools and children. In FY93, every project was in either a school or university building. Artists would also be severely effected. The program is a vital means of supporting the development Alaskan artists' skills and careers. It means work for artists (about 375 Alaskan artists are on the Council's Percent for Art mailing list).

Percent for Art Activity Tracks State Spending

The Council considers Percent for Art an ideal program, and a fiscally conservative program. When the State's budget is robust, a very small percentage of a capital project is reserved for public art. When times are tough (as they are now), projects are cut back. Responsibility for the amount Percent for Art activity is held by the Legislature and its passage of the capital budget. FY93 Percent for Art spending was \$190,870.

The Art in Public Places Fund

The Art in Public Places Fund has a balance of approximately \$116,000. As you know, under AS 35.27, a building or facility with an estimated construction cost of less than \$250,000, and/or a building or public facility without substantial public use, is exempt from the Percent for Art Program. For these buildings or facilities, AS 44.27.060 (Art in Public

Alaska State Council on the Arts

411 West 4th Avenue, Suite 1E, Anchorage, Alaska 99501-2343 (907) 279-1558 Fax: (907) 279-4330

Places Fund) established a fund with which the ASCA can purchase art for permanent installation or loan. The balance of the fund is not a reflection of FY93 or FY 94 spending, but the accrual of projects dating back to 1987.

Percent for Art Operates without Direct Administrative Expense

Every dollar spent in the Percent for Art program goes directly to the art project. The program has no staff. Responsibility for compliance is that of the department constructing the building or facility. Departments are required to consult with ASCA (35.27.020 [b] and [e]). Until 1986, the Council's Visual Arts Coordinator provided Percent for Art program services (due to budget cuts the position was eliminated in 1986). Although the Council has a strong interest in the prudent operation of the program, we do not have management authority over projects. Every department, agency, or school district maintains the authority to develop public art appropriate for their building or facility.

Percent for Art Projects Are Permanently Installed

Art commissioned and installed under AS 35.27 becomes a permanent part of the building or facility. Amortized over the life of a building, the cost of public art is a modest investment in the enhancement of the public environment and the quality of life in Alaska.

Percent for Art in a Historical Perspective

Public art has been commissioned since the antiquities. Public art is one of the important ways in which we can come to know and understand civilization. Try to picture Rome, London, or Washington, DC without public art. Public art is a legacy to the leaders and cultures that produced it.

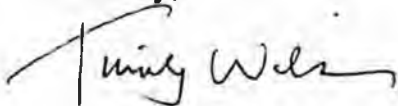
Today, there are over a hundred public percent for art programs in the United States. The Federal government, twenty-nine states, and scores of cities operate percent for art programs. Anchorage is the only city in Alaska to operate a municipal program, and it is managed by a full-time position at the Anchorage Museum of History and Art.

FY94 Capital Budget and Percent for Art

At this point it is hard to predict how many Percent for Art projects will be generated by the FY94 Capital Budget. Council is currently working with only two projects for FY94. It often takes months (sometimes more than a year) after the budget is passed for Percent for Art Projects to be announced. As of today, the FY94 budget has generated requests for proposals of \$287,000.

If you have an questions, or would like additional information, please don't hesitate to call on me.

Sincerely,



Timothy Wilson
Executive Director

cc: Commissioner Covey, DOE

HB

420

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 420

Revision Date: _____
 Title: An Act relating to limited liability companies

 Sponsor: Representative Theriault
 Requestor: House Labor & Commerce

Department Affected: Commerce and Economic Development
 BRU: Banking, Securities and Corporations
 Component: _____

COMPONENT SERIAL NO. _____

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
-------------------------------	----------	----------	----------	----------	----------	----------

FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Willis F. Kirkpatrick, Director
 Division: Banking, Securities and Corporations

Phone: 465-2521
 Date: 2/16/94

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: 2-17-94

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Alaska State Legislature

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Alaska State
Legislature
State Capitol
Juneau, Alaska
99801-1132
(907) 465-4797

House District 33

House Of Representatives

HB 420: "An act relating to limited liability companies; amending Alaska Rules of Civil Procedure 20 and 24; and providing for an effective date."

Sponsor: Representative Gene Therriault

Sponsor Statement:

The limited liability company is a relatively new, hybrid form of business structure that combines the tax advantages of a partnership and the liability safeguards of a corporation. Although a combination of these two business structures is currently allowed in statute through formation of an S corporation, this structure has limitations that are avoided by LLCs. For example, S corporations do not allow ownership by certain types of shareholders.

Under current law, corporate earnings are subject to double taxation through the payment of corporate taxes and personal taxes after distribution of dividends. LLCs avoid this double taxation by allowing earnings to flow through to individual owners in the same manner partnership income is handled. Although businesses can be organized through an S corporation to avoid double taxation and encompass some of the advantages of partnerships, they do not enjoy all the advantages of partnerships when it comes to allocating income and deductions.

One of the greatest advantages is, as the name implies, the limited liability offered by the LLC structure. With LLC's, as with regular corporations, only the company's assets, and not the owner's personal assets, are at risk in business-related lawsuits. In partnerships, so-called limited partners enjoy such protection, but general partners don't. And limited partners face restrictions on how active they can be in the business. LLCs are designed to protect all members while imposing no limits on their involvement in operation of the business.

Thirty-four states now permit limited liability companies, and passage in most of the remaining states is expected. Wyoming passed the first LLC act in 1977. Other states slowly followed suit until 1988, when the Internal Revenue Service issued Rev. Rul. 88-76, which classified a Wyoming LLC as a partnership for federal tax purposes, even though none of the members or managers were personally liable for any debts of the company. Following the ruling, formation

SPONSOR STATEMENT

of LLCs burgeoned, with two states adopting LLC acts in 1990, four in 1991, 10 in 1992 and more than 20 states introducing measures in 1993.

LLCs have tended to be family businesses, professional service firms, venture capital companies, real estate businesses and startups. I believe the LLC will provide these business owners with an efficient and flexible investment vehicle that allows both limited liability, and federal income tax treatment as a partnership. I introduced the bill, which is based on a prototype American Bar Association draft, with the intention of generating discussion on this topic, and am more than willing to discuss proposed changes.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 4, 1994

SUBJECT: Sectional summary SSHB 420

TO: Representative Gene Therriault
Attn: Wilda

FROM: *TLB*
Theresa L. Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Contains a new chapter on limited liability companies.

Sec. 10.50.010 states that a limited liability company ("company") may be organized for any lawful purpose.

Sec. 10.50.015 requires a company to comply with other applicable laws.

Sec. 10.50.020 requires a company name to contain certain words or abbreviations. Allows the name to use the name of a city, borough, or village but not to contain certain words or to otherwise imply the company is a municipality. Prohibits a person from adopting a name containing "limited liability company" unless the person is organized under this chapter or is registered as a foreign limited liability company under this chapter.

Sec. 10.50.025 requires a company name to be distinguishable on the records of the Department of Commerce and Economic Development ("department") from certain other names.

Sec. 10.50.030 authorizes certain persons to reserve a company name.

Sec. 10.50.035 establishes the procedure for reserving a company name.

Representative Gene Therriault

March 4, 1994

Page 2

Sec. 10.50.040 authorizes the holder of a reserved name to transfer the name to another person. Establishes how the transfer is accomplished.

Sec. 10.50.045 requires a company to maintain in this state a registered office and a registered agent for the service of process.

Sec. 10.50.050 establishes how a company may change its registered office or agent and how an agent may change the agent's address.

Sec. 10.50.055 establishes when a change of a registered office, a registered agent or the address of a registered agent becomes effective.

Sec. 10.50.060 authorizes a registered agent to resign. Indicates how the agent may resign and when the resignation becomes effective.

Sec. 10.50.065 appoints the commissioner of the department under certain circumstances as the agent of a company for the service of process, notice, or demand. Establishes how a person may serve the commissioner. Directs the commissioner to keep a record of documents served on the commissioner. States that this section does not affect the right to serve process, notice, or demand on a company in another manner permitted by law.

Sec. 10.50.070 authorizes one or more persons to organize a company. Establishes the procedure for organization.

Sec. 10.50.075 identifies what the articles of organization must contain, which includes certain information about any election to continue the company until a certain date or event.

Sec. 10.50.080 determines when a company's organization is effective. Provides that the company's existence terminates if its articles are nonconforming and not cured within the specified time.

Sec. 10.50.085 states that a company's existence continues until specified date or event, except under certain circumstances, if the company has made an election to continue until the certain date or event and the election is stated in the articles of organization. Prohibits revocation of an election unless certain specified persons revoke the election. Allows an election to expressly limit the membership terminations that can cause dissolution.

Sec. 10.50.090 establishes that articles of organization that are file-stamped and marked with the filing date are conclusive evidence that the company is organized.

Sec. 10.50.100 authorizes a company to amend its articles at any time and indicates the procedure for doing so.

Sec. 10.50.105 authorizes a company to restate its articles and establishes the procedure for doing so.

Sec. 10.50.110 declares that the members of a company manage the company, unless an operating agreement names a manager for the company or the chapter provides otherwise. Declares that if an operating agreement authorizes a manager for the company, the manager has the exclusive power to manage the company to the extent of the authorization.

Sec. 10.50.115 requires over one-half of the members to approve before a manager is appointed, removed, or replaced, unless an operating agreement provides otherwise.

Sec. 10.50.120 allows a manager to be other than an individual or a company member, unless a company operating agreement provides otherwise.

Sec. 10.50.125 establishes how long a manager holds office.

Sec. 10.50.130 declares that a member who is not a manager of a company that is managed by a manager does not have a fiduciary duty of a manager to the company or to other members when acting solely as a member, unless an operating agreement provides otherwise.

Sec. 10.50.140 requires the members and the managers to account to the company and hold as trustee for the company certain identified benefits obtained without the described consent, unless an operating agreement provides otherwise.

Sec. 10.50.145 establishes what authorization is required for company affairs, depending on whether the company is managed by its members or by managers.

Sec. 10.50.155 indicates that a person may become a company member if the person acquires a company interest in certain ways.

Sec. 10.50.160 establishes when a person's admission to membership in the company is effective.

Sec. 10.50.165 establishes the conditions for an assignee of a company interest to become a company member.

Sec. 10.50.170 establishes the rights, powers, and liabilities of an assignee who becomes a member.

Sec. 10.50.180 establishes that when an assignee of a member's entire membership interest becomes a member with respect to the assignor's entire interest, the assigning member ceases to be a member, unless otherwise provided in an operating agreement.

Sec. 10.50.185 states that a person's company membership terminates if the person withdraws voluntarily from the company. Authorizes a member to voluntarily terminate a company membership at any time, unless an operating agreement provides otherwise.

Sec. 10.50.190 establishes that, if a company has a definite term or undertaking, the voluntary withdrawal of a member before the end of the term or the accomplishment of the undertaking is a breach of the operating agreement, unless the operating agreement provides otherwise.

Sec. 10.50.195 establishes that a company can recover damages from a member who withdraws wrongfully. Authorizes the company to offset the damages against a distribution owed to the member and to pursue other remedies against the member.

Sec. 10.50.205 states that, except as otherwise provided in an operating agreement for the removal of a member, a person's company membership terminates if the person assigns all of the membership interest and if a majority of the members who have not assigned their interests authorize the removal of the member.

Sec. 10.50.210 states that a person's company membership terminates if the member dies or is declared incompetent by a court, unless otherwise provided in an operating agreement.

Sec. 10.50.215 states that the company membership held by a trust or trustee terminates when the trust terminates and that a company membership held by an estate terminates when the estate's entire company interest is distributed by the estate, unless otherwise provided in writing in an operating agreement or by the written consent of all of the members.

Sec. 10.50.220 states that the company membership of a member that is a separate limited liability company terminates when the member dissolves and begins to wind up, unless otherwise provided in writing in an operating agreement or by the consent of all members. Also states that the membership of a corporate member terminates when the corporation is dissolved and 90 days elapse without reinstatement, unless otherwise provided in writing in an operating agreement or by the consent of all members.

Sec. 10.50.225 identifies other events that terminate a company membership.

Representative Gene Therriault

March 4, 1994

Page 5

Sec. 10.50.240 provides that secs. 10.50.185 - 10.50.225(a)-(b) don't apply to the termination of a membership unless the member is also a company manager, if an election has been made to continue the company until a certain date or event.

Sec. 10.50.250 states that a company member is an agent of the company for the purpose of conducting the company's affairs, except under certain circumstances, including where the articles name a manager for the company. If a manager is named, the manager is an agent of the company for the purpose of conducting its affairs, except in certain circumstances. Establishes when a member's or manager's act binds the company.

Sec. 10.50.255 states that an admission or representation by a company member about the company is evidence against the company, except in certain circumstances, including where the articles name a manager for the company. If a manager is named, an admission or representation by a manager is evidence against the company under certain circumstances, and the admission or representation by a member acting solely as a member is not evidence against the company.

Sec. 10.50.260 indicates when a company is charged with the knowledge of or a notice given to a member or manager.

Sec. 10.50.265 states that a company member is not liable, solely by reason of being a member, for a company liability.

Sec. 10.50.275 authorizes a company to issue company interests for property, services, or a promissory note or other obligation to contribute property or services.

Sec. 10.50.280 states that a member's promise to contribute property or services to the company is enforceable only if the promise is in a writing signed by the member. Makes the promise enforceable even if the member is unable to perform because of death, disability, or other reason, unless otherwise provided by an operating agreement. Requires a company member who has not made the required contribution of property or services to contribute cash equal to the shortfall. States that an assignor of a company interest remains liable for a contribution even if the assignee becomes a member with respect to the assigned interest, unless otherwise provided in an operating agreement.

Sec. 10.50.285 prohibits the compromise of a company member's obligation to make a contribution, unless otherwise provided in an operating agreement.

Sec. 10.50.300 declares that, unless otherwise provided in writing in an operating agreement, members are to be repaid their contributions to capital and share equally in the assets of the company after liabilities are satisfied.

Sec. 10.50.305 requires interim distributions to members to be made according to an operating agreement, if an operating agreement provides for the distributions. The operating agreement may authorize different interim distributions for different classes of members.

Sec. 10.50.310 requires interim distributions to members to be equal, unless an operating agreement provides for the distribution.

Sec. 10.50.315 indicates at what times a company member is entitled to an interim distribution.

Sec. 10.50.320 directs a company to distribute to a terminated member any distribution that the member was entitled to receive before the termination, except where the member is removed or the termination does not cause dissolution. In addition, directs the company to distribute to the terminating member the amount of the member's company interest. Establishes the amount of the interest if a company operating agreement does not establish the amount or how to calculate the amount. If an election has been made to continue the company until a certain date or event, the distribution provisions don't apply unless the member is also a company manager.

Sec. 10.50.325 prohibits a member from demanding and receiving a distribution in other than cash, unless otherwise provided in an operating agreement. Prohibits a company from compelling a company member to accept assets in a form other than cash under certain circumstances.

Sec. 10.50.330 states that a company member entitled to receive a distribution becomes a creditor of the company and is entitled to all available creditor remedies.

Sec. 10.50.350 states that property transferred to or otherwise acquired by a company is the property of the company and not of the members individually. States that a company may acquire, hold, and convey property in the name of the company. States that when the company acquires an interest in real property the company holds the title and not the members individually.

Sec. 10.50.355 indicates how a company's property may be transferred, depending on whose name the property is held in and whether the company has a manager.

Sec. 10.50.360 authorizes a company to recover its transferred property if the company proves certain facts, unless certain circumstances exist.

Sec. 10.50.365 authorizes, under certain circumstances, the transfer, free of company or member claims, of company property held in the name of a person other than the company.

Sec. 10.50.370 states that a company interest is personal property.

Sec. 10.50.375 authorizes the assignment of a company interest. States that an assignment entitles the assignee to receive, to the extent assigned, only the distributions to which the assignor is entitled. States that an assignment does not dissolve the company or entitle the assignee to participate in the management and affairs of the company, to become a member, or to exercise member rights. The assignor continues to be a member unless the assignee becomes a member with respect to the interest. Allows a written operating agreement to vary the terms of the section. States that certain activities of a member do not amount to assignments and do not terminate the membership or the rights and powers of the member, unless otherwise provided in an operating agreement.

Sec. 10.50.380 authorizes a court to charge a member's company interest for payment of a judgment creditor against the member. Indicates the effect of the charge.

Sec. 10.50.385 states that in the case of a member's death or incompetency the member's legal representative has the rights of an assignee of the member's company interest.

Sec. 10.50.390 states that if a member (not an individual) terminates or is dissolved, the member's legal representative or successor has the rights of an assignee of the member's interest.

Sec. 10.50.400 identifies the events that dissolve a company and require winding up of its affairs.

Sec. 10.50.405 authorizes the superior court to order a company's dissolution under certain circumstances.

Sec. 10.50.410 indicates who may wind up a company's affairs, unless otherwise provided in an operating agreement.

Sec. 10.50.415 identifies the acts that a person winding up a company's affairs may perform.

Sec. 10.50.420 establishes when, how, and under what circumstances a member or manager can bind a company that is dissolved and winding up its affairs.

Sec. 10.50.425 establishes the manner and priority for the distribution of a company's assets upon its winding up.

Sec. 10.50.430 allows a company to file articles of dissolution with the department after it dissolves. Describes what the articles must state.

Sec. 10.50.435 establishes how a company after its dissolution may dispose of the known claims against it. Declares under what conditions a known claim against the company is barred.

Sec. 10.50.440 establishes how a company after its dissolution may dispose of unknown claims against it. Declares that unknown claims are barred unless the claimant takes certain action within three years after the later of certain events. Authorizes the claimant to enforce a claim against the company's undistributed assets or against company members under certain circumstances; limits a member's total liability.

Sec. 10.50.500 authorizes a company to merge or consolidate with or into a domestic or foreign limited liability company, subject to the law applicable to the other company and unless otherwise provided in an operating agreement.

Sec. 10.50.505 authorizes the rights of, or interests in, a party to a merger or consolidation to be exchanged for or converted into cash, property, obligations, rights or other interests of, or interests in, the surviving or resulting company.

Sec. 10.50.510 establishes what member or other approval is required before a company may approve a proposed merger or consolidation. Authorizes a party to a merger or consolidation to abandon the merger or consolidation as provided in the merger or consolidation agreement.

Sec. 10.50.515 requires the company surviving or resulting from a merger or consolidation under this chapter to file articles of merger or consolidation with the department. The articles must be signed by each company that is a party to the merger or consolidation.

Sec. 10.50.520 describes what the articles of merger or consolidation must state.

Sec. 10.50.525 requires articles of merger or consolidation to be signed by a company that is a party to the merger or consolidation.

Sec. 10.50.530 states that articles of merger or consolidation constitute articles of dissolution for a company that is not the surviving or resulting company in a merger or consolidation.

Sec. 10.50.535 indicates when a merger or consolidation takes effect.

Sec. 10.50.540 states that a merger or consolidation agreement may amend a company's operating agreement or adopt a new operating agreement for the company, if the company is the surviving or resulting company in a merger or consolidation. Authorizes an approved merger or consolidation agreement to provide

that a company's operating agreement will be the operating agreement of the company that is the surviving or resulting company. States when an amendment to an operating agreement or the adoption of a new operating agreement under this section is effective. States that this section does not limit the accomplishment of a merger or other matter covered by the section by other means allowed under an operating agreement, another agreement, or another law.

Sec. 10.50.545 describes the general effects of merger or consolidation. These include the termination of companies that are not the surviving or resulting companies and the transfer of the applicable rights, privileges, immunities, powers, franchises, restrictions, disabilities, and duties of the participating companies to the surviving or resulting company.

Sec. 10.50.550 describes the effects of merger or consolidation on the property of the participating companies.

Sec. 10.50.555 describes the effect of merger or consolidation on the liabilities of the participating companies.

Sec. 10.50.560 declares that creditor rights and liens on the property of a company that is a party to a merger or consolidation are not impaired by the merger or consolidation.

Sec. 10.50.565 states that upon a merger or consolidation a company's interests that are to be converted or exchanged into other property under the merger or consolidation agreement are converted as provided by the merger or consolidation agreement. States that the former holders of interests so converted have the rights provided in the merger or consolidation agreement or otherwise provided by law.

Sec. 10.50.590 defines "limited liability company" for secs. 10.50.500 - 10.50.590.

Sec. 10.50.600 states that, subject to this state's constitution, a foreign company's organization, internal affairs, and the liability and authority of its managers and members are governed by the law of the jurisdiction where the company is organized. Prohibits the department from denying registration to a foreign company because of differences between the law of this state and the jurisdiction where the foreign company is organized.

Sec. 10.50.605 requires a foreign company to register with the department before conducting affairs in this state. The foreign company is required to deliver an application for registration to the department.

Sec. 10.50.610 requires the registration application to be signed by a person who is authorized to sign by the law of the jurisdiction where the company was organized.

Sec. 10.50.615 describes what the registration application must state.

Sec. 10.50.620 prohibits the department from filing the registration of a foreign company unless the company name satisfies certain requirements.

Sec. 10.50.625 authorizes a foreign company to amend its registration by filing articles of amendment with the department.

Sec. 10.50.630 establishes what the articles of amendment must state. Authorizes the amendment of the application in any way as long as the amended application only contains provisions that are otherwise allowed by this chapter to be contained in an application for registration at the time of the amendment.

Sec. 10.50.635 requires a foreign company to maintain an agent in this state for the service of process. Indicates which persons qualify to be an agent.

Sec. 10.50.640 establishes the procedure for changing a foreign company's registered agent or the agent's address.

Sec. 10.50.645 provides guidelines for when the change of registered agent or agent address for a foreign company becomes effective.

Sec. 10.50.650 describes how a registered agent of a foreign company may resign as the registered agent. Requires the department to mail a copy of the resignation to the company. Indicates when the resignation becomes effective.

Sec. 10.50.655 authorizes a foreign company to cancel its registration by filing an application for cancellation with the department.

Sec. 10.50.660 describes what an application for cancellation must state.

Sec. 10.50.665 describes the form, manner, and execution of an application for cancellation of the registration of a foreign company.

Sec. 10.50.670 states that the cancellation of a registration does not terminate the authority of the department to accept service of process on the foreign company with respect to causes of action arising out of the company's conduct of affairs in this state.

Sec. 10.50.675 prohibits an unregistered foreign company conducting affairs in this state from maintaining a action or other proceeding in a court of this state until it has registered. States that the failure to register does not impair the validity of the company's contracts or acts, affect the rights of another party to a company contract

to maintain an action or other proceeding on the contract, or prevent the company from defending an action or other proceeding in a court of this state.

Sec. 10.50.680 states that a foreign company that conducts affairs in the state without being registered appoints the department as its agent for service of process with respect to a cause of action arising out of conducting affairs in this state.

Sec. 10.50.685 provides for service on the commissioner in the manner provided under sec. 10.50.065(b) and under certain circumstances. Requires the commissioner to keep a record of the processes, notices, and demands served on the commissioner. States that this section does not affect the right to make service in another manner permitted by law.

Sec. 10.50.690 states that a foreign company conducting affairs in this state without registration is liable to the department for certain fees and penalties.

Sec. 10.50.700 states that a foreign company that conducts affairs in this state without registration is subject to a civil penalty and authorizes the attorney general to recover the penalty.

Sec. 10.50.710 authorizes a court, under certain circumstances, to issue an injunction against a foreign company conducting affairs in the state in violation of this chapter. Indicates how long the injunction may continue.

Sec. 10.50.715 states that a member or manager of a foreign company is not liable for the debts and obligations of the company solely because the company conducts affairs in this state without registration.

Sec. 10.50.720 lists the transactions that do not constitute conducting affairs for a foreign company in this state.

Sec. 10.50.730 authorizes a court action to be brought by or against the company in the name of the company.

Sec. 10.50.735 prohibits a person from bringing a court action on behalf of a company in the name of the company unless the requirements of the section are met. Sets out these requirements.

Sec. 10.50.740 prohibits a company from asserting the lack of authority of a company member or manager to bring court action on behalf of a company as a defense to the action or as a basis for bringing a subsequent action on the same cause of action.

Sec. 10.50.800 declares that, unless an operating agreement provides otherwise, a company member or manager is not liable to the company or the company members

for damages or other relief for an act or a failure to act on behalf of the company unless the act or failure to act amounts to gross negligence or wilful misconduct. Provides that an operating agreement may limit or eliminate the personal liability of a company member or manager for breaches of duty under secs. 10.50.130 - 10.50.140 or subsec. (a).

Sec. 10.50.805 authorizes a company to use an operating agreement to authorize the company to indemnify a company member or manager for judgments, settlements, penalties, fines, or expenses incurred by the person under certain circumstances.

Sec. 10.50.810 states that a company member is not a proper party to a proceeding by or against the company just for being a member, except in certain circumstances.

Sec. 10.50.820 states that a company operating agreement may authorize a company to issue a certificate as evidence of a company interest and to authorize and provide for the assignment or transfer of the interest represented by the certificate.

Sec. 10.50.830 establishes how a document is to be delivered to or filed with the department.

Sec. 10.50.840 establishes the department's procedure and criteria for filing documents. Prohibits the department from filing a document if the section's requirements are not met.

Sec. 10.50.850 establishes who is to sign documents filed with the department and how the documents are to be signed. Authorizes a person to sign as an attorney-in-fact.

Sec. 10.50.855 establishes a procedure for obtaining a court order to direct the department to file certain documents.

Sec. 10.50.860 directs the department to charge fees for filing and other services it provides under the chapter.

Sec. 10.50.870 requires a company, unless otherwise provided in writing in an operating agreement, to maintain certain described records at its principal place of business.

Sec. 10.50.875 authorizes a company member to inspect and copy the company's records under certain conditions.

Sec. 10.50.880 requires certain persons to disclose to a member under certain circumstances true and full information of all matters that affect the members of a company.

Sec. 10.50.890 states that a company's failure to maintain a required record or information does not make a member or manager liable for the company's obligations.

Sec. 10.50.900 authorizes the department to adopt regulations to implement the chapter, in addition to any regulations the department is required to adopt under this chapter.

Sec. 10.50.910 authorizes a company organized and existing under this chapter to conduct its affairs and exercise the powers granted by this chapter in another jurisdiction, subject to the laws of that jurisdiction.

Sec. 10.50.920 declares the chapter's support of the principle of freedom of contract and enforceability of operating agreements. States that the rule that statutes in derogation of the common law are to be strictly construed does not apply to the chapter.

Sec. 10.50.990 defines terms for the new chapter.

Sec. 10.50.995 gives the new chapter a short title.

Section 2. Amends the for-profit corporations code to prevent that code from prohibiting a limited liability company from using "limited" in its name.

Section 3. Describes how a section of the new chapter amends the Alaska Rules of Civil Procedure.

Section 4. Makes the Act effective January 1, 1995.

If I may be of further assistance, please advise.

TLB:gc
94-168.glc

HB 420: "An Act relating to limited liability companies; amending Alaska Rules of Civil Procedure 20 and 24; and providing for an effective date."

The department strongly supports the concept of Limited Liability Company legislation. The primary goal for the state to adopt this legislation is to offer increased business opportunities in the State of Alaska. Limited Liability Companies (LLC) offer individual liability protection to its members and managers while avoiding the restrictions place upon subchapter "S" corporations. LLC also avoid the multi-level taxation of "C" corporations. This type of arrangement is especially attractive to individuals, corporations, and other enterprises interested in establishing joint ventures, both domestically and with foreign countries.

While the provisions of HB 420 provide for the foundation of LLC law, it lacks the department's administrative procedures established for other types of business organizations. These procedures are effective in required filings of limited partnerships, profit and nonprofit corporations, both domestic and foreign, professional corporations, cooperatives, and in the administration of trade names. The department over this past year has been working with the Alaska Bar Association to develop an LLC law that would meld into the existing efficient administrative procedures that are now in place. With the ABA proposal, the new LLC law would not be a "new" program but a new category of existing procedures requiring no additional expense to initiate and administer.

Again, the department endorses the LLC legislation but must encourage consideration for the work that has been done by the Alaska Bar Association and the department to efficiently administer the Act. It is our understanding that the ABA bill will be introduced in the Senate within the next ten days.

for Paul Fuhs, Commissioner
2-17-94
Date

PF/WF/294pp.wk
021794a

DAVID B. RUSKIN, P. C.
MARY LOUISE MOLEND

LAW OFFICES OF
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March 17, 1994

Rep. Brian Porter
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Re: Sponsor Substitute for House Bill 420
Limited Liability Companies

Dear Representative Porter:

I have been asked to pass along comments to you concerning the pending limited liability companies (LLC) legislation. LLC's are a relatively new form of business entity in the United States. More than 30 states have now enacted LLC legislation and legislation is pending in a number of other states. Prior to 1990, only two states had enacted LLC legislation.

An LLC is a business entity which combines the best features of a corporation and a partnership. Like corporate shareholder, LLC owners are not responsible for company liabilities beyond their investment. Like a partnership, there is no corporate double taxation. Rather, owners (like partners) incur federal income taxation at the individual level based on the profits and losses allocated to them.

The proposed legislation is drawn largely from a prototype act drafted by a working group of the Business Law Section of the American Bar Association. The Alaska group proposing the bill has modified various provisions to conform with Alaska procedure and additional developments in the law.

At this point, the lack of LLC legislation puts Alaska at a competitive disadvantage in attracting investment from outside. This is particularly so with foreign investors who are familiar with the limited liability company format because it is commonly used in European, Asian and South American countries.

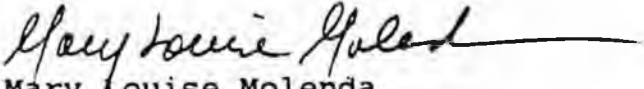
Rep. Brian Porter
March 17, 1994
Page 2

An LLC can provide investors with conduit tax treatment, limited liability for investors, and freedom from many of the restrictions imposed on S-corporations and limited partnerships. As indicated, LLC legislation is particularly important to facilitate foreign investment. At the present time, non-resident aliens may not be S-corporation shareholders. Thus, in order for those investors to secure limited liability, they must operate as C-corporation shareholders (subject to double taxation) or as limited partners in a limited partnership (giving up operational control).

On the estate planning side, the primary asset of many small businessmen is the S-corporation stock of their business. The tax laws governing S-corporations prohibit many types of estate planning trusts from acting as S-corporation shareholders. Thus, the businessmen must accept certain limitations on estate planning if they also want corporate liability protection and the avoidance of double taxation. Even where businesses could organize as S-corporations, the partnership-type conduit tax treatment available to LLC's provides significant advantages in the allocation of tax attributes among investors, the ability to create tax basis by loans to the company and in areas of the passive loss and at-risk tax limitations.

If you have any questions concerning specific provisions, I will be happy to get additional information for you. Thank you for your time and consideration of this bill.

Sincerely,


Mary Louise Molenda

Law Offices
DAVIS & GOERIG
405 West 36th Street, Suite 200
Anchorage, Alaska 99503
(907) 561-4420

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DATE: March 21, 1994TIME: 11:40 amDELIVER TO: Representative Porter, Chairman
of the House Judicial CommitteeYOUR FAX NO: 465-3834SENT BY: Charles SchuetzeNO. OF PAGES: 4
(including cover sheet)

MESSAGE: Sent herewith are Public Opinion Messages from
Mark R. Davis, Charles F. Schuetze, and Deborah H. Randall in
support of Sponsor Substitute for HB 420.

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Public Opinion Message

<input type="checkbox"/>	Mark	R.	Davis	<input type="checkbox"/>
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Telephone	Affiliation		City	

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SS for HB 420
Bill #

XX

Support Oppose Amend

Not Related

Subject
Limited Liability Company Legislation

50 Word Maximum Message

1 Limited	2 Liability	3 Companies	4 provide	5 business
6 flexibilities	7 for	8 certain	9 business	10 forms
11 such	12 as	13 joint	14 ventures	15 and
16 cooperative	17 efforts	18 involving	19 real	20 persons
21 and	22 Corporations	23 There	24 are	25 no
26 real	27 differences	28 for	29 liability	30 purposes
31 between	32 a	33 limited	34 liability	35 company
36 and	37 a	38 corporation	39	40
41	42	43	44	45

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55 for HB 420
 Bill #
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Subject: Limited Liability Company Legislation

50 Word Maximum Message

1 Alaska	2 small	3 business	4 need's	5 the
6 advantages	7 afforded	8 by	9 legislation	10 authorizing
11 limited	12 liability	13 companies	14 such	15 companies
16 do	17 not	18 present	19 any	20 difficulties
21 for	22 other	23 parties,	24 as	25 they
26 function	27 as	28 a	29 partnership	30 for
31 agency	32 purposes	33 and	34 as	35 a
36 corporation	37 for	38 liability	39 purposes.	40
41	42	43	44	45

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Finkelstein*	Moses*	Yozay+	Laman	Zbareff*	
Foster*	Mulder*	Williams*	<div style="border: 1px solid black; padding: 5px;"> SS for HB 450 Bill #0 <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Amend <input type="checkbox"/> Not Related </div>		
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Subject

50 Word Maximum Message

1 Limited	4 Liability	7 Companies	10 will	13 be
2 extremely	5 use full	8 for	11 my	14 estate
3 planable	6 needs	9 of	12 who	15 Attack
4 clients	7 many	10 of	13 whom	16 own
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6 companies	9 will	12 be	15 treated	18 like
7 corporations				
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9				
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COMPANY: House Judiciary Committee DATE: March 21, 1994
ATTN: FAX 465-3834 FROM: Diana Stone Livingston
FAX NUMBER: Senate Labor & Commerce Committee RETURN FAX #: (907) 562-4935
FAX 465-3756

SUBJECT: HOUSE BILL 420 and SENATE BILL 347

Limited Liability Companies

Please note our full support of this legislation to
process Limited Liability Companies in Alaska.

We trust your respective groups will see fit to
recommend that this legislation proceed to passage.

Thank you.

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(INCLUDING COVER SHEET)

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SALT LAKE CITY, UTAH

Matthew P. Feeney (602) 382-6139

March 21, 1994

VIA FACSIMILE

Mr. Robert Manley
509 West Third Avenue
Anchorage, Alaska 99501

Dear Bob:

I enjoyed talking to you this morning regarding Arizona's experience with its limited liability company statute. I understand that the Alaska legislature is considering adopting limited liability company legislation and that elements of the banking industry have expressed concern about the liability and signing authorization aspects of the legislation as they relate to banking activities.

As we discussed, I am not aware of any banks in Arizona that have had difficulties with these issues. I noted that our firm represents banks and that we provided educational seminars to these clients when the legislation was passed. We advised the banks that, from a liability perspective, they should assume that an LLC is analogous to a closely-held corporation. If the bank does not feel comfortable lending to a closely-held corporation on the basis of the corporation's assets, the bank will usually require security or personal guarantees. The same result applies in the case of an LLC.

With respect to signing authorization, I understand that the Alaska legislation is based on the ABA Prototype Act, which specifically provides that a manager in a manager-managed LLC has the authority to bind the LLC, and that a member in a member-managed LLC has the authority to bind the LLC. A bank can review the publicly-filed Articles of Organization to determine whether the LLC is manager-managed or member-managed, the same way that a bank will review the publicly-filed Articles of Incorporation in the case of a corporation. The diligence then required in confirming that the party signing has appropriate authority is the same diligence that is required in determining whether a corporate officer has the requisite authority, e.g., a review of LLC/corporate records and the receipt of appropriate certificates.

Snell & Wilmer

Mr. Robert Manley
March 21, 1994
Page 2

In short, LLC signing authorization does not present any unique problems.

More important than the foregoing two issues, in my judgment, is the fact that over 35 states have adopted LLC legislation and the remaining states have legislation pending. The legislation has proven to be workable in the states in which it has been adopted. A Uniform Limited Liability Company Act is also in the process of being drafted. In short, LLC's are here to stay. States that choose not to adopt LLC legislation may find themselves at a competitive disadvantage in the area of capital formation.

Please feel free to call me at (602) 382-6239 if you have any questions or comments.

Very truly yours,

SNELL & WILMER


Matthew P. Feeney

MPF:mo
cc: Danielle Lopez

DHX2.FEENEY / 2051006.

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March 21, 1994

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MICHAEL D. WHITE

REPLY TO:

Anchorage

Representative Brian Porter
Chairman
House Judiciary Committee
State Capital, Room 118
Juneau, AK 99801-1182

Re: House Bill 420

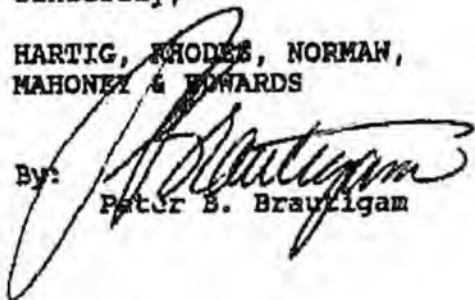
Dear Representative Porter:

This letter is sent in regard to the Sponsor Substitute for House Bill 420 which deals with a new form of business entity, limited liability companies. I am very much in favor of this bill. Having a limited liability business entity would provide Alaskan business investors with partnership tax treatment along with corporate-type limited liability.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS

By:


Peter B. Brautigam

PBB/kp

kp\docs\579\porter.ltr

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RECIPROCAL RELATIONSHIP

CRUICKING & SAWYERSON

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TELEPHONE (907) 586-8110

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March 21, 1994

ROBERT R. KEATINGE
OF COUNSEL
(303) 295-8595By Fax 907/465-3834Daniella Loper
Office of Rep. Brian Porter
House of Representatives
Alaska State Legislature
Alaska State Capitol
Juneau, AK 99801-1182

Re: Alaska Limited Liability Company Act

Dear Ms. Lopez:

I spoke this morning with Robert Manley regarding the Alaska Limited Liability Company Act, which I understand is based on the ABA Prototype Act. From my discussion with him, I understand that there is some question with regard to the operation of LLCs. In my experience, there have not been any problems with respect to the operation of limited liability companies (LLCs).

By way of background, I am a member of the committee that drafted the Prototype, chair of an American Bar Association (ABA) Subcommittee on LLCs, the ABA Liaison to the National Conference of Commissioners on Uniform State Laws drafting committee drafting a Uniform Limited Liability Company Act and co-author of *Ribstein and Keatinge on Limited Liability Companies*, a two-volume treatise on the subject. This is not to indicate that I am particularly wise, but rather to support the fact that I spend a fair amount of time discussing the development of LLCs around the country with others working in this area. With the exception of the change of some documents to reflect the new type of organization, the development of LLCs has not caused a change in the manner of conducting commercial or real estate transactions. Now that more than thirty-six states have LLC legislation, use of LLCs is becoming more regularized and lenders and title insurance companies have developed ways of dealing with LLCs.

The Prototype Limited Liability Company Act is based primarily on the Revised Uniform Limited Partnership Act. As such, many of the authority issues are exactly the same as those for a limited partnership. We did not include the identification of a specific member or manager in the articles of organization for the same reasons that no person other than the organizer is identified in the articles of incorporation under most corporation acts. As in all transactions with any type of business organization, the lender

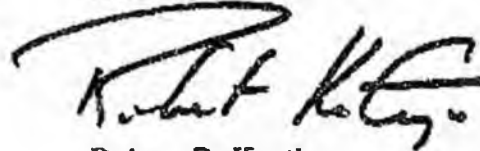
HOLLAND & HART
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Daniella Loper
March 21, 1994
Page 2

will need to satisfy itself with the authority of person executing documents, whether it is an officer of a corporation, a general partner in a general or limited partnership or a member of a member-managed LLC or a manager of a manager-managed LLC. Once lenders and others have focused on this similarity, they seem to have no trouble dealing with LLCs.

I think that the "newness" of LLCs will not cause a problem for lenders and others dealing with the entity. If you have any questions in this regard, please contact me.

Sincerely yours,



Robert R. Keatinge



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March 21, 1994

Representative Brian Porter
Chairman
House Judiciary Committee
Alaska State Legislature
State Capitol Room 118

Juneau, AK 99801-1182

Re: Limited Liability Company Bill

Dear Representative Porter:

On February 17, 1994 the Board of the Alaska Society of Certified Public Accountants unanimously voted to endorse the introduction of legislation allowing businesses to form and operate as a Limited Liability Company in the State of Alaska. We support the passage of House Bill 420.

The membership of the Alaska Society of Certified Public Accountants come from throughout the State. The Board is representative of the membership's locale.

In order for the State to continue to grow through new commerce, it is important that there is flexibility in the type of entity a business can form. The State should be able to offer the same type of entities as any other state offers (right now there are over 30 States that allow Limited Liability Companies).

We look forward to the passage of this law in a swift and expedient manner. Businesses that want to operate as a Limited Liability Company may not wait for the legislature, and will seek an operating "home" in some other state.

Very truly yours,

William D. Arnold
President

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**Also admitted in Washington

March 1, 1994

Representative Bill Hudson, Chairman
House Committee on Labor and Commerce
State Capital Rm 108
Juneau, Alaska 99801-1182

VIA FAX
465-6790

Re: Sponsor Substitute for House Bill 420

Dear Representative Hudson:

As an attorney in the State of Alaska, I am very eager to have the state pass legislation authorizing limited liability companies, as has been done in virtually all other states in the country. Accordingly, I urge that your committee promptly schedule a hearing on the sponsor substitute for House Bill 420.

Your assistance in ushering this bill through your committee would be deeply appreciated.

Very truly yours,

FORTIER & MIKKO, P.C.

By:


John L. Hoffer, Jr.

JLH:miv JLM:Hudson.ltr