

Bradford Cole
Chairman, Alaska Real Estate Commission

October 10, 2011

Dear Fellow Licensees,

You have recently received notification about a regulation project that calls for an increase in the license renewal fees to \$685 from the current fee of \$275 for the 2012-2014 license renewal period. I am writing to you today to bring you up to speed on the position of the Alaska Real Estate Commission concerning this increase.

At the September 7th meeting of the Alaska Real Estate Commission we were asked to suggest an appropriate amount for the license renewal fee. We did propose an increase in the fees in the range of \$355 to \$385 based on the fact that we were facing a deficit if the fees were not increased. This is documented in the minutes of the September meeting.

Much to our surprise, we were subsequently advised that the Division was proposing a significant increase to the level of \$685.

As a result, I have submitted a letter to Director Don Habeger requesting information and justification for the proposed increase.

My letter has specifically asked for additional information concerning the types of direct and indirect expenditures that are currently being charged. We have never had an "operating budget" and we are at a loss in trying to compare current expenditures and past expenditures. The AREC has very limited control over expenses that are posted to our budget and, although we have been asking for clarification of this issue for several years, we have not been able to correct this flaw in our system.

Additionally, we have asked for an explanation as to why the cost of administering the work of the AREC has increased by more than \$1.04 million. This is especially troublesome considering that our expenses have either stayed the same or decreased in the past several years. For example, we have significantly reduced our travel budgets by having our quarterly meetings in Anchorage and shrinking the meetings from two days to only one day.

The Commission feels strongly that the proposed fee increase is not to run the Commission. Instead, it is to pay off the deficit fund balance created by the Division's decision to reduce the fees from \$350 to \$275 during the 2010 - 2012 license period. That, coupled with what appears to be uncontrolled expenditures that are outside of the control of the Commission over the past three years, has

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resulted in a deficit of \$149,156. The annual operating budget has risen from \$399,434 in 2005, to \$719,585 for 2011. This in no way begins to explain how generating a revenue of approximately \$1,678,250, that the fee increase will create, is appropriate.

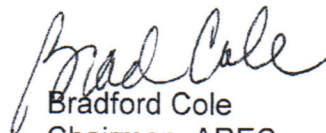
If you are as concerned as we are about the proposed increase, and the resulting impact that it will have on the real estate industry, send your written comments to:

Jun Maiquis, Regulations
Specialist
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community, and Economic Development
P.O. Box 110806
Juneau, AK 99811-0806
Fax: (907) 465-2974
E-mail: jun.maiquis@alaska.gov

Your comments must be received no later than 4:30 p.m. on October 25th, 2011.

I encourage each of you to get involved and voice your concerns and opinions about this very important issue today.

Sincerely,


Bradford Cole
Chairman, AREC