

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 19, 2005

1:37 p.m.

MEMBERS PRESENT

Senator Con Bunde, Chair
Senator Ralph Seekins, Vice Chair
Senator Ben Stevens
Senator Johnny Ellis
Senator Bettye Davis

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

Confirmation Hearings

Board of Veterinary Examiners

Dr. Timothy L. Bowser, D.V.M. - Soldotna
Dr. Cynthia Ann Trout, D.V.M. - Anchorage
Alfred Agree, D.V.M. - Trappers Creek

Alaska State Board of Public Accountancy

Carla J. Bassler - Anchorage
Kenneth L. Mayer - Kenai
Christy Morse - Anchorage

State Board of Registration for Architects, Engineers and Land Surveyors

Richard C. Heieren - Fairbanks
Harley H. Hightower - Anchorage
Mark G. Morris - Juneau

Board of Barbers and Hairdressers

Alice Massie - Wasilla

Labor Relations Agency

Gary A. Atwood - Fairbanks
Aaron T. Isaacs, Jr. - Klawock
Colleen E. Scanlon - Ketchikan

CS FOR HOUSE BILL NO. 81(L&C)

"An Act establishing an administrative fine and procedure for construction contractors in certain circumstances; increasing the amount of a civil penalty for persons acting in the capacity of contractors or home inspectors; modifying the elements of a crime involving contractor registration and residential contractors; modifying the exemptions from regulation under AS 08.18 for contractors; and exempting the administrative hearings for imposing an administrative fine on construction contractors from the hearings conducted by the office of administrative hearings in the Department of Administration."

MOVED SCS CSHB 81(L&C) OUT OF COMMITTEE

SENATE BILL NO. 169

"An Act relating to release of information in individual workers' compensation records for commercial purposes."

MOVED CSSB 169(L&C) OUT OF COMMITTEE

SENATE BILL NO. 168

"An Act relating to insurance rate-making and form filing."

MOVED SB 168 OUT OF COMMITTEE

SENATE BILL NO. 165

"An Act relating to card rooms and card operations."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 81

SHORT TITLE: CONTRACTOR LICENSE ENFORCEMENT

SPONSOR(S): REPRESENTATIVE(S) ANDERSON

01/19/05	(H)	READ THE FIRST TIME - REFERRALS
01/19/05	(H)	L&C, JUD, FIN
01/21/05	(H)	L&C AT 3:15 PM CAPITOL 17
01/21/05	(H)	Heard & Held
01/21/05	(H)	MINUTE(L&C)
01/26/05	(H)	L&C AT 3:15 PM CAPITOL 17
01/26/05	(H)	Moved CSHB 81(L&C) Out of Committee
01/26/05	(H)	MINUTE(L&C)
02/02/05	(H)	L&C RPT CS(L&C) NT 5DP 1NR
02/02/05	(H)	DP: LYNN, KOTT, LEDOUX, GUTTENBERG, ANDERSON;
02/02/05	(H)	NR: ROKEBERG
02/09/05	(H)	JUD AT 1:00 PM CAPITOL 120
02/09/05	(H)	Moved CSHB 81(L&C) Out of Committee
02/09/05	(H)	MINUTE(JUD)
02/11/05	(H)	JUD RPT CS(L&C) NT 3DP 3NR

02/11/05 (H) DP: GRUENBERG, KOTT, ANDERSON;
 02/11/05 (H) NR: DAHLSTROM, COGHILL, MCGUIRE
 03/02/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/02/05 (H) Heard & Held
 03/02/05 (H) MINUTE(FIN)
 03/07/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/07/05 (H) Moved CSHB 81(L&C) Out of Committee
 03/07/05 (H) MINUTE(FIN)
 03/09/05 (H) FIN RPT CS(L&C) NT 3DP 6NR
 03/09/05 (H) DP: HAWKER, FOSTER, MEYER;
 03/09/05 (H) NR: MOSES, JOULE, STOLTZE, CROFT,
 KELLY, CHENAULT
 03/16/05 (H) TRANSMITTED TO (S)
 03/16/05 (H) VERSION: CSHB 81(L&C)
 03/18/05 (S) READ THE FIRST TIME - REFERRALS
 03/18/05 (S) L&C, JUD
 04/07/05 (S) L&C AT 1:30 PM BELTZ 211
 04/07/05 (S) Heard & Held
 04/07/05 (S) MINUTE(L&C)
 04/19/05 (S) L&C AT 1:30 PM BELTZ 211

BILL: SB 169

SHORT TITLE: WORKERS' COMPENSATION RECORDS
 SPONSOR(s): SENATOR(s) THERRIAULT

04/11/05 (S) READ THE FIRST TIME - REFERRALS
 04/11/05 (S) L&C
 04/19/05 (S) L&C AT 1:30 PM BELTZ 211

BILL: SB 168

SHORT TITLE: PROPERTY/CASUALTY INSURANCE REGULATION
 SPONSOR(s): LABOR & COMMERCE

04/11/05 (S) READ THE FIRST TIME - REFERRALS
 04/11/05 (S) L&C
 04/19/05 (S) L&C AT 1:30 PM BELTZ 211

BILL: SB 165

SHORT TITLE: CARD ROOMS & OPERATIONS
 SPONSOR(s): SENATOR(s) COWDERY

04/08/05 (S) READ THE FIRST TIME - REFERRALS
 04/08/05 (S) L&C, FIN
 04/19/05 (S) L&C AT 1:30 PM BELTZ 211

WITNESS REGISTER

DR. TIMOTHY BOWSER, D.V.M.
Soldotna, AK

POSITION STATEMENT: Nominee to the Board of Veterinary Examiners

CYNTHIA ANN TROUT, D.V.M.
Anchorage, AK

POSITION STATEMENT: Nominee to the Board of Veterinary Examiners

DR. ALFRED AGREE, D.V.M.
Trapper Creek, AK

POSITION STATEMENT: Nominee to the Board of Veterinary Examiners

CARLA J. BASSLER
Anchorage, AK

POSITION STATEMENT: Nominee to the State Board of Public
Accountancy

CHRISTY MORSE
Anchorage, AK

POSITION STATEMENT: Nominee to the State Board of Public
Accountancy

RICHARD C. HEIEREN
Fairbanks, AK

POSITION STATEMENT: Nominee to the State Board of Registration
for Architects, Engineers and Land Surveyors

HARLEY H. HIGHTOWER
Anchorage, AK

POSITION STATEMENT: Nominee to the State Board of Registration
for Architects, Engineers and Land Surveyors

MARK G. MORRIS
Juneau, AK

POSITION STATEMENT: Nominee to the State Board of Registration
for Architects, Engineers and Land Surveyors

ALICE MASSEY
Wasilla, AK

POSITION STATEMENT: Nominee to the Board of Barbers and
Hairdressers

GARY A. ATWOOD
Fairbanks, AK

POSITION STATEMENT: Nominee to the Labor Relations Agency

COLLEEN E. SCANLON
Ketchikan, AK

POSITION STATEMENT: Nominee to the Labor Relations Agency

EUGENE HARNETT
Staff to Representative Anderson
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on HB 81.

JOHN BITNEY
Alaska Homebuilders Association
Juneau AK

POSITION STATEMENT: Commented on HB 81.

SENATOR GENE THERRIAULT
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of SB 169.

SARAH MCNAIR GROVE, Property Casualty Actuary
Division of Insurance
Department of Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800

POSITION STATEMENT: Commented on SB 169.

BRIAN MCKINSTER
Staff to Senator Cowdery
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 168.

BRETT FRIED, Economist
Department of Revenue
PO Box 110400
Juneau, AK 99811-0400

POSITION STATEMENT: Commented on SB 168.

PERRY GREEN
Juneau AK

POSITION STATEMENT: Supported SB 168.

ACTION NARRATIVE

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at [1:37:46 PM](#). Present were Senators Davis and Chair Con Bunde. Senator Ellis arrived at [1:38:54 PM](#).

CONFIRMATION HEARING(S)

CHAIR CON BUNDE announced the first order of business to come before the committee was consideration of the nominees for the Board of Veterinary Examiners.

Board of Veterinary Examiners:

DR. TIMOTHY L. BOWSER, D.V.M., Soldotna said he has enjoyed being on the board for the last couple of years and is willing to continue serving.

DR. CYNTHIA ANN TROUT, D.V.M., Anchorage, said she is looking forward to working on the board.

DR. ALFRED AGREE, D.V.M., Trapper Creek, said he is looking forward to working on the board.

CHAIR BUNDE thanked them for their willingness to serve and for being available to testify.

^Alaska State Board of Public Accountancy:

CARLA J. BASSLER, Anchorage, said she is honored to be able to serve for her profession in the State of Alaska.

CHAIR BUNDE noted that Kenneth Mayer was not available today.

CHRISTY MORSE, Anchorage, welcomed this opportunity to be of service.

CHAIR BUNDE thanked them for contributing their time to Alaska.

State Board of Registration for Architects, Engineers and Land Surveyors:

RICHARD HEIEREN, Fairbanks, said he feels an obligation for service to the state and the profession that have provided such a successful life for him.

[1:41:46 PM](#)

SENATOR BETTYE DAVIS said that he checked "yes" on the question of whether he or any member of his family could be affected

financially about decisions made by this board and she asked him to explain that.

MR. HEIEREN explained that he was just trying to be honest, but anything he works with would affect his economics.

SENATOR DAVIS asked if he was concerned that by being on the board his visibility would increase, which would make his business increase.

MR. HEIEREN replied that he hadn't thought that far along, but he thought the visibility would affect his business.

CHAIR BUNDE asked if there was a specific project that might increase his credibility and lead to financial gain.

MR. HEIEREN replied that is accurate. "I answered it too literally probably."

1:43:13 PM

SENATOR RALPH SEEKINS joined the committee.

CHAIR BUNDE said, "We don't want to discourage honesty. It's not as common as we'd like it to be."

[1:43:59 PM](#)

SENATOR BEN STEVENS joined the committee.

HARLEY HIGHTOWER, Anchorage, said he enjoyed being in the public process and has served on many boards and commissions and appreciates the opportunity to serve on this board.

MARK MORRIS, Juneau, said he would like to give back to the state and to his profession.

CHAIR BUNDE thanked them all for their willingness to "give back to your state."

Board of Barbers and Hairdressers

ALICE MASSEY, Wasilla, said that she was honored to be appointed to this board and hoped she could bring knowledge and professional advice to help it carry on its business.

Labor Relations Agency

GARY ATWOOD, Fairbanks, said he has time to contribute and looks forward to serving on the board. "It could be interesting."

[1:46:30 PM](#)

AARON T. ISAACS, JR., Klawock, was traveling and unavailable for testimony.

COLLEEN SCANLON, Ketchikan, said this is her second term on the Labor Board and she is glad to serve again.

CHAIR BUNDE thanked them for their willingness to serve.

[1:47:51 PM](#)

SENATOR SEEKINS moved to forward all the names to the joint session, which didn't reflect an intention by any member to vote for or against them. There were no objections and it was so ordered.

[1:48:35 PM](#)

HB 81-Contractor License Enforcement

CHAIR BUNDE announced HB 81 to be up for consideration. He moved CSHB 81(L&C), version L, and objected for discussion purposes.

EUGENE HARNETT, staff to Representative Anderson, introduced John Bitney, Alaska Homebuilders Association, to testify.

JOHN BITNEY, Alaska Homebuilders Association, said he has been working with the sponsor to address concerns and the only change in the CS is deleting the clause requiring occupancy by an owner builder on page 5, line 6.

[1:51:00 PM](#)

CHAIR BUNDE removed his objection and the CS was adopted.

SENATOR SEEKINS moved to pass CSHB 81(L&C) from committee. Senators Ben Stevens, Davis, Seekins, Ellis and Chair Bunde voted yea; and CSHB 81(L&C) was moved from committee.

SB 169-WORKERS' COMPENSATION RECORDS

CHAIR CON BUNDE announced SB 169 to be up for consideration.

SENATOR THERRIAULT, sponsor, said SB 169 is intended to close a loophole in the privacy statutes with regards to information

that is collected by the Workers' Compensation system. Currently it makes it illegal for an attorney to contact an injured worker to solicit business to represent that person in the system. But language does not make it clear that state agencies have the power to withhold certain requests for information from the system that can be used to make those solicitations. The bill does not intend to inhibit disclosure of public record information regarding the specific claim to a newspaper reporter or an insurer seeking names of employers who are uninsured to provide the workers' compensation insurance. It just intends to keep the individual's information from being sold.

SENATOR THERRIAULT gave the committee some background saying that an injured Alaska worker was contacted by out-of-state attorneys who had received information about his claim. They did not take his case, because, he surmised, it was not for enough money. Senator Therriault said:

This is just a clear case of the type of activity that we don't want to happen and if we want to prevent that from happening, we need to make it very clear in the statute that the state agency, and specifically the Workers' Comp system, can refuse to disburse information that would be used by these outside sources.

[1:55:11 PM](#)

SENATOR SEEKINS proposed an immediate effective date as Amendment 1.

SENATOR THERRIAULT said that was okay with him.

SENATOR SEEKINS moved conceptual Amendment 1 to insert an immediate effective date. There were no objections and Amendment 1 was adopted.

[1:56:06 PM](#)

SENATOR SEEKINS moved CSSB 169(L&C) from committee with individual recommendations and attached fiscal notes. Senators Ben Stevens, Seekins, Davis, Ellis and Chair Bunde voted yea; and CSSB 169(L&C) moved from committee.

SB 168-PROPERTY/CASUALTY INSURANCE REGULATION

[1:57:18 PM](#) At ease [1:57:55 PM](#)

CHAIR CON BUNDE announced SB 168 to be up for consideration.

SARAH MCNAIR GROVE, Property Casualty Actuary, Division of Insurance, explained that last year the director was asked to work with industry representatives to make changes to the review process and to move away from department approval for rate and form filings submitted by insurers to the division.

The primary change from the current process is that some types of rate and form filings were moved away from requiring the division to approve them before an insurer can use them. There is still the same statutory requirement that rates not be inadequate, excessive or unfairly discriminatory. Hopefully the process will be a little bit easier for both the division and for the insurers to get new products into the market.

CHAIR BUNDE asked if this is a housekeeping measure.

MS. GROVE replied that it's a little bit more than a housekeeping measure, because it makes some significant changes to the way things are done. The division supports it.

[1:59:50 PM](#)

SENATOR DAVIS moved to pass SB 168 from committee. Senators Davis, Ben Stevens and Chair Bunde voted yea; and SB 168 moved from committee.

[2:00:51 PM](#) At ease [2:04:36 PM](#)

SB 165-CARD ROOMS & OPERATIONS

CHAIR BUNDE announced SB 165 to be up for consideration.

BRIAN MCKINSTER, staff to Senator Cowdery, explained that SB 165 allows card rooms to exist in a controlled public environment, but only non-bank games can be played such as poker and rummy.

He said there is a growing popularity for these games in the country and the state and crime goes with hand in hand with underground games; but in a public legal environment the games will be regulated and followed closely by state officials. The state would charge a \$10,000 yearly fee per table with a \$25,000 application fee. The yearly fee would not be prorated.

This bill addresses who can and who cannot hold a license and limits the number of licenses to 1 per 30,000 in population. These games are allowed at home so this is not necessarily an expansion of gaming, but "We're just saying in a controlled

limited environment, you can play in a public venue that is limited by the state for revenue and for criminal activity."

[2:07:12 PM](#)

CHAIR BUNDE said it is legal to gamble with cards for money in Alaska as long as the house doesn't take a rake or some of the money for operating costs.

MR. MCKINSTER agreed, but added that the clarification needs to be made that there is a difference between a rake and the house actually having a stake in the game.

You're not playing odds against the house like you would at blackjack. The odds are even for every other table and they're physically playing against each other instead of the house. Basically, it's just a rental fee for the table or otherwise known as rake.

[2:08:08 PM](#)

CHAIR BUNDE said the significant change this bill would make is it would allow someone who has organized the game to charge for table rental. He expressed a conflict in that he plays poker and asked if this bill would allow tournaments.

MR. MCKINSTER replied that it doesn't address that except for charity. Senator Cowdery thought it best to leave that to the department to develop in regulations.

[2:10:54 PM](#)

SENATOR COWDERY noticed that the committee had an advertisement for a world poker tour with players paying \$15,000 for a chance to win \$1.7 million.

MR. MCKINSTER explained that the maximum dollar amounts would be left up to the Department of Revenue.

[2:11:59 PM](#)

CHAIR BUNDE said the bill focuses on poker and asked if other games, like cribbage, are covered.

MR. MCKINSTER said originally the sponsor didn't intend to name the games in the bill, but wanted to leave that to the department. However, some people wanted reassurances about what games would be allowed under this statute and they are now listed as poker, pan, rummy and cribbage.

[2:13:37 PM](#)

CHAIR BUNDE asked how wagers are addressed.

MR. MCKINSTER replied the department could decide how much wagers would be, but he envisioned \$1 - \$4.

[2:14:14 PM](#)

SENATOR DAVIS was concerned about money made by people who own the gaming rooms.

MR. MCKINSTER said this bill doesn't address that, but a sponsor substitute could. The department would decide.

SENATOR DAVIS asked how many new jobs would this provide.

MR. MCKINSTER replied that it takes 7.5 people to run a table, not considering food and beverage services.

CHAIR BUNDE asked what rates are in other areas.

MR. MCKINSTER replied that other areas charge a fairly small percentage based on the size of the game that is played.

[2:16:38 PM](#)

CHAIR BUNDE asked if he thought serving alcohol should be allowed in card rooms.

MR. MCKINSTER replied that serving alcohol is not addressed in the bill. However, a couple of people he talked to said they wouldn't need alcohol to sell this as an establishment and that's obviously the case now.

He noted that state policy does not allow free alcohol to be served as an incentive like in a Las Vegas casino, but the Department of Revenue could decide that, also.

CHAIR BUNDE asked what the fiscal impact to the state is.

BRETT FRIED, Economist, Department of Revenue (DOR), replied that it is difficult to generate a number. He doesn't know how many card rooms or tables would end up in the card rooms. He used the 2000 census for a maximum allowable number and divided that by 30,000 and came up with 13. He used the maximum number of card tables per room allowed in Washington state, which is 15 and 6.7 as the average number of gaming employees per table to derive an estimate of \$2.5 million in the first year and \$2.1 million in the second year.

[2:20:33 PM](#)

PERRY GREEN, Alaskan card player, said the bill is well written and is very stringent for a card room. "It's a wonderful way of doing it."

He expressed that there is a lot of interest in this activity and compared it to golf that has about 2,000 pros that are playing for \$100 million in prize money per year. He said:

Poker has blossomed so much that today the prize money in tournaments is around \$700 million. With Senator Cowdery's bill we're not talking about this kind of money. But I'm just saying that that is what's happening.

He said that gambling happens in Alaskan waters on tour ships. "So, if you think you're stopping gambling, you're not - by not voting for this."

CHAIR BUNDE pointed out that cruise ships can gamble only outside of state waters and asked what rake is standard for the industry per game.

MR. GREEN replied that California charges for poker rooms get \$3 or \$4 to host one game and it takes three or four people to run one table. They each need a dealer, security, janitors, relief, floor supervisors, cashiers, maintenance, rush people and on-call people.

CHAIR BUNDE asked how many games are played per hour and how long a day is.

MR. GREEN answered that card rooms generally take in \$90 per hour per table - gross - and the games can run for any number of hours. "It depends. Games start and break up and start again."

[2:28:02 PM](#)

SENATOR DAVIS noted that Senator Cowdery had pointed out flyers describing all the money that can be made playing poker and said those big games are happening here now.

SENATOR COWDERY added that he could find 15 underground games in Anchorage per night if he wanted to. "It's unregulated and that's a fact. I think it's a recreational game. Even my wife has caught on to it."

[2:30:22 PM](#)

CHAIR BUNDE said TV gambling is a growing phenomenon. He asked if on-line gambling is legal in Alaska if it's headquartered somewhere else.

SENATOR COWDERY responded that he thought on-line games are offshore.

MR. GREEN said about 90 percent of on-line poker goes to Costa Rica, Dominican Republic, London, and other tax haven places. He knew of a \$7,200,000 tournament that was out of Aruba.

[2:31:24 PM](#)

CHAIR BUNDE asked if convicted felons would be allowed to run games.

SENATOR COWDERY responded:

Before anybody could get a license, you might hope that they would have to be cleared of any felony or any crimes in their past just to try to keep this above board to be run by individuals or people who are aboveboard and citizens.... I think anyone who is going to open one of these establishments should be pretty up and coming people, not convicted felons.

MR. GREEN added that on-line sites charge \$3 per game and that:

I know in games where you're playing for money, they have no brick and mortar. By brick and mortar, they don't have a plant or facility. All they have is a computer line. And I noticed when "Poker Stars" dealt their one-billionth hand - one-billionth hand - they gave away \$100,000 whether you were playing for five and ten cents or you were playing for \$1,000 or \$10,000.... They are just coining money and good luck to them.

CHAIR BUNDE said that there were no further questions and closed the hearing. The committee would wait for the CS. He then adjourned the meeting at [2:34:13 PM](#).