

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 001/2

10633 SENATE LABOR & COMMERCE

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

Fiscal Note Number: 3  
Bill Version: CSHB 113(HES)  
(H) Publish Date: 4/10/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title: "An Act relating to health care insurance BRU: Centralized Admin. Services  
payments for hospital or medical..." Component: Retirement & Benefits  
Sponsor: Representative Green  
Requester: House Finance Component Number: 64

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1007 GF/Medical Health						
Other (TRS 1034)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

CSHB113(HES) requires medical insurers to adjudicate claims within 30 calendar days of receipt. Currently the State of Alaska requires its third party administrator- Aetna - to pay 80% of claims within 12 calendar days. If it does not, penalties are assessed on Aetna for late payment. The penalties are paid to the plan. Although the state's medical plans are self-insured and the state is not legally bound to mandates and requirements set out in Title 21, the state has generally followed such mandates and requirements as a matter of public policy. Given the timelines set out in the committee substitute, the Department of Administration believes this legislation would have no fiscal impact on state administered medical plans.

Prepared by: Guy Bell, Director Phone 465-4471  
Division: Retirement and Benefits Date/Time April 3, 2001  
Approved by: Jim Duncan, Commissioner Date April 3, 2001  
Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

PROMPT PAYMENT LAWS

\* = contained in state Unfair Business Practice Act

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Alabama	Yes Code of Ala. §27-1-19	No	No	25 working days after receipt	Same	Insurer must: 1) Notify within 2 weeks of receipt; 2) specify which items are in dispute; 3) pay undisputed portion within 30 days of receipt of claim	1.5% per month	--	Permits assignability of benefits
Alaska	No	--	--	--	--	--	--	--	--
Arizona	Yes A.R.S. § 20-3101	Yes	No	30 days after receipt, or as specified in contract	Same	Insurer must: 1) Send written request for additional information within 30 days of receipt; 2) specify reasons for delay in processing; 3) approve/deny claim within 30 days after receipt of additional info., or as specified in contract.	Legal rate	Insurers must provide semi-annually to director report of grievance resolutions. Director may examine insurers with significant numbers of unresolved grievances.	Specifically applies to third party intermediaries
Arkansas	No	--	--	--	--	--	--	--	--
California	Yes Cal Health & Saf Code § 1371	No	No	30 working days after receipt (45 days for HMOs)	Same	Plan must: 1) Notify within 30 days of receipt if contested/denied (45 days for HMOs); 2) pay undisputed portion of the claim; 3) identify portion of claim that is contested and reasons for contesting/denying; 4) pay within 30 days (45 for HMOs) after receipt of necessary info.	10% per annum	--	Defines a "reasonably contested" claim

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Colorado	Yes CRS § 10-16-106.5	Yes	Yes	45 calendar days after receipt	30 calendar days after receipt	Carrier must: 1) Notify within 30 calendar days of receipt; 2) explain what info. is needed; 3) dispense of claim within 90 calendar days of initial receipt	10% per annum	3% of total claim if originally contested/incomplete claim not paid within 90 days of receipt; Ins. Commissioner may assess additional penalties	Retroactive denials allowed in certain cases; carrier may deny claim if info. requested is not received within 30 days of request
Connecticut *	Yes Conn. Gen. Stat. § 38a-816	No	No	45 days, or as stipulated by contract, after receipt	Same	--	15% per annum	Penalties assessed pursuant to Unfair Business Practice Act	--
Delaware *	Yes 18 Del. C. § 2304 et seq.	No	No	45 days after receipt	Same	Insurer must notify within 30 days of receipt if claim is denied	Maximum allowed by law	Insurance Commissioner may assess penalties under Unfair Business Practice Act	--
District of Columbia	No	--	--	--	--	--	--	--	--
Florida	Yes Fla. Stat. § 627.613	No	No	45 days after receipt	Same	Insurer must: 1) Notify within 45 days of receipt; 2) pay within 60 days of receipt of necessary information; 3) pay/deny all claims within 120 days of receipt	10% per annum	--	Permits retroactive denials if insurer finds that provider improperly billed patient

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Georgia	Yes O.C.G.A. §§ 33-20A-6; 33-24-59.5	No	No	15 working days of receipt	Same	Insurer must: 1) Notify within 15 days of receipt; 2) state reasons for failure to pay; 3) itemize documents needed to process; 4) pay undisputed part of claim; 5) pay/deny claim within 15 working days of receiving necessary info.	18% per annum	Penalties may be assessed under general insurance laws	Insurance Commissioner requires all insurers to file data on the speed of claims handling with their quarterly reports
Hawaii	Yes HRS §§ 431:13-108; 431:13-201	No	No	30 days after receipt	15 days after receipt	Insurer must: 1) Notify within 15 days (7 days for electronic); 2) identify contested portion and reason for contesting/ denying claim and may request additional information; 3) pay within 30 days (7 days for electronic) after receiving information	15% per annum; may be suspended by Insurance Commissioner in certain cases	In determining gravity of penalty, Insurance Commissioner may consider relevant factors bearing upon violation.	--
Idaho	No	--	--	--	--	--	--	--	--
Illinois	Yes 215 ILCS 5/356y	No	No	30 days after receipt	Same	Insurer must notify of any known failure to provide sufficient documentation within 30 days after receipt	9% per year; must be paid within 30 days of the claim payment	Insurance Dept. may enforce the act pursuant to its general enforcement powers	--
Indiana	No	--	--	--	--	--	--	--	--
Iowa	No	--	--	--	--	--	--	--	--
Kansas	No	--	--	--	--	--	--	--	--
Kentucky	No	--	--	--	--	--	--	--	--

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Louisiana	Yes R.S. 22:250:31 et seq.	No	Yes	45 days after receipt, if submitted within 45 days of the date of service; 60 days after receipt if submitted after 45 days	25 days after a correctly completed uniform claim form is transmitted	Non-electronic: Insurer must review claim within a reasonable time of receipt; if incomplete, notice must be given within 3 business days (2 business days for electronically submitted claims) of review	12% per annum	Monetary penalties, suspension/revocation of cert. of authority	--
Maine	Yes 24-A M.R.S. § 2436	No	No	30 days after receipt and ascertainment of the loss is made	Same	Insurer must: 1) Notify claimant within 30 days of receipt that additional info. is required; 2) pay within 30 days of receipt of such information	18% per annum	Reasonable attorney fees paid by insurer if overdue benefits are recovered in an action against insurer or if overdue benefits are paid after receipt of notice of the attorney's representation	--
Maryland	Yes Md. Ins. Code § 15-1005; Md. Health Code § 15-102.3	No	No	30 days after receipt	Same	Insurer must: 1) Send notice of refusal to reimburse within 2 weeks of receipt; 2) include reason for refusal/ what info. is necessary; 3) reimburse within 30 days after receipt of necessary documentation	1.5% for 31 <sup>st</sup> through 60 <sup>th</sup> day; 2% from 61 <sup>st</sup> through 120 <sup>th</sup> day; 2.5% after 120 <sup>th</sup> day	--	Insurer may retroactively deny reimbursement up to 6 months after claim payment is made
Massachusetts	No	--	--	--	--	--	--	--	--

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Michigan	Yes MSA § 24.12006	No	No	30 days after receipt	Same	Insurer must: 1) Specify materials constituting satisfactory proof of loss within 30 days after receipt; 2) pay supported portion of claim within 60 days after receipt; 3) pay remainder of claim within 60 days of receipt of information	12% per annum	--	--
Minnesota	Yes 2000 SB 2767  (cf. 1/1/01)	Yes	No	30 days after receipt	Same	--	1.5% per month	Commissioner may not assess a financial administrative penalty against a plan for violation of the law	Plan must itemize interest payments made separately from other payments; plan may require provider to bill plan or TPA for interest
Mississippi	Yes  Miss. Code Ann. § 83-9-5	No	No	45 days after receipt	Same	Payment is overdue if not made within 45 days after necessary information is received; if necessary information is not supplied for the entire claim, the amount supported by reasonable proof is overdue if not paid within 45 days of receipt of such proof	18% per annum	Person entitled to benefits may bring action to recover benefits, interest and any other damages allowable by law	--
Missouri	Yes  § 376.383 R.S. Mo	No	No	45 days after receipt	Same	Insurer must: 1) Send notice of refusal to pay and include reason for refusal or state that more info. is necessary; 2) pay or deny within 10 days after additional info. is received	12% per annum	--	--

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Montana *	Yes  Mont. Code Anno. § 33-18-232	No	No	30 days after receipt of a proof of loss	Same	Insurer must pay or notify the insured or assignee of the reasons for failure to pay in full and/or request additional information within 30 days. If the insurer fails to do this, the insured/assignee may report the delay to the Commissioner of Insurance. The Commissioner may investigate to determine if the insurer has failed to pay without good reason, and whether the delay is a general course of business practice.	Upon a determination that a delay is a general course of business practice and for a year thereafter, claims not paid within 30 days without good reason will incur interest at 18% per annum	--	--
Nebraska	No	--	--	--	--	--	--	--	--
Nevada	Yes  NRS 683A	No	No	30 days of approval of claim (must be approved within 30 days of receipt)	Same	If additional info. is needed, insurer must notify within 20 days; approve/deny within 30 days after receiving additional info.	Rate of interest established pursuant to law	--	--
New Hampshire	No	--	--	--	--	--	--	--	--
New Jersey	Yes  N.J. Stat. § 17B:27-44.2	No	Yes	40 calendar days after receipt	30 calendar days after receipt or time allowed under medicare, whichever is shorter	Insurer must: 1) Notify within 30 days of reason for denial, what info. is needed to process; 2) pay undisputed portion of claim; 3) pay within 40 days (30 for electronic) of receipt of necessary info.	10% per annum	TPA must demonstrate that it will comply with the law, as condition of continued authorization to do business	Payers must maintain claims information that is audited and submit annually to Commissioner, Governor and Legislature; Commissioner may act further if info. warrants

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
New Mexico	Yes SB 164 (2000)	Yes	Yes	45 days after receipt	30 days after receipt	If plan is unable to determine liability for or refuses to pay a claim within specified timeframes, the plan must make a good faith effort to notify the participating provider within 30 days (45 for manual submission) of reasons for denial or specific information required to determine liability	18% per annum	--	Prohibits contractual hold harmless agreements
New York	Yes	No	Yes	45 days after receipt	Same	--	12% per annum or the rate set by the tax commissioner for corporate taxes	--	--
North Carolina	Yes N.C. Gen. Stat. § 58-3-100	No	No	30 days to acknowledge claim, but only if it contains sufficient info. for the insurer to identify the specific coverage involved	--	--	--	Commissioner may invoke civil penalty for violation	--
North Dakota	No	--	--	--	--	--	--	--	--

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Ohio	Yes ORC Ann § 3901.38	No	No	24 days of a completed claim form, or as specified in contract	Same	--	As agreed to by the parties, or as specified in statute	Aggrieved party may file written complaint; Superintendent may issue cease and desist order and may require penalties as specified by law	--
Oklahoma *	Yes 36 Okl. St. § 1219	No	No	30 days after receipt to notify policyholder of the cause for delay in payment; 60 days to pay before interest is incurred	Same	--	T-Bill rate plus 2%	--	--
Oregon	No	--	--	--	--	--	--	--	--
Pennsylvania	Yes 40 P.S. §§ 991.2101, 991.2166	Yes	No	45 days after receipt	Same	--	10% per annum	--	--
Rhode Island	No	--	--	--	--	--	--	--	--
South Carolina	No	--	--	--	--	--	--	--	--
South Dakota	No	--	--	--	--	--	--	--	--

State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Tennessee	Yes (TennCare HMOs)  Tenn. Code Ann. § 56-32-226	No	No	90% of claims must be paid within 30 days of receipt; 99.5% must be processed within 60 days of receipt	Same	HMO must notify provider that claim has been denied and specify reasons; provider has 60 days to request reconsideration and must submit additional documentation, if necessary, within 60 days; if HMO doesn't respond within 60 days, provider may request that denial be independently reviewed	--	Provider may pursue contractual and legal action if he does not request independent review	--
Texas	Yes  Tex. Stat. Ann. Art. 20A.18B	Yes	No	45 days after receipt	Same (21 days for submission of prescription benefit claim)	Insurer must: 1) pay the total amount of the claim; 2) pay the portion of the claim not in dispute and notify the physician why the remaining portion is in dispute; or 3) notify the physician why the claim will not be paid., within 45 days of receipt	18% per annum	Penalties of up to \$1000 per day	Attorney's fees may be recovered
Utah *	Yes  R590-89-7	No	No	30 days after receipt	Same	--	--	Penalties may be imposed under general unfair business practices act	--
Vermont	Yes  18 VSA § 9418	No	No	45 days after receipt	Same	Insurer must: 1) Notify claimant that claim is contested or denied; 2) include specific reasons and describe information necessary to process; 3) pay within 45 days after receipt of information	12% per annum (may be suspended by Commissioner in certain cases)	Commissioner may impose penalty, not to exceed \$500 per violation, if a pattern of denial is established	--

Advocacy Resource Center  
April 2000

Virginia	Yes Va. Code Ann. § 38.2- 3407.15	Yes	No	40 days after receipt	Same	Carrier has 30 days after receipt to request info. and documentation necessary to process or determine if claim is clean	As established by law	Penalties under unfair trade practice law	Retroactive denials permitted, with restrictions
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State	Prompt Pay Law	"Clean Claim" Defined	Uniform Claim Form	Timeframe: Non-Electronic	Timeframe: Electronic	Notice/Timeframe for Incomplete/ Contested Claim	Interest Incurred	Enforcement and Penalties	Other
Washington	Yes (reg.) WAC § 284- 43-321	Yes	No	95% of the monthly volume of clean claims must be paid within 30 days of receipt; 95% of the monthly volume of all claims must be paid or denied within 60 days of receipt	Same	Denial must include specific reason why the claim was denied. In cases of denials based on medical necessity, the carrier must disclose the basis for the decision.	12% per annum; interest must be added to the amount of the unpaid claim	--	--
West Virginia	No	--	--	--	--	--	--	--	--
Wisconsin	Yes Wis. Stat. § 628.46	No	No	30 days after receipt	Same	Insurer must pay any partial amount supported by written notice of claim	12% per annum	--	--
Wyoming	Yes Wyo. Stat. § 26-15-124	No	No	45 days after receipt of proof of loss and supporting evidence	Same	Exceptions to the 45 day rule shall be made if there is any question as to the validity or amount of the claim.	10 % per year	Attorney fees may be awarded	--

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Advocacy Resource Center  
April 2000

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Alaska St Med Assn

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P. 16

**HB**

**121**

# ALASKA STATE LEGISLATURE

*Chair:*  
LABOR AND COMMERCE

*Member:*  
MILITARY AND VETERANS AFFAIRS  
COMMUNITY AND REGIONAL AFFAIRS  
LEGISLATIVE COUNCIL  
JOINT ARMED SERVICES



**REPRESENTATIVE LISA MURKOWSKI**  
Government Hill • Elmendorf • East Anchorage

*Sessor:*  
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FAX: (907) 465-2293  
Representative\_Lisa\_Murkowski@legis.state.ak.us

*Interim:*  
716 WEST 4TH AVENUE  
ANCHORAGE, AK 99501-2133  
PHONE: (907) 269-0174  
FAX: (907) 269-0177

## Sponsor Statement House Bill 121 Charitable Gift Annuities

Charitable gift annuities can be an important way for charities to raise funds. If a donor wishes to make a charitable gift but also wants to reserve income for the future, gift annuities provide a legal contract between charity and donor (so in exchange for a donor making a gift, the charity provides an annuity to the donor).

Based on model legislation developed by the National Association of Insurance Commissioners, House Bill 121 defines and clarifies a charitable gift annuity, states that gift annuities are not insurance, provides minimum unrestricted cash requirements, and sets out specific requirements for the issuance of gift annuities. The Act protects both donors and charities by providing that notice be given to donors and provides that organizations notify the Division of Insurance when entering into their first qualified charitable gift annuity.

The model legislation has been successfully passed in over 30 states and has been approved by the American Council of Gift Annuities and the National Council of Planned Giving. I urge your considered and favorable support.

Last Updated March 30, 2001  
Staff Contact: Amy Erickson 465-4954

# ALASKA STATE LEGISLATURE

*Chair:*  
LABOR AND COMMERCE

*Member:*  
MILITARY AND VETERANS AFFAIRS  
COMMUNITY AND REGIONAL AFFAIRS  
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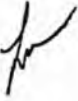


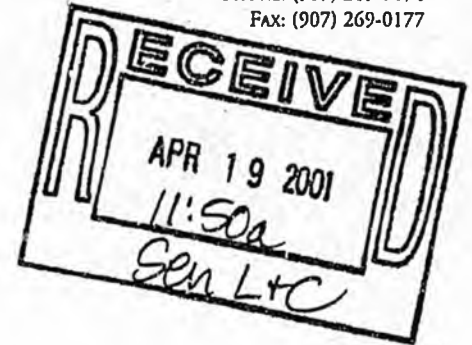
**REPRESENTATIVE LISA MURKOWSKI**  
Government Hill • Elmendorf • East Anchorage

*Session:*  
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PHONE: (907) 269-0174  
FAX: (907) 269-0177

## Memorandum

Date: April 19, 2001  
To: Senator Randy Phillips  
Labor and Commerce Chair  
From: Representative Lisa Murkowski   
Subject: Scheduling Request



House Bill 121 "Charitable Gift Annuities" defines and clarifies a charitable gift annuity, states that gift annuities are not insurance, provides minimum unrestricted cash requirements, and sets out specific requirements for the issuance of gift annuities. The Act protects both donors and charities by providing that notice be given to donors and provides that organizations notify the Division of Insurance when entering into their first qualified charitable gift annuity.

HB 121 unanimously passed the House and there is no known controversy surrounding the bill. Attached you will find a copy of House Bill 121, sponsor statement, and supporting documentation. Please schedule HB 121 in Senate Labor and Commerce at your earliest convenience.

CC: FOUNDATION BOARD

Providence Health System

3200 Providence Drive  
P.O. Box 196604  
Anchorage, Alaska  
99519-6604

Tel 907.562.2211



September 25, 2000

Honorable Brian S. Porter  
Speaker of the House  
Alaska State legislature  
3430 Fordham Drive  
Anchorage, AK 99508

Dear Speaker of the House;

On behalf of Providence Alaska Foundation, I am submitting this letter in support of the Charitable Gift Annuities Exemption Model Act. Providence supports this legislative bill for the benefit of Alaskan charities and their donors. The Model Act which defines charitable gift annuities has been successfully passed in over than 30 states. The Exemption Act has also been approved by the National Association of Insurance Commissioners (NAIC) and has the approval of the American Council of Gift Annuities.

This legislative bill simply defines charitable gift annuities and states that gift annuities are not insurance and that the issuance of a charitable gift annuity does not constitute engaging in the business of insurance in this state. The Model Act requires notice to donors and would require charities that issues gift annuities to notify the commissioner when it enters into the organization's first qualified charitable gift annuity. It would thereby benefit the state in tracking such data. Passing the Model Act protects both charities and donors alike.

The Model Act serves to define charitable gift annuities, provides minimum unrestricted cash requirements and sets out specific requirements for the issuance of charitable gift annuities. Providence feels privileged in promoting such legislation in protecting charitable gift annuities in our state.

Sincerely,

**Douglas Bruce**  
Chief Executive  
Providence Health System in Alaska



President  
Douglas M. North

# Alaska Pacific University

November 13, 2000

Honorable Brian S. Porter  
Speaker of the House  
Alaska State Legislature  
3430 Fordham Drive  
Anchorage, AK 99508

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Edward Paup

Leah Peterson  
Barbara Dadd Shaffer  
William Sheffield  
Donald Wilson  
Phoebe Wood

Dear Speaker of the House;

On behalf of Alaska Pacific University, I am submitting this letter in support of the Charitable Gift Annuities Exemption Model Act. The University supports this legislative bill for the benefit of Alaskan charities and their donors. The Model Act defines charitable gift annuities and has successfully passed in over 30 states. The Exemption Act has also been approved by the National Association of Insurance Commissioners (NAIC) and has the approval of the American Council of Gift Annuities.

This simple legislative bill simply defines charitable gift annuities and states that gift annuities are not insurance and that the issuance of a charitable gift annuity does not constitute engaging in the business of insurance in this state. The Model Act requires notice be given to donors and would require charities that issues gift annuities to notify the commissioner when it enters into the organization's first qualified charitable gift annuity. It would thereby benefit the state in tracking such data. Passing the Model Act protects both charities and donors alike.

The Model Act serves to define charitable gift annuities, provides minimum unrestricted cash requirements and sets out specific requirements for the issuance of charitable gift annuities. Alaska Pacific University feels privileged in promoting such legislation and would appreciate your help in protecting charitable gift annuities in our state. Thank you for your support.

Sincerely,

Douglas M. North, President  
Alaska Pacific University



# The Salvation Army

## Alaska Divisional Headquarters

Mailing Address: P.O. Box 101459  
 143 E. Ninth Avenue • Anchorage, Alaska 99510-1459  
 (907) 276-2515 • FAX (907) 276-1424

Founded in 1865  
 By William Booth  
 John Gowers  
 General  
 David Edwards  
 Territorial Commander  
 Terry W. Griffin  
 Divisional Commander

November 27, 2000

Honorable Brian Porter  
 Speaker of the House


Dear Speaker of the House,

On behalf of The Salvation Army, I am submitting this letter in support of the Charitable Gift Annuities Exemption Model Act. The Salvation Army supports this legislative bill for the benefit of Alaskan charities and their donors. The Model Act, which defines charitable gift annuities, has been successfully passed in over 30 states. The Exemption Act has also been approved by the National Association of Insurance Commissioners (NAIC) and has the approval of the American Council of Gift Annuities.

This simple legislative bill defines charitable gift annuities and states that gift annuities are not insurance and that the issuance of a charitable gift annuity does not constitute engaging in the business of insurance in this state. The Model Act requires notice be given to donors and would require charities that issue gift annuities to notify the commissioner when it enters into the organization's first qualified charitable gift annuity. It would thereby benefit the state in tracking such data. Passing the Model Act protects both charities and donors alike.

The Model Act serves to define charitable gift annuities, provides minimum unrestricted cash requirements and sets out specific requirements for the issuance of charitable gift annuities. The Salvation Army feels privileged in promoting such legislation and would appreciate your help in protecting charitable gift annuities in our state. Thank you for your support.

Sincerely,

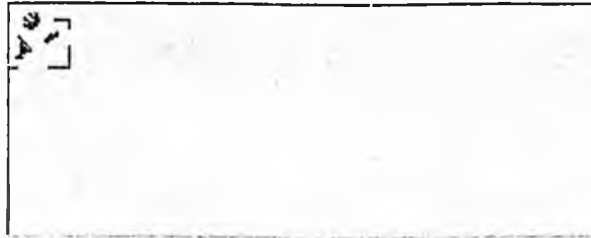
  
 Terry W. Griffin, Lt. Colonel  
 DIVISIONAL COMMANDER

cc: Douglas Bruce, Chief Executive  
 Providence Health Care System, Alaska



*Into a Second Century of Service*





## Charitable Gift Annuity

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### A Charitable Gift Annuity . . . A Wise Investment!

It allows you to make a charitable contribution to The National Heritage Foundation or to one of our many foundations, while providing a fixed and guaranteed lifetime income for you and/or a loved one. In addition, you will receive certain tax advantages which make your gift even more valuable.

You may specify that your gift be used for the greatest needs of The National Heritage Foundation at that time. Or, as a supporter of a particular work of one or more foundations at NHF, you may direct that your gift be used for future needs of one or more specific programs.

It is not necessary for you to have a foundation at The National Heritage Foundation in order to obtain the benefits of your own Charitable Gift Annuity, although many of the donor/advisors with their own foundation accounts find that the Gift Annuity is a valuable personal benefit.

----- There are some who've left a name so that tomorrow will see their light . . .  
----- and some who will perish as though they never lived.

---

Continue



## The Tangible Benefits are Numerous

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Among the many benefits you will receive are:

- ◆ Guaranteed income with your annual payment backed by all the assets of The National Heritage Foundation, plus your gift is set aside in a separate reserve account for your lifetime to back up the annuity payments to you and/or your loved one.
- ◆ An immediate charitable deduction of a portion of your gift.
- ◆ A tax savings on capital gains if your gift is funded with appreciated property such as stocks, bonds or mutual funds.
- ◆ Tax free income on a portion of your annual income payments for a number of years.
- ◆ Deferred income if you wish to begin receiving payments at a later date, such as at the start of retirement, which will earn higher interest.
- ◆ Your choice of income recipients with payments to the donor only, the donor and a surviving beneficiary, or a person other than the donor.

### You Receive Long Term, Intangible Benefits as Well!

In addition to many real benefits, your Charitable Gift Annuity investment in the National Heritage Foundation or one of its foundations will result in significant intangible and long-term benefits.

The beneficiaries and supporters of The National Heritage Foundation become partners with us as we go forth to promote the Heritage of our Nation. You walk with us in our effort to undertake a piece of the grand task of restoring, maintaining and extending our precious heritage of people making life more meaningful for each other, and helping you live a life of love and good works.



## How does the Charitable Gift Annuity Work?

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First, the donor of the gift and the secondary beneficiary, if any, must be at least 35 years old. The minimum single gift is \$5,000, and annual gifts may start with as little as \$2,000. The gifts may be in the form of cash or stocks, bonds or mutual funds. Many annuitants roll over a matured certificate of deposit into a charitable gift annuity, or they provide a gift of stock and avoid taxes on part of the capital gain.

As an example, Mr. and Mrs. Jones invested a matured certificate of deposit earning 5.5% annual interest into a gift annuity paying them 7.5%. About half of this income will not be taxable to them over their life expectancies.

They made a significant contribution to The National Heritage Foundation, or perhaps to their own foundation, while at the same time, earning a greater rate of return. In addition, they earned certain charitable deductions which a certificate of deposit does not offer. The earned interest rate of a charitable gift annuity is based on the annuitant's age at the time of the gift along with other considerations.

### Examples at Various Ages:

Single Life		Two Lives	
Age on Gift Date	Annuity Rate	Ages on Gift Date	Annuity Rate
55	6.7%	55/55	6.5%
60	6.9%	60/60	6.6%
65	7.2%	65/65	6.8%
70	7.7%	75/75	7.1%
75	8.4%	75/75	7.5%
80	9.4%	80/80	8.2%
85	10.5%	85/85	9.2%
90	12.0%	90/90	10.8%



[FAQ on Charitable Gift Annuities](#)

## Frequently Asked Questions:

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**Q: What is a Charitable Gift Annuity?**

**A: The charitable gift annuity is a simple contract between you and The National Heritage Foundation. In exchange for your irrevocable gift of cash, securities, or other assets, NHF agrees to pay one or two annuitants, which the donor names, a fixed sum each year for life. Payments are usually made in annual, semiannual, or quarterly installments. The payments are guaranteed by the general resources of NHF, and are backed by separate reserve accounts in which the original gift amounts are held, less any expenses and/or income payouts.**

**Q: How is the payout rate determined?**

**A: The payout rate is determined by the age(s) of the annuitant(s) at the time of the gift. The older the age(s) of the annuitant(s) the more income the NHF can agree to pay.**

**Q: Is the donor entitled to a current charitable income tax deduction?**

**A: The donor can claim an income tax deduction for the portion of the Gift Annuity that represents the charitable gift. The tax deduction is claimed in the year the gift is made, however, if income is insufficient to use the entire deduction in one year, the unused portion can be carried forward for an additional five years.**

**Q: Are there any other tax benefits?**

**A: In most cases, part of each payment is tax free, increasing each payment's after-tax value. The tax-free portion is greatest when the annuity is funded with cash. If you give appreciated property, some of the income you receive will be treated as a partial capital gain.**



Example

## Charitable Gift Annuities

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### EXAMPLE:

Mary Sharp is 82 years old and has been investing primarily in fixed income investments to supplement her pension and social security income. With interest rates dropping the last several years, investments that used to pay her 8% to 9% are now only paying her 6%.

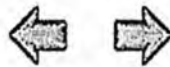
As a supporter of The National Heritage Foundation, Mary saw some information about income producing gift plans, but never associated the idea with her situation. When her last \$20,000 Certificate of Deposit came due and she was offered a reinvestment rate of 6%, Mary decided to give her Philanthropic Development Officer at NHF a call.

At Mary's age, The NHF was able to create a gift annuity that will pay her 9.8% annually on her \$20,000.

Mary received the following benefits for creating her NHF Charitable Gift Annuity:

Annuity Income:	\$1,960
Tax Free Portion:	1,190*
Taxable Portion:	770
Income Tax Deduction:	10,660
Tax Savings at 28% Bracket:	2,968 (This reduced the cost of her gift to \$17,032) (The effective after-tax yield is therefore 11.5%) (The effective pre-tax yield is 14.2% @ 28% bracket)
Estate Tax Savings:	up to 55% of the \$20,000 gift
Probate Savings:	up to 6% to 8% of the \$20,000 gift
Lifetime Support of the NHF:	Mary named her son to work for her own foundation

\*After 8.5 years the entire annuity becomes ordinary income



The Benefits

## The Charitable Gift Annuity:

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### BENEFITS INCLUDE:

You will qualify for a federal income tax deduction.

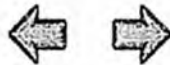
The annuitants you name will receive fixed annual income for life, guaranteed by the general resources of the National Heritage Foundation.

If you fund the annuity with an appreciated asset, you will incur tax on only part of the gain. If you name yourself as an annuitant, this tax will be spread out over many years. Your estate may enjoy reduced probate and estate taxes.

You will provide generous support of the National Heritage Foundation to help us continue our efforts to extend our precious heritage.

You can pass on to your heirs, through your own foundation at NHF, a rich and rewarding philanthropic vocation which will provide them with the resources to achieve their own charitable objectives.

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How we can help

## How we can help:

The National Heritage Foundation can provide you with a personalized confidential illustration you can share with your financial advisor. NHF will draft the contract and prepare the 1099R form for you. For further information and a special illustration, please contact the NHF Charitable Gift Annuity Administrator at 1-800-822-6711 or write to the gift administrator at the address below.

You should consult your attorney and/or tax advisor about the applicability to your own situation of the legal and tax principles contained herein.

NHF Gift Annuity Administrator  
P. O. Box 605  
Colmar, PA 18915  
1-800-822-6711  
215-822-6601

email: [advisor@pobox.com](mailto:advisor@pobox.com)



There are some who've left a name so that tomorrow will see their light...  
and some who will perish as though they never lived.



# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 121  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time(Note if Correction) 03/09/2001 2:30p.m. Dept. Affected: DCED  
 Title: An Act relating to the issuance of qualified BRU: Insurance Operations  
charitable gift annuities. Component: Insurance  
 Sponsor: Representative Murkowski  
 Requester: House Labor & Commerce Component Number: 354

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 This bill has no fiscal impact on this component.

Prepared by: Robert A. Lohr  
 Division: Insurance  
 Approved by: Commissioner Deborah B. Sedwick  
 Agency: Department of Community & Economic Development

Phone 907-269-7900  
 Date/Time 03/09/2001 2:30p.m.  
 Date 3/9/2001

For distribution information, call the Governor's Legislative Office

**HB**

**128**

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSHB 128(L&C)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Employment of Minors in Agriculture BRU: Labor Standards and Safety  
Sponsor: Representative Ogan Component: Wage and Hour  
Requester: House Labor and Commerce Component Number: 345

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	22.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>22.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	22.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>22.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: None

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill amends AS 23.10.332 by eliminating some of the protective standards in the child labor law. The bill removes the pre-approval requirement for work permits and allows the employer to notify the department after employment has begun.

The department anticipates the need to draft new regulations to implement these changes, advertise and hold public hearings on regulatory changes, and revise and reprint current informational Wage and Hour posters and pamphlets.

Prepared by: Richard Mastriano, Director Phone: 269-4919  
Division: Labor Standards and Safety Date/Time: 3/5/02 2:36 PM  
Approved by: Ed Flanagan, Commissioner Date: 03/05/02  
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office



## Sponsor Statement for HB 128

# Employment of Minors

*An Act relating to the required approval of the commissioner of labor and workforce development for the employment of certain minors.*

A local Valley farmer informed me that there were lots of kids who wanted to work on his farm but because it took so long to get permission from the state they declined or missed a substantial part of the harvest season.

Parents were surprised to learn that granting their permission was not good enough for the state. The Commissioner of Labor had to grant his approval so that their kids could pick vegetables or gather up some hay.

In my opinion requiring the Commissioner to grant permission after parents have already signed off is not necessary.

I cannot think of a better place for young people to learn basic life lessons and come to understand the value of hard work than on a farm. How unfortunate that government has created so many barriers to those experiences with bureaucracy and senseless red tape. The result has been too much non-productive time for many of our teens. We all know what that can translate into.

With the changes made during the committee process House Bill 128 moves beyond farm labor and would allow any employer seeking to hire minors for any job, whether on a farm, in a fast-food store or at a retail shop, to apply for and obtain advance approval from the Department of Labor. The skills learned in a job will help young people later in life when a work ethic learned on the farm or in a store makes them a valued employee as an adult.

###



## REPRESENTATIVE SCOTT OGAN

Alaska State Legislature

House District 27 • Palmer • Greater Palmer • Sutton • Chickaloon • Sheep Mountain

### House Bill 128 Talking Points

- House Bill 128 streamlines the approval process between the Department of Labor and workforce Development and employers wanting to hire minors.
- The protection of minors remains paramount with this proposal.
- Employers may secure pre-approval from the department to hire a minor, who is at least 14 years of age, to perform a specific set of job duties in advance of an actual job offer to a minor.
- The amendment benefits any employer – from farming, fishing to fast food restaurants.
- The department work permit request form, must be signed by a parent or legal guardian of the minor, and filed with the commissioner within seven calendar days after the minor begins working.
- The work permit is valid only for the job and listed duties specified on the pre-approved consent.
- The work permit is valid for the calendar year in which it is executed, in the case of a written consent executed in December; the permit can be valid through the end of the next calendar year.
- A minor cannot begin any changed or new job duties until the department approves the changes.
- This amendment does not remove the current work permit process for those employers who wish to use it.
- The department supports this legislation.



## REPRESENTATIVE SCOTT OGAN

Alaska State Legislature

House District 27 • Palmer • Greater Palmer • Sutton • Chickaloon • Sheep Mountain

### Sectional Analysis

#### CS for HB 128

**Sec. 1** Adds section (c) to AS 23.10.332(a), Authorization for children under 17 to work..

**Sec. 2** Section (c) provides that:

Prospective employers can apply to the Department of Labor (DOL) for prior approval to hire a minor for specific job descriptions.

Written consent by the parent of guardian must be filed with the department within 7 calendar days from when the minor begins work.

Once employed, any change in job duties of an employed minor requires a new approval of the revised job duties by the department before the minor can begin work under the revised job duties.

DOL preapproval of job duties is valid only for that calendar year. However, an approval issued in December is valid through the next calendar year.

Written parental or guardian consent must be on a form approved by the department.

**Sec. 3** This section amends AS 23.10.360(c), which would provide authority for the employer to preapprove certain job descriptions with DOL.

#### **Article 4. Employment of Children**

##### **AS 23.10.325. Purpose.**

It is the purpose of AS 23.10.325 - 23.10.370 to establish protective standards for child labor to the end that their health, morals, education, and future welfare will be protected during the formative years and to the further end that any abuses or unjust exploitation of this labor will be effectively prohibited.

##### **AS 23.10.330. Exempted Employment.**

(a) AS 23.10.325 - 23.10.370 do not prohibit employment of a child under the direct supervision of a parent in a business owned and operated by the parent or the work of a child on a boat owned and operated by the parent of the child.

(b) Notwithstanding AS 23.10.335 - 23.10.350, a minor of any age may be employed as a performer in the entertainment industry. The provisions of AS 23.10.335 - 23.10.350 and AS 23.10.360 (a) and 23.10.360(c) concerning times, hours, or days of work do not apply to the employment of a minor as a performer in the entertainment industry. The department may adopt regulations to implement this subsection. In this subsection, a "performer in the entertainment industry" means a performer in advertisements and television, film, radio, and theater productions but does not include employment on the premises of a business offering any form of adult entertainment under AS 23.10.350 (f) regardless of the nature of the work performed by the minor.

##### **AS 23.10.332. Authorization For Children Under 17 to Work.**

Except for employment exempted under AS 23.10.330 and other employment specifically exempted by regulations adopted by the department, a minor under 17 years of age may not be employed or allowed to work without the written authorization of the commissioner unless authorized under AS 23.10.360 . The department shall adopt regulations necessary to implement this section.

##### **AS 23.10.335. Employment of Children Under 14.**

A minor under 14 years of age may not be employed or allowed to work in an occupation outside school hours except in domestic employment, baby-sitting, and handiwork in and about private homes; newspaper delivery or sales; or canneries in warehouse work casing cans under competent supervision.

##### **AS 23.10.340. Children Under 16.**

(a) A minor under 16 years of age may not be employed for more than a combined total of nine hours school attendance and employment in one day. If employed, the minor's work may be performed only between 5 a.m. and 9 p.m. Employment outside school hours may not exceed 23 hours in one week, domestic work and baby-sitting excepted.

(b) [Repealed, Sec. 7 ch 112 SLA 1976].

**AS 23.10.345. Exemptions For Minors Over 16 or Who Have Graduated From High School.**

[Repealed, Sec. 7 Ch 112 SLA 1976].

Repealed or Renumbered

**AS 23.10.350. Employment of Person Under 18.**

(a) A minor under 18 years of age may not be employed or allowed to work

- (1) more than six days a week;
- (2) in hazardous excavation, or underground in mines, or as hoisting engineer in mines; or
- (3) in an occupation dangerous to life or limb or injurious to the health of the minor.

(b) If the commissioner determines that the duties to be performed by the minor would not unduly endanger the life, limb, or health of the minor and if the employment meets the conditions of wages and hours prevailing for the majority of the employees in the industry at the time of employment, the commissioner may grant an exemption in writing from (a) of this section for a minor 16 - 18 years of age to work at those duties

- (1) outside school hours, or while on school vacation, if the minor is attending school; or
- (2) if the minor is no longer attending school.

(c) Except as provided in (e) of this section, a person under 18 years of age who is scheduled to work for six consecutive hours or more is entitled to a break of at least 30 minutes during the course of the work shift. The break required by this subsection may be scheduled at the convenience of the employer but must occur after the first hour and a half of work and before the beginning of the last hour of work. A person under 18 years of age who works for five consecutive hours without a break is entitled to a break of at least 30 minutes before continuing to work. This subsection may be modified by the terms of a collective bargaining agreement that covers the employment of the person under 18. This subsection may be modified on occasion by mutual agreement between the employer and the employee.

(d) Notwithstanding AS 23.10.055 (11), failure to provide the unpaid break periods required by (c) of this section creates a minimum wage liability under AS 23.10.065 for the break that the employee did not receive or received late. A claim for minimum wage in lieu of the unpaid break is enforceable under AS 23.10.110 .

(e) The provisions of (c) of this section do not apply to

- (1) an individual employed in the catching, trapping, cultivating or farming, netting, or taking of any kind of fish, shellfish, or other aquatic forms of animal and vegetable life;

(2) an individual employed by a member of the individual's family; in this paragraph, "member of the individual's family" means the individual's spouse, parent, step-parent, grandparent, step-grandparent, great grandparent, step-great grandparent, brother, sister, uncle, aunt, great-uncle, or great-aunt, whether of the whole or half blood or by adoption or by marriage.

(f) A minor under the age of 18 may not be employed or allowed to work in any capacity on the premises of a business that offers adult entertainment. In this subsection, "business that offers adult entertainment" means a business in which one or more individuals are employed or contracted to, wholly or in part, or permitted to entertain others by

(1) removing clothes or other items that clothe or hide the person's body;

(2) dancing or in any other manner exhibiting the individual's body in a completely or almost completely unclothed state;

(3) participating in an actual or simulated illegal, indecent, or lewd exhibition, act, or practice including

(A) sexual penetration;

(B) the lewd exhibition or touching of a person's genitals, anus, or breast; or

(C) bestiality.

#### **AS 23.10.355. Persons Under 21.**

A person under 21 may not be employed or allowed to sell or serve alcoholic beverages or to work on a licensed premises, except as provided in AS 04.16.049 .

#### **AS 23.10.360. Regulations For Minimum Standards and Work Opportunities.**

(a) The department may, from time to time after public notice and hearing, adopt regulations and issue orders establishing minimum standards for safety, working conditions, kind and extent of work in various phases of the respective fields of employment, maximum hours for the day and week, and minimum rates of pay, and other reasonable safeguards compatible with the welfare of all minors covered by AS 23.10.325 - 23.10.370.

(b) The department shall make cooperative arrangements with other state and federal agencies and shall adopt the regulations that are necessary to provide opportunities for work experience in safe and healthful occupations for minors.

(c) The department shall, after notice and hearing, adopt regulations authorizing the employment of minors under 18 years of age and exempting appropriate employers from the reporting requirements of AS 23.10.332.

**AS 23.10.365. Enforcement.**

The department shall enforce AS 23.10.325 - 23.10.370.

**AS 23.10.370. Penalty.**

(a) Except as provided in (b) of this section, a person who violates a provision of AS 23.10.325 - 23.10.370 is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$500, or by imprisonment for not more than 90 days, or by both.

(b) A person who employs a minor in violation of AS 23.10.350 (f) is guilty of a class A misdemeanor for the first offense and a class C felony for the second and each subsequent offense.

**HB**

**150**

# SENATE COMMITTEE REPORT

DATE: 3/19/01

FURTHER: Judiciary

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Labor and Commerce Committee considered      HOUSE BILL NO. 150

"An Act relating to insurance premiums for rental motor vehicles."

and recommends:

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

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

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

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 150  
(H) Publish Date: 3/9/01

Revision Date/Time (Note if correction): 03/07/2001 2:35p.m. Dept. Affected: DCED  
Title: An Act relating to insurance premiums for BRU: Insurance  
rental motor vehicles Component: Insurance  
Sponsor: House Labor & Commerce  
Requester: House Labor & Commerce Component Number: 354

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
This bill has no fiscal impact on this component.

Prepared by: Robert A. Lohr, Director  
Division: Insurance  
Approved by: Commissioner Deborah B. Sedwick  
Agency: Department of Community & Economic Development

Phone 907-269-7900  
Date/Time 03/07/2001 2:35p.m.  
Date 3/7/2001

For distribution information, call the Governor's Legislative Office

# ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair  
Representative Andrew Halcro Vice-Chair  
Representative Pete Kott  
Representative Kevin Meyer  
Representative Norman Rokeberg  
Representative Harry Crawford  
Representative Joe Hayes



Alaska State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4954  
Fax: (907) 465-2293  
Representative\_Lisa\_Murkowski@legis.state.ak.us

## HOUSE LABOR AND COMMERCE COMMITTEE

### Sponsor Statement HB 150

#### “An Act relating to insurance premiums for rental motor vehicles.”

House Bill 150 corrects the unintended consequence of Senate Bill 87 enacted in 1999, which requires motor vehicle rental companies to hold funds received from renters who purchase insurance products in separate trust accounts.

Senate Bill 87 gave the director of the Division of Insurance the authority to waive certain bond requirements but failed to do so for fiduciary accounts required of motor vehicle rental agencies. Because of the nominal revenues generated by the incidental sale of insurance, separate trust accounts are extremely impractical and logistically impossible for small rental companies—their primary business is vehicle rental, not insurance. House Bill 150 remedies the waiver omission for motor vehicle companies by eliminating the requirement that funds received be placed in separate fiduciary accounts.

The Division of Insurance and representatives of the rental car industry have worked in tandem to develop the language contained in House Bill 150. The parties agree that the measure corrects the unintended omission of account requirement waivers for motor vehicle rental agencies. I urge your favorable support.

# ALASKA STATE LEGISLATURE

Representative Lisa Murkowski Chair  
Representative Andrew Halcro Vice-Chair  
Representative Pete Kott  
Representative Kevin Meyer  
Representative Norman Rokeberg  
Representative Harry Crawford  
Representative Joe Hayes



Alaska State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4954  
Fax: (907) 465-2293  
Representative\_Lisa\_Murkowski@legis.state.ak.us


## HOUSE LABOR AND COMMERCE COMMITTEE



# Memorandum

Date: March 20, 2001

To: Senator Randy Phillips  
Senate Labor and Commerce Chair

From: Representative Lisa Murkowski  
House Labor and Commerce Chair 

Subject: Scheduling HB 150

---

Please schedule House Bill 150 "Insurance Premiums for Motor Vehicles" in Senate Labor and Commerce at your earliest convenience. HB 150 corrects the unintended consequence of Senate Bill 87 passed last year, which requires motor vehicle rental companies to hold funds received from renters who purchase insurance products in separate trust accounts. HB 150 eliminates the requirement that insurance funds be held in separate accounts.

HB 150 unanimously passed the House. There is no known controversy surrounding the bill. Thank you for your prompt consideration.

Tony Knowles, Governor

# Alaska

## Department of Community and Economic Development

### Division of Insurance

P.O. Box 110805, Juneau, AK 99811-0805

Telephone: (907) 465-2515 • Fax: (907) 465-3422 • Text Telephone: (907) 465-5437

Email: [Insurance@dced.state.ak.us](mailto:Insurance@dced.state.ak.us) • Website: [www.dced.state.ak.us/insurance/](http://www.dced.state.ak.us/insurance/)

February 28, 2001

The Honorable Lisa Murkowski  
House of Representatives  
State Capitol, Room 408  
Juneau, AK 99801-1182

Dear Representative Murkowski:

The Alaska Division of Insurance supports HB 150.

In 1999, the legislature enacted SB 87 which required the Division of Insurance to license motor vehicle rental agency personnel conducting the business of insurance by the sale of insurance coverage to rental car customers (AS 21.27.150(a)(7)). The legislation narrowly defines those who would be required to obtain this type of limited license. The legislation, however, did not address the requirement in AS 21.27.360 regarding the maintenance of premiums in a trust account. After further discussion with industry, it was clear that while this requirement is appropriate for full-time producers, it is not practical for receipts from insurance obtained incidental to the rental transaction. The statute does not contain an exemption from this requirement or provide discretion to the director for enforcement of these requirements.

The review of premium trust requirements for licensed motor vehicle rental agency personnel weighed both the practical requirements and cost as well as the protection of the public by ensuring the proper handling and forwarding of premium received. The premium funds obtained through the motor vehicle rental agency transaction is minimal in relation to the entire transaction, but current statute requires that each location maintain a trust account and account for premiums to ensure proper handling. There would be costs incurred for the account and personnel to conduct the accounting. In addition, the motor vehicle rental transaction is often cashless and the trust requirements are geared toward monies received by the producer.

The Honorable Lisa Murkowski

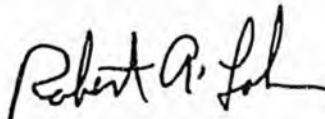
-2-

February 28, 2001

HB 150 recognizes that the premiums received in the transaction are minimal. It provides the insurance company who is to receive the funds the opportunity to agree that a premium trust fund for this type of licensee is not necessary. It is expected that the insurance company will make this decision based on its experience with the motor vehicle rental company and the guarantees the company can make to properly forward premiums to support the risk undertaken. In addition, the proposed statute requires that the insurance premium be itemized in the transaction so that determination of total premium and risk can be made. Overall, I believe that this bill properly balances the public's right to be protected from loss of coverage after premium is paid while keeping the costs of regulatory compliance reasonable.

Thank you for the opportunity to comment on HB 150.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Lohr". The signature is written in a cursive style with a large initial "R".

Robert A. Lohr  
Director

RAL/pb5010.doc

**HB**

**152**

# ALASKA STATE LEGISLATURE

*CHAIR*  
TRANSPORTATION

*VICE-CHAIR*  
LABOR AND COMMERCE

*MEMBER*  
COMMUNITY AND REGIONAL AFFAIRS

*SPECIAL COMMITTEE*  
ECONOMIC DEVELOPMENT AND TOURISM



**REPRESENTATIVE ANDREW HALCRO**  
District 12

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

*INTERIM*  
716 WEST 4TH, SUITE 620  
ANCHORAGE, AK 99501  
(907) 269-0244  
FAX (907) 269-0248

## CSHB 152 (RLS)

### Sponsor Statement

"An Act relating to Brewpub Licenses."

Alaska is currently enjoying the proliferation of new industries that help to diversify and augment the economies of communities throughout the state. One such industry that has enjoyed newfound widespread success in Alaska is the brewing industry.

The majority of brewpubs in Alaska were created during a window in state law that allowed an individual to hold both a brewer's license and a restaurant license. This is no longer allowed, as restaurant owners must now purchase a full liquor license in order to serve their in-house beer. Also instituted at this time were draconian requirements that put a cap on the amount of house beer those brewpubs are allowed to sell in their own restaurants. Regardless of consumer demand, state law limits the amount of beer a brewpub can sell to 75,000 gallons. For a successful, growing enterprise, this amount is insufficient. As establishments enjoy success and foster growth in their communities, this production cap is limiting their operation.

The creation of this arbitrary ceiling was set during the 19<sup>th</sup> Legislature in which the cap was deemed as "a popular area in terms of annual production" (SEN C&RA, 3/8/95; SB 87). There was no substantive basis for setting the cap at this level, and history has proved that it now needs to be revised.

HB 152 represents a stopgap measure, involving a sunset provision, which would permit the continued successful operation of Alaska businesses through this year in order to allow a permanent solution to be forged with industry organizations. A production limit for brewpubs would be enacted at a level of 75,000 gallons for sale in-house through their own establishments, and a limit of 75,000 gallons for wholesale through a distributor.

These small Alaska businesses, located in most every region of the state, create very positive effects for their local economies. They generate increased employment, property tax revenue, and community involvement that were not present in Alaska just a few years ago. The growth of this industry has already transformed abandoned properties from blights in a city to viable operations that now contribute to the tax rolls. To limit the growth and success of these entities would be irresponsible as we strive for diversity in Alaska's economy.

Your positive consideration of this legislation would be greatly appreciated.

# ALASKA STATE LEGISLATURE

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**INTERIM**  
716 WEST 4TH, SUITE 620  
JUNEAU, AK 99801

**REPRESENTATIVE ANDREW HALCRO**  
District 12

## Memorandum

**Date:** April 30, 2001

**To:** Senator ~~Randy~~ <sup>RANDY</sup> Phillips  
Chairman, Senate Labor & Commerce Committee

**From:** Representative Andrew Halcro ~~AKH~~

**RE:** Request for Hearing – HB 152



I respectfully request the Senate Labor & Commerce Committee schedule HB 152, 'An Act relating to brewpub licenses', for hearing at your earliest convenience.

Due to the nature of the bill involving a one-year sunset clause that includes the interim period this year, it is imperative that this bill be heard before adjournment. Your cooperation in hearing HB 152, a priority bill of mine, by the Labor & Commerce Committee before the close of legislative business this session would be greatly appreciated.

The referral packet is attached for your information.

Please contact Kevin Hand of my staff at x4939 as needed.

Thank you for your consideration.

# ALASKA STATE LEGISLATURE

*CHAIR*  
TRANSPORTATION

*VICE-CHAIR*  
LABOR AND COMMERCE

*MEMBER*  
COMMUNITY AND REGIONAL AFFAIRS

*SPECIAL COMMITTEE*  
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**REPRESENTATIVE ANDREW HALCRO**  
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ANCHORAGE, AK 99501  
(907) 269-0244  
FAX (907) 269-0248

## CSHB 152 (RLS)

"An Act relating to Brewpub Licenses."

### Sectional Analysis

#### Section 1

Enacts uncodified law beginning July 1, 2001 and ending June 30, 2002:

**1(a):** Authorizes the holder of a brewpub license to brew beer for sale. Enacts a production cap of 150,000 gallons on an annual basis.

**1(b):** Authorizes the sale of not more than 75,000 gallons of beer on retail premises under the stipulation that each retail location is operated under its own beverage dispensary license.

**1(c):** Authorizes the brewpub to sell up to 5 gallons per day to go from the manufacturing premises.

**1(d):** Allows a small sample to be given out free of charge at the premises the beer is manufactured. This section relates to brewery tours where a small complimentary taster of the product is provided at the conclusion of a tour.

**1(e):** Authorizes a brewpub to sell not more than 75,000 on an annual basis to a wholesaler licensed under AS 04.11.160.

**Subsection 2** - This subsection simply continues the same changes to a grandfathered section of statute, AS 04.11.135(d), that enabled a brewpub to retain the separate location of their manufacturing facility and their retail establishment. The law was since revised in recent legislatures to make the co-location of these facilities mandatory, thus requiring this section that allowed the continued legal operation of these brewpubs.

**(2)A:** Authorizes the holder of a brewpub license to brew beer for sale. Enacts a production cap of 150,000 gallons on an annual basis.

**(2)B:** Allows a small sample to be given out free of charge at the premises the beer is manufactured.

Sectional Analysis  
CSHB 152 (RLS) Con't

(2)C,i: Authorizes the sale of not more than 75,000 gallons of beer on a retail premises, under the stipulation that each retail location is operated under its own beverage dispensary license.

(2)C,ii: Authorizes a brewpub to sell not more than 75,000 on an annual basis to a wholesaler licensed under AS 04.11.160.

(2)C,iii: Authorizes the brewpub to sell up to 5 gallons per day to go from the manufacturing premises.

Section 2:

Enacts an effective date of July 1, 2001.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 152(L&C)  
 (H) Publish Date: 4/10/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Brewpub Licenses BRU: ABC Board  
 Component: ABC Board  
 Sponsor: Representative Halcro  
 Requester: House Labor and Commerce Committee Component Number: 100

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill increases the amount of beer a brewpub could manufacture from 75,000 to 150,000 gallons in a calendar year.

The legislation would have no fiscal impact on the Alcoholic Beverage Control Board.

Prepared by: Doug Griffin, Executive Director Phone 269-0351  
 Division: Alcoholic Beverage Control Board Date/Time March 30, 2001, 1 p.m.  
 Approved by: Larry Persily, Deputy Commission Date 03/30/2001  
 Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

Moose's Tooth Pub and Pizzeria  
d.b.a. Fresh Ale Pubs, L.I.C.  
P.O. Box 202549  
Anchorage, AK 99520  
(907) 258-2327  
(907) 258-2317 fax

March 16, 2000

Representative Andrew Halcro  
State Capitol  
Juneau, AK 99801-1182

Dear Mr. Halcro:

Since opening Moose's Tooth Brewing Company and Moose's Tooth Pub and Pizzeria in 1996, we have been interested in opening a second eating establishment in the Anchorage area and thanks to the passage of last year's House Bill 69, we are close to completion of our second location, the Bear Tooth Theatre Pub. However, due to the production cap that House Bill 69 placed on our brewery operations, we will not be able to produce enough beer to sell at our second location.

Prior to House Bill 69's passage, our business operated on a restaurant and eating place license and on a separate brewery license. Under that licensing scheme, our brewery could brew an infinite amount of beer. With this in mind and due to the large demand for our product, we moved the brewery in 1998 into a 10,000 square foot building and installed a brewing system four times larger than the previous. Unfortunately, the laws regarding simultaneous ownership of restaurant and brewery licenses had changed since the State's approval of our original licenses in 1996; although our licenses were grandfathered, under the new scheme we could not obtain a second license in order to open a second location.

Since House Bill 69's passage, we have been building our second location and are close to opening. However, we are faced with the ironic situation that while the State now allows us to possess a second eating establishment license, the State's cap on our beer production will leave us without enough beer to support sales at our second location.

Currently, we employ 5 people at Moose's Tooth Brewing Co., 87 people at Moose's Tooth Pub and Pizzeria and within one year of operation of the Bear Tooth and its restaurant, we anticipate employing an additional 100 people. If the production cap remains the same, we know some of the following will likely happen:

1) brewery employment figures will remain the same (currently our brewery can legally brew 2400 barrels but the plant can physically produce 20,000-30,000 barrels with new tankage and employ at least a dozen people)

- 2) our distributor will end our contract to distribute our beer to the 27 draft accounts in southcentral Alaska (from Valdez to Homer) because we will be forced to allocate every last keg to our own locations,
- 3) we will be forced to purchase another brand of beer brewed by a microbrewery in the lower 48, or
- 4) in the alternative, we will contract with a microbrewery in the lower 48 to produce our own beer and we will then import our beer back into the state (not a popular option within the company because we like to be able to claim that our product is made in Alaska);
- 5) we will close our brewery in Anchorage because it will be forced to continue at near present levels because of the cap in production; because of our expenditures for a new brewing system in 1998 we continue to operate at a loss;
- 6) if expansion and potential franchise is possible, and because we can not produce enough beer in Alaska to supply our company's retail establishments, we would relocate the brewery and overall corporate headquarters to the Pacific Northwest were our cost of goods and labor would be substantially lower (although this option is not very attractive to us because as a company and as citizens of this state, we regard southcentral Alaska as home, it makes sense in that many of our largest out-of-state competitors in the microbrew industry have both retail eating establishments and unrestricted brewing capacity in their respective states; because we already compete with these companies (such as Sierra Nevada, Redhook, Portland Brewing Co., Full Sail, etc.) for tap handles in Alaska, our company might want to be in a state where we can at least legally attempt to match our competitors' production levels, especially when these breweries also enjoy the right of operate retail beer and food establishments, cheaper raw materials and cheaper labor).

I believe that we are doing our part as Alaskans to produce jobs and quality Alaskan products but we will not be able to continue doing so if we are now allowed to produce additional product at our brewery. I look forward to discussing our situation with you and your associates in the near future.

Sincerely



Matt Jones

cc: Representative Norm Rokeberg



THE **Odom** CORPORATION

Date: April 10, 2001

To: Chris Anderson  
Glacier Brewhouse

From: John Burket  
Operations Manager  
Odom Corporation

RE: House Bill 152

Chris, as the distributor of Brewhouse products in the State of Alaska, we are interested in legislation that effects our business. The past several years several pieces of legislation have been proposed changing the ways Brewpubs and local Breweries can do business. None of these have any impact on our business as a Distributor of Beer in the State of Alaska. We as a company do not see a problem with house bill 152. It will not effect the "Three Tier" system and seems only fair to those of you who brew beer in Alaska.

Untitled

4/17/01 11:26 AM

From "Shawn Beck" &lt;shawn@specialtyimports.com&gt;

Date Friday, April 13, 2001 9:21 am

To &lt;Representative\_Andrew\_Halcro@legis.state.ak.us&gt;

Cc &lt;beartooth@gci.net&gt;

Subject HB 152

Attachments [Netscape Navigator.lnk](#)

1K

Dear Members of the Twenty-Second Alaska State Legislature:

Specialty Imports Inc. is a Alaskan owned and operated distributor of fine wine and beer. On behalf of myself, and our 30 employees, we wish to express our support for HB 152. It is crucial to the health of the developing Alaska micro brewing industry that this important legislation be enacted.

Many breweries outside Alaska have pubs. A number of these producers sell beer in Alaska. Why put our local producers at a competitive disadvantage?. In addition, much more of the money produced from Alaskan breweries stays in state.

Alaska is a very difficult state for manufacturers. In the more than 25 years that we have been in business, a number of breweries have gone broke, from the original Prince Brau to the more recent demise of Bird Creek Brewery. Why let the special interest of outside controlled alcoholic wholesalers and suppliers take precedence over the interest of local producers?

Again, we urge you to pass HB 152

Sincerely yours,

Shawn Beck  
President  
Specialty Imports, Inc

Greg Giannulis, President  
Mike's Quality Meats, Inc.  
12110 Business Blvd.  
Eagle River, AK 99577  
907-696-1888

April 17, 2001

Dear Members of the 22<sup>nd</sup> Alaska State Legislature:

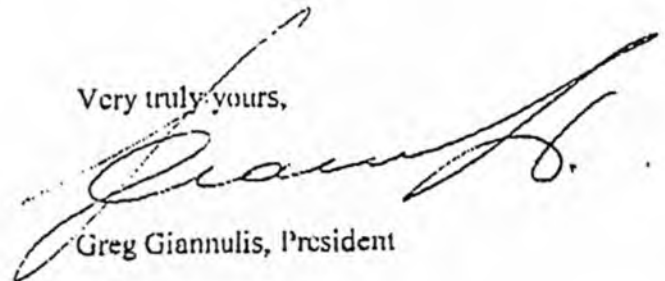
I am writing to ask that you pass HB 152. We have been dealing with both Moose's Tooth and Bear Tooth since they opened, and are very distressed to hear that their business is threatened by the cap on brewing capacity. In order for them to expand to their second location, they were forced to agree to cap their production. The rules were changed after they purchased their liquor license. Now this cap means that they will have to move a significant portion of their business Outside.

We need more businesses like Moose's Tooth and Bear Tooth in Alaska. They employ Alaskans and pay them good wages. Why would we want to send them away, causing Alaskans to lose their jobs, and giving their money to people Outside?

HB 152 makes good sense for Alaska. Punishing a business for being successful makes no sense. Please pass HB 152.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Greg Giannulis". The signature is fluid and cursive, with a large initial "G".

Greg Giannulis, President

**Subject: Mooses Tooth**

**Date:** Wed, 21 Mar 2001 07:52:17 -0800

**From:** "Veronica Allmaras" <talkeetnavern@gci.net>

**To:** "Andrew Halcro" <Representative\_Andrew\_Halcro@legis.state.ak.us>

I read about the Mooses' Tooth in the ADN this morning. One of our sacred political mantras is to create or preserve jobs for Alaskans. Now we have a local employer who may have to have it's beer brewed Outside. Why should this job be exported when we have Alaskans who want and can do it in Alaska!!! We need to support our local businesspersons, particularly the successful ones who employ over 100 people.

I live in South Anchorage, near the gravel pits, and haven't missed voting in an election in over 25 years, except once when I was out of the country. I hope you can do something about our inane alcohol laws.

Thanks.

**Subject:** beer capping without the bottle

**Date:** Mon, 26 Mar 2001 11:52:54 -0900

**From:** "secret bishop" <newerafilms@hotmail.com>

**To:** Representative\_Andrew\_Halcro@legis.state.ak.us

Sir,

Just wanted to pass along my two cents.

I love Alaska.

I love living in Alaska.

I plan to raise my family in Alaska.

I support local and Alaskan businesses and find the diversity in products that Alaskans provide a welcome. I think we should encourage more Alaskans to keep their dollars in Alaska and also support those businesses that have put a responsible, strong foot forward to challenge other products on the Market.

The subject of this email is beer production.

Specifically dealing with production of microbeer and the growing businesses of the Mooses Tooth/Bear Tooth Theatre and Fresh Ale Pubs.

I enjoy the MoosesTooth for their dedication to a family style atmosphere and commitment to high quality food and beer. There are few places to dine out in this community that provide such an excellent service. I think it is great that their business is growing and believe that it has been growing responsibly and benefitting the community. I'd love to see more opportunities for employment at the Mooses Tooth and would love to see them brew more beer.

I do not understand the politics that would stifle such positive growth in our community.

Please support lifting the cap of microbeer production in Alaska. I would hate to see them have to leave our great state in order to continue to grow.

The message that something like that sends out is disheartening.

Thank you for your time,  
sincerely,  
mike jipping

---

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**Subject: HB 152**

**Date: Sun, 25 Mar 2001 21:58:41 -0900**

**From: Patty and Josh <whitedog@ak.net>**

**To: <Representative\_Andrew\_Halcro@legis.state.ak.us>**

Dear Representative Halcro;

We are writing to voice our support of your House Bill 152. As you know, this bill will raise the annual brewpub production limit to 150,000 gallons. This is a reasonable measure which will allow for growth in the local brewpub industry. With this bill, the Moose's Tooth Brewing Co. will be able to continue to locally supply the demand of its customers. If this bill does not pass, the Moose's Tooth may be forced to contract some of its production out of state.

The Moose's Tooth is an local success story, providing over 100 jobs in our community. Please don't force them to leave the state. Let's keep local businesses here in Alaska. Thank you.

Joshua B Halberg  
Patricia J Bliss  
22821 Northwoods Drive  
Chugiak, AK 99567

**Subject: Brewery/Restaurant liquor licenses**

**Date: Tue, 16 Jan 2001 13:26:35 -0900**

**From: "Corrington Ent., Skagway" <corring@aptalaska.net>**

**To: <Representative\_Andrew\_Halcro@legis.state.ak.us>**

Dear Representative Halcro,

We recently received correspondence from Matt Jones at the Moose's Tooth Brewing Company that work is under way again to repeal the prohibition against ownership of both a brewery and restaurant and/or eating place liquor license.

As the only producer of microbrews in Skagway, we certainly hope that this bill will be introduced during this session and that you will promote the issue. Microbreweries and restaurants are a natural combination, and by not being allowed to own both licenses, economic advancement is prohibited as well.

Thank you for your time in this matter.

Sincerely,

Michele J Fehlings  
Administrative Asst.  
Corrington Enterprises, LLC  
dba Skagway Brewing Company

"Senator\_Jerry\_Ward@legis.state.ak.us" <Senator\_Jerry\_Ward@legis.state.ak.us>,  
 "Senator\_John\_Cowdery@legis.state.ak.us" <Senator\_John\_Cowdery@legis.state.ak.us>,  
 "Senator\_John\_Torgerson@legis.state.ak.us" <Senator\_John\_Torgerson@legis.state.ak.us>,  
 "Senator\_Johnny\_Ellis@legis.state.ak.us" <Senator\_Johnny\_Ellis@legis.state.ak.us>,  
 "Senator\_Kim\_Elton@legis.state.ak.us" <Senator\_Kim\_Elton@legis.state.ak.us>,  
 "Senator\_Loren\_Leman@legis.state.ak.us" <Senator\_Loren\_Leman@legis.state.ak.us>,  
 "Senator\_Lyda\_Green@legis.state.ak.us" <Senator\_Lyda\_Green@legis.state.ak.us>,  
 "Senator\_Lyman\_Hoffman@legis.state.ak.us" <Senator\_Lyman\_Hoffman@legis.state.ak.us>,  
 "Senator\_Pete\_Kelly@legis.state.ak.us" <Senator\_Pete\_Kelly@legis.state.ak.us>,  
 "Senator\_Randy\_Phillips@legis.state.ak.us" <Senator\_Randy\_Phillips@legis.state.ak.us>,  
 "Senator\_Rick\_Halford@legis.state.ak.us" <Senator\_Rick\_Halford@legis.state.ak.us>,  
 "Senator\_Robin\_Taylor@legis.state.ak.us" <Senator\_Robin\_Taylor@legis.state.ak.us>

Dear Senators and Representatives,

I would like to voice my support for House Bill 152. In a time of declining revenue from natural resources, we should be encouraging not limiting Alaska based manufacturing businesses.

When HB 152 comes up for your consideration, I encourage you to vote yes.

Todd Savoie  
 4920 Hartman Circle  
 Anchorage AK 99507  
 907-561-5365

#B152

---

# Anchorage Daily News

**B-6** Monday, April 2, 2001

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## WRITE ONLINE

Got an opinion? A reaction to a news story? Log onto [adn.com](http://adn.com) and click on the Forums section and join in. There are separate forums there on News, Sports, Features and a variety of other topics.

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## Beer production cap on local brewers bad for Alaska business

I just read about the Moose's Tooth's potential restriction on brewing beer for its restaurants ("Brewpub battles beer production cap," March 23). One of our sacred political mantras is to create and preserve jobs for Alaskans. Now we have a local employer that may have to have its beer brewed Outside. Why should this business be exported when we have Alaskans who can do it in Alaska? We need to support our local businesses, particularly the successful ones that employ more than 100 people.

— *Veronica Allmaras*  
Anchorage



Subject: HB 152

Date: Mon, 16 Apr 2001 17:20:12 +0000

From: ndanger@att.net

To: Representative\_Andrew\_Halcro@legis.state.ak.us

CC: ndanger@worldnet.att.net

Mr. Halcro,

Regarding HB 152, I am concerned about the status of this bill, and whether or not we can aid passing by contacting other representatives.

I feel that without passage, opponents to this bill will restrict free enterprise in Alaska by limiting production of products produced in Alaska, by Alaskans, for consumption in Alaska. Categorically, we shoot ourselves in the foot by restricting production of any commodity that we can manufacture for profit in our state, whether it is beer, or any other value-added products. By restricting production, we force entrepreneurs who have brought jobs to the state to remove production and pay "outside" contractors to manufacture "Alaskan" products for sale to Alaskans. You can almost hear the great sucking sound of local dollars moving outside. The trickle down effect will not only remove the brewers from their employment, but affect all suppliers, freight handlers, and the others in the local distribution chain who build their businesses and make money on the local manufacturing economy.

The sad thing about moving this production south (other than loss of Alaskan jobs) is that consumption won't change, and the lower 48 produced products will be bought instead. If people believe that production of Alcoholic beverages are wrong and this is a way to reduce related problems, they are mistaken. If commercial breweries in Alaska think that the elimination of potential competitors will increase their business they are wrong; the beer consumed will more likely than not be made in Portland, labeled as a local brand-or purchased simply as an outside brand anyway, there are many very good varieties to choose from (at competitive prices). On that note, we could expect serious price competition for local brands as the contract beer competes in the limited market for sales to maintain contract requirements. Pricing wars for Alaskan manufacturers are never a good thing, and I expect that would result in an eventual shaking out, and loss of local production and jobs.

We live in a free market economy, and I feel that people should look at the far reaching consequences of hamstringing local manufacturing. I can see no good reason to prevent a successful business from increasing it's success by working hard, providing quality products, while providing local jobs and buying from other Alaskan suppliers.

Regards,  
Brian Benson  
3302 W. 79th Ave.  
Anchorage, AK 99502

HB 152

APR. 23 2001 03:39PM P1

FAX NO. : 9072221561

FROM : FRESH ALE PUBS



## *Made in Alaska Permit*



*Having been inspected or verified by signed affidavit and found to meet the eligibility requirements established by Alaska Statute 45.65.010 — 45.65.070 and AAC 58.005 — .900, this permit authorizes*

### ***Moose's Tooth Brewing Company***

*Permit No.: 4871*

*Date initially approved: 4/18/01*

*to use the Made in Alaska logo for the product line,  
Beer*

*Dates to be used: 4/18/01 - 4/17/02*

*Agent:*



Anchorage Daily News

21 MARCH, 2001



BILL ROTH - ANCHORAGE DAILY NEWS

Moose's Tooth Brewing Co. owners Rod Hancock and Matt Jones want the limit on how much beer they can make lifted.

## MORE BEER

# Brewpub battles suds production cap

*Brewing limits could force Moose's Tooth to turn to Seattle*

By WESLEY LOY  
Anchorage Daily News

The owners of Moose's Tooth, the popular Midtown Anchorage beer and pizza place, are campaigning for a proposed state law that would raise a limit on how much beer they can make in their brewery.

Under state law, brewpubs like the Moose's Tooth can make only 75,000 gallons of beer a year.

The Moose's Tooth and its sister business, the Bear Tooth Theatrepub in Spenard, could hit that cap by late summer without relief, said

Rod Hancock and Matt Jones, college buddies who founded the Moose's Tooth in a failed barbecue joint in 1996.

"The Moose's Tooth is leaving Alaska!" goes a provocative headline on handbills being handed out to Moose's Tooth customers. The handbill urges people to send a comment card to lawmakers supporting House Bill 152, which would double the cap to 150,000 gallons. Otherwise, the Moose's Tooth might have to move its brewery to Seattle to make beer for shipment back to Alaska.

"A lot of people are amazed there's any limit on how much we can brew," Jones said.

Not everybody, however, is happy about the idea of increasing the brewpub production cap. It's an issue tangled in the long and thorny history of alcohol regulation, stuff dating back to Prohibition days.

It's also a matter of fair competition and using state law to protect your stake in the market.

State Rep. Andrew Halcro, R-Anchorage, said he's sponsoring

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# BREW: Moose's Tooth owners put up fight against beer production limit

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the bill because he was outraged at the recent evolution of "protectionism at its worst" in the state's alcohol laws.

He said he's concerned that the restriction on beer production could prevent a home-grown sensation from growing even more.

The Moose's Tooth was part of a new wave — combination restaurant-breweries — that burst on the Alaska scene in the mid-1990s and scared established bar and restaurant owners, many of whom had invested hundreds of thousands of dollars in liquor licenses. Since then, state law has tightened on who can own both restaurants and breweries, and what licenses are required.

The Moose's Tooth has been jostled by these laws since its founding. Hancock, 32, and Jones, 34, said they even had to buy a \$150,000 liquor license to expand with the Bear Tooth last year, even though they don't serve hard liquor and don't want to.

To some degree, the partners have themselves to blame for the jam they're in. In addition to getting the liquor license to open the second location, Hancock and Jones had to get a "brewpub" license and give up their grandfa-

thered right to own both restaurant and brewery licenses, a combination the Legislature outlawed in 1996. That meant accepting a production cap — 75,000 gallons of India Pale Ale or Pipeline Stout or whatever.

But now Moose's Tooth is ready to grow, and the beer is likely to run short. Hancock and Jones are soon to open the Bear Tooth Grill, a Southwestern-style restaurant inside their Spenard theater building.

"We couldn't have fathomed just the volume of business that we do," Hancock said.

Still, Jones said he and Hancock are still struggling to stabilize their young business with its "tremendous debt load." Slamming in to the beer cap won't help, he said.

But the production cap should not be raised, argues S.J. Klein, president and head brewer at Borealis Brewery, which operates along the Ship Creek "brewers' alley" not far from the Moose's Tooth brewery.

Klein said he wishes the state wouldn't meddle at all in Alaska's beer industry — "If it's drinkin' up here, we ought to be makin' up here."

Yet he and other members of the Brewers

Guild of Alaska think an expanded Moose's Tooth would be unfair. Klein said his operation — which has no production limit — is a wholesale brewery only and can't have a restaurant under state law. The Moose's Tooth can make a lot more money on beer by selling it by the pint, not by the keg, and it has lots of other revenue sources like food, movie and concert offerings. Also, Moose's Tooth beer is flowing through the taps of other restaurants in town.

"For us, those taps are our bread and butter. To the Moose's Tooth, that's a feather in their cap," Klein said.

Hancock and Jones said they'll give up those sales in restaurants like Simon & Seafort's and Humpy's rather than run short of house beers in the Moose's Tooth and Bear Tooth.

Still, they're dismayed that state law should hold back a local business with more than 100 employees now, including five brewers, and they're hoping legislators will double the production cap.

"The Moose's Tooth guys have a very compelling story," said Doug Griffin, of the state's Alcoholic Beverage Control Board. "These

guys have clearly shown some real business acumen and entrepreneurship and my hat is off to them."

But alcohol is a drug, unique in its regulation, he said. Since before Prohibition, there's been a certain respect in the industry for keeping manufacturing, wholesale and retailing separate.

"That's why big brewers are not involved in retail, like Anheuser-Busch," Griffin said.

Every state has some sort of cap on brewpubs — either in terms of how much beer they can make or how many retail outlets they can have, he said.

Griffin thinks a possible solution is for the five-member alcohol board to adopt a "soft cap." If a brewpub can show its beer sales — within its own walls — outpace the production limit, the board could make an exception, he said.

Halero said H.B. 152 likely will have its first committee hearing next week.

Reporter Wesley Loy can be reached at wloy@adn.com or 257-5900.

**HB**

**157**

# ALASKA STATE LEGISLATURE

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*Member:*  
MILITARY AND VETERANS AFFAIRS  
COMMUNITY AND REGIONAL AFFAIRS  
LEGISLATIVE COUNCIL  
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To: Senator Ben Stevens, Chairman, Labor & Commerce

From: Representative Murkowski 

Date: January 16, 2002

Re: House Bill 157

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Please schedule House Bill 157 "an Act relating to trust companies and providers of fiduciary services," for Senate Labor & Commerce as soon as possible.

The bill repeals existing AS 06.25 and replaces it with AS 06.26 "Providers of Fiduciary Services." This chapter clarifies who may provide fiduciary services in Alaska, expands on who may be a trust company, what their powers may be, and covers specific items such as certificate of authority, required capital, operation of offices, and the like.

Included with the request is:

- 1) HB 157
- 2) Sponsor Statement
- 3) Sectional analysis

Thank you for your consideration.

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## Sponsor Statement

### HB 157

### “An Act relating to trust companies and providers of fiduciary services”

At the request of the Division of Banking and Securities, I have introduced House Bill 157, the Revised Alaska Trust Company Act. The purpose of this bill is to update the existing Trust Company Act which has not undergone any major revisions since its adoption during the territorial days of 1949. If enacted, this legislation will be a tool that will enhance the process of formation, operation, supervision and regulation of the trust industry in Alaska.

Recent changes to Alaska trust laws make creation of trust charters in Alaska more desirable. However, the Alaska Trust Act does not provide guidance as to who or what needs a charter, nor guidance for the formation and organization of a trust entity, or provisions for permissible activities including interstate or intrastate business expansion.

The bill repeals existing AS 06.25 and replaces it with AS 06.26 ‘Providers of Fiduciary Services.’ This chapter clarifies who may provide fiduciary services in Alaska, expands on who may be a trust company, what their powers may be, and covers specific items such as certificate of authority, required capital, operations of offices, and the like.

I have worked with local trust companies, trust attorneys and the Division to formulate this legislation. This bill meets the needs of the Division to adequately regulate new and existing trust companies and also for those providing fiduciary services without being a burden to their overall business activities. I urge your support of this legislation.

**Overview of CSHB 157(JUD) am** (22-LS0139P.a)

The language in the current Trust Company Act (the Act) dates back to 1949 and is virtually unchanged since. The current statute, it is not a functional act.

In the past 12 years the division has chartered only two trust companies, both of which were organized within the past 3 years. During this process it became apparent that the Act was lacking in many respects. For example, the Act includes no guidance as to who needs a charter, has minimal guidance with respect to permissible activities, and has no provisions for interstate or intrastate business expansion. In most instances the division had to improvise by using the processes of the Alaska banking code (AS 06.05) for guidance in the formation and organization of the trust companies.

In recent years, many states have rewritten their existing trust company acts. The process leading to this bill included receiving acts from several states and a draft of a uniform trust company act provided by the Conference of State Bank Supervisors. In addition, the drafts of the bill were reviewed by, and comments were considered from, the Alaska trust industry, attorneys in the trust field, and several CPAs.

Alaska's laws, concerning trusts, have undergone many changes, enhancing the desirability of a trust charter in Alaska. This bill, if enacted, will be a tool that will enhance the process of formation, operation, supervision and regulation of the trust industry in Alaska. The bill will establish a new chapter (AS 06.26) and will repeal the current act (AS 06.25).

**Section 1**

**Section 06.05.235(g)**

Technical amendment to change reference from the old trust act (AS 06.25) to the new trust act (proposed AS 06.26).

**Section 2**

**Section 06.26.010**

Specifies who is authorized to act as a fiduciary and defines "branch bank."

Old law did not specify who could act as a fiduciary and did not define the term "branch bank."

**Section 06.26.020**

List persons that are exempted from chartering requirements when acting as a fiduciary.

Old law did not provide for exemptions to acting as a fiduciary.

**Section 06.26.030**

Authorizes a trust company that has an office or branch established under this chapter to act as a fiduciary in this state, another state or another country, and to conduct any activities in offices outside of Alaska that are not prohibited by this chapter and are permitted by the host state.

Old law did not provide for in state or interstate branching unless the trust company also had banking powers.

**Section 06.26.040**

Prohibits any person from using the words "trust" or "trust company" unless authorized to act as a fiduciary under this chapter and grand fathers names in use prior to the enactment of this bill.

Old law did not restrict the use the words "trust" or "trust company."

**Section 06.26.050**

Grants various powers to a trust company and defines a "national bank exclusively exercising trust powers" as a person issued a charter with trust powers only from the Office of the Comptroller of the Currency.

Old law was similar, but more restrictive.

**Section 06.26.060**

Permits one or more persons to organize a trust company.

Old law required 5 or more persons to form a trust company.

**Section 06.26.070**

Requires a trust company be incorporated under AS 10.06 with additional specific requirements and requires a minimum of 5 directors and a maximum of 25 directors.

Old law required incorporation under AS 06.05, the Alaska banking code, and limited the maximum number of directors to 15.

**Section 06.26.080**

Provides procedures to amend the trust company's articles of incorporation or bylaws.

Old law was similar.

**Section 06.26.085**

Prohibits a person from acting as a trust company until they have received a certificate of authority from the department.

Old law was similar.

**Section 06.26.090**

Specifies the procedures, requirements, and restrictions to apply for, and to receive, a certificate of authority to act as a trust company in Alaska.

Old law was similar, but provided less guidance.

**Section 06.26.100**

Requires department to notify organizers of proposed trust company when application is accepted for filing; requires organizers to publish notice of application filing in newspaper and to provide proof of publication.

Old law did not impose these requirements.

**Section 06.26.110**

Give list of requirements that must be met prior to the department issuing a certificate of authority and requires the trust company to begin its operation within 6 months, or other such extended time.

Old law similar, but did not provide for a 6-month expiration period if no business conducted.

**Section 06.26.120**

Sets minimum capital requirements.

Old law was similar, but with a smaller minimum capital requirement.

**Section 06.26.130**

Details how a trust company can issue convertible or nonconvertible capital notes or debentures, if authorized by the department, sets limits on the amount of notes and debentures, disallows retirement of notes and debentures in the event of insolvency, and makes them subordinate to certain other liabilities of the trust company.

Old law did not address this.

**Section 06.26.140**

Prohibits cumulative voting by shareholders unless allowed by the trust company's articles of incorporation.

Old law did not address this.

**Section 06.26.150**

Requires a trust company to maintain a home office in this state and one executive officer to maintain an office in the home office, designates each executive officer at the home office as agent for service of process, and permits a trust company to change its home office location to any of its existing offices in the state by filing a notice with the department.

Old law did not address this.

**Section 06.26.160**

Provides procedures to establish branch offices gives department authority to deny the application based on safety and soundness concerns.

Old law did not address the establishment of branches unless the trust company was FDIC insured. The procedures for establishing a branch would have been governed by the Alaska banking code (AS 06.05), which are similar to this proposed section.

**Section 06.26.170**

Provides procedures for applying to the department to establish or acquire representative trust offices anywhere in the state.

Old law did not address this.

**Section 06.26.180**

Provides for interstate branching and details procedures, guidelines and restrictions.

Old law did not address this.

**Section 06.26.190**

Permits a trust company to be closed on holidays described in AS 44.12.101-025 and make available a notice of holiday closings to its customers, provides for other closures and addresses the hours of operation.

Old law did not address this.

**Section 06.26.200**

Subjects a private fiduciary to compliance with this chapter unless expressly exempted in writing by the department and restricts them from transacting business with the general public.

Old law did not address this.

**Section 06.26.210**

Specifies the requirements for applying and maintaining status as a private fiduciary and allows department to investigate a private fiduciary as necessary to verify annual certification. Also requires a private fiduciary with an exemption under AS 06.26.200 to comply with home office provisions of AS 06.26.150.

Old law did not address this.

**Section 06.26.220**

Exemption of a private fiduciary cannot be transferred. Any change in control requires an application.

Old law did not address this.

**Section 06.26.230**

Provides authority for the department to revoke an exemption with limitations and restriction.

Old law did not address this.

**Section 06.26.240**

Provides the process for a private fiduciary to convert to full service trust company.

Old law did not address this.

**Section 06.26.250**

Authorizes the department to adopt regulations regarding permissible investments and appropriate investment powers of trust companies.

Old law did not address this.

**Section 06.26.260**

Restricts pledging of company assets with some exceptions.

Old law did not address this.

**Section 06.26.370 (a) - (c)**

Permits a trust company to deposit trust assets with itself and provides requirements and guidelines for this practice.

Old law did not address this.

**Section 06.26.380**

Subject to regulations adopted by the department, a trust company may invest in common investment funds.

Old law did not address this.

**Section 06.26.390**

Restricts fees between a client and the trust company to be arm's length (a) and reasonable (b).

Old law did not address this.

**Section 06.26.400**

Requires a trust company to disclose conflicts of interest.

Old law did not address this.

**Section 06.26.410**

Requires a trust company to observe prudent standards of care applicable to trustees under AS 13.36.225--13.36.290(Alaska Uniform Prudent Investor Act).

Old law did not address this.

**Section 06.26.450**

Requires department approval for a change in control of a trust company and provides for certain exceptions.

Old law did not address this.

**Section 06.26.460**

Provides a process for applying for a change in control, and lists guidelines and restrictions.

Old law did not address this.

**Section 06.26.470**

Requires the department to approve or deny an application for acquisition or control no later than 60 days after the notice of application is published. Department may set conditions in approval.

Old law did not address this.

**Section 06.26.480**

AS 06.26.450-480 may not be construed to prevent the department from investigating a transfer involving voting securities evidencing a direct or indirect interest in a trust company if the department considers the transfer against the public interest.

Old law did not address this.

**Section 06.26.500**

Sets restrictions on voting the securities of a trust company which held by the trust company in a fiduciary capacity.

Old law did not address this.

**Section 06.26.510**

Provides for a minimum of 5 and maximum of 25 directors of a trust company, requires a majority of directors to be residents of this state and sets qualifications and requirements for directors.

Old law did not address this except that the number of directors was limited between 5 and 15.

**Section 06.26.520**

Requires board meetings to be held at least once every three months, the department or a director may call a special meeting, a majority of the board constitutes a quorum, the board shall keep minutes, attendance and voting records, and at least once every three months the board is required to review various reports of trust accounts.

Old law did not address this.

**Section 06.26.530**

Requires officers be appointed annually by the board, states the president is responsible for the operation of the trust company, requires an officer to be responsible for maintenance of trust company records and a different officer be responsible for attestation of signatures.

Old law required annual appointment of officers, but did not address maintenance of records.

**Section 06.26.540**

Requires board approval for an officer or employee to create or dispose of an asset or liability.

Old law did not address this.

**Section 06.26.550**

Authorizes a trust company to appoint a trust committee, which must meet monthly. Committee required to keep a record of its actions, and may elect officers to accept new accounts.

Old law did not address this.

**Section 06.26.560**

Lists prohibited acts of directors, officers, employees and shareholders.

Old law did not address this.

**Section 06.26.570**

Requires majority board approval or department approval of certain insider transactions, prohibits extension of credit to insiders unless terms are the same as would be offered to a non-insider, authorizes department to adopt regulations to implement this section, and excludes a subsidiary of a trust company from the meaning of "affiliate".

Old law did not address this.

**Section 06.26.580**

Generally prohibits a trust company from investing trust assets in the stocks or obligations of the trust company or using trust assets to acquire property from the trust company and prohibits use of material inside information in connection with the purchasing or selling a trust asset.

Old law did not address this.

**Section 06.26.585**

Requires the trust company to establish written policies and procedures for buying and selling trust assets that are securities and must include the prohibition in AS 06.26.580(b).

Old law did not address this.

**Section 06.26.590**

Places the responsibility for proper exercise of fiduciary powers on the board.

Old law did not address this.

**Section 06.26.600**

Requires segregation of trust asset records from the trust company records.

Old law did not address this.

**Section 06.26.610**

Requirement for confidentiality of customer information.

Old law did not address this.

**Section 06.26.620**

Requires the trust company to maintain various insurance policies, sets limits, requires an annual review of insurance coverages to determine adequacy, and requires filing evidence of all coverages with the department.

Old law did not address this.

**Section 06.26.630**

Requires for reporting of crimes.

Old law did not address this.

**Section 06.26.650**

Provides authority for conversions, mergers and consolidations.

Old law did not address this.

**Section 06.26.660**

Provides the process and guidelines for mergers and consolidations.

Old law did not address this.

**Section 06.26.670**

Gives dissenting shareholders of a proposed merger or consolidation rights governed by AS 10.06.574-582 (Alaska corporations code).

Old law did not address this.

**Section 06.26.680**

Authorizes the department to approve applications for purchases of all, or substantially all of the assets of another trust company and provides for an investigation into the application.

Old law did not address this.

**Section 06.26.690**

Authorizes a purchasing trust company to hold the purchase price and other money or assets delivered to it by the selling trust company and act as the disbursing agent.

Old law did not address this.

**Section 06.26.700**

Requires a purchasing trust company, in the case of a selling trust company being liquidated by a state or federal agency, to deliver the remaining assets to the receiver.

Old law did not address this.

**Section 06.26.710**

Provides for the method of payment to creditors by the purchasing trust company.

Old law did not address this.

**Section 06.26.720**

Authorizes the board of a trust company, with the prior approval of the department, to sell all or substantially all assets without shareholder approval under certain conditions and considers the sale of all or substantially all assets with shareholder approval as a voluntary dissolution and is governed by AS 06.26.730-800.

Old law did not address this.

**Section 06.26.730**

Gives the requirements, procedures and guidelines for department approval, for a trust company to voluntarily surrender its certificate of authority.

Old law did not address this.

**Section 06.26.740**

Gives situations where the department is authorized to revoke or suspend a trust company's certificate of authority.

Old law did not address this.

**Section 06.26.750**

Authorizes the department to take possession of the trust company's fiduciary operations and appoint a receiver for liquidation if the department revokes the trust company's certificate of authority.

Old law did not address this.

**Section 06.26.760**

Vests the department with the full and exclusive power of managing and controlling a trust company when the department has taken possession of a trust company and includes procedures and guidelines.

Old law did not address this.

**Section 06.26.770**

Authorizes the department to reorganize a trust company by entering an order proposing a reorganization plan.

Old law did not address this.

**Section 06.26.780**

Give the requirements and guidelines for the department when liquidating a trust company.

Old law did not address this.

**Section 06.26.790**

Directs the department to liquidate a trust company by giving notice to various parties, the process for payment of claims, and notice requirements, and the procedures for wrapping up the business via the courts.

Old law did not address this.

**Section 06.26.800**

The department is authorized to appoint the FDIC as receiver of a trust company to which the department has taken possession if there were deposits insured by the FDIC.

Old law did not address this.

**Section 06.26.810**

Authorizes out of state trust companies (interstate state, interstate national, and international trust companies) to act as fiduciary in this state only if they maintain a trust office in this state.

Old law did not address this.

**Section 06.26.820**

Authorizes out of state trust companies to establish a new trust office in the state or acquire one that already exists.

Old law did not address this.

**Section 06.26.830**

Requires an out of state trust company to file a notice with the department to establish a new trust office or acquire an existing trust office.

Old law did not address this.

**Section 06.26.840**

Sets out minimum qualifications for an out of state or international trust company to establish or acquire a trust office in the state including filing various items with the department.

Old law did not address this.

**Section 06.26.850 (a) - (h)**

Authorizes and provides a process for an out of state trust companies to establish or acquire representative office.

Old law did not address this.

**Section 06.26.860**

Permits an out of state trust company to establish or acquire additional trust offices or representative offices to the same extent a trust company can under AS 06.26.160.

Old law did not address this.

**Section 06.26.870**

Authorizes the department to examine interstate state and international trust companies and collect fees for the examination, require reports and assess fees.

Old law did not address this.

**Section 06.26.880**

Authorizes the department to take enforcement actions if an office of an out of state trust company is being operated in an unsafe and unsound manner, is in violation of state laws, or is engaged in an activity not permissible under this chapter.

Old law did not address this.

**Section 06.26.890**

Requires an out of state trust company to give 60 days notice for mergers, consolidations, change in control, transfer of all or substantially all assets, and for closing or disposition of any office in the state.

Old law did not address this.

**Section 06.26.895**

Defines international trust company, interstate national trust company, and interstate state trust company.

Old law did not address this.