

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 5, 2001

3:20 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 10

"An Act extending the termination date of the Board of Public Accountancy."

- MOVED SB 10 OUT OF COMMITTEE

HOUSE BILL NO. 73

"An Act extending the termination date of the Board of Veterinary Examiners."

- MOVED HB 73 OUT OF COMMITTEE

HOUSE BILL NO. 74

"An Act extending the termination date of the Board of Barbers and Hairdressers."

- MOVED HB 74 OUT OF COMMITTEE

PREVIOUS ACTION

BILL: SB 10

SHORT TITLE: EXTENDED BOARD OF PUBLIC ACCOUNTANCY

SPONSOR(S): SENATOR(S) THERRIAULT

Jrn-Date	Jrn-Page		Action
01/08/01	0014	(S)	PREFILE RELEASED - 12/29/00

01/08/01	0014	(S)	READ THE FIRST TIME - REFERRALS
01/08/01	0014	(S)	L&C
01/23/01		(S)	L&C AT 1:30 PM BELTZ 211
01/23/01		(S)	Moved Out of Committee
01/23/01		(S)	MINUTE(L&C)
01/24/01	0158	(S)	L&C RPT 5DP
01/24/01	0158	(S)	DP: PHILLIPS, LEMAN, TORGERSON,
01/24/01	0158	(S)	AUSTERMAN, DAVIS
01/24/01	0159	(S)	FN1: ZERO(CED)
01/25/01		(S)	RLS AT 11:15 AM FAHRENKAMP 203
01/25/01		(S)	MINUTE(RLS)
01/25/01	0171	(S)	RULES TO CALENDAR 1/25/01
01/25/01	0174	(S)	READ THE SECOND TIME
01/25/01	0174	(S)	ADVANCED TO THIRD READING UNAN CONSENT
01/25/01	0174	(S)	READ THE THIRD TIME SB 10
01/25/01	0174	(S)	PASSED Y20 N-
01/25/01	0177	(S)	TRANSMITTED TO (H)
01/26/01	0167	(H)	READ THE FIRST TIME - REFERRALS
01/26/01	0167	(H)	L&C
02/05/01		(H)	L&C AT 3:15 PM CAPITOL 17

BILL: HB 73

SHORT TITLE: EXTENDING BOARD OF VETERINARY EXAMINERS
 SPONSOR(S): REPRESENTATIVE(S)HAYES

Jrn-Date	Jrn-Page		Action
01/17/01	0115	(H)	READ THE FIRST TIME - REFERRALS
01/17/01	0115	(H)	L&C, FIN
02/02/01		(H)	L&C AT 3:15 PM CAPITOL 17
02/02/01		(H)	Scheduled But Not Heard
02/05/01		(H)	L&C AT 3:15 PM CAPITOL 17

BILL: HB 74

SHORT TITLE: EXTENDING THE BD OF BARBERS/HAIRDRESSERS
 SPONSOR(S): REPRESENTATIVE(S)CRAWFORD

Jrn-Date	Jrn-Page		Action
01/17/01	0115	(H)	READ THE FIRST TIME - REFERRALS
01/17/01	0115	(H)	L&C, FIN
02/02/01		(H)	L&C AT 3:15 PM CAPITOL 17

02/02/01 (H) Scheduled But Not Heard
02/05/01 (H) L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

HEATHER BRAKES, Staff
to Senator Gene Therriault
Alaska State Legislature
Capitol Building, Room 121
Juneau, Alaska 99801

POSITION STATEMENT: Testified on behalf of the sponsor of SB 10.

CATHERINE REARDON, Director
Division of Occupational Licensing
Department of Community & Economic Development (DCED)
P.O. Box 110806
Juneau, Alaska 99811-0806

POSITION STATEMENT: Testified in support of the continuation of: the Board of Public Accountancy, SB 10; the Board of Veterinary Examiners, HB 73; and the Board of Barbers and Hairdressers, HB 74, on behalf of the division and the department.

ACTION NARRATIVE

TAPE 01-13, SIDE A
Number 0001

CHAIR LISA MURKOWSKI called the House Labor and Commerce Standing Committee meeting to order at 3:20 p.m. Representatives Murkowski, Meyer, Crawford, and Hayes were present at the call to order. Representatives Halcro, Kott, and Rokeberg arrived as the meeting was in progress.

SB 10 - EXTENDED BOARD OF PUBLIC ACCOUNTANCY

CHAIR MURKOWSKI announced that the first order of business would be SENATE BILL NO. 10, "An Act extending the termination date of the Board of Public Accountancy."

Number 0096

HEATHER BRAKES, Staff to Senator Gene Therriault, Alaska State Legislature, testified on behalf of Senator Therriault, sponsor of SB 10. Ms. Brakes informed the committee that the Board of Public Accountancy consists of seven members appointed by the

governor. She said, "Each member shall be a resident of this state for at least one year. There are five members that ... shall be certified public accountants, or public accountants and two members shall be ... members of the public."

MS. BRAKES informed the committee that the bill packet includes SB 10 as well as a zero fiscal note. She stated, "The bill simply extends the Board of Public Accountancy to ... June 30, 2005. If the legislature does not take action, the board will terminate on June 30, 2001, and will have one year to administratively conclude its affairs." The bill packet should also include a copy of the audit from the Division of Legislative Audit ["Legislative Audit"] that was released on December 6, 2000. She said that the division found "the board to be safeguarding the public interest by ensuring the competence and integrity of those who hold themselves out ... to the public as certified public accountants or public accountants." The division also recommended that the board be extended to June 30, 2005.

MS. BRAKES pointed out that there were three recommendations made by Legislative Audit. The first two recommendations speak to the regulations of the board. The third recommends that the governor make more timely appointments to vacant seats on the board. The audit includes the board's response to those recommendations.

Number 0314

CATHERINE REARDON, Director, Division of Occupational Licensing, Department of Community & Economic Development (DCED), concurred with Ms. Brakes' testimony. Ms. Reardon testified in support of the continuation of the Board of Public Accountancy by the division and the department. She offered to answer questions.

CHAIR MURKOWSKI asked if the board is responsible for submitting names to the governor when there is a vacancy on the board, and how that appointment process is handled.

MS. REARDON answered that it is not a responsibility of the board. She pointed out that people can, at any time, submit applications to the governor's office to serve on any of the licensing boards. She said when there is a vacancy, and there aren't sufficient applications on file at the governor's office, then the governor's staff solicits applications.

MS. REARDON informed the committee that people interested in these positions merely need to send a letter saying who they are and what qualifies them for the board, along with a contact name and number. Generally, the governor's office wants more applicants for these boards and wants to keep the process [simple] for public members, in particular. It can be difficult to find public members that are willing and able to serve.

Number 0484

CHAIR MURKOWSKI said in the division's response to Recommendation 3 [from Legislative Audit], the board would attempt to facilitate in any way possible, assisting the governor's office in finding board members. She asked about the nomination process and whether applications should be submitted to the governor's office.

Number 0561

MS. REARDON clarified that she had received an e-mail from the chair of the board suggesting how to respond. She said she assumed the board chair might contact the [particular] society and encourage people to submit their names.

Number 0646

MS. REARDON said the difficulty in filling board seats is not just a problem with the Board of Public Accountancy, but comes up as a problem with different boards at various times. She said one vacancy doesn't usually cause a problem but it is nice to have everyone, designated to have a seat, at the table. She said in a board where there are four licensees, and one public member, it isn't such an issue, but [on the boards] that the legislature has decided to describe three or four different kinds of people that should be on the board, then [vacancies] are felt. She said at some point, it becomes a quorum problem, because the quorum is the majority of the seats. She said meeting dates could be difficult [to schedule] if there are too many vacancies on the board.

MS. REARDON said the governor's office takes the issue of filling vacant seats seriously. She said there are roughly 125 board seats, just in her division, that are expiring at different times during the year. She said there are either 400 or 700 appointed spots on boards or commissions governmentwide. She acknowledged that it is a big challenge and sometimes "they" get behind. However, she feels the boards can fulfill their

statutory responsibilities and are complying with the statutes when they meet.

Number 0796

MS. REARDON noted that a person serving in a board position continues to serve until he or she is replaced. She said there are not vacancies unless a person has chosen to resign.

CHAIR MURKOWSKI said she is satisfied that the concerns raised about the regulation [from the audit] are being addressed.

MS. REARDON explained that there is a difference of opinion between Legislative Audit and the board as to whether the regulation requiring specific continuing education for supervising accountants is appropriate. She said the board has addressed the second issue [from the audit] and added a question to their application to ensure that supervisors are licensed. However, she anticipates this difference in opinion to remain. She said she doesn't expect the board to reverse its opinion in regulation - as they feel strongly about it.

Number 0906

REPRESENTATIVE HALCRO made a motion to move SB 10 from committee with individual recommendations and the attached zero fiscal note. There being no objection, SB 10 was moved from the House Labor and Commerce Standing Committee.

HB 73-EXTENDING BOARD OF VETERINARY EXAMINERS

Number 0940

CHAIR MURKOWSKI said the committee would take up HOUSE BILL NO. 73, "An Act extending the termination date of the Board of Veterinary Examiners."

REPRESENTATIVE HAYES, sponsor of HB 73, said the bill extends the termination date of the Board of Veterinary Examiners to June 30, 2005. He said the audit of the board was conducted last year and the conclusion reached was that the board is operating in an efficient and effective manner, and should continue to regulate veterinarians.

REPRESENTATIVE HAYES relayed that according to the audit, the board is operating in the best interest of the public. He said the Legislative Budget and Audit Committee, Division of

Legislative Audit ("Legislative Audit"), and the Division of Occupational Licensing, Department of Community and Economic Development (DCED), both recommend extending the board until June 30, 2005.

REPRESENTATIVE HAYES said the board is composed of four veterinarians and one public member, staggered in four-year increments. He mentioned that there is a zero fiscal note. He said he had a letter from Todd Palmatier, President, Alaska State Veterinarian Medical Association, who is in support of HB 73.

Number 1093

CATHERINE REARDON, Director, Division of Occupational Licensing, Department of Community and Economic Development (DCED), said the division concurs that the Board of Veterinary Examiners is doing a good job and supports the extension of the board for another four years.

MS. REARDON responded to a question about courtesy licenses. She explained that there is a statute, which applies to all boards, that establishes a system for courtesy licenses for individuals who are licensed in other states and who come up [to Alaska] for specific situations. She said this board chose to write regulations, establishing courtesy licenses designed primarily for dog-mushing races.

Number 1167

MS. REARDON said because there are both foreign and out-of-state veterinarians coming for the Iditarod and the Yukon Quest, often as volunteers, the courtesy licenses allow them to serve in that capacity on the Iditarod or so forth, for a specific period of time on their out-of-state license; participating veterinarians don't have to go through the whole licensure process, but do pay a fee. She explained that this has eased tensions previously caused by the process. She said the board has done a good job of acting timely and streamlining the process.

MS. REARDON said there was a special teleconference a few weeks ago to approve the licenses so everyone would be set to go.

Number 1222

CHAIR MURKOWSKI asked if there were any continuing education requirements for veterinarians. She said veterinarians deal

with pharmaceuticals for animals and she would think there would need to be some kind of "update" when dealing with drugs used on animals.

Number 1243

MS. REARDON said she believed there was a continuing education requirement for the renewal of a veterinarian license. She said the continuing education is to be done in areas that directly relate to the practice of veterinary medicine. She said it is up to the professionals to decide which kind of continuing education to take. She said this is generally the case for all of "their" health care professions. Doctors are told that they need to have American Medical Association (AMA) category 1 continuing education but can pick any topic. She said she doesn't know if "they" are getting it in pharmaceutical areas or not.

Number 1293

CHAIR MURKOWSKI asked about animal chiropractors. She said a member of the public suggested that the board should create a new licensing category in Alaska for animal chiropractors.

Number 1309

MS. REARDON replied that she thought there was a question, during the past year, about whether a human chiropractor could perform chiropractic [care] on animals, and whether it was within the scope of the chiropractic license. She said she thought the answer was that human chiropractors couldn't, but veterinarians could do chiropractic [care] and didn't need any type of certification.

Number 1354

REPRESENTATIVE KOTT asked Ms. Reardon about typical investigations with this group of practitioners.

MS. REARDON said there is generally an animal owner who is not happy with the outcome of treatment, much like someone who complains about a human physician. She said there was a big complaint investigation and filing of disciplinary action that related to "euthanizing" animals. She said community members, not an animal owner, brought about the complaint because they felt that the drugs being used for euthanasia were inhumane. She said that was one of the bigger and more expensive cases

over the last five years to investigate. This situation was an exception, but one that the veterinary community was quite aware of.

MS. REARDON said there are complaints from other practitioners and some from clients.

Number 1435

REPRESENTATIVE KOTT said there is a dispute between the board and the Department of Health and Social Services (DHSS) over the issue of [vaccinating against] rabies, which has held up the distribution of the annual veterinarian handbook until the policy is promulgated by DHSS. He asked Ms. Reardon if she was aware of the issue, based on the recommendations made by the board.

Number 1460

MS. REARDON said she hadn't realized that it was still an issue. She said she heard about the topic two years ago and hoped that it was resolved. She said she thought he was referring to the DHSS handbook. She said the board felt that the instructions given in the DHSS handbook didn't match what was believed to be current practice for administering rabies vaccines. She said she believed the board wrote a letter explaining its concerns to DHSS. She said she would check and see how it all came out.

Number 1511

CHAIR MURKOWSKI said the [audit] report gives the impression that it has not been resolved. She said the board held back distributing its annual handbook until the Division of Public Health, DHSS, revised state regulation to reflect the recent policy at the national (indisc.).

Number 1533

REPRESENTATIVE MEYER referred to the fiscal note, page 2, and said the revenue for 1999 was \$111,000, and was \$17,000 for fiscal year 2000. He asked Ms. Reardon about the difference [between the two years].

Number 1555

MS. REARDON said fiscal year 1999 was the renewal year, when the vast majority of people paid money to cover the two-year cycle,

"so that is why there is the up and the down year." She explained that the fiscal year 2000 [revenue] would have just been from new people coming into the profession.

REPRESENTATIVE MEYER asked Ms. Reardon where the board meets because he had observed that the meeting [notices] are published in Juneau, Fairbanks, and Anchorage. He wondered if costs could be saved by publishing announcements in just one paper or on the Internet. He said only a select group is interested in the meetings but areawide coverage is being paid for.

MS. REARDON explained that the board always meets once a year in Anchorage, and usually once in Fairbanks, but not necessarily Juneau. She said the board moves around, but has at least one meeting in Anchorage. She said reducing the number of papers that run the ad could save some money, and has been done in recent years. She said the details were discussed with Legislative Audit, and said that a similar paragraph exists in all of the audits.

Number 1641

MS. REARDON referred to page 10 [of the audit report], "Location, date, and time of upcoming board meetings and notices and proposed changes regulations are published in those three papers." She said advertisements always appear in the Anchorage Daily News because it is the paper of largest circulation in the state. When a meeting is taking place in another spot, then an advertisement shows up there as well. She said there are different practices for proposed regulation changes that are more widely advertised. She said the sentence [on page 10 of the audit report] covers both things, which is why it looks that way.

MS. REARDON said she could provide the actual policy and procedure on advertising. She said the comment about advertising on the Internet was helpful. It would take some statutory changes to get rid of the requirement about the advertisement in the paper, which appears in the legal section of the classified ads. She said it is an expense without much value other than complying with the law. She said most citizens don't look in that section for meetings.

MS. REARDON said most people can't afford display ads on a frequent basis, which would be the logical way to advertise. She said it might be a more valuable legal requirement to post public notices online, along with mailing to people on the

Interested Parties List. She said it might be different with regulations because "they" may like to point to the fact that regulations were publicly noticed. She said many payments are made to the classified sections that probably aren't resulting in value.

Number 1737

MS. REARDON said public notice of examinations is another example of possible ineffective advertising, since people needing to take an examination do not start at the paper. She said prospective licensees call the division and ask them how to do it. She said the division writes back to people about the exam, if they qualify to take it. Anyone who sees it in the paper, by definition, doesn't qualify to take the test. There are probably some cost savings that could be done. She said it is her responsibility to bring statutory changes to the committee - those necessary to achieve the changes.

Number 1775

REPRESENTATIVE MEYER referred to the expenditures and asked for an example of contractual services.

MS. REARDON said personnel services would be salaries of division staff, such as the licensing examiner, a [pay] range 12 position who does the board's agenda, deals with the public, reviews applications, and so forth. She said investigator time would also be considered a personnel service.

MS. REARDON said contractual services are services purchased from sources outside of the division including: telephone services, postage, legal services, expert witness agreements, and examination purchases. She said the national examination is purchased and then people are charged to take it. She said the portion of money paid to the department as a whole for the personnel or fiscal division also shows up that way.

REPRESENTATIVE MEYER asked Ms. Reardon what percentage of time a range-12 position would be dedicated to the board.

Number 1861

MS. REARDON said half to three-fourths of the range-12's time would be dedicated to this, depending on the time of year. She said a range 12 [position], step A, costs about \$42,000 a year including benefits. She said this person is probably at a

higher step, which would be a little more than that. She said the hearing officer's salary would fall under the personnel cost.

MS. REARDON said half time would [probably] be more accurate [referring to the range 12's time dedicated to the board]. She said that person also works with the Board of Dispensing Opticians and in licensing of underground storage-tank workers.

Number 1916

REPRESENTATIVE ROKEBERG asked Ms. Reardon where the board is in the licensing cycle. He said fiscal year 2000 was when license revenue was received.

MS. REARDON responded by saying that "they" renewed December 31, 2000. She said there are no increments in the fiscal note; there is a zero fiscal note because no additional expenditure authority is needed.

REPRESENTATIVE ROKEBERG said he was referring to the increase last year and asked if the board voted on a fee increase.

Number 1979

MS. REARDON said there was a fee increase, which required a consultation with the board. The members of the board were not happy that it was increasing but they understood. She said she met with the veterinarian association in Seward to discuss the fee situation back in November or December [2000].

MS. REARDON said there was a fee increase, related primarily to a deficit because of the investigation, legal action, and discipline related to the euthanasia topic, mentioned earlier. She said it is a relatively small profession, one where people are not highly compensated, so the fee [increase] affects them a lot. She said she believed the association fee was around \$45. She mentioned that veterinarians are a fiscally conservative group.

Number 2024

REPRESENTATIVE KOTT asked Ms. Reardon about the budget and audit report and said the same recommendation was made in 1996 to the board members, to establish a hard-core minimum test score for veterinarians. He asked if she'd had any discussions with the

board or heard any dialog "that's taken place on the board as to why they haven't put that hard-core number into regulation yet."

Number 2047

MS. REARDON said she didn't know why the board hadn't but said "we" will do it. She said she was pretty sure that last time, as part of the sunset audit legislation, there were substantial revisions regarding which test was required. She said she would make sure that "we" do a regulation establishing a minimum test score. She said there has always been a minimum test score but, as was pointed out in the audit, the problem has been that Alaska's definition of "passing" is different than other states.

MS. REARDON mentioned that she would check on the rabies issue, mentioned earlier.

Number 2116

REPRESENTATIVE HALCRO made a motion to move HB 73 from committee with individual recommendations and the attached fiscal note, and asked for unanimous consent. There being no objection, HB 73 moved from the House Labor and Commerce Standing Committee.

HB 74-EXTENDING THE BD OF BARBERS/HAIRDRESSERS

Number 2145

CHAIR MURKOWSKI announced that the committee would take up HOUSE BILL NO. 74, "An Act extending the termination date of the Board of Barbers and Hairdressers."

REPRESENTATIVE CRAWFORD, sponsor of HB 74, said the bill is designed to extend the sunset for the licensing Board of Barbers and Hairdressers until 2005. He said there is broad support for the measure, among all parties affected; it is a simple and necessary bill and there are no known objections.

Number 2188

REPRESENTATIVE ROKEBERG asked Representative Halcro if he had spoken to anyone on the board about things happening in the industry, either before or after the bill was introduced.

REPRESENTATIVE CRAWFORD said he spoke to Sheryl Sutton, Chair, Board of Barbers and Hairdressers. He said "they" seemed to think that this was a needed board and service, and should be

continued. He said he wasn't made aware of any problems within the industry.

Number 2219

REPRESENTATIVE ROKEBERG said it reminded him of a case that was brought to him by a hairdresser/shop owner, which may be germane. He said the [former] Department of Labor (DOL) was investigating a shop owner to [determine] whether or not he or she met the requirements of an independent shop versus an employee shop. He explained that this meant whether the operators in the shop were operating as independent contractors under Internal Revenue Service (IRS) (indisc.), or were employees of the shop.

REPRESENTATIVE ROKEBERG said the [former] DOL "comes out looking really bad because they are like harassing this small-business person." He wondered if this was an ongoing problem and if the legislature could have helped by defining standards of practice of a shop and so forth. He said the board might want to address this issue.

Number 2279

REPRESENTATIVE ROKEBERG said it would probably help to have legislation, but he wasn't sure if HB 74 was the appropriate bill. He said the committee should be aware of the controversy, and the board might be able to set a method in regulation so the shop owners could declare or register with the board to distinguish between an independent and a mixed shop.

Number 2346

REPRESENTATIVE CRAWFORD said he agreed that there should be a differentiation between the two.

Number 2365

REPRESENTATIVE KOTT asked for clarification [about the difference] between a barber and a hairdresser, and asked what the qualifications are for both. He said the committee last year passed legislation that put the board over regulating body piercing and tattooing. He asked about the status of the legislation and whether the regulations were ready for promulgation.

CATHERINE REARDON, Director, Division of Occupational Licensing, Department of Community and Economic Development (DCED), indicated a yes answer [by nodding] and also indicated that there are no vacancies on the board.

Number 2439

REPRESENTATIVE HALCRO said he thought the difference between a barber and a hairdresser was that a barber is just licensed to cut hair and a hairdresser can do everything from permanents to coloring and highlighting.

Number 2452

MS. REARDON said her division staffs this board and the division and department support continuing the Board of Barbers and Hairdressers.

TAPE 01-13, SIDE B

MS. REARDON said barbers can shave, and hairdressers can't. She said the definition of barbering includes: coloring, bleaching, chemically straightening hair, doing permanents, and so forth. She said in order to get a license to practice barbering, one has to complete all of the chemical training, not just learn how to do the simple cuts.

MS. REARDON said this topic had come up in the course of her work. A person wanted to do traditional barbering activities and had a license in another state. He had worked under a federal exemption on a military base for years, and wanted to go into private practice. She said he had to go back and get training in doing permanents, colorings, and so forth because although he didn't want to do those activities, his license would permit him to, and the regulations require training in those areas.

MS. REARDON said shaving is one difference [between barbers and hairdressers]. The other difference is that hairdressers can do manicures under the power of their hairdresser license, and barbers can't; a barber's license doesn't require training in manicuring. She said "esthetics" means facials and skin care in this particular context [of the legislation]. She said the division also licenses manicurists, body piercers, and tattooists.

MS. REARDON said she went to the board meeting in Anchorage, during the first week of January, and "we" wrote the first regulations for body piercing and tattooing. She said the board took the task very seriously, and she was impressed with how they proceeded since it is a topic that is new to a lot of the members. She said there is a designated seat for a tattooist or body piercer on the board, which was filled by Larry Allen Ungerecht, owner of a large and long-standing tattoo shop in Anchorage.

Number 2384

MS. REARDON said a body piercer attended [the meeting] and gave a lot of expert advice. The Department of Environmental Conservation (DEC) was also represented. She said the board is prepared to publicly notice its regulations but is waiting, because "we" want to send them out in the same packet as the DEC regulations; the law requires DEC to establish the minimum requirements for the equipment and sanitation of the facility. The board is responsible for licensing requirements; they want to send both things out to the public at once so the public can see DEC's and the division's requirements together, and know what will be required.

MS. REARDON said they would be ready in about a month and the division would send them out. She said public notice of regulations for transitional or grandfather licenses was already done, because those people need to apply by June 30th to qualify for the grandfather licenses. She said the requirement that one has a license in order to engage in these practices doesn't kick in for another year. She said the time has not come yet where people have to have the license.

Number 2322

MS. REARDON said it has been predicted that about 25 people will get licensed, which is reflected in the fiscal note. She further told the committee that if they have constituents that they would like to have on the Interested Parties Public Notice List, they could forward them to her office. She said otherwise, their only [other] source is the Yellow Pages. She said when there is a new occupation, there is always concern that people might be missed - people who need to know that there is a deadline to submit applications for grandfathering.

Number 2297

REPRESENTATIVE MEYER referred to the fiscal note and asked Ms. Reardon if it was safe to say that there is one person dedicated to the board.

MS. REARDON said, "Yes, there is; there are approximately 3,300 license holders and one range-12 person who handles all of that."

Number 2277

REPRESENTATIVE ROKEBERG asked for clarification about the discrepancy on the amount from the last board. "There is like a \$20,000 [dollar increase from last year]," he noted.

Number 2254

CATHERINE REARDON said the jump [in the budget report] was in contractual and direct personnel services. She said much of the increase in 2000 versus 1999 was in investigative activity. She said for many years "we" did almost no enforcement in the program. She said unlicensed activity is the primary issue; "we" don't get a lot of consumer complaints. She said it's mostly people without the proper license, which is a misdemeanor. They didn't feel that investigations would necessarily result in actual enforcement action. She said, as the amount of investigative staff grew, "we" did start proactively going and doing inspections and identifying those who didn't have licenses, trying that method of telling them that they have to get one.

MS. REARDON said there was a fair amount of that done in the [year] 2000. She said "we swung" through Fairbanks and other communities, looking for licenses; she thought this is where one would see most of the personnel services increased. She said it was worthwhile and the message is out on the street that one needs to have a license.

MS. REARDON said "we" also started negotiating Memorandums Of Agreement (MOAs), fining people who employed unlicensed individuals. One aspect of the manicuring law is that the board now has the power to fine unlicensed people. She said it is another tool to persuade people to enter into an agreement. The delayed effective date took place at the beginning of the fiscal year and was a legal improvement that gave "us" a tool to encourage people to come into compliance with the law.

MS. REARDON said the difference in personnel services [between 1999 and 2000] is because some investigator time is now being dedicated to this profession.

Number 2160

MS. REARDON mentioned workers' compensation and said that it is pretty common, in this industry, to have a system called "chair rental" where "you'll see something that looks like just one shop to the customer coming in, but individuals are actually renting chairs." She said questions have come up as to whether a person is considered an employee or not. She said she doesn't think the Board of Barbers and Hairdressers could do anything to resolve that because, at least with regard to workers' compensation, the criteria for what made a person an employee or not was set in both [former] DOL and federal law, so telling the board that this person wasn't one's employee wouldn't make them "not your employee." She said, "What would make them not your employee is if you weren't setting their hours, you weren't overseeing how they deliver services, some other things that were in the labor law."

MS. REARDON said she didn't think there was anything that the Board of Barbers and Hairdressers would do that could change the reality of whether one is considered a true, independent contractor, or an employee, calling himself or herself an independent contractor. She said she believed it had to do with hour setting, work quality, and condition issues. When one starts controlling those things, the person is considered an employer. She said this is her memory of the topic.

Number 2082

REPRESENTATIVE ROKEBERG said it is an ongoing problem throughout the industry, and chairs are rented in some instances. He stated:

If the board were to meet and draft regulations ... if there was a question, they could even register the contracts of individuals with the board, ... so they would have to meet the criteria of federal and state law, there's no question about that.

They couldn't change those laws, but ... at least "we" could be a repository, ... to refute the investigation, one way or the other, ... [for the]

Department of Labor, and also help the Department of Labor.

REPRESENTATIVE ROKEBERG referred to a situation brought to his office. He said it entailed 20 hours of administrative hearings and the costs were horrendous. He said a licensee wouldn't put up with it, but the [former] DOL is out there, "wasting all kinds of state money on it, in my opinion."

Number 2021

MS. REARDON said she thought "we" could serve as a place to file it with some sort of system, but said it might be a better idea if the Department of Labor and Workforce Development (DLWD) serves that function. She said she would be a little worried that people might think that by filing it with her, and her putting it into the file folder, that somehow the state was saying that it was all right "that you don't consider them your employee." She said she wouldn't want people to think that filing it with her would make them "safe." She said they could carry out this function if people think it's a good idea.

Number 1984

REPRESENTATIVE HALCRO asked who is liable when a shop owner is renting a chair to someone who may not have a current license.

Number 1964

MS. REARDON said when the person is an employee, the shop owner is liable; she was not sure whether the shop owner would be liable if the person was an independent contractor.

Number 1948

REPRESENTATIVE MEYER asked if it was safe to assume that if a person is doing body piercing and tattooing, he or she has some sort of license.

MS. REARDON answered by saying "not today." She said the law that passed last year had a delayed [effective] date by which one had to have a license. She said she thought a person had to have a license by June 30, 2002, over one year from now, to have time to phase in [the requirement]. She said some things took effect immediately, such as prohibiting the tattooing of minors; a person has to have parental consent to body pierce a minor. She said she would check.

REPRESENTATIVE MEYER verified with Ms. Reardon that people over the age of 18 don't need to have parental consent [for body piercing].

MS. REARDON said she thought that was correct: it referred to a minor. She said a minor could go in and get his or her ears pierced from someone without a license, since the definition of body piercing specifically exempted ear piercing. The law required DEC to establish sanitary regulations for ear piercing. She said the DEC regulations haven't been publicly noticed or adopted yet, to establish rules for ear piercing. She said she didn't believe that there were minimum guidelines for sanitation as it relates to ear piercing, at this time.

Number 1873

MS. REARDON said she doesn't know a lot about the topic but in listening to the DEC staff person talk to the body piercing person at the board meeting, it sounded like there were variations in sanitary conditions.

MS. REARDON corrected a previous statement she had made, referring to the statute on tattooing and body piercing: "A person may not practice tattooing - we call it tattooing ... permanent cosmetic coloring; that is the official term - on a minor. And that appears to have taken effect September 1, 2000."

MS. REARDON said body piercing requires prior written permission from the minor's parent or legal guardian, and the presence [of the parent or guardian] during the procedure. She reiterated that ear piercing is exempted from this law.

Number 1781

REPRESENTATIVE MEYER asked if someone who is licensed to do body piercing would also have adequate insurance, and what would the ramifications be if this person used an unclean needle and the client worst case [scenario], got Human Immunodeficiency Virus (HIV).

Number 1753

MS. REARDON said there isn't a requirement for liability insurance; most of "our" professions don't have any requirement for liability insurance, as a general rule. She said even

health care professions assume that there are no requirements for malpractice or liability insurance.

MS. REARDON said she thought the remedy would be sought through the courts and/or filing a complaint with the board to try to get the person's license revoked, and to try to prompt a misdemeanor prosecution if the person was not licensed. She said the tattooing statute, regarding a minor, goes on to say, "A person who with criminal negligence violates the prohibition against tattooing minors is guilty of a class B misdemeanor."

REPRESENTATIVE MEYER asked what the requirements would be if he wanted to get a license and do body piercing.

Number 1705

MS. REARDON said there are some requirements for people who are eligible for grandfather licenses, and other [requirements] for new applicants. She said an examination is required for both. She said the board is in the process of trying to find an examination. This is the last thing to be completed in the proposed regulations, and "we" have been looking hard around the country to try to buy an examination.

MS. REARDON said new entrants into the profession are required to do an apprenticeship. The regulations will describe what subjects have to be covered in the apprenticeship, and the number of hours in each subject. She said there aren't any schools for this in Alaska, and the bill doesn't provide for school education. The profession is generally passed on as a formal or informal apprenticeship. The people that already practice [the profession] don't need to do the apprenticeship but need to prove that they were practicing for 12 of the last 24 months prior to application, and then pass the exam.

Number 1630

REPRESENTATIVE MEYER said he thought it was odd that a person could open a tattooing or body piercing shop in one of the rooms of his or her house and there is not a consequence if the person doesn't use a sanitary needle.

Number 1609

MS. REARDON said a good thing about the statute is that it does require a person to have a shop license; the location has to be approved, as well as the practitioner. She said DEC's

regulations are going to establish oversight, to ensure that people have sinks, things for cleaning equipment, and so forth. She said some people will ignore the law and still have their "back room things" going on, without licenses, and then it will be up to misdemeanor prosecution to try and take care of that. She said on the positive [side], prior to passing this law there were no requirements at all and "you" weren't breaking the law. At least now, if someone feels that it should be regulated, it is a step towards that. For many members in the industry, it will be a shock to go to that degree of change.

Number 1560

REPRESENTATIVE ROKEBERG asked Ms. Reardon when the manicurist [law] took effect.

MS. REARDON said the manicurist [law] that required a practitioner to have a license, took effect either September 1, 2001, or September 30 [2001]. She said the law doesn't have a grandfather provision; everyone who does manicures, except hairdressers who are already covered by their licenses, needs to have a 12-hour course that covers health and safety topics, for the manicurist and for the patron. She said the board wrote [out] what should be covered in the 12 hours. There is no state exam required, but the 12-hour course needs to be completed.

MS. REARDON said "we" need to get some people offering the 12-hour course for the system to work. The private sector doesn't appear to be offering the 12-hour course. She said a mailing was sent inviting the private sector to offer the 12-hour course; if that doesn't happen, then the committee will be hearing from her next year, since people won't have their licenses and would be out of compliance with the law. She said the manicurist statute gives people the option of taking a 250-hour course, to call themselves an advanced manicurist.

MS. REARDON said she is concerned about the approaching date for licensure deadline. She said she would think that someone would want to travel around the state and offer the course, but she hasn't found that person yet.

Number 1452

REPRESENTATIVE ROKEBERG referred to the fiscal note for the year 2000 and asked when the one for 2001 would be drafted.

MS. REARDON said the last two complete fiscal years were done. She said 2001 was not included [in the bill packet] because it is the middle of 2001, but said she could easily tell the committee what has been spent to date.

REPRESENTATIVE ROKEBERG asked why 2001 is not reflected in the fiscal note and whether the 2002 budgets have been submitted.

MS. REARDON said fiscal notes generally show new costs. She said she doesn't need any new expenditure authority to continue the board. She said some people feel fiscal notes should be "positive fiscal notes" because if the bill didn't pass and the board and licensing were eliminated, there would be a [budget] reduction. In order to make people with that philosophy happy, "we" like to acknowledge that there is a cost and that if the activity was stopped, "this" is the amount that would go away.

Number 1282

REPRESENTATIVE ROKEBERG commented on the 2001 fiscal year and the manicuring board.

Number 1276

MS. REARDON said she believed a positive fiscal note was put in for tattooing and body piercing, and manicuring licensing, because there was an increase in expenditure authority when those passed. Referring to the attachment to the fiscal note, she said it shows that "we" didn't actually spend the increase in expenditure authority that "we" got in the fiscal notes.

MS. REARDON said one shouldn't necessarily conclude that the difference between the two years [1999 and 2000] refers to programs being added, because in terms of investigator activity, there wasn't more investigator [time] for either of the two programs. She said she would have to check to see if she got a one-fourth-time investigator for manicurists. She said "this" [referring to the sheet attached to the fiscal note] is actual time spent, whereas a fiscal note is a prediction.

MS. REARDON explained that indirect costs are distinguished from direct costs [referring to the attachment to the fiscal note]. She said all of the indirect costs are in a pot and divided equally among licensees in the professions. She said the indirect costs are [roughly] \$95 for a two-year license. She said because of the financial self-sufficiency mandate, where each profession is charged its own regulatory cost, "we" have to

parcel out all costs in the division. She said costs are broken into three levels: costs that are reasonably attributable to a profession; costs that pertain to the board; and costs that aren't efficiently tracked at the other two levels, which go into the indirect pool and are spread per capita among the 38,000 licensees.

MS. REARDON said those [costs] are anything from a receptionist's salary to the copy machine. She said copies are billed out, but the purchase and repair of the machine [are billed] to the indirect pool and spread per capita.

MS. REARDON said an indirect cost is not necessarily overhead. It could be a very tangible thing, such as the cost of having the phone system. She said although long-distance calls are billed to each profession, the cost of having a phone on each desk is an indirect cost. She said "we" go through that assessment for each cost.

REPRESENTATIVE ROKEBERG asked how much of the \$95 is going to the commissioner's office.

MS. REARDON said she would distinguish between the commissioner's office and the Division of Administrative Services, which is the administrative support for the department. She said "we" probably pay other agencies of the department \$500,000 per year, with the changes.

Number 1070

REPRESENTATIVE ROKEBERG said one of the responsibilities of the committee has always been "to ensure that the commissioner and the bureaucracy wasn't stealing from the licensees." He said the committee has done a pretty good job and there have been several audits, which is the reason he brought it up.

Number 1044

CHAIR MURKOWSKI said it seems like the makeup of the board has grown and expanded into areas that weren't anticipated, such as the barbers and hairdressers being lumped in with those that do body tattoos. She asked if it is an all right melding of the occupations, and if the board is going to work out.

Number 1013

MS. REARDON said she believes it will work out. She said she went to the board meeting where they were going to deal with tattooing and body piercing because she wanted to see whether the board was going to be able to work together with this new profession. She said there was some ambivalence among some board members and some members of the industry about whether they wanted to move into the body piercing and tattooing area, but now that the board has it, they are taking it seriously and trying to do a good job.

MS. REARDON said there was also some ambivalence on the part of the body piercers and tatooisists. She said there was the financial reality that the profession needed to be a part of some board. Even with 25 - and one day possibly 50 licensees - the financial self-sufficiency mandate was going to make the licenses extremely expensive. She said joining a board with 3,000 licensees to spread costs among lowered [the cost] down to an acceptable level.

Number 0927

CHAIR MURKOWSKI asked if the barbers and hairdressers were concerned about going into an area that is potentially more risky.

MS. REARDON said she didn't think the cost concern has been articulated much, but she has heard concern over lack of knowledge about a profession that they are regulating. She said she thought they compensated by trying to have a [body piercing and tattooing designated seat] board member and by encouraging other people with experience to come and talk to the board. She said the board was very open about having people who weren't even on the board sitting at the table and "putting in their two cents." She said she hadn't heard concern about the cost, but if it ends up being expensive, then "we'll" hear about it.

MS. REARDON said it overlaps with concerns brought to the board about permanent cosmetics. She said some beauty practitioners do lip liner, eyeliner, or permanent cosmetics - which are tattoos. She said the board had been concerned about this activity but wasn't able to regulate it because it didn't fall under the definitions of the professions that the board regulates.

Number 0768

REPRESENTATIVE ROKEBERG made a motion to move HB 74 from committee with individual recommendations and the attached zero fiscal note. There being no objection, HB 74 was moved from the House Labor and Commerce Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:45 p.m.