

ALASKA LEGISLATION COMPILED BY \_\_\_\_\_, 2000, 2001, 2002

11923 SENATE LABOR & COMMERCE

although no such agreement is enforceable if unconscionable when made or the spouse against whom enforcement is sought was not given a fair and reasonable disclosure of the property and financial obligations of the other spouse, did not voluntarily sign a written consent expressly waiving the right to disclosure of the property and financial obligations of the other spouse beyond any disclosure made and did not have notice of the property or financial obligations of the other spouse.

### Efficacy Of Alaska Community Property Trusts

An Alaska Community Property Trust for nonresidents of the State of Alaska should be valid for tax purposes if the trust can create enforceable property rights with respect to property contributed by persons who are not resident or domiciled within the State of Alaska. The law on point supports the use of a trust in one state to create beneficial and property rights for nonresident beneficiaries, but even in jurisdictions in which the law may be less supportive, good planning can help assure the desired result.

The rules by which the state that should assume jurisdiction over various aspects of trust administration, construction and the rights of beneficiaries, depend upon whether the trust corpus is real or personal property. Generally, the intent of the settlor determines the jurisdiction for a trust holding personal property, while the sites of the real property are determinative with respect to a trust on real property.

Issues of the administration of a trust holding personal property (whether tangible or intangible) are determined under the jurisdiction in which the trust is otherwise administered, which itself is determined on the basis of the intent of the settlor, as disclosed in the governing instrument. Absent an express declaration in the instrument as to the place of administration, the settlor's intent is usually assumed to be that the trustee shall administer the trust at the trustee's

principal place of business or domicile. A settlor who names two or more trustees who are domiciled in different states may manifest an intention that the trust should be administered at the domicile or place of business of one of them. Therefore, if the settlor names one or more trustees situated in Alaska, as is required of an Alaska Community Property Trust, it may be assumed that the trust should be administered in Alaska and that it should be supervised by the courts of that state.

The requirements for an Alaska Community Property Trust include the designation of at least one Alaska trustee and refer repeatedly to the construction of the rights of the parties in the property under Alaska law. Under the general rule, therefore, Alaska courts should have jurisdiction over matters involving the administration of an Alaska Community Property Trust even though they might lack jurisdiction over some or all of the beneficiaries.<sup>15</sup>

Questions relating to the construction of an inter vivos trust holding personal property and the rights of the various beneficiaries will be based on the law of the state designated in the instrument, or in the absence of such a designation, the law of the place of administration, if the issue relates to trust administration, or otherwise the jurisdiction that the settlor would probably have desired to apply.<sup>16</sup> A state need have no connection with the trust in order to use its law in construing the trust instrument, if the settlor has selected that particular state's law.<sup>17</sup>

A similar rule applies in determining the overall validity of a trust of personal property. The validity of the trust is determined under the law of the state designated by the settlor, as long as that state has a substantial relation to the trust and that the application of its law does not violate a strong public policy of the state with which the trust has its most significant relationship.<sup>18</sup> A state



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has a substantial relation to a trust if the settlor designates that the trust is to be administered there, if any trustee has its principal place of business or domicile in that state when the trust is created, if the trust is administered in that state or if it is the domicile of the beneficiaries.

As to trusts of interests in land, however, the law of the situs of the land becomes more important. The administration and validity of a trust in land is determined according to the law of the state in which the land is situated, even if the trustees are situated elsewhere.<sup>19</sup> A court of a state other than that in which the property is situated may still exercise jurisdiction over the administration of the trust, if this does not unduly interfere with the control by the courts of the situs.<sup>20</sup>

Issues of construction of the trust instrument, however, have not always been construed according to the situs. Some courts apply the law of the situs,<sup>21</sup> but a few others have applied the law designated by the settlor in constructing a trust on real estate.<sup>22</sup> The law of the situs almost certainly controls issues of construction only in the absence of a designation in the instrument of the governing law.

Therefore, it appears very likely that an Alaska Community Property Trust holding personal property will be respected in matters of administration, construction and trust validity, as long as it meets the basic rules set forth by Alaska law. On the other hand, it is quite possible that a court would view an Alaska Community Property Trust as not creating community property interests in real estate, the title to which is held by the trust but the location of which is in another state that has no community property rules, or that has significantly different rules from those adopted in Alaska. A practitioner who wishes to create an Alaska Community Property Trust to hold out-of-state real estate should, therefore, arrange for the transfer of the real estate to an Alaska corporation or partnership or limited liability

**The administration and validity of a trust in land is determined according to the law of the state in which the land is situated, even if the trustees are situated elsewhere.**

company if that is otherwise compatible with the client's wishes, since stock, partnership interests and LLC interests are themselves personal property, even if the underlying assets are real property. The stock or partnership or LLC interests may then be transferred to an Alaska Community Property Trust, the terms of which would be governed more clearly by Alaska law.

#### **Gift Tax Consequences Of Creating An Alaska Community Property Trust**

Although an Alaska Community Property Trust could be irrevocable, the grantor or grantors should ensure that neither spouse will be deemed to make a completed gift for Federal gift tax purposes to any third party upon the transfer of property to the trust or thereafter unless that is what he, she or they wish. Because both spouses must sign the trust, even if only one of them transfers assets to it, one spouse cannot create the trust, make the assets community property and unilaterally control what the disposition of those assets will be. If the other spouse does not agree to the proposed disposition, he or she presumably will not sign the trust.

The gift tax marital deduction would appear to be a simple protection against adverse gift tax consequences on the creation of an Alaska Community Property Trust, but the law does not clearly establish that granting one's

spouse the immediate, unilateral and continuing right until death to withdraw one-half of any property transferred to and which becomes a community property asset should qualify such one-half interest for the gift marital deduction. In other words, the fact that the donee-spouse's interest in the community property under the Alaska Community Property Trust will terminate at his or her death (if the right to withdraw that interest from the trust is not exercised) may mean it is a terminable interest.<sup>23</sup>

With reasonable planning and drafting, a transfer to an Alaska Community Property Trust should be capable of qualifying for the marital deduction.<sup>24</sup> One way is to create an interest which constitutes an "estate trust," that terminates in favor of the donee-spouse's own probate estate, making it thereby disposable by that spouse's Will.<sup>25</sup> Alternatively, the transfer may be made to qualify by falling under the life estate general power of appointment exception.<sup>26</sup> The donee-spouse must be entitled to all of the income for life payable at least annually and be granted a lifetime and/or testamentary general power of appointment exercisable by the donee-spouse alone and in all events in favor of that spouse and/or his or her estate. These are known as general powers of appointment marital deduction trusts.

Although the statute relating to such general power of appointment marital deduction trusts states that the income must be payable to the spouse at least annually, the regulations promulgated under the gift tax regulations relating to such trusts clarify that the income does not, in fact, have to be paid to the donee-spouse but merely be subject to withdraw by that spouse.<sup>27</sup>

The interest created for the donee-spouse in the Alaska Community Property Trust could be made to qualify alternatively for QTIP treatment under Code Sec. 2523(f) by structuring the donee-spouse's interest that way and by election on a timely filed United

States Gift Tax Return. However, it nonetheless seems appropriate to grant the donee-spouse the immediate, unilateral and continuing right to withdraw his or her half of the assets transferred to the Alaska Community Property. The nature of community property is that each spouse owns and may control his or her one-half of the assets. Of course, the trust could provide that either or both spouses could relinquish his or her unilateral right to withdraw although, presumably, care should be taken to ensure that any such relinquishment is not a taxable gift, unless that result is intended.<sup>28</sup>

### Income Tax Treatment Of Alaska Community Property Trusts

If one spouse transfers property to the Alaska Community Trust, the trust presumably will be treated as a grantor trust in its entirety with respect to that spouse so that all the trust property, whether all or only part of it becomes community property under Alaska law, is treated as owned for income tax purposes by the grantor-spouse as long as the income and corpus may be distributed, without the consent of an adverse party, to or for the benefit of either or both spouses.<sup>29</sup> Even if the other spouse has the unilateral right to withdraw his or her half of the community property from the trust, powers held by the grantor's spouse are attributed under Code Sec. 672(e) to the grantor. As a result, the grantor-spouse will be treated as though he or she held that power to withdraw, presumably negating any possible application of Code Sec. 678, under which a beneficiary, who is not the trust's grantor but has a unilateral right to withdraw trust property, is treated as the owner of that property for income tax purposes. Moreover, the Internal Revenue Service has consistently held that the provisions of the grantor trust rules (Code Secs. 671-679) which cause the actual grantor to be treated as the owner of the trust assets supercede Code Sec. 678.<sup>30</sup>

When the grantor spouse dies,

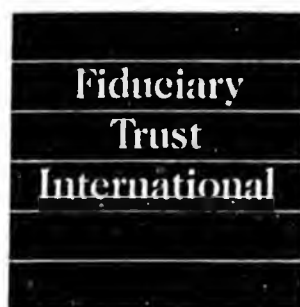
**W**hen the grantor spouse dies, the trust property will no longer be treated as owned by that spouse for income tax purposes.



the trust property will no longer be treated as owned by that spouse for income tax purposes. To the extent that the surviving spouse has a unilateral power to withdraw such property from the trust that spouse will be treated as the owner under Code Sec. 678. Often, a joint revocable community property trust (that is, one created by both spouses with their community property, as well as, perhaps, separate property) provides, when the first spouse dies, that the survivor's half of

the assets which had been community property as well as the survivor's separate property, if any, remains subject to that spouse's power of withdrawal. If that pattern is followed in an Alaska Community Property Trust, the surviving spouse will be considered the owner of such property for income tax purposes under the grantor trust rules. However, to the extent the surviving spouse's power unilaterally to withdraw one half of the community property contributed by the other spouse expires at or before the death of the grantor spouse, the surviving spouse will not be treated as the owner of such property under the grantor trust rules.<sup>31</sup>

To the extent a spouse makes a contribution to the Alaska Community Property Trust that spouse presumably will continue to be treated as the owner of the property, as discussed above, for income tax purposes under the grantor trust rules even if the non-contributing spouse has a unilater-



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al right to withdraw none, some (e.g., half) or all of property so contributed if the income from the property contributed or the property itself may be distributed, without the consent of an adverse party, to either or both spouse.<sup>32</sup> As a result, during the spouses' joint lifetimes, each spouse will be treated as owning for income tax purposes the assets he or she contributed. That probably will be the case even if the spouses are treated as exchanging interests in assets contributed. For example, the wife contributes Asset X worth \$2 million to the trust which became community property (and, therefore, treated as owned under Alaska law as one-half by the husband) and the husband contributes Asset Y worth \$1 million which became community property (and, therefore, treated as owned under Alaska law as one-half by the wife). Even if the wife is treated as exchanging a 25 percent interest of Asset X for a 50 percent interest in Asset Y and the

husband is treated as exchanging a 50 percent interest in Asset Y for a 25 percent interest in Asset X, the wife probably will be treated as owning all of Asset X and the husband probably will be treated as owning all of Asset Y for Federal income tax purposes. The reason is that for income tax purposes (of which the grantor trust rules are a part), that exchange normally would be treated as a gift rather than as an exchange.<sup>33</sup> Hence, the spouse who contributed the property presumably will be treated as the sole grantor of that asset for income tax purposes.

To the extent of the property contributed by him or her, the surviving spouse will continue to be treated as the property owner for income tax purposes under the grantor trust rules to the extent the property or its income may be distributed to that spouse, without the consent of any adverse party,<sup>34</sup> after (as well as before) the other spouse dies. In addition, the surviving spouse may become to

be treated as the owner under Code Sec. 678 of property contributed by the first spouse to die upon that spouse's death to the extent the survivor has a unilateral right to withdraw the property after the death of the first spouse to die.

### Basis Adjustment At Death

One major tax advantage of creating an Alaska Community Property Trust is that it enables residents of non-community property states to take advantage of Sec. 1014(b)(6), which states that, upon the death of either spouse, the basis of the entire community property asset (and not just one-half of the asset) becomes equal to the value of the asset at the death of that spouse (or, if applicable, on the alternate valuation date determined under Code Sec. 2032). Sec. 1014(b)(6) does not distinguish between property that is held as community property under automatic (opt out) state laws or under elective (opt in) state laws. Furthermore, significant authority strongly suggests that community property under an opt in law, such as that adopted in Alaska, would be eligible for the basis adjustment at death under Sec. 1014(b)(6).<sup>35</sup>

However, it is appropriate to note that Code Sec. 1014(b)(6) only requires that the property is community property under the laws of any State (or possession or foreign country). If a non-Alaska married person or persons transfers property to an Alaska Community Property Trust, the property will be community property under the law of Alaska. Therefore, it seems literally to fall under the section.

Although it seems the asset which is community property under Alaska law is "community property ... under the community property laws of [a] State," it is possible the courts will hold otherwise.<sup>36</sup> Accordingly, married couples should elect into the Alaska community property system only if that form of ownership reflects their wishes regardless of whether the basis of the surviving spouse's interest in the property

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will be determined on the death of the first spouse to die under Code Sec. 1014(b)(6). Moreover, because the Alaska Community Property law's treatment under that section is untested, it may be preferable for the couple, if it is seeking a step-up in basis for all of their wealth when the first spouse dies, to place all of the assets in the name of the spouse who will die first. Unfortunately, that is not always predictable well before that death occurs. Under Code Sec. 1014(e), no change in basis occurs under Code Sec. 1014(a) for property which was given to the decedent within a year of his or her death and is reacquired, directly or indirectly, by the donor.<sup>37</sup>

### Conclusions

Under the Alaska Community Property Act, both married Alaskans and non-Alaskans may elect for some or all of their assets to be community property under Alaska law. To the extent the value of what one spouse converts to community property exceeds the value of what the other spouse converts, a gift will be made. That gift should usually qualify for the gift tax marital deduction unless the donee spouse is not a U.S. citizen and the gift, along with other gifts to the spouse, exceeds \$100,000 in a calendar year.<sup>38</sup>

Although converting assets to community property that may provide the surviving spouse a significant income tax benefit when the first spouse dies, the change in the nature of assets may have other far-reaching effects.<sup>39</sup> Each spouse, in fact, will have a 50 percent ownership interest in the community property. That means, for example, that the community assets will be subject to a 50 percent division in the event of divorce (except to the extent the court having jurisdiction over the divorce may and does order a different division under applicable equitable distribution or similar laws) and each spouse will be permitted to dispose of his or her one-half of the assets when he or she dies except to the extent agreed otherwise. As with other

community property systems, spouses hold other rights with respect to their community property which do not exist with respect to other property they own. As a consequence, it is likely that only couples in long-term stable marriages, and perhaps only those who have descendants only of their common union, will elect to have their assets treated as community property under Alaska law.

Even if neither the Internal Revenue Service nor the courts rule that Alaska community property is community property under Code Sec. 1014(b)(6), it seems likely it will be treated as a "50-50" tenancy in common between the spouses or, if elected under the Alaska Act to be "survivorship" community property as the Act permits,<sup>40</sup> as a joint tenancy with rights of survivorship between the spouses. If so, that probably means one-half of the asset will be included in the estate of the first spouse to die.<sup>41</sup>

Thus, the Alaska Community Property Act and the Alaska Com-

munity Property Trust offer a rare opportunity for clients whose marriages are extremely sound, to convert those assets that they wish into community property, with possibly significant income tax advantages upon the first spouse's death. Furthermore, these new laws present this opportunity with remarkably few downside risks. ♦

### End Notes

1. In other community property states, marital property agreements frequently convert some or all of the parties' non-community property assets into community property, filling the gaps left by state law. However, those agreements differ materially from the Alaska Community Property Agreements because the former add some assets to an extant stack of community property, while the latter starts from a situation in which no assets are community property prior to the agreement. On the non-Alaska form of agreement, see, e.g., Rasmussen, "Divorce Provisions in Opt-In Marital Property Agreements," 67 *Wisc. Lawyer* 15 (Apr. 1994).
2. Alaska Stat. § 34.75.060(a) (Michie 1998).
3. The Uniform Marital Property Act was approved by the National Conference of Commissioners on Uniform State Laws in 1983. It is adopted in Wisconsin at *Wisc. Stat. Ann. Sec. 766.001-766.97*.

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4. Alaska Stat. 34.75.030 (Michie 1998).
5. See, e.g., Alaska Stat. 34.75.1101(c) (Michie 1998).
6. See, e.g., Alaska Stat. 34.75.30(c) (Michie 1998).
7. See, e.g., Alaska Stat. 34.75.040 and 34.75.909(d) (Michie 1998).
8. Alaska Stat. 34.75.010 (Michie 1998).
9. Alaska Stat. 34.75.050 (Michie 1998).
10. Alaska Stat. 25.24.160(d) (Michie 1998).
11. Alaska Stat. 13.12.208(d) (Michie 1998).
12. Alaska Stat. 34.75.090(g) and (h) (Michie 1998).
13. Alaska Stat. 34.75.060(b) (Michie 1998).
14. A similar requirement exists for an Alaska Community Property Agreement. See, Alaska Stat. 34.75.090(b) (Michie 1998).
15. See *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306 (1950).
16. Restatement (2d) Conflicts of Law, Sec. 268.
17. *Hughes v. Commissioner of Internal Revenue*, 104 F.2d 144 (9th Cir. 1939); *Noble v. Rogan*, 19 F.Supp. 370 (S.D. Cal. 1943); *Application of Eyre*, 133 N.Y.S.2d 511 (1954); *Matter of Grant-Suttie*, 205 Misc. 940, 129 N.Y.S.2d 572 (1954); *Matter of Carter*, 13 Misc.2d 1040, 178 N.Y.S.2d 569 (1958).
18. Restatement (2d) Conflicts of Law, Sec. 270.
19. Restatement (2d) Conflicts of Law, Sec. 276.
20. *Fuller v. McKim*, 187 Mich. 667, 154 N.W. 55 (1915); *Knox v. Jones*, 47 N.Y. 389 (1872); *Matter of Osborn*, 151 Misc. 52,270 N.Y.S. 616 (1934); *In re Sandford's Will*, 81 N.Y.S.2d 377 (1948); *In re Fagan's Estate*, 84 N.Y.S.2d 558 (1948); *In re Piazza's Estate*, 130 N.Y.S.2d 244 (1954); *In re Master's Will*, 136 N.Y.S.2d 907 (1954); *In re Warburg's Estate*, 237 N.Y.S.2d 557 (1963).
21. *Bowen v. Frank*, 179 Ark. 1004, 18 S.W.2d 1037 (1929); *Veach v. Veach*, 205 Ga. 185, 53 S.E.2d 98 (1949); *Peet v. Peet*, 229 Ill. 341, 82 N.E. 376 (1907); *Scofield v. Hadden*, 206 Iowa 597, 220 N.W. 1 (1928); *Thompson v. Penn*, 149 Ky. 158, 148 S.W. 33 (1912); *In re Estate of Hencke*, 220 Minn. 414, 19 N.W.2d 718 (1945); *Minot v. Minot*, 17 App.Div. 521, 45 N.Y.S. 554 (1st Dep't 1897); *Matter of Good*, 304 N.Y. 110, 106 N.E.2d 36 (1952), *aff'g* 278 App.Div. 806, 927, 104 N.Y.S.2d 804 (1st Dep't 1951), *aff'g* 278 App.Div. 806, 927, 104 N.Y.S.2d 804 (1st Dep't 1951), *aff'g* 96 N.Y.S.2d 798 (1950).
22. *Greenwood v. Page*, 138 F.2d 921 (D.C. Cir. 1943); *Guerard v. Guerard*, 73 Ga. 506 (1884); *Brown v. Ramsey*, 74 Ga. 210 (1884) (*inter vivos trust*); *Ketth v. Eaton*, 58 Kan. 732, 51 P. 271 (1897); *Houghton v. Hughes*, 108 Me. 233, 79 A. 909 (1911); *Martin v. Eslick*, 229 Miss. 234, 90 So.2d 635 (1956); *Zombro v. Moffett*, 329 Mo. 137, 44 S.W.2d 149 (1931); *Applegate v. Brown*, 344 S.W.2d 13 (Mo. 1961); *Cary v. Carman*, 116 Misc. 463, 190 N.Y.S. 193 (1921).
23. As a general rule, a terminable interest does not qualify for the marital deduction. Code Sec. 2523(b)(1). Certain terminable interests may so qualify. See, e.g., Code Sec. 2523(c), 2523(f).
24. As a general rule, no marital deduction is allowed if the transferor's spouse is not a citizen of the United States. Code Sec. 2523(f).
25. See, e.g., Reg. Sec. 20.2056(c)-2(b)(1)(i). Cf. Rev. Rul. 72-33, 1972-2 C.B. 530.
26. Code Sec. 2523(e).
27. Reg. Sec. 25.2523(e)-1(f)(8). See, also, Reg. Sec. 25.2523(f)-1(f), *Example 2 and Example 3*.
28. See, generally, Reg. 1.2511-2.
29. Code Secs. 672(e), 672(f), 676 and 677. The trust may be a grantor trust for income tax purposes for other reasons as well. See, Code Sec. 674 (control of beneficial interests in the trust) and 675 (administrative powers).
30. See, generally, Blattmachr & Sembler, "Crummey Powers and Income Taxation", *The Chase Review* (July 1995).
31. See PLR 9321050, essentially reversing PLR 9026036.
32. As mentioned above, the trust may be a grantor trust for other or additional reasons.
33. Code Sec. 1041.
34. As mentioned above, it may be a grantor trust for other or additional reasons.
35. On the validity of a consensual community property law for this purpose, see *Comm'r v. Harmon*, 323 US 44 (1944); and *McCullum v. United States*, 58-2 USTC ¶ 9957 (USDC ND Ok. 1958), and also see Rev. Rul. 77-359, 1977-2 C.B. 24.
36. The IRS seems to accept that separate property converted to community property by agreement is community property for Federal income tax purposes, at least under an opt-out system. See Rev. Rul. 77-359, *supra*.
37. If, as suggested by Rev. Rul. 77-359, *supra*, the transmutation of separate to community property is a gift, Code Sec. 1014(e) may control notwithstanding Code Sec. 1014(b)(6).
38. See, Code Sec. 2523(i)(2).
39. Caution should be exercised in converting certain assets to community property, for instance, if one spouse owns a policy of insurance on the life of the other, the conversion presumably will cause the insured spouse to hold an incident of ownership in the policy potentially causing proceeds paid at death to be included in his or her estate. Cf. *Estate of Cerven v. Commissioner*, 111 F.3d 1252 (5th Cir. 1997). It may be inappropriate also for one spouse to convert qualified plan and similar interests into community property. Generally, such interests represent income in respect of a decedent under Code Sec. 691(a) which, under Code Sec. 1014(c), do not receive the income tax-free step-up in basis under Code Sec. 1014(a), but complications of such ownership can arise in the non-participant spouse dies first.
40. See, Alaska Stat. 34.75.110(e) (Michie 1998).
41. See, e.g., *Harvey v. United States*, 185 F.2d 463 (7th Cir. 1950).

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# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 298  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
Title: Trusts, Challenges, Claims, Liabilities RDU: Banking & Securities (536)  
Component: Banking & Securities  
Sponsor: Seekins  
Requester: Labor & Commerce Component No.: 2808

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<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 (FY2006) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation makes various changes to AS13.36 which covers the administration of trusts. Provisions in this legislation do not impact the operations of the division.

Prepared by: Mark Davis, Director Phone 907 465 2521  
Division: Banking and Securities Date/Time: 2/22/06 5:07 PM  
Approved by: William C. Noll, Commissioner Date: 2/22/2006  
Agency: Commerce, Community, and Economic Development

# ALASKA STATE SENATE



Session:  
State Capitol  
Juneau, Alaska 99801-1102  
(907) 465-2327  
(907) 465-5241 Fax

Interim:  
119 N. Cushman, Suite 201  
Fairbanks, Alaska 99701  
(907) 456-8161  
Senator\_Ralph\_Seekins@legis.state.ak.us

**Senator Ralph Seekins**  
District D

## Senate Bill 298 Sponsor Statement

**"An Act relating to loans from trust property; relating to a trustee's power to appoint the principal of a trust to another trust; relating to challenges to, claims against, and liabilities of trustees, beneficiaries, and creditors of trusts and of trusts and estates; relating to individual retirement accounts and plans; relating to certain trusts in divorce and dissolutions of marriage situations."**

Senate Bill 298 revises Titles 13 and 34 pertaining to the administration of trust assets. Updates incorporated into Title 13 include the addition of clarifying language relating to: (1) the various powers conferred upon the trustee; (2) trustee reporting requirements, and; (3) claims made against trust assets.

Updates integrated into Title 34 include language pertaining to: (1) the exemption from transfer provisions for certain IRA trust assets; (2) technical corrections made to AS 34.40.110(b), and; (3) the handling of trust assets in cases of divorce or dissolution.

Since 1997, the Alaska State Legislature has consistently worked to update and improve laws regarding the use and administration of trusts. As a result, Alaska is considered one of the premier trust jurisdictions in the country.

But, it is a very competitive environment. In fact, at least seven other states – Delaware, Missouri, Nevada, Oklahoma, Rhode Island, South Dakota and Utah – have enacted legislation similar to our own.

The updates proposed in this Bill are in keeping with revisions made to Alaska's Trust Laws in 1997 and 2003. They are intended to preserve Alaska's leading position within the universe of trust products and services offered nationwide.

Our laws encourage Alaskan's to keep their trust assets here in the state. Moreover, capital is *attracted* to Alaska from all over the country creating greater job and investment opportunities for residents of our state.

Senate Bill 298 clarifies prior trust legislation, makes the administration of trusts in Alaska more efficient and cost effective, and will keep Alaska as the jurisdiction of choice for trust administration.

**SB**

**300**

# SENATE COMMITTEE REPORT

E: 3/10/06

FURTHER:

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

Transportation and Commerce Committee considered SENATE BILL NO. 300

## SB 300 MOTOR VEHICLE NEGATIVE EQUITY

Act relating to the handling of negative equity in motor vehicle transactions."

Committee recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to \_\_\_\_\_ Committee

**CS Senate Bill:**

- Same Title
- New Title

**SC \_\_\_\_\_ se Bill:**

- Same Title
- Technical Title Change
- New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Betty Davis</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>Karen Jenkins</i>	<input checked="" type="checkbox"/>			
CHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>			

24-LS1261VG  
Bannister  
3/21/06

**CS FOR SENATE BILL NO. 300( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FOURTH LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATOR SEEKINS**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the handling of negative equity in motor vehicle transactions; and**  
2 **relating to the contents of retail installment contracts."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **\* Section 1. AS 45.10.030(a) is amended to read:**

5 (a) The retail installment contract must contain the names of the seller and the  
6 buyer, the place of business of the seller, the residence or other address of the buyer as  
7 named by the buyer, and a description or identification of the goods sold or to be sold  
8 or services furnished or rendered or to be furnished or rendered. The contract must  
9 also contain the following items:

- 10 (1) the cash sale price of each item of goods or services;
- 11 (2) the amount of the buyer's down payment, identifying the amounts
- 12 paid in money and allowed for goods traded in;
- 13 (3) the difference between items (1) and (2);
- 14 (4) the aggregate amount included for insurance, if a separate

1 identified charge is made for insurance, specifying the types of insurance and the  
2 terms of coverage;

3 (5) the aggregate amount of official fees;

4 (6) the principal balance, which is the sum of items (3), (4), [AND]

5 (5), and (11);

6 (7) the amount or rate of the service charge;

7 (8) any other charges;

8 (9) the amount of the time balance owed by the buyer to the seller,  
9 which is the sum of items (6), (7), if (7) is stated in a dollar amount, [AND] (8), and  
10 (11);

11 (10) except, as provided in (c) of this section, the maximum number of  
12 installment payments required and the amount of each installment and the due date of  
13 each payment necessary to pay the balance;

14 (11) if the retail installment contract is for the sale of a motor  
15 vehicle, the amount, if any, that the seller agrees to pay to discharge an  
16 outstanding obligation of the buyer under an existing motor vehicle agreement,  
17 loan, installment sales contract, or lease.

18 \* Sec. 2. AS 45.10.030 is amended by adding a new subsection to read:

19 (d) The contract is not required to state the items in (a) of this section in the  
20 order stated in (a) of this section.

21 \* Sec. 3. AS 45.10.220(5) is amended to read:

22 (5) "principal balance" means the cash sale price of the goods or  
23 services that [WHICH] are the subject matter of a retail installment contract less the  
24 amount of the buyer's down payment in money or goods or both, plus

25 (A) the amounts for insurance and official fees included in the  
26 contract if a separate identified charge is made and stated in the contract for  
27 insurance and official fees; and

28 (B) if the retail installment contract is for the sale of a  
29 motor vehicle, the amount, if any, that the seller agrees to pay to discharge  
30 an outstanding obligation of the buyer under an existing motor vehicle  
31 agreement, loan, installment sales contract, or lease;

1 \* Sec. 4. AS 45.25 is amended by adding a new section to article 5 to read:

2 Sec. 45.25.630. Discharged amounts in motor vehicle leases. (a)

3 Notwithstanding another provision of law to the contrary, if the amount to be paid by a  
4 lessee under a motor vehicle lease includes a discharged amount, the inclusion of the  
5 discharged amount in the amount to be paid under the lease is not a loan of the  
6 discharged amount and is not subject to any law that regulates the disclosure of  
7 interest, the charging of interest, the amount of interest rates, or the lending of money.

8 (b) In this section, "discharged amount" means the amount, if any, that the  
9 lessor agrees to pay to discharge an outstanding obligation of the lessee under an  
10 existing motor vehicle agreement, loan, installment sales contract, or lease.

# ALASKA STATE SENATE



Session:  
State Capitol  
Juneau, Alaska 99801-1182  
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(907) 465-5241 Fax

Interim:  
119 N. Cushman, Suite 201  
Fairbanks, Alaska 99701  
(907) 456-8161  
Senator\_Ralph\_Seekins@legis.state.ak.us

**Senator Ralph Seekins**  
District D

## Senate Bill 300 Sponsor Statement

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### **"An Act relating to the handling of negative equity in motor vehicle transactions"**

Senate Bill 300 updates the definition of "principal balance" found in the Alaska Retail Installment Sales Act to accommodate the proper disclosure of negative equity. Furthermore, the bill clarifies how, within a lease arrangement, an incidence of negative equity is handled.

There was a time when lending institutions required borrowers to monetarily participate in purchase transactions. In fact, down payments of 25% were quite common. Furthermore, term loans were held to a maximum of 36 months. But, over the last several years these guidelines have gone by the wayside. The strength and stability of the national economy have spurred consumers to demand lower-payment loans along with greater value.

Banks, credit unions and acceptance companies have accommodated the marketplace by offering low, or no, down payment options as well as lengthening the allowable repayment period for many types of lending products. This phenomenon is particularly evident in retail auto sales where qualified buyers often broaden their budget by opting for 100% financing over the longest possible term.

The mathematical effect of this financing strategy is simple – the point in time at which the vehicle's market value exceeds the outstanding balance on the underlying loan occurs much later than it otherwise would. Until this point is reached, the owner's equity position is commonly known as "upside down" or "negative". In other words, the value of the vehicle is not yet sufficient to completely repay the outstanding balance on the loan.

As a result, when the owner wants to trade for a different vehicle, the dealer has to figure out some way to accommodate the loan payoff in the trade-in. At one time it was common practice in some states to simply inflate the price of the car to be purchased enough to permit an allowance for the trade-in that would cover the amount owed. The negative equity disappears.

This method solved the equity problem but failed to adequately describe the transaction mathematically. So, over time, this practice fell into disfavor and, today, it is more common that new vehicles are sold at non-negotiable prices, i.e., through factory incentive programs. Furthermore, the Federal Reserve Board provided guidance on this issue through revisions made to Regulations M and Z. These Regs control the manner in which lease and credit transactions (respectively) are disclosed.

**Sponsor Statement**

Reg M was revised to provide a dedicated disclosure line on the lease agreement in cases where a *prior* loan or lease balance (negative equity) is rolled in to the new lease transaction. Revisions made to Reg Z altered the definition of "down payment" thereby solving the negative equity issue as it may pertain to a loan transaction.

So what does all this have to do with Senate Bill 300? The vast majority of banks and credit unions are federally regulated. Therefore, they follow federal disclosure laws (state laws do not come into play). However, acceptance companies, like GMAC, Ford Motor Credit, and others, are required to follow federal *and* state laws. The dual adherence requirement has effectively created a disparity in the manner in which loan and lease transactions are disclosed in cases involving negative equity here in Alaska.

So the bottom line is that while Federal law has been revised to accommodate this situation, our state law has not. SB 300 resolves this disparity by updating the definition of "principal balance" as it pertains to the state's disclosure requirements for retail sales contracts found in Chapter 10, Title 45. Furthermore, the Bill adds corresponding language to Chapter 25 pertaining to the handling of negative equity with respect to lease agreements. These modifications bring state and federal law back into alignment.

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 300  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
Title Motor Vehicle Negative Equity RDU Banking & Securities (536)  
Component Banking & Securities  
Sponsor Seekins  
Requester Transportation Component No. 2808

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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--Do not abbreviate)						
<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 (FY2006) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation addresses the handling of negative equity in motor vehicle transactions. It does not impact the operations of the division.

Prepared by: Mark Davis, Director Phone 907.269.8159  
Division Banking & Securities Date/Time 2/28/06 10:53 AM  
Approved by: William C. Noll, Commissioner Date 2/28/2006  
Agency Commerce, Community, and Economic Development

**SB**

**306**

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 2/23/06

FURTHER: Judiciary

Date of 5-Day Notice: \_\_\_\_\_  
 (in accordance with Uniform Rule 23)

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

Labor and Commerce Committee considered SENATE BILL NO. 306

**SB 306 UNEMPLOYMENT INSURANCE FUND & TAXES**

"An Act requiring an employing unit with a change in ownership, management, or control or similar change to notify the Department of Labor and Workforce Development of the change; relating to the unemployment contribution rate of an employing unit; defining 'business' for purposes of statutes setting unemployment contribution rates; establishing the crime of obtaining an unemployment rate by deception; and providing for an effective date."

and recommends:

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

<b>CS Senate Bill:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
<b>SCS House Bill:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Bettye Davis</i>	✓			
<i>Ben Steiner</i>	✓			



The Honorable Frank Murkowski  
Governor of Alaska  
Box 110001  
Juneau, Alaska 99811

Dear Governor Murkowski:

In my letter to you dated June 10, 2005, I called your attention to amendments to Alaska's unemployment compensation law that are needed for the state to remain eligible for Federal grants to administer its unemployment compensation (UC) program. Unfortunately, since that time there has been no action on this legislation, which must be in effect in Alaska on January 1, 2006, to conform with requirements of Federal UC law.

On August 9, 2004, the President signed P.L. 108-295, the SUTA Dumping Prevention Act of 2004. This legislation amended the Social Security Act to add a new Section 303(k), establishing a nationwide minimum standard for curbing certain practices that some employers have used to manipulate state unemployment insurance tax rates and avoid their fair share of unemployment taxes. All states are required to amend their UC laws to conform with the requirements of Section 303(k), SSA, as a condition for receiving grants for the administration of the state's UC law.

Labor and Workforce Development Commissioner O'Claray informed me by letter dated June 23, 2005, that Alaska is poised to secure enactment in the second session of the legislature. In order to hold in abeyance initiation of proceedings to withhold certification for the administrative grant, I must have your assurance that you will make every effort to secure enactment of legislation meeting the Federal requirements and making any transfers of experience that occur after January 1, 2006, until the effective date of the enactment, retroactive to January 1, 2006, to ensure conformity with Federal law.

Please provide this assurance before January 1, 2006, that Alaska will enact the required legislation expeditiously in the next legislative session.

Sincerely,

  
Emily Stover DeRocco

OFFICE OF THE GOVERNOR  
MAYNARD J. MOORE  
DEC 13 2005

**Background**

# STATE OF ALASKA

Department Of Labor and Workforce Development

FRANK H. MURKOWSKI, GOVERNOR

P. O. Box 21149  
Juneau, AK 99802-1149  
Phone: (907)465-2700  
Fax: (907)465-2784

## OFFICE OF THE COMMISSIONER

December 22, 2005

Emily Stover DeRocco, Assistant Secretary  
Employment and Training Administration  
U.S. Department of Labor  
200 Constitution Avenue, N.W., Room S-2307  
Washington, D.C. 20210

Dear Assistant Secretary DeRocco,

Your letter of December 7, 2005, to Governor Frank Murkowski has been forwarded to me for response. As stated in earlier correspondence, I share your concern and continue to aggressively pursue the earliest possible enactment of the required legislation that your staff and mine have prepared for the Alaska legislature.

Alaska's Employment Security Act was amended in the mid-1960s to provide for a decline quotient employer rating system; therefore, current state law already requires the transfer of experience for rating purposes. Specifically, Alaska Statutes 23.20.280 through 23.20.295 and supporting regulations specify the administration of rate assignment and experience transfers. Moreover, our employer registration activities are designed to detect changes in ownership and changes in workforce that might be attempted for the sole purpose of rate reduction.

We recognize that our current statutes do not conform completely to P.L. 108-295. We are making every effort to secure speedy enactment of legislation which meets the federal requirements during the second half of Alaska's 24<sup>th</sup> Legislature.

Sincerely,

  
Greg O'Claray  
Commissioner

cc: Tom Nelson, Director, Employment Security Division

## **Unemployment Insurance Federal Compliance**

### **Recent federal law requires state law change:**

In August 2004, President Bush signed P.L. 108-295, amending the Social Security Act of 1935 and requiring states to enact legislation that will prevent the practice of State Unemployment Tax Avoidance schemes. This activity occurs when employers find ways to manipulate state unemployment insurance (UI) tax rating systems such that the employer pays UI taxes at an artificially low rate.

### **State laws must include:**

- Mandatory transfers of unemployment experience when a trade or business is acquired by or transferred to another employer.
- Prohibition of transfers when a transfer or an acquisition is solely or primarily for the purpose of obtaining a lower UI tax rate.
- Penalties when tax avoidance schemes are detected.
- Procedures for identifying tax avoidance schemes.

### **Penalty for Noncompliance:**

- If Alaska fails to enact required legislation, Alaska's UI program will be de-certified and all employers in the state would lose their federal offset credit of 5.4 percent which would amount to \$103.9 million in additional taxes. Also, Alaska loses \$30.8 million in administrative and operational funding for supporting unemployment insurance programs.

### **UI Tax Avoidance Mainly Occurs in Two Ways:**

- An employer sets up a new company and then transfers some or all of its workforce (and accompanying payroll) to the new company after it has earned a lower UI rate. The transferred payroll is then taxed at the lower rate.
- A new business entity purchases an existing business with a lower UI tax rate. Instead of being assigned the higher industry rate for a new business, the entity receives the existing lower rate. Typically, the new business ceases the activity of the purchased business and commences a different type of activity.

### **Harmful Effects of UI Tax Avoidance Schemes:**

- Lost revenue will result in higher tax rates overall and unfairly shifts the cost of UI benefits to other employers.
- UI tax avoidance eliminates the incentive for employers to stabilize their workforce and keep employees working.

### **Benefits of State Unemployment Tax Avoidance Legislation:**

- Maintains the integrity and equity of our tax rating system and trust fund.
- Helps keep employer UI tax rates from increases due to under funding.
- Prevents tax rate avoidance schemes by imposing meaningful penalties in cases where a violation is detected.

## Sectional Analysis

**Section 1.** Adds a new section, AS 23.20.293 and requires an employer to notify the department in writing of any changes in ownership, management and control or when an employer acquires all or a part of another employer's trade or business. This provision will help the department detect tax avoidance and will help ensure employers are assigned the correct tax rate.

**Section 2.** Amends AS 23.20.295(d) to conform to federal law, which requires State laws to contain language which prevents unemployment insurance tax avoidance.

**Section 3.** Adds a new section, AS 23.20.297 to address transfers of payroll history and assignment of tax rates to conform to the tax avoidance prevention provisions, and establishes required civil and criminal penalties against persons who knowingly violate those provisions.

**Section 4.** Adds a new section that establishes criminal penalties against an employer or person(s) who knowingly or recklessly obtains or advises another person or employer to obtain an unemployment rate under false pretenses.

**Section 5.** Amends AS 23.20.310 to add new definitions to clarify the tax avoidance provisions.

**Section 6.** Adds new language to allow the department to adopt regulations necessary to implement the changes made by the above sections.

**Section 7.** Provides for an effective date of July 1, 2006 for Sections 1, 2, and 4 and for AS 23.20.297(a)-(c) enacted by Section 3.

**Section 8.** Provides for an immediate effective date for Sections 5 and 6 and for AS 23.20.297(d), enacted by Section 3.

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB306-DOLWD-UI-02-23-06  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
 Title: Unemployment Insurance Fund & Taxes RDU: Employment Security  
 Component: Unemployment Insurance  
 Sponsor: Senate L&C  
 Requester: Senate L&C Component Number: 2276

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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--Do not abbreviate)						
<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 (FY2006) cost: None  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation adds language to comply with federal legislation. Public Law 108-295 (42 U.S.C. 503) requires that a state's law contain language that will prevent state unemployment tax avoidance schemes and also requires that states apply meaningful civil and criminal penalties against persons who knowingly violate those provisions.

The anticipated fiscal impact as a result of this legislation is approximately \$60.0 to \$90.0 in data processing costs which will be absorbed by existing federal grant funds.

Prepared by: Thomas W. Nelson, Director Phone: 465-5933  
 Division: Employment Security Division Date/Time: 2/23/06 2:21 PM  
 Approved by: Greg O'Claray, Commissioner Date: 2/23/2006  
 Agency: Department of Labor and Workforce Development



## ASSOCIATED GENERAL CONTRACTORS of ALASKA

8005 SCHOON STREET • ANCHORAGE, ALASKA 99518  
TELEPHONE (907) 561-5334 • FAX (907) 562-6118

February 24, 2006

Senator Con Bunde  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

Re: SB 306

Dear Senator Bunde,

On behalf of the Associated General Contractors of Alaska and it's more than 600 affiliated companies, I would like to thank you for introducing Senate Bill 306.

This legislation makes it possible for Alaska businesses to continue to receive a 5.4% offset credit on their federal income tax. As you are aware, the federal government passed a law in 2004 to stop deceptive practices by employers designed to obtain a lower unemployment insurance rate. The law requires all states to enact legislation to comply with the federal legislation or employers in those states not enacting such legislation face the loss of the federal credit if they don't.

Although the deceptive practices the federal law was designed to stop have not been a problem in Alaska, we believe this legislation is necessary to maintain an important federal tax credit to all Alaskan employers.

Sincerely,

Richard Cattanach  
Executive Director



**ALASKA**

**National Federation of Independent Business**

**Statement of Support for SB 306**

**Unemployment Insurance Federal Compliance Legislation**

**February 23, 2006**

The Alaska Chapter of the National Federation of Independent Business has 2,500 members, making it the largest small-business advocacy group in the state.

Senate Bill 306 makes a number of changes in state law to conform with a federal law passed in 2004 to stop deceptive practices in obtaining a lower UI rate. If Alaska fails to enact required legislation, Alaska's UI program will be de-certified and all employers in the state would lose their federal offset credit of 5.4 percent.

Passing legislation this year is essential for Alaska businesses to continue to receive the 5.4 percent credit on their federal income tax. It is our understanding that all 49 other states have already passed similar legislation.

**Vote YES on Senate Bill 306**

Submitted by Thyges Shaub on behalf of NFIB/Alaska.



Alaska State Legislature

Senator Con Bunde  
Senate District P

Vice Chair: Senate Finance Committee  
Chair: Senate Labor & Commerce Committee

## Sponsor Statement

### Senate Bill 306 Unemployment Insurance Fund & Taxes

Senate Bill 306 addresses the issue of unemployment tax avoidance schemes by unscrupulous employers. This type of activity typically occurs when one business buys out another with a lower unemployment insurance tax rate, or when one business is transferred or taken over by another, solely to obtain a lower tax rate.

SB 306 is a crucial piece of legislation that is mandated by a federal law, the SUTA Dumping Prevention Act, which was passed in 2004. This Act amended the Social Security Act and established a nationwide minimum standard for curbing certain unemployment insurance tax avoidance activities by employers. Failure to pass this bill would result in the de-certification of the Alaska UI program and employers in this state would lose their federal offset credit of 5.4%, resulting in \$103.9 million in additional taxes to the employer. The state would lose \$30.8 million for administrative and operational funding for UI programs.

Tax avoidance schemes are damaging to Alaskans, inflate tax rates and unjustly shift the burden of unemployment insurance to other, law-abiding businesses. Passage of SB 306 would impose meaningful penalties on fraudulent businesses, and would maintain unemployment insurance taxes equally among Alaska businesses and would align our state with current, federally mandated law.

**SB**

**307**

**SENATE COMMITTEE REPORT  
First Committee of Referral**

DATE: 2/23/06

FURTHER: Judiciary

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

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

Labor and Commerce Committee considered SENATE BILL NO. 307

**SB 307 LANDLORD REMEDIES; LATE FEE**

"An Act relating to a fee provided for in the rental agreement for late payment of rent under the Uniform Residential Landlord and Tenant Act."

and recommends:

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

<b>CS Senate Bill:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
<b>SCS House Bill:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Bettye Danner</i>			X	
<i>John Elkins</i>				X
<i>Stephen Elkins</i>				✓
<i>Ben Steen</i>	✓			
CHAIR: <i>C. Bonds</i>	✓		<del> </del>	

# ALASKA MANUFACTURED HOUSING ASSOCIATION

Post Office Box 100254 Anchorage, Alaska 99510-0254

March 22, 2006

Senator Con Bunde  
Senate Labor and Commerce Committee  
State Capitol; Room 506  
Juneau, Alaska 99801

Dear Senator Bunde,

Having reviewed the letter dated March 14, 2006 from the Attorney General's office concerning Senate Bill 307 I would like to make the following comments.

The letter centers on the belief that 'late fees' will now be considered 'rent' if SB307 passes. The facts are that under current law this is already practice. Please consider the following example.

Before the Superior Court decision, a Landlord and Tenant enter into a rental agreement for an apartment. The 'rent' is \$500.00 per month due on the first of the month with a \$50.00 late fee to be added on if the 'rent' is not received by the fifth of the month. Since the Superior Court decision all the Landlord need now state is that the 'rent' is \$550.00 per month and if paid before the fifth of the month the Tenant will receive a \$50.00 discount. Amazingly, no 'late fee' even enters into the picture.

Under this scenario the 'late fee' is considered 'rent' and is legal under current law. There are also other mechanisms for the collection of late fees going on out there which have evolved since this Superior Court decision. All show the need for SB307. What SB307 does is unify and restore the process and the communication between Landlord and Tenant to historically it always has been.

The Attorney General's letter also refers to the 'fact' and please note that I quote directly "... that landlords can simply provide a single 10 day notice to quite (sic) for both rent and late fees ...". Doing this would swing the balance of the law between the Landlord and Tenant to far to the Landlord's side and would be a disaster for the Tenant. The rules for a 'ten day notice to quit' are different than they are for a 'seven day notice to quit'. When the violation listed on a 'ten day notice' is cured, the Tenant can stay. But under the rules if the Tenant reoffends within a six month period the Tenant is easily evicted. In other words if the Tenant fails to pay the 'late fee' only one other time within a six month period the 'presiding judge' can evict. Under a 'seven day notice to quit' this six month reoccurrence provision does not engage and the Tenant can reoffend each and every month.

Thank you for this opportunity to respond. Again, Senate Bill 307 will simplify the communication concerning 'late fees' between Landlord and Tenant and restore the written notification process to historically it always has been.

Wishing you and your staff the best,

Bob Maier  
Executive Director  
Alaska Manufactured Housing Association  
Post Office Box 100254  
Anchorage, Alaska 99510-0254  
(1)-(907)-337-4961 – Phone / bobmaier@gci.net

**Jane Alberts**

---

**From:** Kate Herring  
**Sent:** Monday, March 20, 2006 2:03 PM  
**To:** Jane Alberts  
**Subject:** FW: SB 307

Here's the email from Jim Davis. I will let you know when I hear back from them.

k

---

**From:** Jim Davis [mailto:jjdjr2001@yahoo.com]  
**Sent:** Wednesday, March 15, 2006 2:46 PM  
**To:** Kate Herring  
**Subject:** SB 307

Kate:

Thank you so much for taking my call vis a vis the above. We litigated the case that this bill seeks to over-turn, Kegley v. Nakomoto. But that case is just one of many where Alaska courts have said it is unfair to evict tenants over late fees.

The principal behind these cases is simple. Tenants should not be subject to the very harsh remedy of eviction unless they have utterly breached the lease. Not paying rent is an utter breach. But, not paying late fees, parking fees, dog parking fees, e'c., are "de minimis" issues and should not subject a tenant and her family to a summary eviction and homelessness. It is akin to using a sledge hammer on a mouse. Tenants already lose 90% of the time. Why make it even more unfair?

So, we oppose SB 307, it is overly harsh, it is at odds with the laws of many other states, and it will lead to a lot more tenants being evicted and/or charged excessive "late" fees by their landlords.

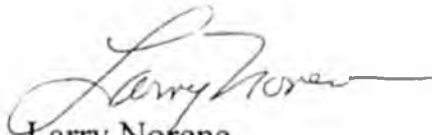
**James J. Davis, Jr.**  
**Statewide Litigation Attorney**  
**Alaska Legal Services Corporation**  
1016 West Sixth Avenue, Suite 200  
Anchorage, AK 99501  
(907) 272-9431 (phone) (907) 279-7417 (fax)

# ***NORENE REALTY, INC.***

---

400 W. Benson, Suite 201 Anchorage, AK 99503 Bus. (907) 272-1227 Fax: (907) 277-9852 email: [norene@alaska.net](mailto:norene@alaska.net)

As the owner/president of Norene Realty, Inc. founded in 1944 I am also involved in residential and commercial rental property around Anchorage. I support SB307 and think that it should have never been changed as it has caused much confusion and misunderstanding for my tenants, it has even caused some evictions because the two separate dates on the notices. I strongly believe that SB307 is necessary and support the bill 100%.



Larry Norene  
Norene Realty, Inc.



March 13, 2006

Senator Con Bunde  
Room 506  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Mr. Bunde:

This letter is simply to express our strong support for SB307. We have been in the residential rental business for approximately 40 years and this bill is long overdue. We do not believe it is fair to the Landlord or tenant to have two separate notices to quit for non-payment of rent and non-payment of late fees. Our experience is that it has caused confusion and problems that could easily be avoided by passing SB307. Thank you in advance for your careful consideration of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Brent L. Williams".

Brent L. Williams

CC: Ray G. Debenham  
CC: Shaun T. Debenham

*A real estate development company.*

**Debenham Properties, LLC**  
2932 C Street, Suite C  
Anchorage, AK 99503  
907.562.9330  
907.562.9331 fax

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

FRANK MURKOWSKI, GOVERNOR

1031 WEST 4<sup>TH</sup> AVENUE, SUITE 200  
ANCHORAGE, ALASKA 99501-5903  
PHONE: (907)269-5100  
FAX: (907)276-8534

March 14, 2006

The Honorable Con Bunde  
Chair  
Senate Labor and Commerce Committee  
State Capitol (MS 3100)  
Room 101  
Juneau, AK 99801-1182

Re: SB 307 -- Landlord Remedies

Dear Senator Bunde:

The Department of Law ("Department") has reviewed SB 307 and offers the following comments for consideration by the committee. SB 307 will fundamentally change the rights of landlords under Alaska Landlord Tenant Act, AS 34.03. SB 307 will change the law so that late payment fees will be treated exactly like rent, allowing landlords to collect late payment fees in the same manner as overdue rent. To illustrate this change, a comparison between current law and the changes proposed by SB 307 are helpful.

**Current Landlord Remedies under AS 34.03.220.** AS 34.03.220 provides several remedies to landlords when a tenant fails to comply with the terms of a rental agreement. Two of these remedies are important for this discussion. The statute makes a distinction between "rent" and all other fees and charges owed as follows:

**All fees and charges other than rent.** AS 34.03.220(a)(2) provides that if there is a material noncompliance by the tenant with the rental agreement, the landlord can issue a "notice to quit" under AS 09.45.100 -- .110 indicating that the agreement will terminate in 10 days if the breach is not remedied. This is called a "10 day notice to quit." If the breach is not cured within this 10 day period, the landlord can request a hearing. At the hearing, the court must find that there is a **material breach of the rental agreement** before eviction can continue.

**Failure to pay rent.** Rent is treated differently from all other fees and charges owed by a tenant. AS 34.03.220(b) provides that if a tenant fails to pay rent when due, the landlord can issue a "seven day notice to quit." If rent is not paid within this time, the landlord can proceed to a hearing. At the hearing, the court must consider whether rent

was actually due considering offsets for diminution of services and other potential defenses by the tenant. If the court finds the tenant has not paid rent in accordance with the rental agreement, eviction can proceed. There is no analysis by the court regarding whether a material breach of the rental agreement occurred. Failure to pay rent is "automatically" considered a material breach of the agreement.

**The effects of SB 307 on the current law.** SB 307 attempts to merge the process for paying late fees and rent into one category for purpose of eviction. Proponents of the change argue this will "streamline" the process and allow landlords to issue one notice to quit instead of two, and have one hearing to consider both rent and late fees. SB 307 has another significant consequence. Tenants could be evicted for failing to pay a late fee, even though failure to pay a late fee by itself would not constitute a "material noncompliance" of the rental agreement. Here is an example of how this might affect tenants if SB 307 passes:

Assume tenant fails to pay rent of \$1,000 when due. Landlord charges a late fee of \$250 for every five days rent is late. Landlord issues a single seven day notice to quit, noting that tenant owes \$1,250 or will be evicted. Tenant offers to pay \$1,000 which is rejected by the landlord. A hearing is held and the landlord establishes the tenant failed to pay \$1,250 within the seven day period. The court is not required to consider whether the late fee is reasonable. The court also cannot consider whether failure to pay the late fee would constitute a material noncompliance with the rental agreement. It is now considered past due "rent" for all practical purposes.

Under this scenario, the court is authorized to approve eviction even though the tenant offered to pay rent. The tenant had no opportunity to challenge the late fee as either unreasonable, or as not constituting a material noncompliance with the rental agreement. In effect, the late fee is treated just like rent.

Under current law, rent is treated differently than late fees for a reason. Late fees and other surcharges can be extremely unreasonable and unenforceable. Some fees can also be de minimus, and not rise to the level of becoming a "material noncompliance" of the agreement. Landlords also have other remedies available to deal with problem tenants. A landlord can terminate a rental agreement for any reason with a 30 day notice. If a tenant commits the same breach within six months, the landlord can give a five day notice to quit. One reasonable interpretation of the law is that landlords can simply provide a single 10 day notice to quit for both rent and late fees, allowing the court to decide if failure to pay or the other constitutes grounds for eviction.

Senator Con Bunde

March 14, 2006

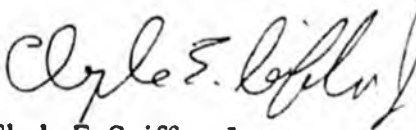
Page 3

Any amendment to AS 34.03.220 should consider the different judicial analysis required for failure to pay rent and failure to pay late fees. Tenants will be deprived of significant rights if both are treated the same.

The department is available to answer any question you have about these comments.

Sincerely,

DAVID W. MÁRQUEZ  
ATTORNEY GENERAL

By: 

Clyde E. Sniffen, Jr.  
Assistant Attorney General

cc: Kevin Jardell, Legislative Director  
Office of the Governor

Randy Ruaro, AAG  
Deborah Beir, AAG  
Department of Law

CES/sjm

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

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

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 8, 2006

**SUBJECT:** Late fees; sectional summary (SB 307)

**TO:** Senator Con Bunde  
Chair of the Senate Labor and Commerce Committee  
Attn: Jane Alberts

**FROM:** Tamara Brandt Cook  
Director

TBC

**Sec. 1.** For property subject to the Uniform Residential Landlord and Tenant Act, makes failure to pay the late fee, if applicable, unlawful holding by force when, after service of a written notice, the tenant fails to pay rent due together with the late fee. The existing provision does not address a late fee.

**Sec. 2.** Provides that a tenancy terminates if the tenant fails to pay rent, together with any late fee provided for in the rental agreement, within seven days after notice of nonpayment and intention to terminate the rental agreement is provided by the landlord. A landlord may accept partial payment of rent, together with the payment of the late fee, and extend the date for eviction. The existing provision does not address a late fee.

TBC:ljw  
06-118.ljw

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 307  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title: Landlord Remedies, Late Fees RDU: Corp. Bus & Prof Licensing (117)  
 Component: Corp. Bus & Prof Licensing  
 Sponsor: Labor and Commerce  
 Requester: Labor and Commerce Component No.: 2360

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</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						
1156 Receipt Supported Services						
<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 (FY2006) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation allow landlords to include the late fees and rent due on the same 7-day "notice to quit" for non payment of rent under AS 34.03 (Uniform Residential Landlord and Tenant Act.) It does not impact the operations of the division.

Prepared by: Katherine Mason, Administrative Manager Phone 907.465.2572  
 Division: Corporations, Business and Professional Licensing Date/Time 3/8/06 3:56 PM  
 Approved by: William C. Noll, Commissioner Date 3/8/2006  
 Agency: Commerce, Community, and Economic Development



March 06, 2006

Senator Con Bunde  
Chairman  
Senate Labor and Commerce Committee  
Room 506  
Alaska State Capitol  
Juneau, Alaska 99801

Dear Senator Bunde,

First and foremost I would like to thank both you and the Senate Labor and Commerce Committee for introducing this legislation. As is true with many Industries quite often it is difficult for our voices to be heard.

Weidner Investment Services, first formed in 1977, has over 17,000 residential apartment homes in four states and Canada. Of that total 3,300 are in Anchorage alone. Out of the 3,300 units in Anchorage approximately 400 will be late payers each month for which we must issue two notices. The worst part of the current procedure is that it lengthens the time before which we can file with the courts for eviction. This delay has resulted in rent loss doubling from \$60,000 to over \$135,000 this past year. While only 10-15 evictions will be granted a month, most late payers take advantage of the lengthened period and simply "skip" at month end owing us for the entire month.

In the spirit of the efficiencies which Senate Bill 307 will create, I will keep this letter short.

I fully endorse Senate Bill 307 as defined in the Sponsor Statement.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Dean Weidner", is written over a light-colored background.

W. Dean Weidner  
Weidner Investment Services  
Suite #300  
9757 Juanita Drive / NE  
Kirkland, Washington 98034  
425-821-3844



Alaska State Legislature

Senator Con Bunde  
Senate District P

Vice Chair: Senate Finance Committee  
Chair: Senate Labor & Commerce Committee

## **Sponsor Statement**

### **Senate Bill 307 Landlord Remedies: Late Fees**

Historically in the State of Alaska the 'late fee' was allowed to be included along with the 'rent' on the same 'seven day notice to quit' for non-payment of rent under AS 34.03 (Uniform Residential Landlord and Tenant Act). In 2002 a Superior Court decision correctly ruled that under current law this was illegal. Hence what is now required is a seven-day notice to quit for non-payment of rent and a ten-day notice to quit for the non-payment of the late fee.

Simplistic language is essential for undisputed communication between landlord and tenant. Replacing one notice to quit with two, both with different 'due dates' and 'amounts of money owed' has caused unnecessary problems and confusion. What SB307 does is restore the situation to as it was prior to the courts ruling. Nothing else.

The entire Rental and Leasing Services Industry statewide will benefit from this change in State of Alaska statute. The Alaska State Chamber of Commerce has included the passage of this amongst their list of 2006 legislative priorities. The costs of this legislation to state and / or local governments will be zero with a cost savings to be realized by businesses and individuals due to the efficiencies generated by the enactment of this legislation.

# ALASKA MANUFACTURED HOUSING ASSOCIATION

Post Office Box 100254 Anchorage, Alaska 99510-0254

Senator Con Bunde  
Senate Labor and Commerce Committee  
State Capitol; Room 506  
Juneau, Alaska 99801

Dear Senator Con Bunde,

The Alaska Manufactured Housing Association is a Statewide Association of Manufactured Home Community Owner's with members ranging from Bethel to Cordova to Juneau. Sometimes the issues we address are locally based and sometimes they are Statewide issues. Senate Bill 307 affects each of our members equally no matter the location of their Community in the State.

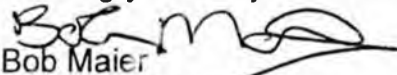
Rent falls due on the first of the month. Usually after a five or ten day grace period a late fee is assessed and a seven day notice is hung on the door demanding either payment or asking the resident to leave. As only one or two of these notices per hundred hung ever winds up in court, their main purpose is to be used as a collection device for the rent.

It is important that the dollar amount on the Notice be accurate. Including both the past due rent and the now owing late fee on the same piece of paper is necessary so that both tenant and landlord are speaking the same language.

Senate Bill 307 will assure that at this level of communication between landlord and tenant there will be no confusion. Senate Bill 307 is simple housekeeping legislation which just restores the situation to as historically it always was.

Thank you for your efforts to date. We will be available to testify at each Committee hearing as SB307 moves forward and look forward to answering any questions then.

Wishing you and your staff the best,



Bob Maier

Executive Director

Alaska Manufactured Housing Association

Post Office Box 100254

Anchorage, Alaska 99510-0254

337-4961 - Phone

632-3117 - Cell

bobmaier@gci.net



ALASKA ASSOCIATION OF REALTORS, INC.  
4205 Minnesota Drive Anchorage, Alaska 99503  
Telephone (907) 563-7133 Fax (907) 561-1779  
www.alaskarealtors.com

March 7, 2006

The Honorable Con Bunde  
Alaska State Senate  
State Capitol Building  
Juneau, Alaska 99801

RE: Senate Bill 307, relating to a fee provided in the rental agreement for late payment of rent under the Uniform Residential Landlord and Tenant Act

Dear Senator Bunde,

The Alaska Association of REALTORS® with over 1,600 members statewide supports Senate Bill 307, which addresses the late fee regarding the seven day notice to quit.

We favor this bill because it would simplify the process for the landlord by only having to give one seven day notice to quit for the rent and the late fee rather than two separate notices.

This bill would also clarify communication between the landlord and the tenant.

The Association encourages the passage of Senate Bill 307.

Sincerely,

Don McKenzie  
AAR President



**Jane Alberts**

---

**From:** William M. Columbus [wcolumbus@mac.com]  
**Sent:** Tuesday, March 07, 2006 11:43 AM  
**To:** Jane Alberts  
**Cc:** Bob Maier  
**Subject:** SB 307

Hello,

I am writing to voice my support for the adoption of SB 307.

I am the owner and operator of Dimond Estates Mobile Home Park in Anchorage.

The park has been in operation since 1969 and provides unit space for 522 manufactured homes.

Passage of SB 307 would greatly simplify an often confusing process when late fees are due as well as past rents. Not only does SB 307 make it easier for the landlord to recoup outstanding monies owed, but at the same time, it places a lessor burden on our court system by streamlining the paperwork now required.

Thank you for your consideration.

William Columbus  
President  
Dimond Estates, Inc.  
1200 West Dimond  
Main Office  
Anchorage Alaska 99515  
907-344-6611

**Headquarters:**  
217 2nd Street, Suite 201  
Juneau, Alaska 99801  
(907) 586-2323 FAX 463-5515  
www.alaskachamber.com



**Regional Office:**  
601 W. 5th Ave., Suite 700  
Anchorage, Alaska 99501  
(907) 278-2722 FAX 278-6643

March 02, 2006

Senator Con Bunde, Chair  
Senate Labor and Commerce Committee  
State Capital, Room 1506  
Juneau, AK 99801-1182

The Honorable Chairman and Members of the Senate Labor and Commerce Committee


The Alaska State Chamber of Commerce supports the changes to the Uniform residential Landlord Tenant Act to allow for the collection of late fees as contained in SB 307.

A Superior Court decision issued in 2002, created confusion and disruption to the rental and leasing services industry in Alaska. The court found that the inclusion of late fees on the same seven-day notice to quit for non-payment of rent was illegal. This legislation will allow for the inclusion of late fees on the same seven day notice to quit for failure to pay rent.

Simple language is essential for undisputed communication between a landlord and tenant. Replacing one notice to quit with two, both with different due dates and amounts of money owed has caused unnecessary confusion and associated problems between tenants and owners. Senate Bill 307 corrects these flaws.

Thank for your consideration and support of this bill.

Yours in economic prosperity,

  
Wayne A. Stevens  
President/CEO

SB 307 would allow usage of this one notice for rent and late fee.

**NOTICE TO RESIDENT OF TERMINATION OF RESIDENCY  
FOR NON-PAYMENT OF RENT**

*(7 DAY EVICTION NOTICE)*

O: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATE: \_\_\_\_\_

You are notified that you owe RENT in the amount of \$\_\_\_\_\_ plus a LATE FEE of \$\_\_\_\_\_. If you do not pay the total amount due within **SEVEN (7) DAYS** of receipt of this notice, your residency is terminated and you **MUST MOVE**. You must pay your rent with a money order or cashier's check. No cash or checks will be accepted. **YOU MUST CONTACT THE OFFICE IMMEDIATELY**.

If you have not paid the rent or moved within **SEVEN DAYS**, a lawsuit will be filed to evict you. If you deliver your rent to me on or before the end of the **SEVEN DAY** period, you may stay. If your account is turned over to an **ATTORNEY**, you will have Attorney fees, court costs, and delinquent rent's due.

If you would like to pay all monies due before the **SEVEN (7) DAYS** expire, **CONTACT THE MANAGER** during regular business hours.

Signed,

\_\_\_\_\_  
Manager

THIS NOTICE WAS DELIVERED ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_  
AT \_\_\_\_\_ a.m./p.m.

These two forms are currently required to be sent. One is due in 7 days, the other is due in 10 days.

# NOTICE TO QUIT

## TERMINATION OF TENANCY FOR NON-PAYMENT OF RENT

To: \_\_\_\_\_  
Tenant

\_\_\_\_\_  
Address of Rental Unit

\_\_\_\_\_  
City/State/Zip Code

You are notified that you owe rent in the amount of \$\_\_\_\_\_. If you do not pay this rent within **SEVEN DAYS** after the day you receive this notice, your tenancy is terminated and you must move. You must pay your rent in money order or bank cashier's check.

A lawsuit will be filed to evict you if you have not paid your rent or moved out of the dwelling within **SEVEN DAYS** after you receive this notice.

If you pay your rent in full before the end of the **SEVEN DAY** period, you may stay.

Date \_\_\_\_\_ Signature \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title \_\_\_\_\_

(Owner/Property Manager)

.....  
**LANDLORD'S RECORD OF SERVICE**

Instructions: Serve a copy of this notice on the tenant. Immediately fill out the following to describe how service was accomplished. Complete all that apply. Keep the completed original for use in filing the Complaint.

Tenant acknowledges receipt of this notice on \_\_\_\_\_ Tenant Signature \_\_\_\_\_

This notice was personally served on \_\_\_\_\_ by the undersigned on the date of \_\_\_\_\_

I attempted to make personal service on the tenants named above. I knocked on the door of the premises named above, but no one answered. I believe tenants were absent, so I securely affixed this Notice to the entry door of the above premises. This was done on the date of \_\_\_\_\_

Tenants were served by registered or certified mail. (The return receipt will be retained for use in court.)

Date \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name \_\_\_\_\_

I know that Tenants are aware of this Notice, because I discussed this Notice with \_\_\_\_\_ on \_\_\_\_\_

Date

Signature

Print Name

**ATTACH TO COMPLAINT IF SUIT IS FILED**

**10 DAY NOTICE TO QUIT**  
**(VIOLATION OF LEASE)**

To: \_\_\_\_\_ Date: \_\_\_\_\_  
(Resident)

Address: \_\_\_\_\_  
\_\_\_\_\_

You are notified that you are in violation of your rental agreement or lease. If you do not correct the violations listed below within **TEN DAYS** of this notice, your tenancy is terminated and you must move. If you correct the violations listed below on or before the TEN DAY period is ended, you may stay. Please act immediately.

**VIOLATIONS:**

Paragraph 2B

Resident agrees to pay a \$ 50.00 late rent fee charged in addition to the total monthly rent if the total monthly rent is not received by midnight of the 5th day of each calendar month.

\_\_\_\_\_  
Agent

Receipt:

I received this notice on the \_\_\_\_ day of \_\_\_\_\_ 200\_\_ at \_\_\_\_ am/pm

\_\_\_\_\_  
(Resident)

\_\_\_\_ Resident was not at home, this notice was served as follows:

\_\_\_\_ Taped securely to door.

\_\_\_\_\_  
Agent

**SB**

**309**

# Alaska State Legislature

SENATOR  
GENE THERRIAULT

Mailing Address  
119 N Cushman, Suite 101  
Fairbanks, Alaska 99701  
(907) 488-0857  
Fax (907) 488-4271

While in session  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4797  
Fax (907) 465-3884  
SENATE DISTRICT F

Senate

## SPONSOR STATEMENT Senate Bill 309

This legislation responds to the upcoming opportunity to train resident Alaskans to fill the thousands of high paying jobs that will be created in the construction of a gas pipeline by providing a stable stream of revenue, subject to legislative appropriation, to Alaska Work Partnership, Inc. for both training and increasing the capacity of training facilities.

With a project as large as the gas pipeline and the thousands of jobs it will create, we must start now to make sure resident Alaskans are trained and employable. This bill provides the multi-year commitment necessary to do that. This funding will leverage industry investment in training facilities and equipment to build private sector training capacity and increase industry capability for sustaining training into the future.

In 2005 there were more than 20,000 individuals employed in Alaska construction trades with annual incomes approaching \$60,000. Unfortunately, one in every five jobs, or 20% belongs to individuals, who according to Permanent Fund Dividend Eligibility are recent arrivals to Alaska. These high paying jobs will continue to attract workers from other states and countries. Also, with our 45% of our resident construction workforce being over 45 years old, industry must renew it's workforce with thousands of appropriately training workers.

Alaska Works Partnership, Inc. has developed successful programs that are proven effective in moving residents into construction jobs. The programs are uniquely designed to meet the needs of residents, employers, workers and future workers. In the past five years AWP has helped more than 1,000 residents become employed in construction. More than 85% of the residents AWP has served are employed in construction as a result of training. The majority of persons served are retained in industry employment year after year. More than 90% of the workers Alaska Work Partnership, Inc. trains are not members of a union. The majority of workers placed in jobs work for non-union employers. AWP brings quality union endorsed training to the public with no requirement for joining a union.

SB 309 will divert 1/10<sup>th</sup> of a percent of current employee contributions to a new "holding account" for appropriation by the Legislature. Estimated income to the account is projected to be over five million a year. With increased payroll within the state, the Department of Labor has projected that it is highly unlikely that this small percentage diversion will cause any increase in overall unemployment insurance rates.

This legislation is slated to sunset in six years and requires an annual report on performance.

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB309-DOLWD-BSC-03-23-06  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title: Construction Training Grant; Unemployment Comp.

Department: Labor and Workforce Development  
RDU: Business Partnerships  
Component: Business Services

Sponsor: Senate State Affairs  
Requester: Senate Labor & Commerce

Component Number: 2658

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	116.9	116.9	116.9	116.9	116.9	116.9
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual	127.4	127.4	127.4	127.4	127.4	127.4
Supplies	3.0	3.0	3.0	3.0	3.0	3.0
Equipment						
Land & Structures						
Grants & Claims	4,790.0	4,946.0	5,064.0	5,186.0	5,310.0	5,437.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>5,042.3</b>	<b>5,198.3</b>	<b>5,316.3</b>	<b>5,438.3</b>	<b>5,562.3</b>	<b>5,689.3</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( New )</b>	<b>5,290.0</b>	<b>5,405.0</b>	<b>5,523.0</b>	<b>5,645.0</b>	<b>5,769.0</b>	<b>5,896.0</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						
New - Construction Trades Training Fund	5,042.3	5,198.3	5,316.3	5,438.3	5,562.3	5,689.3
<b>TOTAL</b>	<b>5,042.3</b>	<b>5,198.3</b>	<b>5,316.3</b>	<b>5,438.3</b>	<b>5,562.3</b>	<b>5,689.3</b>

Estimate of any current year (FY2006) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The Department of Labor and Workforce Development has two fiscal notes associated with this legislation: one for the Employment Security Division's revenue collection costs, the second for the Division of Business Partnerships program administration costs.

See attached page for an analysis of the Division of Business Partnerships program administration costs.

Prepared by: Corine Geldhof, Acting Director  
Division: Business Partnerships Division  
Approved by: Greg O'Claray, Commissioner  
Agency: Department of Labor and Workforce Development

Phone: 465-5937  
Date/Time: 4/12/06 1:40 PM  
Date: 4/12/2006

## FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

BILL VERSION: SB309-DOLWD-BSC-03-23-06

### ANALYSIS: (continued)

This bill would provide sustained funding, through the proposed program's expiration date of July 1, 2012, to train Alaskans for construction jobs in heavy, highway and building construction, and oil or gas pipeline construction.

Alaska's construction labor force is expected to grow 15 percent over the next five years, and over 13,000 job vacancies are projected in the next five to seven years due to job growth and the retirement of older construction workers.

The bill increases the capacity of the state's workforce development system to prepare Alaskans for high growth jobs anticipated as a result of construction projects, including but not limited to a gas pipeline. The bill will ensure that industries doing business in Alaska will have a trained and ready to work labor force to meet current and future demand on projects that have in the past relied on out-of-state labor.

The fiscal note anticipates that the division will take an active role in managing this grant to Alaska Works Partnerships (AWP) to ensure accountability. Oversight will include strategic program and financial oversight due to the significant state investment and the need to ensure alignment with other training initiatives for high growth employment outcomes. The division will engage in negotiations; assure participant tracking and measure outcomes; and evaluate, support and provide technical assistance assuring that AWP enrolls and trains over 2,000 participants on an annual basis. These activities are part of the core services and fundamental mission of the division – to design and implement employment and training programs that align with Alaska's business and industry workforce demands and that result in participant employment and in building a prepared workforce.

The division will assign existing staff to oversee this grant. The division manages federal and state grant programs on a project basis, and is seeking five percent administrative costs to cover active management of this substantial state investment. This represents half the administrative costs typically charged and allowable under other workforce training programs with the same participant count and similar financial investment. The division cannot charge the tasks associated with managing this grant to other funding streams it administers due to federal and state regulations.

The personal services costs associated with this fiscal note reflect the anticipated costs of the management staff responsible for assuring program accountability and alignment with other job training initiatives for high growth, high demand industries. Accordingly, it is estimated that personal service costs will be charged by the Division Director, an Administrative Manager, a Grants Administrator, an Employment Security Analyst for the Management Information System (MIS), and an Accounting Technician, for a total of \$116,900, equating to roughly a 1.25 FTE.

The travel allocation would be used to meet with the grantee to develop alignment and outcomes of the training activities associated with this grant. The contractual allocation includes a portion of the allocated fixed costs that are distributed across all of the programs of the division. The allocated costs include items such as office space lease and indirect services, (\$20.3), and a reimbursable service agreement with Labor Market Information for employment outcome analysis (\$76.5). The contractual line also includes a portion of costs associated with the maintenance and upgrade of the Management Information System that tracks trainees from enrollment through program exit (\$30.6). The supplies allocation includes normal operating supplies for staff (\$3.0).

The amount in the grants line would be used to provide the grant described in SB 309.

The amount of revenue anticipated in FY 2007 using a start date of July 1, 2007 is \$5,290.0.

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: **SB309-DOLWD-UI-03-23-06**  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: **Construction Training Grant; Unemployment Comp.**

Department: **Labor & Workforce Development**  
 RDU: **Employment Security Division**  
 Component: **Unemployment Insurance**

Sponsor: **Senate State Affairs**  
 Requester: **Senate Labor & Commerce**

Component Number: **2276**

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual	247.7	206.7	206.7	206.7	206.7	206.7
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>247.7</b>	<b>206.7</b>	<b>206.7</b>	<b>206.7</b>	<b>206.7</b>	<b>206.7</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						
New - Construction Trades Training Fund	247.7	206.7	206.7	206.7	206.7	206.7
<b>TOTAL</b>	<b>247.7</b>	<b>206.7</b>	<b>206.7</b>	<b>206.7</b>	<b>206.7</b>	<b>206.7</b>

Estimate of any current year (FY2006) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

See attached.

Prepared by: **Thomas W. Nelson, Director**  
 Division: **Employment Security Division**  
 Approved by: **Greg O'Claray, Commissioner**  
 Agency: **Department of Labor and Workforce Development**

Phone: **465-5933**  
 Date/Time: **4/12/06 1:40 PM**  
 Date: **4/12/2006**

**FISCAL NOTE**

**STATE OF ALASKA  
2006 LEGISLATIVE SESSION**

**BILL VERSION: SB309-DOLWD-UI-03-23-06**

**ANALYSIS: (continued)**

This legislation would utilize the existing Unemployment Insurance (UI) Tax system to collect revenue for a Construction Trades Training Program. An analysis of the data processing programming necessary to modify the tax system for this activity indicates a one time cost of approximately \$41.0.

The UI Tax system is primarily funded by a federal UI grant and any non-federal program utilizing the system is required to pay a portion of the system support costs. The program would be the third state program using the system, the other two are the State Training and Employment Program (STEP) and the Technical Vocational Employment Program (TVEP). The federally approved cost allocation methodology requires that 19% of system support costs or \$620.0 be divided among state programs using the system. This means that one-third or \$206.7 of those costs would have to be paid by this program annually.



## **ASSOCIATED GENERAL CONTRACTORS of ALASKA**

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8005 SCHOON STREET, SUITE 100 • ANCHORAGE, ALASKA 99518  
TELEPHONE (907) 561-5354 • FAX (907) 562-6118

March 16, 2006

Senator Con Bunde  
Chairman, Labor and Commerce Committee  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

Re: SB 309

Dear Senator Bunde:

For a variety of reasons, the State of Alaska is at the cusp of a major labor shortage in construction workers. The traditional model of secondary school students taking shop classes and then having the option of moving directly into construction careers has ended. Instead the focus in secondary schools has shifted to college preparation to the detriment of all vocation training. Traditional shop classes are rare in most school districts thus this pool of workers that normally migrated to construction no longer exists.

Unfortunately the need for new construction workers today is significantly greater than it was when the education community changed the educational philosophy of the State. Through no fault of their own, the workers that would normally migrate to construction no longer possess the skills or education needed to obtain their first job in construction.

SB 309 would help rectify this problem by providing the basic skills workers need to enter and succeed in the construction industry. It is appropriate that the Alaska Works and the training model they developed trains workers that migrate to both union and non-union employers. The entire industry needs new workers, not just one sector, be it union or non-union.

Based on projections from the Alaska Department of Labor and Workforce Development, Alaska's construction industry will need to attract 1150 new workers each year for the foreseeable future. Yet in 2005, construction apprenticeship programs managed to graduate only 166 new journeymen.

FAIRBANKS

P.O. BOX 6005 • FAIRBANKS, AK 99706  
TELEPHONE (907) 452-1809

Meanwhile the large number of baby-boomer aged construction workers move inexorably toward retirement.

SB 309 will help Alaska address the projected shortage in construction workers and help prepare us for the major construction projects being discussed. We urge your support of this important bill.

Sincerely,

A handwritten signature in cursive script that reads "Rich C. Cattanach".

Richard Cattanach  
Executive Director

# ALASKA WORKS PARTNERSHIP, Inc.

Alaska's Construction Unions & Jointly Administered Apprenticeship Programs

*Building Alaska One Community at a Time*

## Building Neighborhoods in Rural Alaska



*"My son is working right along side me. He went to the summer construction academy at Bethel and then went to work right here in the village. We're building a neighborhood."*



Program April 2, 2004. He quickly worked his way from apprentice to superintendent, which

was no surprise to AWP instructor Mike Tucker. "Stanley was one of these guys with a lot of experience. I could see he was going to be leader."

Stanley demonstrates what Ron Hoffman, President and CEO of the AVCP Regional Housing Authority, knew could be done if local residents were given the opportunity to train and work in

*(Continued page 2)*

In an Alaska village tucked along the Kuskokwim Delta, local construction workers are building houses for their neighbors and helping to meet the critical housing needs of rural Alaskans.

Stanley Berlin of Kasigluk speaks from experience when he says that training local workers for rural construction projects is a good idea. Stanley is a field superintendent for the Association of Village Council Presidents Regional Housing Authority (AVCP-HA) and heads up a project to build seven new homes in his village. He works alongside his son, Michael Berlin, and his brother, Wilson Berlin. All three Berlins received construction training through programs provided by Alaska Works in partnership with the regional housing authority.

"My son is working right along side me," Stanley says. "He went to the summer construction academy at Bethel and then went to work right here in the village. We're building a neighborhood."

Stanley graduated from the Building Maintenance Repairer (BMR) Apprentice



Construction apprentices work on one of seven new homes in Kasigluk.

## Building Neighborhoods in Rural Alaska

(Continued from page 1)



Wilson Berlin

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*"We're bringing training to their doorstep."*

— AVCP's BMR coordinator  
Glen Watson

---

their own communities. "I hoped, when we started this, that one day these individuals would be running projects. I'm pleased to report that it is happening right now."

Since the the BMR program began in 2001, AVCP has built 173 new homes with 18 additional units slated for summer construction and dozens in the planning stages. Renovations of existing homes are also underway. The projects employ 500-700 workers during the construction season, generating \$5-7 million in wages for local residents.

"It's a benefit for the whole region," Hoffman says. "We are training a workforce that we were previously lacking. It's an ideal opportunity for individuals to advance in a career and provides a huge benefit to the community."

Alaska Works customizes its training to meet the work force needs of local communities. In St. Mary's and Klawock, for example, upcoming classes will emphasize basic construction skills for regional housing projects; in King Salmon, however, workers are needed for road work, so the training will emphasize construction driving.

The Building Maintenance Repairer (BMR) Apprenticeship was developed to train apprentices in a wide range of construction tasks such as carpentry, painting, plumbing, and electrical. BMR is the largest registered apprenticeship program serving rural Alaska with 120 apprentices, 72 of which are in the AVCP region. BMR apprentices who decide to specialize in a specific trade may also choose to Step-Up into an apprenticeship program in a particular trade.

Alaska Works Construction Academies offer hands-on training and classroom instruction to prepare youth ages 17-24 for entry level jobs and to become trade apprentices. Meanwhile, AWP's Apprenticeship Outreach program helps applicants prepare and apply for apprenticeship training.

"We're bringing training to their doorstep," says AVCP's BMR coordinator Glen Watson. "We're providing the opportunity for people living in rural communities to get these marketable skills, where otherwise they would have to leave the region."

Stanley Berlin says he became a BMR to hone his construction skills and secure steady employment. "I'll have a job with AVCP whenever projects are available in Kasigluk and other neighboring villages," he says. "There are job opportunities out there."

Alaska Works intends to provide the training so local workers can take on those jobs.





Mike Andrews, Director  
Alaska Works Partnership

Someone in rural Alaska is ordering building materials for a new structure. Suppliers are filling cargo containers with materials and equip-

ment. Contractors are making arrangements to mobilize crews and get projects underway. Alaska Works is recruiting and training construction workers for the upcoming construction season.

Between January and June we will train over 300 residents from more than fifty communities. We will help over 200 other individuals apply for trade apprenticeship positions. We will develop hundreds of job commitments with employers to hire the people we train.

Our industry instructors will travel to King Salmon, Bethel, St. Mary's, Nome, Barrow, Klawock, Delta, Fairbanks, An-

## SHOPTALK

chorage, Juneau and Palmer to deliver training. Our courses will range from carpentry, electrical, plumbing, construction truck driving, painting, to heavy equipment operation. We will train women, young Alaskans, rural Alaskans, Veterans, Native Alaskans and trade apprentices.

We work on a daily basis with travel agents, pilots, hotels, regional training centers, tool and material suppliers, instructors, and taxi companies. It's a big enterprise. It takes a lot of people, businesses and resources to train that many people and put them to work. But each year Alaska businesses join with us during the "getting ready for" construction season. And when construction starts hundreds of Alaskans go to work.

Thanks to all of you who work with us in the field. It's already looking like one of the busiest pre-construction seasons ever.

## EMPLOYER PROFILE: AVCP REGIONAL HOUSING AUTHORITY

Ron Hoffman, President and CEO of AVCP Regional Housing Authority, had a vision. He wanted to provide affordable housing to the AVCP Region, an area in southwest Alaska that encompasses 48 villages and 56 federally recognized tribes. Not only did Hoffman envision quality housing, he wanted local people to build those homes. It never made sense to him that workers were imported for high paying construction jobs when people living in rural villages needed employment. The only component missing was job training for rural workers.

Hoffman approached Alaska Works Partnership and together they developed a Building Maintenance Repair (BMR) apprenticeship program. The program offers training in a variety of construction trades using a traditional

apprenticeship format with an "earn while you learn" approach. Over the past five years, the program has resulted in the construction of 200 new homes and the modernization of countless others. The projects employ 500-700 people during the construction season, and generates \$5-7 million in wages for local workers.

"We're looking at ninety-five to ninety-eight percent local hire," Hoffman says. "That's a huge economic boost at the local level."

The key to AVCP Regional Housing Authority's success has been collaboration with partners who understand both the challenges and the mission for creating quality housing in rural Alaska, Hoffman says. "We couldn't accomplish this without the support of partnerships like Alaska Works."

### AWP PROGRAMS

- ◆ APPRENTICESHIP OUTREACH
- ◆ BMR APPRENTICESHIP
- ◆ WOMEN IN THE TRADES
- ◆ HELMETS TO HARDHATS
- ◆ SUMMER CONSTRUCTION ACADEMIES



## Construction Academies For Young Alaskans

AWP and its partners will train sixty Alaskan youth ages 17-24 at five Construction Academies for the construction season. Construction Academies offer hands-on training and classroom instruction preparing youth for entry level jobs and to become trade apprentices. Recruited by our partners, students receive OSHA 10 certification, leadership training, First Aid/CPR training and in some cases, driver's education.

For more information about AWP's Construction Academies call Gaye Sarvela at 907-569-4711.

Location	Dates	Academy	Partners/School Districts
Anchorage Ninilchik	May 8-13 May 14-26	Basic Carpentry	Cook Inlet Tribal Council
St Mary's	May 15-26	Basic Carpentry	Lower Yukon School District, Yukon Delta Fisheries Develop- ment Assoc.
King Salmon	June 5-16	Introduction to Construction Driver	Lake and Penn School District, Bristol Bay Native Association, Bristol Bay Campus UAF, SAVEC
Klawock	June 5-16	Basic Carpentry	Klawock City School District
Anchorage	June 5-23	Basic Carpentry & Electricity	Anchorage School District Anchorage Homebuilders Assoc. Alaska Associated General Con- tractors



**Anchorage Office**  
1413 Hyder Street  
Anchorage, Alaska 99501  
Phone 1-907-569-4711  
Fax 1-907-569-4716

**Fairbanks Office**  
P.O. Box 74313  
Fairbanks, AK 99707  
Located at:  
700 Third Avenue  
Phone 1-907-457-2597  
Fax 1-907-457-2591

**Helmets to Hardhats**  
Phone 1-907-790-8883  
1-866-933-8181 (toll free)

**Toll Free**  
**BMR Apprenticeship**  
1-866-297-9586  
**Apprentice Outreach**  
1-866-457-2597

**We're on the web!**  
[www.alaskaworks.org](http://www.alaskaworks.org)

Funded in part by AK-DOL-WD Grant US-DOL High  
Growth Job Initiative

Alaska Job Center Network

Jobs are Alaska's Future



Newsletter written & produced by K. Johnson Writing, Research, & Graphics  
Logo designed by FOF

# ALASKA WORKS PARTNERSHIP, Inc.

Alaska's Construction Unions & Jointly Administered Apprenticeship Programs

*Building Alaska One Community at a Time*

## PIPELINE PROJECT: BUILDING ALASKA'S FUTURE

The stories are all true.

How average daily temperatures of minus 45 degrees can steal your breath away. How you can't see your hand in front of your face when howling winds whip snow off the ground. How quickly a person can freeze to death.

The stories are all true, and that's why there's no room for mistakes, says Isaac Jackson, journeyman for Laborers Local 942. He was one of 97 trainees who recently participated in realistic hands-on training on how to build a pipeline in arctic conditions. Safety in such a harsh environment is paramount. And so is teamwork.

In October, Alaska Works Partnership, the Alaska Department of Labor and Workforce Development, Alaska's four pipeline unions – Operating Engineers Local 302, Laborers Local 942 and 341, Plumbers

and Pipefitters Local 375, and Teamsters Local 959 – along with Alaska contractors hosted the fourth annual Alaska Joint Pipeline training event in Fairbanks.

"The only way we could build a pipeline is through this kind of training," says Danny Rurup, apprentice for Laborers Local 942. "We had nineteen instructors and so much experience at our disposal. We pumped these guys with so many questions."

"That was the whole idea," said Mike Andrews, Director of Alaska Works Partnership; to give trainees an opportunity not only to hone skills in their particular craft, but to coordinate their efforts with other workers on the pipeline. According to Click Bishop, Operating Engineers Apprentice Training Administrator and Pipeline Training Coordinator, trainees practiced all phases of pipeline construction as a combined workforce.

Dave Matthews of H.C. Price and President of the North Slope Contractors Association said, "The pipeline is a highly orchestrated, highly skilled construction project requiring specialized equipment, specialized skills and teamwork. The joint pipeline training event was important both practically and symbolically," as a way of training Alaskan workers for Alaskan jobs.

Industry experts estimate that



Jason Hockin and Daniel Larranaga from Operators Local 302

*(Continued on page 2)*

## PIPELINE PROJECT BUILDING ALASKA'S FUTURE



*Crystal Ewan, Laborers Local 942*

*(Continued from page 1)*

Alaska will need 1,000 new construction workers each year to fill new jobs and those left by an aging workforce – that's *before* the demands of building a natural gas pipeline or the possible development of ANWR.

While the pipeline training helps assure a workforce for Alaska's future, participants in this year's program will be able to go to work almost immediately building 60 miles of cross-country pipeline for ConocoPhillips in the Alpine field on the North Slope.

In 2005 the Alaska Legislature provided a grant to purchase pipeline training equipment.

"The success of the program will build on itself. This training will prepare us for the future," said State Sen. Gen Therriault, R-North Pole at October's graduation ceremony.

Alaska Works Partnership was instrumental in making this year's pipeline training event the most diverse it has been to date. Over 35 percent of this year's participants were from rural Alaska. Over 13 percent of the class was made up of women.

Crystal Ewan, an up and coming apprentice, worked on water and sewer projects in her home village of Mentasta before coming to Fairbanks for a taste of pipeline construction on the North Slope. She has a son to support and looks forward to the possibility of earning a good income. Besides, she says she's having fun.

"I'd never touched a drill before and once I started they couldn't take it away from me," she laughs. "I went and found a Craftsman on sale for myself at Sears."

The enthusiasm among workers in the training program was infectious. Even with below-zero wind-chill, instructors and trainees worked with zeal and good humor. Amidst the roar of equipment and the crackle of welding torches, workers were not just building a pipeline. They were building a path to successful careers and Alaska's future.



### Training Highlights

*35% of the 2005 class were from rural Alaska.*

*13% of the 2005 class were women.*

*Training included 97 trainees and 19 instructors from four trade unions.*

*Most trainees will go to work immediately on a pipeline project.*

*"I couldn't have been here and done this without Alaska Works. We sure appreciate what they've done for us."*

*—Timothy Koerber, Apprentice, Teamsters Local 959.*



Mike Andrews, Director  
Alaska Works Partnership

## SHOPTALK CONSTRUCTION UP IN 2006

2006 is shaping up to be an extremely busy year for construction. Last year the

Alaska Legislature approved a budget of several hundred million for construction projects that includes schools, roads and other infrastructure. Federal investment in rural and military construction projects will continue at a steady pace. Private businesses and homebuilders will continue to hire more construction workers. North Slope oil producers are investing hundreds of millions in pipeline and oilfield service projects.

The recent pipeline training held in Fairbanks, where 97 apprentices

completed orientation and hands-on exercises to construct pipelines, is a sign of the times. Each person who completed training is expected to go to work on the North Slope or along the Alyeska Pipeline very soon. Many are already dispatched. AWP, the pipeline unions and apprenticeship programs and the Alaska Department of Labor have already begun planning the next pipeline training event.

The construction industry, oil and gas industry, unions, apprenticeship programs and the government are working together to make sure Alaska residents get these good paying jobs building Alaska. We are pleased to be part of it. We wish you a happy, healthy and prosperous new year.

## EMPLOYER PROFILE: H.C. PRICE COMPANY

*Editor's Note: In each issue, Alaska Works Partnership features an employer whose partnership with labor, industry and Alaska Works reflects innovative ways Alaskan jobs are created for Alaskan workers.*

H.C. Price has been a leading participant in some of Alaska's largest construction projects, receiving high acclaims for its construction of pipelines, process facilities, power plants, utilities, design and engineering. A top contractor in the state, the Alaska division of H.C. Price has at times had more than 1500 workers on its payroll. The company taps local union halls for its project labor force.

"A lot of pipeline companies have come and gone, but we've remained," said Dave Mathews, H.C. Price vice

president and Alaska general manager. "Our core business is pipeline construction but in Alaska, we've branched into heavy industrial building and trades construction."

The company first established an Alaska division in 1975 to complete construction of a 144-mile section of the Trans-Alaska Pipeline stretching from the Yukon River to Fairbanks. Throughout its nearly three decades in Alaska, H.C. Price has diversified to become a major constructor of infrastructure projects and electrical generating utilities. H.C. Price is proud to promote its diverse abilities and looks forward to continuing to provide its clients with a reliable source for its contracting needs.

## AWP PROGRAMS

- ◆ APPRENTICESHIP OUTREACH
- ◆ BMR APPRENTICESHIP
- ◆ WOMEN IN THE TRADES
- ◆ HELMETS TO HARDHATS
- ◆ SUMMER CONSTRUCTION ACADEMIES



Dave Mathews

H.C. Price Co.  
301 W. Northern Lights  
Blvd.#300 Anchorage,  
AK 99503  
907-278-4400

# Help Wanted

Alaska needs at least 1,000 new construction workers each year to fill new jobs and those left by an aging workforce. Registered apprenticeships offer training and work experience in the building and construction trades - career paths that offer a great future with wages and benefits that are the best in the industry.

## **Alaska Apprenticeship Programs Currently Taking Applications**

Asbestos Workers - Heat & Frost Insulators  
Boilermakers  
Carpenters (Anchorage)  
Electrical Lineman, Wireman, Telephone  
Iron Workers  
Laborers  
Piledrivers & Commercial Divers  
Plumbers and Pipe Fitters (Anchorage)  
Roofers/Water Proofers  
Sheet Metal Workers (Fairbanks)  
Teamster Construction Driver

### **Coming Soon . . .**

Painter/ Glazier/ Floor Coverers (Anchorage)  
Bricklayers  
Cement Mason/ Plasterer  
Painter/ Glazier/ Floor Coverers (Fairbanks)  
Plumbers and Pipe Fitters (Juneau)  
Sheet Metal Workers (Anchorage)

For more information call  
Alaska Works Partnership

### **Apprentice Outreach**

**1-866-457-2597**



**ALASKA  
Works  
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**Helmets to Hardhats**  
Phone 907-790-8883  
866-933-8181 (toll free)

**Toll Free**  
**BMR Apprenticeship**  
**1-866-297-9566**

**Apprentice Outreach**  
**1-866-457-2597**

**We're on the web!**  
**www.alaskaworks.org**

*Funded in part by AK-DOL-WD Grant US-DOL High  
Growth Job Initiative*

Alaska Job Center Network

Job Center Alaska's Future



Newsletter written & produced by K. Johnson Writing, Research, & Graphics  
Logo/masthead by FOF

# ALASKA WORKS PARTNERSHIP, Inc.

Alaska's Construction Unions & Jointly Administered Apprenticeship Programs

*Building Alaska One Community at a Time*

## HELMETS TO HARDHATS

### WORKING TOGETHER FOR ALASKA'S VETERANS



Alaska Department of Labor  
Commissioner Greg O'Clary

Moving from the military to civilian life can be a challenge – the first order of business is finding a job. Veterans and active duty personnel thinking about leaving the military now have the opportunity to use their hard-earned military experience to transition into a career in the building trades through the Helmets to Hardhats program. The program offers support to National Guard and Reserve members, separating and retiring active duty members, and veterans. By streamlining the application process, and helping applicants who need training become registered apprentices in a construction trade, Helmets to Hardhats gives veterans the opportunity for life-long competitive wages, outstanding benefits, and a rewarding career.

In August, Alaska Works Partnership, which administers Alaska's Helmets to Hardhat program, hosted a reception in Anchorage for Major General Matthew Caulfield USMC (Ret) National Executive Director of the program. Since its inception in 2003, the program has provided assistance to over 80,000

ex-military members and placed over 20,000 in construction careers.

Construction needs are growing around the country and Alaska is no exception.

Alaska needs 1,000 skilled construction workers to fill new jobs projected in the next three years. Building the proposed gas pipeline will require thousands more. Employers have discovered that ex-military workers often have the discipline and "can-do" attitude it takes to get the job done.

Alaska's Helmets to Hardhats prospects have the added advantage of access to the many other services that Alaska Works Partnerships offers including financial aid for travel costs to training events, interview skills classes, OSHA training, First Aid certification, and other job support services.

Helmets to Hardhats, a congressionally-funded program, is co-sponsored by the AFI-CIO's Building and Construction Trades Department (BCTD) and U.S. construction employer associations. The BCTD is comprised of 15 affiliated unions and totals over 3 million members; the co-sponsoring contractor organizations represent about 82,000 contractors.

**For more information about Helmets to Hardhats, contact Ed Flanagan 907-790-8883 or toll free 1-866-993-8181.**

#### Alaska Works Partnership, Inc.

*Building Alaska One Community at a Time*



L to R: Mike Andrews, Director Alaska Works Partnership, Dan Caulfield, Managing Director H2H, Stan Hunt, South AK Carpenter Training Center, Joe Lawrence Insulator Apprentice, Maj. Gen. Matthew Caulfield, USMC-Ret National Executive Director H2H, Sung Kim, Carpenter Apprentice, Jack Mitchell, Carpenter Apprentice, Jasmine Lumpkin, Carpenter Apprentice, Greg O'Clary, AK-DOL Commissioner, Mike Shiffer, Program Coordinator, AK-DOL Workforce Development, Jim Sampson, President AK-AFL-CIO, Ed Flanagan, AWP-Helmets to Hardhats Coordinator, Bob Walsh, Legislative assistant to Senator Lisa Murkowski.



# SUCCESS STORIES

## JOE LAWRENCE: HELMETS TO HARDHATS APPRENTICE



*"The people you deal with are structured, organized, and the agenda is not just making money but doing the job right."*

— Joe Lawrence

Joe Lawrence says he isn't a recruiter, either for the military or the unions. But he can't quell his enthusiasm for Helmets to Hardhats, the program that got him started in a second career after retiring from the Army in 1997.

"I'm just ecstatic about this program," he says. "We need to let people know more about opportunities like this. I'm not your typical apprentice since this is a second career for me. But for the guy who gets out of the military after just a few years, it could open a whole new future and a career."

Lawrence is currently an apprentice for Heat & Frost Insulator and Asbestos Workers Local 97. He works for Alaskan Insulation Specialties in Anchorage. After initially retiring from the military, Lawrence went to work as a regional director for a coffee company. He found that he spent more time recruiting good help than he did doing his job as a manager.

"After being in the military, I was used to people being professionals and having a work ethic. I decided to resign (from the coffee company) and look into the military benefits available to me," he says.

He discovered Helmets to Hardhats and saw that the trade Unions offered the career-oriented, professional environment he was looking for.

"It's the best thing I've done since leaving the military," Lawrence says. "The people you deal with are structured, organized, and the agenda is not just making money but doing the job right."

Aside from the personal satisfaction of earning a prevailing wage in a drug-free workplace where he earns benefits and a pension, Lawrence has strong feelings about the plight of some veterans in American society.

"There's something uncomfortable about someone who spends five, ten, fifteen years in the military and then has to go out and work for minimum wage," he says.

"Society doesn't offer a transition into a comfortable existence outside the military. Many people living on the street are ex-military because programs like Helmets to Hardhats weren't available to them."

Lawrence is referred to affectionately by his employer, Terry Philley, and his co-workers at AIS as "Super Joe." Gene Dekerlegand, Business Manager for Local 97 says he wishes that the Union had a dozen more like Lawrence.

"He's been a huge asset," Dekerlegand says. "All the Helmets to Hardhats apprentices are better qualified as far as discipline is concerned. They are committed and ready to go to work."

The program offers a provision to take veterans directly into the apprenticeship program without the usual waiting period, interview process, and other formalities required of acceptance into registered apprenticeships.

As for Lawrence, he looks forward to a bright future in Alaska where his experience and enthusiasm will serve him, his Union, and his employer well.



Joe Lawrence works on the job as an Helmets to Hardhats Apprentice.





Mike Andrews, Director  
Alaska Works Partnership

## SHOPTALK MISSION & PARTNERSHIP

Missions are never accomplished in a vacuum. It takes initiative and cooperative partnerships to accomplish any complex goal. This is

true from the community level to matters of national policy.

For example, my neighbor did two tours of duty in Iraq with the US Army. I used to help him do home maintenance and remained available when he was gone in case his family needed something fixed. He always wanted to learn more about construction.

Here at the office, veterans and friends of veterans (please see our profiles on page 4) are supporting our troops as they serve our country at home and overseas. We salute the members of our Armed Forces for their commitment and sacrifice.

Meanwhile all the construction trade unions, their apprenticeship programs and the

union contractors in Alaska's construction industry work to offer ex-military members civilian jobs. These connections between Unions and employers have opened the doors to construction jobs for the men and women who have completed service to our country.

On a state and national level, the Alaska Department of Labor and Workforce Development (ADOLWD), under the guidance of Commissioner Greg O'Claray (USMC Vet), and Tom Nelson (USAF-retired) Director of the Employment Security Division, has provided funds to Alaska Works for our Alaska Helmets to Hardhats program. H2H is a program developed by the National Building & Construction Trades Department of the AFL-CIO.

Our H2H slogan is *Working Together For Veterans*. Every one has a part to play. November is "Hire a Veteran" month. Thanks to the ADOLWD we will be able to help month after month.



### ANP PROGRAMS

- ◆ APPRENTICESHIP OUTREACH
- ◆ BMR APPRENTICESHIP
- ◆ WOMEN IN THE TRADES
- ◆ HELMETS TO HARDHATS
- ◆ SUMMER CONSTRUCTION ACADEMIES

## EMPLOYER PROFILE: ALASKAN INSULATION SPECIALTIES

*Editor's Note: In each issue, Alaska Works Partnership will feature an employer whose partnership with labor, industry and Alaska Works reflects innovative ways Alaskan jobs are created for Alaskan workers.*

Alaskan Insulation Specialties (AIS) Inc. was founded in 1983 to perform specialty contracting services to the mechanical and industrial insulation market. By mid 1983, the company realized the need for a full service insulation distributor in the Anchorage area. Alaska Insulation Supply, Inc. was founded to fulfill this need.

President Terry Philley has been a Union member since 1966 and is also a fourth generation veteran. AIS eagerly employs Helmets to Hardhats apprentices knowing that they bring a certain maturity to the job site.

"What we're seeing with guys coming in from Helmets to Hardhats is that they understand what it means to work," Philley says. He acknowledges that being a soldier or sailor in the military is not always the highest paying job. "Construction jobs can offer

good incomes with healthcare benefits and good retirements."

The company has been hiring and training registered apprentices since 1983.

Philley sees the Helmets to Hardhats program as a way for the community to give back to veterans who have offered so much in service to their country. Philley is no stranger to giving back to his community. He is a volunteer for the Alaska Red Cross and recently worked on the Disaster Action Team to help victims of Hurricane Katrina contact missing friends and relatives.

AIS currently employs apprentice Joe Lawrence, featured on page 2. Philley says, "Joe figures into the future of this industry and in the future of this company. He's a definite leader."

Twenty years of hard work, professionalism, and customer service have made AIS the largest firm of its kind in the state of Alaska. The company is located at 261 E. 56th Avenue, Bld. B, Anchorage, AK 99518. Phone 907-563-4125.



## TRIBUTE TO OUR OWN...

Alaska Works Partnership didn't have to go far to find veterans and active duty personnel to thank for their military service this Veterans day. Our own office is home to two wartime veterans and many of us have friends and neighbors who are serving at home and abroad. Melody Austin, AWP's Administrative Technician in Fairbanks, has a boyfriend who is currently serving with the Army Stryker Brigade in Mosul, Iraq.



Tom Hooks

Tom Hooks, AWP's BMR Training Coordinator is a Vietnam veteran who served with the Army attached to the 1<sup>st</sup> Aviation Battalion as a Pathfinder. His daughter, Barbara Hooks, has followed her father's footsteps into the military and is now serving in Afghanistan with the 164<sup>th</sup> MP Company. Since Barbara is a single mother, Tom and his wife, Edith, support their daughter's service by caring for her three children ages 11, 8, and 7. She is due back from her tour of duty in March of 2006.



Dan Rednall

Dan Rednall, AWP's Job Developer, served in Vietnam in the 3<sup>rd</sup> Battalion, 7<sup>th</sup> Marines, one of the most decorated Units since World War II. He was fired upon and wounded twice during his tour of duty between 1968 and 1969. His service earned him a Meritorious Unit Commendation and two Purple Hearts. Today one of his jobs is helping Helmets to Hardhats transition military members into civilian construction jobs.



Pete Larsen

Pete Larsen, AWP's field representative in Nome, enlisted in the US Army in November 1956 and spent two years at Fort Ladd (Fort Wainwright) until his honorable discharge in November 1958. He belonged to the Transportation Company (Track & Wheel).

Many thanks to all our military personnel.  
We wish them Godspeed in their service to our country.



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Working Together for Jobs

*Building Alaska One Community At A Time*

Alaska's Construction Unions & Jointly Administered Apprenticeship Programs

## WOMEN IN THE TRADES EARNS NATIONAL RECOGNITION

*AWP's Women in the Trades program was one of just three awarded nationwide for creating innovative opportunities in the workplace.*

Alaska Works Partnership, a nonprofit corporation with a mission to train Alaskan workers for Alaskan jobs, recently earned national recognition for its Women in the Trades program. The program prepares women for high-paying building and construction jobs through trade apprenticeships.

With women making up only two percent of the Alaska construction workforce, the Women in the Trades Program offers one step toward closing the gap between trained workers and sustainable jobs for a successful workforce in Alaska.

AWP's Women in the Trades program earned the EPIC (Exemplary Public Interest Contribution) Award from

the US Department of Labor, one of just three awarded nationwide for creating innovative opportunities in the workplace.

"We were up against much larger organizations. At the time that we were asked by Rafael Ortiz of the USDOL to apply, we were just a small pilot program," says Kathy Dietrich, one of the program's coordinators. Nelle Andrews, Alaska Works Partnership's other coordinator, accepted the award with Dietrich in Washington D.C. Today the program is in full swing with new classes beginning in Anchorage this summer. The Construction Apprenticeship Preparation offers a four week course that gives students an opportunity to explore different construction trades including carpentry, electrical work, plumbing, sheetmetal, piledriving and ironwork



Sen. Ted Stevens congratulates Kathy Dietrich and Nelle Andrews in earning the EPIC Award for their Women in the Trades program.

It also offers construction math, job readiness, certificates in first aid/CPR and occupational safety and health (OSHA 10), and physical fitness training.

Apprentice Outreach continues to work with the women throughout the application process and prepares them for interview. Through support service programs, Alaska Works also offers assistance with housing, tuition, living expenses, and child care on an as-needed basis for those eligible.

Plans are underway to begin trade-specific training in plumbing, pipefitting and operating heavy equipment.



Michele practices her welding technique at a recent Women in the Trades construction apprenticeship preparation course held in Anchorage.

**Jobs that Pay-  
Women in the Trades**





## SUCCESS STORIES

### JOHN EVAN: BUILDING MAINTENANCE REPAIRER

*John Evan is halfway through his 4000 hours of BMR apprenticeship, earning good wages while receiving on-the-job training. He has already helped to build nine homes in his village.*

John Evan knows that when you live in a rural Alaska community, you have to be resourceful. There's no Home Depot on the corner, and if you need a repairman the closest one may well be the guy looking back at you in the mirror.

Evan lives in Lower Kalskag, a village of 260. Perched on the banks of the Kuskowwim River, the Native community lies about 100 river miles from the Bering Sea and is accessible only by boat or airplane.

Already a skilled handyman, Evan saw a flyer at the local post office that offered pre-employment training for a housing project for his community. He wanted a job but didn't realize until he attended the pre-employment training that he could take skills he already possessed and build them into a career. Alaska Works Partnership delivered the training in partnership with the Association of Village Council Presidents Regional Housing Authority. After Evan completed the training, he applied to become a registered Building Maintenance Repairer (BMR) apprentice.

Developed by Alaska Works Partnership, BMR apprenticeship provides training to build, maintain, repair, and renovate housing and public buildings. In many ways, a BMR is a "jack-of-all-trades" with work experience in a wide range of construction skills such as electrical, plumbing, carpentry and painting.

Evan is halfway through his 4000 hours of BMR apprenticeship, earning good wages while receiving on-the-job training. He has already helped to build nine homes in his village. Evan enjoys the kind of hands-on work that can be measured by the increased quality of life in his own community. He likes traveling to the training classes in Bethel and St. Mary's and enjoys meeting new people. Evan intends to pass on his skills to his four children.

The BMR apprenticeship offers a variety of challenges but also tremendous rewards. Evan says, "It's all very interesting. I'm still learning something new every day."

**FOR MORE INFORMATION ABOUT BMR APPRENTICESHIP CALL 1-866-297-9566**



Alexander Niksik and Philip Agloinga attending a Building Maintenance and Repairer training for AVCP RHA.



Mike Andrews, Director  
Alaska Works Partnership

## SHOPTALK

Alaska is experiencing a construction boom that is expected to continue for several years. If the Alaska Gas Pipeline project comes about, the construction boom could last a long time. That's good news for the Alaska economy. That's good news for those that want to learn a construction trade and earn the high pay the industry offers.

Learning a trade takes a lot of hard work. But the rewards are great. Construction workers earned on average \$53,000 in 2004. Most earned a lot more than that because they had the skills and years of work experience. First year construction trade apprentices earned about \$25,000. Each year their annual earnings increase. In three or four years they will earn more than \$50,000.

The best route to a construction career begins with trade apprenticeship training. In the past five years the number of registered apprentices in a construction trade has grown by 60%, according to the Alaska Office of Apprenticeship, Training and Employer Labor Services (USDOL). There are about 15,000 trade apprentices working in Alaska today. Many of these new apprentices were assisted by AWP.

Our Rural Apprenticeship Outreach program gives people information about apprenticeship and assists them with getting into a trade apprenticeship program. Apprentice Outreach provides a route to twenty skilled trade apprenticeship programs sponsored by Alaska's construction trade unions and their contractors.

Our Building Maintenance Repairer Apprenticeship and Training Program provides opportunity for new apprentices in rural villages to be employed while learning to build and repair housing and gain experience at several trades. Rural employers continue to support the program, hiring apprentices year after year.

Our Women in the Trades program helps women prepare for construction apprenticeship and jobs. The program is opening the door for more women into the high-paying jobs and careers that construction offers.

Our new Helmets to Hardhats program offers services to those who are ending their military service and want a new career working in a construction trade. Many Veterans are responding to our outreach and getting connected through trade apprenticeship.

Our Summer Construction Academies for rural youth are forging new ground for young Alaskans to get work where they live and connect to construction apprenticeship.

None of this would be possible without the support of our primary partner, Alaska's construction trades unions and their joint sponsored apprenticeship and training programs. The unions are committed to increasing Alaska resident hire in construction and created AWP to provide new ways of achieving that goal.

These Apprenticeship & Training trusts have been recruiting and training apprentices in Alaska for more than 50 years. They train 85% of apprentices registered in Alaska today.

The other major partners are the Alaska Department of Labor and Workforce Development and the Denali Commission, who provide generous grants to AWP to support our mission and services. The support from government job training programs year after year has allowed AWP to build an extensive statewide network with many regional partners who are committed to providing good jobs for people in their region.

It will take an even greater commitment by our partners to meet the challenge of the booming construction industry. By continuing to work together for jobs we can meet the challenge.

*"Learning a trade takes a lot of hard work. But the rewards are great. Construction workers earned on average \$53,000 in 2004."*

### AWP PROGRAMS

- ◆ APPRENTICESHIP OUTREACH
- ◆ BMR APPRENTICESHIP
- ◆ WOMEN IN THE TRADES
- ◆ HELMETS TO HARDHATS
- ◆ SUMMER CONSTRUCTION ACADEMIES



## TRAINING HIGHLIGHTS



### Women in the Trades

#### Construction Apprenticeship Preparation Held in Anchorage, AK from May 24-June 17

This course offered women an opportunity to explore different construction trades and gave instruction in construction math, job readiness, certification in First aid/CPR, OSHA 10, and physical fitness training. Nine women attended with two women entering into the Carpenters 1281 apprenticeship training and two other

women direct indentured in to the IBEW wireman apprenticeship. Pictured are Dennis Traylor, Gwen Beecher, Patty Bravo, and Vince Beltrami. Vince made a surprise announcement at graduation, that Gwen and Patty, would be Direct Indentured as wireman apprentices. He also surprised them each with a set of first year wireman apprentice tools. THANK YOU VINCE!



Pictured above are the Women in the Trades trainees and their instructor from the Plumbers and Steamfitters Local 367 Training Center (from left to right)-Gwen Beecher, Craig Hatley, Michelle Rushton, Reylen Ramirez, Barbara Gologergen, Dawn Macon, Yolanda Boma, Sheila Brunsvold and Patty Bravo

### Yuut-Elitnauviat Construction Academy

Held May 31-June 17 in Bethel, Alaska

Alaska Works Partnership is partnering with the Lower Kuskokwim School District, YUUT Elitnauviat, Inc., and area employers to provide classroom instruction, hands-on construction training, and employment services for 13 area youth. Eight out of the 13 have gone to work.



### St. Mary's Construction Academy

Held May 23-June 8 in St Mary's, Alaska

Alaska Works Partnership partnered with the Lower Yukon School District, the Yukon Delta Fisheries Development Association and area employers to provide classroom instruction, hands-on construction training, and employment services for 13 area youth. Five of the 13 have gone to work.



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# Apprenticeship Outreach



Alaska Works can assist you in applying for and gaining entry to Alaska's construction trade apprenticeships through our Apprenticeship Outreach program.

Apprenticeship Outreach can provide you with:

- Information on construction trades
- Referral to apprenticeship
- Assistance gathering documents
- Interview skills
- Travel reimbursement for interview and application
- Referral to community resource agencies

To qualify for Alaska Works services, you must be able to make a commitment, work as part of a team, be drug free, and—most important—have a good attitude and a serious desire to start a construction career.

**Contact Us.** The next step is to contact Alaska Works. You may qualify for Apprenticeship Outreach services or for services through one of our other special focus programs.

**1-866-457-2597**

*"Working Together for Jobs"*



## MORE SERVICES FROM ALASKA WORKS PARTNERSHIP

**Apprenticeship Preparation** You may be eligible for these services to prepare you for application to apprenticeship or employment:



- Career counseling
- Training and education
- Interview skills
- Completing application
- Other assistance

**Women in the Trades** If you are interested in construction, Alaska Works may be able to help you prepare and connect with high paying construction careers through union apprenticeship.



lots that try  
Women  
in the  
Trades



**Helmets to Hardhats** If you are interested in construction and you are a veteran or are transitioning from the military or the Guard/Reserve, we can help you start a construction career.



**Toll Free 1-866-993-8181**

**Call Toll Free to learn more:**

**Northern & Interior**      **Southeast**  
**1-866-457-2597**      **1-866-993-8181**

**SouthCentral & Western**  
**1-866-297-9566**

**Support Services** If you are accepted into a Construction Trades Apprenticeship program with one of our 20 Building Trades union partners, Alaska Works may be able to provide financial support while you complete your first year classes and on-the-job training.



You may qualify for assistance with:

- Lodging
- Per diem
- Ground transportation
- Child care
- Airfare from rural areas
- Book and class fees
- Necessary work clothing
- Necessary tools of the trade



**Alaska Works Partnership can work for you.**



## What Is Alaska Works Partnership?

Alaska Works is your gateway to careers in construction. As a statewide non-profit corporation, Alaska Works can assist you with connections to education, training, apprenticeship, and careers in Alaska's construction industry.

We deliver services in partnership with Alaska's Building Trades unions, the Alaska Department of Labor & Workforce Development, the U.S. Department of Labor, and the Denali Training Fund.

Our Building Trades partners provide registered apprenticeships and pathways to the best jobs in Alaska's construction trades:

- Boilermaker
- Bricklayer
- Carpenter
- Cement Mason
- Electrician
- Insulation Worker
- Ironworker
- Laborer
- Operating Engineer
- Painter/Floorcoverer
- Piledriver
- Plumber/Pipefitter
- Roofer
- Sheet Metal Worker
- Surveyor
- Teamster Driver

## What Is Apprenticeship?

Apprenticeship combines on-the-job training with formal classroom and hands-on instruction. You earn while you learn.

Apprenticeships provided by our Building Trades partners are registered with the U.S. Department of Labor.

Programs funded through  
**U.S. Department of Labor**  
**Denali Training Fund**



**ALASKA DEPARTMENT OF LABOR  
 & WORKFORCE DEVELOPMENT**

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Juneau, AK

Toll Free 1-866-993-8181

[www.alaskaworks.org](http://www.alaskaworks.org)

[www.helmetstohardhats.org](http://www.helmetstohardhats.org)



Alaska Works Partnership, Inc. is a 501(c) non-profit with a mission to increase local hire and to provide Alaska residents with job and career opportunities in construction.

# Interested in Construction?



If you like ...

- Working outdoors
- Teamwork
- Learning new skills
- Physical work
- High wages
- Excellent benefits

Then Alaska Works  
 Partnership  
 can help you ...

## Earn While You Learn.



Web posted Sunday, September 11, 2005

## **Alaska Works Partnership boosts local hire, skills**

### **Workforce Education & Training**

**By Margaret Bauman**

*Alaska Journal of Commerce*

In a state where many residents live far from urban hubs in regions where unemployment runs high, a networking approach involving myriad trainers and potential employers has become key to preparing people who need work to fill jobs in their home towns.

That's where Alaska Works Partnership Inc. comes in, partnering with employers, ranging from municipalities to school boards, to provide jobs and careers for rural Alaskans.

In the fiscal year ended June 30, Alaska Works trained more than 500 people in six programs, using grants from the federal Department of Labor, the Denali Commission, and state training and employment programs, said Debhora Allen, Alaska Works operations and administration manager.

We do have to stay within the grant guidelines, using Denali Commission funds for rural assistance only, while the state program aids urban and rural residents, she said.

The focus of the programs range from apprenticeship outreach to pipeline construction training and construction academies for younger adults. Also included is an apprenticeship preparation program to give people interested in pursuing trade union apprenticeships the skills to succeed in the interviewing process.

On another level, trade unions offer a number of other apprenticeship programs paid for through union dues and contributions from employers.

Allen, who is also secretary and treasurer of the Alaska Apprenticeship and Training Coordinators Association, does this by going to the source, the rural communities where people need jobs and employers need workers. We train in



Alaska Works Partnership Participants in the Women in Trades Apprenticeship Preparedness program, sponsored by Alaska Works Partnership, are instructed on using torch cutters. The training took place at the Ironworkers local in Anchorage in June. *PHOTO/Courtesy*

rural Alaska, she said. We ship instructors and training materials to rural Alaska.

Alaska Works, founded in 1996, represents many of the states building and construction trade unions and their federally registered apprenticeship programs. Over the past 50 years, the unions and their affiliated employers have provided employment and training opportunities for thousands of apprentices and construction workers in Alaska.

Alaska Works goal is to increase local hire in communities and villages throughout Alaska, and give workers who live in those communities a chance to develop the skills to work on their own construction projects. On another level, Alaska Works provides financial assistance to qualified workers who want to become certified themselves as trainers, Allen said.

Alaska Works also uses special project grants to train workers for specific employment, like work on the trans-Alaska oil pipeline.

Many employers give Alaska Works about six months notice of what their needs will be, allowing for recruitment through job centers, rural housing authorities and other sources, Allen said. Then its up to us and the employer and other interested parties to choose from the potential recruits the most likely candidates, she said.

Alaska Works building maintainer and repairer program, a 4,000-hour apprenticeship program, employs union trainers who school the students in basic carpentry, plumbing, electrical, painting, hazardous materials and boiler maintenance and repair. At the conclusion of the course, they are certified to work on any school project, or for any company needing a building maintenance or repair person, Allen said. Currently we have 109 people (involved in the program) scattered throughout Alaska, all either working on a project or getting lined up for another one, she said.

Some job candidates for Alaska Works programs might come from the Northwestern Alaska Career and Technical Center, a joint-venture regional vocational learning center in Nome. The NACTEC program, a collaborative effort of Bering Strait School District, Nome Public Schools and the Northwest Arctic Borough School District, is designed to prepare high school students for entering the labor market.

At NACTEC, students get instruction in a variety of skills, from how to write and resume and interview for a job to independent living skills, like money management, cooking and comparison shopping. The youths are taught the importance of punctuality, job etiquette, safety and confidentiality. Also offered are courses in engine repair, construction and welding.

On another level, many trade unions promote their apprenticeship programs wherever they can.

The Teamsters Union provides training for a commercial drivers license, plus hazardous materials training, forklift operation and flagging. Classes vary,

depending on the level of experience of applicants, officials said.

At the carpenter hall in Anchorage, we're looking for people eager to learn, with good life skills, said Stan Hunt, director of training. Hunt said his local gets more than 300 applicants a year, and chooses 35 to 48 of them for the program. At the end of a 7,000-hour program, including 1,120 hours of class work, the students are certified journeymen carpenters, with a wage and benefits package totaling about \$45 an hour, he said.

The carpenter apprentice program is privately funded through negotiated contracts. Every man helps train the apprentices and that's how we carry on the trade, he said.

John Harth, apprentice coordinator for the Ironworkers local in Anchorage, said training is also funded through contributions from members and contractors. Apprentices who complete the 6,000-hour program get a combined wage and benefits package of about \$43 an hour. It's hard work, but the way the work has been going lately, it hasn't been hard to get 2,000 hours a year, he said.

Another popular union apprentice program is with the International Brotherhood of Electrical Workers. Dennis Traylor, a business representative for the wiremen in the IBEW local, said apprentices earn about \$120,000 in five years while taking the program.

If you're a hard worker, you work, he said. I worked 15 years as a union electrician.

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HOLIDAY PARTIES

ALASKA THIS MONTH

DISASTER RECOVERY

# Alaska Business

November 2005

MONTHLY

COVER STORY

## Helmets to Hardhats

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ALASKA**

Business  
Equipment  
**Repair or Replace?**

Guard and  
Former Military  
Train for  
Construction Jobs

Former U.S. Navy Diver  
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By MARY BETH SMETZER

Staff Writer

A light snowfall added an extra degree of authenticity to the pipeline-building demonstration put on Thursday by 97 apprentices graduating from the Alaska Pipeline Joint Crafts Training Program.

Union and oil company officials, politicians and the media visited the staging area at Great Northwest Inc. off Van Horn Road to watch teams of Carhartt-clad men and women weld 40-foot sections of 10-inch pipe and operate heavy equipment.

Apprentices from the Plumbers and Steamfitters Local 575, Operating Engineers Local 302, Laborers Local 942 and Teamsters Union Local 959, were all involved, integrating their specialized skills to get the job done.

"The value of all four trade unions training together develops not only a highly skilled labor force but teamwork skills that are so necessary to pipeline construction," Dave Matthews of HC Price told observers.

Some teams were drilling and placing vertical supports Thursday. Elsewhere, side-boom tractors carefully lifted pipe into position in slings guided at each end by a worker.

"It takes a lot of skill to operate a side boom," Matthews said. "It's a constant two-hand, two-eye coordination so the side boom doesn't topple over."

Teamwork also is involved in pipe welding, which was performed by apprentices working in assembly-line fashion with a pipe gang, which performs the fitting of the pipe and first welding pass. They are followed by members of a firing line, who fill and cap the welds the pipe gang has made. Other workers are on hand supporting pipe and other activities.

Matthews pointed out that North Slope work is often done under artificial lighting and extreme weather conditions.

"It can be very difficult to keep the morale, safety and productivity of workers going on the job," he said, emphasizing how important the preparatory and on-the-job training is for workers.



# Heavy Equipment Operating

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★ **FOR INFORMATION  
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Recruitment is open to women statewide who meet the minimum requirements.

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**Applications Due by May 1 at 5:00 PM**



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