

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 11, 2006

1:34 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 HEARING

Board of Chiropractic Examiners

Jeffrey A. Garness, Anchorage

CONFIRMATION ADVANCED

SENATE BILL NO. 312

"An Act relating to the promotion of live public events for which tickets are sold in advance."

MOVED CSSB 312(L&C) OUT OF COMMITTEE

SENATE BILL NO. 311

"An Act relating to the athletic commission and the commissioner of athletics; and relating to boxing, sparring, and wrestling contests, matches, and exhibitions."

HEARD AND HELD

SENATE BILL NO. 309

"An Act establishing a construction trades training grant program for award by the Department of Labor and Workforce Development, providing for special employee unemployment contributions to fund the program and an offsetting credit against the employees' general unemployment contribution, and providing for an expiration date for the program, contributions, and credit; and providing for an effective date."

MOVED CSSB 309(L&C) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 439(L&C) am

"An Act relating to authorizing the state to join with other states in entering into the Interstate Insurance Product Regulation Compact."

HEARD AND HELD

SENATE BILL NO. 282

"An Act relating to the use of broadcasting to promote raffles and lotteries."

HEARD AND HELD

CS FOR HOUSE BILL NO. 122(FIN)

"An Act relating to certain relief concerning motor vehicle leases, telephone services, education, utilities, state loans, and hunting, fishing, and trapping licenses for members of the Alaska National Guard deployed to a combat zone; relating to reimbursement of premiums for Service members' Group Life Insurance paid by members of the Alaska National Guard deployed to a combat zone; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 311

SHORT TITLE: ATHLETIC COMMISSION; BOXING & WRESTLING

SPONSOR(s): LABOR & COMMERCE

03/24/06	(S)	READ THE FIRST TIME - REFERRALS
03/24/06	(S)	L&C, FIN
04/04/06	(S)	L&C AT 1:30 PM BELTZ 211
04/04/06	(S)	Heard & Held
04/04/06	(S)	MINUTE(L&C)
04/11/06	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 312

SHORT TITLE: CONCERT OR ATHLETIC EVENT PROMOTERS

SPONSOR(s): LABOR & COMMERCE

03/24/06	(S)	READ THE FIRST TIME - REFERRALS
03/24/06	(S)	L&C, FIN
04/04/06	(S)	L&C AT 1:30 PM BELTZ 211
04/04/06	(S)	Heard & Held
04/04/06	(S)	MINUTE(L&C)
04/11/06	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 309

SHORT TITLE: CONSTR. TRAINING GRANT;UNEMPLOYMENT COMP.

SPONSOR(s): STATE AFFAIRS

03/15/06 (S) READ THE FIRST TIME - REFERRALS
 03/15/06 (S) L&C, FIN
 03/28/06 (S) L&C AT 1:30 PM BELTZ 211
 03/28/06 (S) Heard & Held
 03/28/06 (S) MINUTE(L&C)
 03/30/06 (S) L&C AT 1:30 PM BELTZ 211
 03/30/06 (S) Bill Postponed
 04/11/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: HB 439

SHORT TITLE: INSURANCE PRODUCT REGULATION COMPACT
 SPONSOR(S): REPRESENTATIVE(S) COGHILL

02/10/06 (H) READ THE FIRST TIME - REFERRALS
 02/10/06 (H) L&C, JUD
 03/01/06 (H) L&C AT 3:15 PM CAPITOL 17
 03/01/06 (H) Moved CSHB 439(L&C) Out of Committee
 03/01/06 (H) MINUTE(L&C)
 03/03/06 (H) L&C RPT CS(L&C) NT 3DP 3NR
 03/03/06 (H) DP: LYNN, ROKEBERG, KOTT;
 03/03/06 (H) NR: CRAWFORD, LEDOUX, GUTTENBERG
 03/22/06 (H) JUD AT 1:00 PM CAPITOL 120
 03/22/06 (H) <Bill Hearing Postponed to 03/24/06>
 03/24/06 (H) JUD AT 1:00 PM CAPITOL 120
 03/24/06 (H) Scheduled But Not Heard
 03/27/06 (H) JUD AT 1:00 PM CAPITOL 120
 03/27/06 (H) Moved CSHB 439(L&C) Out of Committee
 03/27/06 (H) MINUTE(JUD)
 03/28/06 (H) JUD RPT CS(L&C) NT 4DP 2AM
 03/28/06 (H) DP: COGHILL, ANDERSON, KOTT, MCGUIRE;
 03/28/06 (H) AM: GARA, GRUENBERG
 04/05/06 (H) TRANSMITTED TO (S)
 04/05/06 (H) VERSION: CSHB 439(L&C) AM
 04/07/06 (S) READ THE FIRST TIME - REFERRALS
 04/07/06 (S) L&C, JUD
 04/11/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: SB 282

SHORT TITLE: BROADCASTING PROMOTING CHARITABLE GAMING
 SPONSOR(S): SENATOR(S) STEVENS G

02/13/06 (S) READ THE FIRST TIME - REFERRALS
 02/13/06 (S) L&C, STA
 04/11/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: HB 122

SHORT TITLE: NATIONAL GUARD INSURANCE & OTHER RELIEF
SPONSOR(s): REPRESENTATIVE(s) DAHLSTROM

02/02/05 (H) READ THE FIRST TIME - REFERRALS
02/02/05 (H) MLV, L&C, FIN
02/02/05 (H) L&C REFERRAL REMOVED
02/17/05 (H) MLV AT 1:00 PM CAPITOL 124
02/17/05 (H) Heard & Held
02/17/05 (H) MINUTE(MLV)
03/17/05 (H) MLV AT 1:00 PM CAPITOL 124
03/17/05 (H) Moved CSHB 122(MLV) Out of Committee
03/17/05 (H) MINUTE(MLV)
03/21/05 (H) MLV RPT CS(MLV) NT 6DP
03/21/05 (H) DP: THOMAS, GRUENBERG, CISSNA, ELKINS,
MCGUIRE, LYNN
03/31/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/31/05 (H) <Bill Hearing Postponed to Tues.
4/5/05>
04/05/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/05/05 (H) Heard & Held
04/05/05 (H) MINUTE(FIN)
04/06/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/06/05 (H) Moved CSHB 122(FIN) Out of Committee
04/06/05 (H) MINUTE(FIN)
04/07/05 (H) FIN RPT CS(FIN) NT 10DP 1NR
04/07/05 (H) DP: HAWKER, HOLM, FOSTER, KELLY, CROFT,
JOULE, STOLTZE, MOSES, MEYER, CHENAULT;
NR: WEYHRAUCH
04/07/05 (H) NR: WEYHRAUCH
04/14/05 (H) TRANSMITTED TO (S)
04/14/05 (H) VERSION: CSHB 122(FIN)
04/15/05 (S) READ THE FIRST TIME - REFERRALS
04/15/05 (S) L&C, FIN
04/26/05 (S) L&C AT 1:30 PM BELTZ 211
04/26/05 (S) -- Meeting Canceled --
05/05/05 (S) L&C AT 1:30 PM BELTZ 211
05/05/05 (S) -- Rescheduled to 05/06/05 --
05/06/05 (S) L&C AT 1:30 PM FAHRENKAMP 203
05/06/05 (S) -- Meeting Canceled --
04/11/06 (S) L&C AT 1:30 PM BELTZ 211

WITNESS REGISTER

JANE ALBERTS
Staff to Senator Con Bunde
State Capitol
Juneau AK

POSITION STATEMENT: Commented on SB 312 for the sponsor.

JILL HAAG SMART
Anchorage Amateur Boxing Club
Anchorage AK

POSITION STATEMENT: Opposed SB 311.

SENATOR GENE THERRIAULT
State Capitol
Juneau AK

POSITION STATEMENT: Sponsor of SB 309.

GREG O'CLARAY, Commissioner
Department of Labor & Workforce
Development
PO Box 21149
Juneau, AK 99802-1149

POSITION STATEMENT: Commented on SB 309.

WENDY REDMAN, Vice President
University Relations
University of Alaska Statewide System
Anchorage AK

POSITION STATEMENT: Supported SB 309.

REBECCA LOGAN, President
Associated Builders and Contractors of Alaska (ABC)
360 W. Benson
Anchorage AK

POSITION STATEMENT: Opposed SB 309.

DICK CATTANACH
Associated General Contractors (AGC)
Anchorage AK

POSITION STATEMENT: Supported SB 309.

REPRESENTATIVE JOHN COGHILL
State Capitol
Juneau AK

POSITION STATEMENT: Sponsor of HB 439.

LINDA HALL, Director
Division of Insurance
Department of Commerce, Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800

POSITION STATEMENT: Supported HB 439.

JOHN GEORGE
American Counsel of Life Insurers
Juneau AK
POSITION STATEMENT: Supported HB 439.

SENATOR GARY STEVENS
State Capitol
Juneau AK
POSITION STATEMENT: Sponsor of SB 282.

DAN STICKLE, Economist
Department of Revenue
PO Box 110400
Juneau, AK 99811-0400
POSITION STATEMENT: Commented on SB 282.

DENNIS BOOKEY, General Manager
Morris Communications
Anchorage AK
POSITION STATEMENT: Supported SB 282.

REPRESENTATIVE NANCY DAHLSTROM
State Capitol
Juneau AK
POSITION STATEMENT: Sponsor of HB 122.

ACTION NARRATIVE

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at [1:34:44 PM](#). All members were present at the call to order.

CONFIRMATION HEARING

CHAIR BUNDE announced that the confirmation hearing for the Board of Chiropractic Examiners would be the first order of business.

[1:40:31 PM](#)

SENATOR SEEKINS moved to forward the name of Jeffrey A. Garness, Anchorage, for the Board of Chiropractic Examiners to the full body for consideration. There were no objections and it was so ordered.

SB 312-CONCERT OR ATHLETIC EVENT PROMOTERS

CHAIR BUNDE announced SB 312 to be up for consideration.

JANE ALBERTS, staff to Senator Bunde, explained that amendments had been drafted based on discussions last week in committee and that language on page 3, lines 16 - 17, said all of the net proceeds from the covered event would go to nonprofit corporations.

CHAIR BUNDE explained that the idea was to change the situation in which Mothers Against Drunk Driving could hire someone to put on an event and all the profits would have to go to the organization rather than to the workers. This language would allow people to work on a contingency basis with the net proceeds going to the nonprofit. Currently, pulltab nonprofits get a bigger percentage of the profits.

MS. ALBERTS explained that language in statute now says that a promoter would be exempt if they operated within a municipality having a population of 10,000 or less. She said she didn't think the intent of this bill was to limit an individual who might be known in his small community for bringing in music events or other things enjoyed by the community and the committee could consider keeping that in statute.

CHAIR BUNDE explained the other side of the issue is that a promoter could abuse people in small communities as well as big communities.

MS. ALBERTS agreed that a promoter could sell tickets and not follow through with a show in a community of any size. She said that educational organizations do not have an IRS status of 502(3)(c).

[1:42:09 PM](#)

CHAIR BUNDE moved conceptual Amendment 1 on page 3, lines 16 - 17, to insert "net" before "proceeds". There were no objections and it was so ordered.

[1:42:29 PM](#)

CHAIR BUNDE moved Amendment 2 on page 3, to list exemptions in Section 08.92.070 and objected for discussion purposes.

[1:42:51 PM](#)

SENATOR SEEKINS commented that he didn't have a problem with restricting the same type of promotions for a small community as for a large community unless it was a locally-sponsored community event and was promoted by someone in the community.

[1:43:48 PM](#)

CHAIR BUNDE said that Amendment 2 could be amended to apply to a promoter who was residing in a municipality. There were no objections to Amendment 1 to Amendment 2.

[1:45:08 PM](#)

CHAIR BUNDE moved to adopt Amendment 3 that exempted educational organizations. There were no objections and it was so ordered.

[1:45:25 PM](#)

SENATOR SEEKINS moved to report CSSB 312(L&C) from committee with individual recommendations and attached fiscal note. Senators Davis, Ben Stevens, Ellis, Seekins, and Chair Bunde voted yea; and without objection CSSB 312(L&C) moved from committee.

SB 311-ATHLETIC COMMISSION; BOXING & WRESTLING

CHAIR BUNDE announced SB 311 to be back before the committee.

[1:46:29 PM](#)

JILL HAAG SMART, Anchorage Amateur Boxing Club, said her club is regulated by U.S.A. Boxing. She said that there are seven promoters now and when the Athletic Commissioner sunsetted, there were only two. Violations are now happening throughout the state concerning youth and health issues.

The Athletic Commission had different regulations for things like a 50 lb. limit on competing, but currently that rule is not being followed and you could now see a 300-pounder fight a 150-pounder. She knows of one fighter who was fighting here with a detached retina, because he would not be allowed to compete down south due to that injury. Two promoters are doing "cage fighting" which is boxing and wrestling combined. She was also concerned about potential conflicts between promoters from trying to outdo each other with prize money.

MS. SMART also related that she has seen promoters in Ketchikan and Wasilla using fighters as young as age 15 to fill cards and you might see a 15-year old fighting a 19-year old in the early hours of the morning in an alcoholic environment. The only thing that is required for that to happen is a waiver signed by a parent. This activity would eliminate a young fighter from ever competing as an amateur in USA Amateur boxing.

CHAIR BUNDE said he appreciated her bringing this issue to the committee's attention and said he would like to hold the bill and consider the need for additional enforcement rather than elimination of the commission.

[1:50:47 PM](#)

SENATOR BEN STEVENS asked if seven promoters are active now.

MS. HAAG replied yes - two in Fairbanks - one has cage fighting or "ultimate" boxing and the other is club-boxing - one in Ketchikan, one in Juneau, one in Wasilla and two in Anchorage. She said there are up to 12 events per month around the state mainly September through April.

[1:51:58 PM](#)

SENATOR BEN STEVENS asked if the ultimate matches would fall under the promoters' bill if the Boxing Commission were eliminated.

MS. SMART replied yes.

CHAIR BUNDE said he didn't think the Boxing Commission had specific regulations for the safety issues she mentioned and he wanted to hold the bill for more discussion.

[1:53:20 PM](#)

SB 309-CONSTR. TRAINING GRANT;UNEMPLOYMENT COMP.

CHAIR BUNDE announced CSSB 309(L&C), Version I, to be up for consideration.

SENATOR GENE THERRIAULT, sponsor of SB 309, said that questions were generated at the last hearing about the limitations of the apprenticeship program and who sets them. He explained:

Per the U.S. Department of Labor, nationally, there are 937 apprenticeship occupations approved. In Alaska there are 275 employer-sponsors with registered apprenticeship programs with 1,900 apprentices. There are 71 occupations in Alaska, which have apprentices. Eighty-five percent of the programs are non-union, single employers and 15 percent are union-joint apprenticeship training committee programs, which are JATC. Eighty-five percent of the total apprentices are in the union, JATCs.

In 2003, the Alaska Legislature enacted a law requiring an individual to be in a registered apprenticeship program in order to obtain a training card for plumber, electrician and power-line occupations. This caused an increase in the programs and apprenticeships in those fields.

SENATOR THERRIAULT said there were questions last time about incorporating a voucher program and he found that the state currently offers something fairly similar to a voucher program called the Individual Training Accounts (ATC). He explained that ATCs are established in a partnership consisting of the job center case manager, the worker and the trainer. The worker can freely choose between a union or non-union training provider and the subsidies that were paid over the last two fiscal years to employers totaled \$330,000. He said that more questions were raised about other salaries and types of subsidies that exist under the STEP and other state programs, if any.

[1:56:41 PM](#)

GREG O'CLARAY, Commissioner, Department of Labor and Workforce Development (DOLWD), explained that the state has many different programs - depending on the applicant. Employers can approach the DOLWD to offset some costs associated with the training of new workers - up to 50 percent of the wage over a defined period of time. The efficiencies of the employer go down when they spend time training new workers.

CHAIR BUNDE said he heard questions about accountability and how the state knows funds are being used for their intended purposes.

COMMISSION O'CLARAY responded that the funds are monitored very closely. In many cases, individuals have a case manager. The grant program has managers that monitor performance criteria.

CHAIR BUNDE related other concerns that funds in this bill would not be distributed fairly between union and non-union entities.

SENATOR THERRIAULT replied that he heard from the Associated Builders and Contractors of Alaska (ABC) that the problem was finding employers who were willing to actually take on a trainee who has lower productivity and who also detracts from an experienced worker while he is sharing his skills - although, he said, the state has some programs that help the employer with that salary. He asked the Department if the current system was at its capacity and he was told that those subsidies were

limited by the overall annual training funds made available by the state, the lifetime limits and costs per participant, the limits set by federal regulations and the number of employers who are willing to share the on-the-job training type of agreement with an individual.

He related that ABC said it was not really interested in being a grants recipient and would rather have the individual employer receive the money.

Another question was brought up regarding whether individual contractors who belong to the ABC should be able to avail themselves of the department's funds and other support services for training directly without a union umbrella organization to apply for them. Senator Therriault found that they are currently able to do that. He said one of the criticisms is that the proposed program is run through a union umbrella organization, but yet the ABC didn't want to be a grant recipient, itself - and rather wanted the individual employer or worker to get assistance if they choose to do the training through some other mechanism. It appears that the voucher system was already in place, but he was open to discussing more funding.

[2:01:56 PM](#)

SENATOR SEEKINS remarked that the apprentice-journeymen ratio used to be two journeymen to one apprentice and asked Commissioner O'Claray if that was still the case.

COMMISSIONER O'CLARAY answered that the Federal Bureau of Apprenticeship Training adopted the ratio of one to one and one to three for each apprentice after the first apprentice until recently. He just received word that it was now approving apprenticeship ratios of one-to-one in all its pre-approved programs in Alaska - in recognition that more slots need to be opened.

[2:03:43 PM](#)

SENATOR SEEKINS said he thought that was an improvement. He said the one-to-one apprenticeship program in the automotive industry at the University of Alaska had been very successful.

[2:04:27 PM](#)

SENATOR THERRIAULT pointed out that if this funding mechanism were put in place, it would take pressure off the STEP program funding. He referenced an ABC suggestion to allocate 30 percent of the funds to pre-apprenticeship training in high schools where basic math and reading and writing skills were needed. ABC

didn't want the money used for capital projects or to purchase capital equipment. However, the University would say it is not equipped to do some of the training where access to heavy equipment is needed and Senator Therriault agreed that there is probably a need to purchase some of that equipment. He thought the bill hit all the points between the interplay of the proposed program and the STEP program.

CHAIR BUNDE cautioned that Department of Labor data indicated the smallest part of Alaska's population in the next 20 years is predicted to be the 30 to 50-year olds. The largest part will be zero to five and 50 to 85.

[2:07:43 PM](#)

SENATOR SEEKINS asked if language could be added to direct the money to the DOLWD for a grant to AWP or another organization determined by the commissioner to be able to provide similar training - still meeting stringent requirements.

SENATOR THERRIAULT replied he was open to that concept and added that the University of Alaska supported the bill.

[2:10:19 PM](#)

WENDY REDMAN, Vice President, University Relations, Statewide of Alaska University System, said she has the vocation and work training programs under her aegis. The University initiated a statewide forum with both the construction and oil and gas industries to try and get a handle on where the jobs were over the course of the next decade. She said, "So, I have a really good and scary understanding of the incredible needs that we have to do job training in the state."

MS. REDMAN said that Alaska Works is a very valuable partner for the University and that it didn't have a lot of capacity particularly in the construction area - Juneau has a small construction technology program and a small one runs in rural Alaska. Some training is done in Fairbanks through the Hutchison Career Center in collaboration with the unions. Faculty is shared back and forth and union or non-union has never been an issue. The University can't function that way.

Alaska Works has helped the University write a grant for development of construction training in rural Alaska that it has pulled out of, but the program has continued to be successful. She emphasized the need the state has to make an investment in this kind of training and strongly felt that the funding needed to go through the formal apprenticeship-training program. She

hoped that ABC would do more training because funding could be tripled and it still would not be enough to meet the need a gas line would create. She said the construction industry alone is down about 3,000 workers from what it needs and a big block right now is in the capacity of the apprenticeship programs.

MS. REDMAN said she was sensitive to the input problem. People come out of high school or drop out thinking they can get into an apprenticeship program, but it takes higher qualifications to get into most of the apprenticeship programs than it does to get into the University. It is an open admission institution and the Plumbers and Pipefitters require college algebra and would like people to have calculus, too. The University has been working with the schools and others to get funding for the Youth Initiative and she has put in place a program called Preparation for the Trades. The construction math program is particularly popular right now and that provides remedial work to get people ready to go into the trades. She concluded:

So, anything we can put into the high schools to elevate the level of academic expertise that the kids have coming out so that they are ready to go into these jobs will be money well spent, as well.

I strongly support it; I recognize some of the concerns that you were talking about earlier, but I think there are other options to deal with alternative training, the salary subsidies - that was the first time I'd heard about that today -

CHAIR BUNDE noted there were no questions of Ms. Redman and began taking other testimony.

[2:14:37 PM](#)

REBECCA LOGAN, President, Associated Builders and Contractors of Alaska (ABC), opposed SB 309. She said that most of the training for Alaska's workforce is done outside of the federally registered apprenticeship programs and those are the programs that are getting all the funding, but can't meet the demand. On the issue of Alaska Works being the organization that receives the money, it is a union-funded program and she has a problem with that and felt the bill provided ample opportunity to divide the money in a fair way.

[2:16:41 PM](#)

CHAIR BUNDE asked if Senator Therriault was accurate in saying that ABC didn't want to set up a competing organization to Alaska Works.

MS. LOGAN replied that it is more accurate to say that ABC would be interested in being a conduit for giving money to employers who are interested in training.

[2:17:13 PM](#)

SENATOR BEN STEVENS asked if any of the ABC programs participate in the STEP program at this point.

MS. LOGAN answered that ABC applied once, but was denied. She informed them that last year the STEP program had \$1.2 million available to the construction industry for training and \$1.1 million of it went to union apprenticeship programs with the remainder going to an independent employer and to NIT.

SENATOR BEN STEVENS asked if she knew of nonunion training programs receiving public funds.

MS. LOGAN replied no even though ABC runs a federally registered apprenticeship program in ten different trades. Its biggest push was in the electrical and mechanical trades because of the legal requirement for a fitness card, which the employers pay for. She was not aware of another nonunion program in the construction industry that received funds for apprenticeships.

[2:18:37 PM](#)

DICK CATTANACH, Associated General Contractors (AGC), supported SB 309 saying AGC has long recognized the significant labor shortage facing the state and that half the trade workers would be lost over the next decade. This comes at a time when fewer people are choosing to enter the construction industry. All kinds of strategies are being tried to appeal to the younger workers. Many kids leave high school and they are ill prepared to be apprentices because they don't have the basic skills. When he went to school, a student would go through a shop class and schools would provide a basic feeding ground into construction. That isn't available because schools have backed away from shop classes and students don't have the skills to qualify getting into an apprenticeship program. The problem is bigger than industry can deal with on its own.

CHAIR BUNDE remarked that he thought he shared a goal with Mr. Cattanach of recognizing and promoting the dignity of working

with one's hands. They have both found perhaps a basic lack of interest in work ethic.

MR. CATTANACH related how a survey of Fairbanks students from ages 17 to 25 that indicated a lot of people knew about construction trades, but because the work was too hard, they were going to get a job in the government. Construction represents about 6 percent of the Alaska workforce and it has to capture over 20 percent of the high school graduates. "It's a severe labor problem and it's not just construction; it's everybody. We need a trained workforce and this is a good first step."

[2:24:04 PM](#)

SENATOR BEN STEVENS asked him to explain the public policy of local hire that prevents importation of workers that he referred to earlier.

MR. CATTANACH answered that the Administration has a policy of Alaskan jobs for Alaskans and it will fine employers who exceed 10 percent nonresident hire. Construction companies are forced to file certified payrolls and his members get fined regularly for not meeting those goals. Between 16 and 20 percent of AGC's workforce is from outside are currently violating public policy.

CHAIR BUNDE asked if being in Alaska one month would qualify someone as a resident.

MR. CATTANACH replied that the state uses the definition of qualifying for a Permanent Fund dividend.

SENATOR BEN STEVENS asked if Mr. Cattanach mentioned that Alaska Works Partnership trades focuses on vocations that incorporate 6 percent of the Alaskan workforce.

MR. CATTANACH indicated that was correct.

SENATOR BEN STEVENS said that the Unemployment Insurance (UI) payment applies to 100 percent of the workforce.

MR. CATTANACH replied that is correct, but what is missing in his comments is that the Workforce Development Board and the Department of Labor have identified construction as the number-one priority for the state. Construction and health care are the two greatest needs the state has in the next decade. "We need to do something for both of those areas if we are going to be able to deal with it."

He elaborated that when Alaska built the oil pipeline, it was able to import a lot of workers. The wages and hours were attractive enough to attract a lot of people. Now, construction labor is short nationwide and it will be harder to import workers.

2:27:41 PM

SENATOR SEEKINS proposed an amendment on page 2, line 12, to delete "successor" and on page 2, lines 12 and 13 to delete "the principal purpose which is providing" and insert "the commissioner has determined is able to successfully provide" after "nonprofit corporation".

SENATOR ELLIS objected saying the system works fine now and the change didn't seem necessary.

SENATOR SEEKINS replied that he supported the bill's objective of training people to fill open jobs and he agreed that the current system was working. His intent was to allow other organizations to be able to set up a similar system to have the ability to produce the same kind of results and leave that discretion up to the commissioner.

SENATOR ELLIS asked what qualifications the commissioner would use to make such a determination.

SENATOR SEEKINS remembered back when he was in the construction trade and had a journeyman's card in the carpenter's union and was a certified mill rate welder, he had to meet standards of performance and needed to take tests on book learning and had to perform to a particular skill level. He thought the commissioner could successfully quantify similar standards.

SENATOR ELLIS asked if the commissioner would have to determine a new organization to be equal to the existing Alaska Works partnership in terms of performance, standards and expertise.

SENATOR SEEKINS replied yes.

SENATOR THERRIAULT commented that in reality Alaska Works is probably going to be the odds-on favorite, but if another group could meet the same standards, not precluding them from the get-go was acceptable to him. As long as it could promise to meet the same objectives and live by Subsection (e) and deliver the product each year, it would be eligible.

CHAIR BUNDE asked if the language was permissive.

SENATOR THERRIAULT replied that it was permissive, but Alaska Works has already been doing it for a number of years and would be the odds-on favorite for a majority of the funds.

[2:33:36 PM](#)

CHAIR BUNDE called for a vote on Amendment 1. Senators Ellis and Davis voted nay; Senators Ben Stevens and Seekins and Chair Bunde voted yea; so, Amendment 1 was adopted.

[2:34:07 PM](#)

SENATOR SEEKINS moved to report CSSB 309(L&C) from committee with individual recommendations.

[2:34:35 PM](#)

SENATOR BEN STEVENS objected to say he agreed with the vision of more individuals being trained in the trades in anticipation of the project that is mentioned on page 2, lines 15 and 16, but from testimony on other pieces of legislation that have come through the committee, he found it odd that those entities that were trying to set up a training program for future jobs were not promoting the project that creates the future jobs. He wanted to see the representatives of the trade unions come forward and say they support the construction of the gas pipeline in order for him to support this bill - especially if they would be using funds that are generated from other workers across the state. He summarized:

If there is a "no" decision on the pipeline, there is going to be no need for this program - at the level that they are talking about - granted we all understand there's a need for the aging workforce.... With that, Mr. Chairman, I'll remove my objection.

Senators Davis, Seekins, Ellis, Ben Stevens and Chair Bunde voted yea; and CSSB 309(L&C) was reported from committee.

CSHB 439(L&C) AM-INSURANCE PRODUCT REGULATION COMPACT

CHAIR CON BUNDE announced CSHB 439(L&C) AM to be up for consideration.

REPRESENTATIVE JOHN COGHILL, sponsor of HB 439, explained that it would standardize products that are beneficial for the state of Alaska. He was asked to do it, but he also supported it. It would include the state in an interstate compact dealing with

life insurance products like life insurance annuities and long term care products. He thought the nature of the insurance industry demanded this because it wasn't as closely regulated on a state-by-state basis and the federal government would probably develop guidelines. The director of the Division of Insurance would be a part of the commission so changes that may happen would be well known and he thought this would be a better way to do it.

CHAIR BUNDE asked him if he felt this bill would benefit Alaska in terms of him being a state's rights, smaller government person.

REPRESENTATIVE COGHILL replied yes and that Alaska could pull out of the compact if "it starts yanking our chain" or if consumers were not protected. However, he pointed out that the compact has better consumer protections than some of the things the state already is doing. He said the director could explain those in much better detail.

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LINDA HALL, Director, Division of Insurance, said that she did not request this bill to be introduced. She explained that the interstate compact has been a creature of the National Association of Insurance Commissioners and it has already been adopted by 21 states. Twenty-six states must adopt this compact before it can become effective. It originated with the recognition that the insurance marketplace was changing - with a lot of overlap in bank and insurance products. There is also recognition of the increased mobility of the population.

One of the issues that has become a problem around the country is uniform filing and getting new products to consumers. So, there has been a real push to do "speed market" - a single uniform standard single-filing system. The state participates in "SERF," an electronic filing system that facilitates products getting to consumers.

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MS. HALL noted her concern is that there is a growing push for federal regulation of insurance, which would cause a loss of consumer protection here. She explained that the "Optional Federal Charter" was sponsored by some of the life insurance companies who were looking for a more efficient way of being regulated as opposed to having 50 different state regulators with 50 different sets of rules and it was introduced last week in Congress.

The basic structure is that each state that is a member of the compact would send a delegate to that commission; the chief regulator in Alaska is the director. For anything to occur in that body would take a two-thirds majority vote. She said these products don't include health insurance or property liability workers' compensation type of insurances.

If a state chooses to opt out of a standard, it has 10 days to do so and must provide some rationale for why it doesn't protect its consumers. Legislatures can opt out at any time. The commission is delegated the authority to adopt these standards. It will only look at individual and group life insurance annuities, disability income insurance and long-term care products.

Her observation on this bill is that the insurers would still be able to determine where they want to file their product - through the traditional system with the state or through the commission.

The original fear of this kind of proposal was that whatever standards were accepted would be the lowest common denominator, but she would not be here talking about this bill if she thought would happen. She said there have been six meetings so far on adopting standards and they now exceed those in Alaska statute. For instance, the state has no standard for a "free look" which is when a consumer has 10 days to look at a product and give it back without any kind of penalty. She thought that kind of thing would be good. She thought other good provisions would be for creating binding arbitration and adopting readability standards.

MS. HALL also explained that generally the insurers who write these products file their national products with her division and she was already seeing a lot of filings for products that exceed the state's statutory standards. Because it's easier and more efficient than filing 50 separate products in 50 different states, insurance companies were filing to the highest standard and she was seeing the benefits from that. Standards help insurance companies more readily get their products in the marketplace, which is where they look for a competitive advantage. Both the National Conference of State Legislatures (NCSL) and the National Conference of Insurance Legislators (NCOIL) have endorsed this compact and that this legislation has been introduced in 16 other legislatures this year.

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CHAIR BUNDE asked if it's more likely to happen sooner than later.

MS. HALL replied yes.

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JOHN GEORGE, American Counsel of Life Insurers, said he asked for this legislation and Ms. Hall did a great job of explaining it. He offered to answer questions, but there were none.

CHAIR BUNDE said he would hold HB 439 and bring it up again at the first available opportunity.

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SB 282-BROADCASTING PROMOTING CHARITABLE GAMING

CHAIR BUNDE announced SB 282 to be up for consideration.

SENATOR GARY STEVENS, sponsor of SB 282, explained that it levels the playing field for broadcasters to promote raffles and lotteries in this state. Currently, radio and TV are banned from advertising charitable games whereas newspapers are free to advertise the same activities. Statutes also impede stations from assisting not-for-profit organizations in raising money and may also deny broadcasters equal protection under the federal and state constitutions sections dealing with broadcast media that are also engaged with print media. For example, local church raffles cannot be promoted by local radio and TV stations and Boy Scout fund raisers involving raffles may not be included in public service announcements; not-for-profit groups, such as the Boys and Girls Clubs, are excluded from promoting fund raisers involving games of chance on radio and TV - even though they can advertise in the print media; various statewide events, such as the Iditarod, may not be promoted by broadcasters.

[2:55:55 PM](#)

SENATOR SEEKINS asked if lotteries were legal in Alaska and if he anticipated any lotteries arriving from outside the state.

SENATOR GARY STEVENS replied that radio broadcasters could better answer that question and he did not anticipate out of state lotteries coming to the state.

CHAIR BUNDE thought that "lottery" and "raffle" might need a definition.

SENATOR SEEKINS asked him to explain how this related to the Iditarod.

REPRESENTATIVE GARY STEVENS replied that various statewide fund raising activities such as the Iditarod may not be promoted by broadcasters.

SENATOR SEEKINS recalled that certain Calcutta-type events were allowed last year for groups like the Iditarod - that really weren't a lottery process.

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CHAIR BUNDE noted that he had received information saying that rat racing was prohibited from advertising. He then asked the Department of Revenue representative about the definition of raffle and lottery.

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DAN STICKLE, Economist, Department of Revenue, explained that raffle and lottery were defined the same way in AS 05.15.690, Section 38, as "the selling of rights to participate in the awarding of prizes in a game of chance conducted by the drawing for prizes by lot."

3:00:20 PM

CHAIR BUNDE asked if the impetus behind the bill was equal access to advertising dollars by broadcast media.

REPRESENTATIVE GARY STEVENS replied yes.

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DENNIS BOOKEY, General Manager, Morris Communications, Anchorage, said he manages six radio stations. He also has a personal interest in an AM/FM small operation in Kodiak. He was the past president of the Alaska Broadcasters' Association when the original statute was enacted. He said that broadcasters aren't asking to expand gaming, but just don't want one form of media to be excluded over another. Most of this is public service oriented; the money isn't very significant.

3:03:03 PM

CHAIR BUNDE asked why the original prohibition was created.

MR. BOOKEY replied that the FCC had regulations against this, but the federal government realized that the restriction on broadcasters for a charitable nonprofit organization did not fit with the times and changed the law. It gave states time to come

up with their own law. At first broadcasters wanted to take advantage of the change by doing some games of chance on the air since they were already nonprofits. The Attorney General suggested that while there was nothing in the law precluding them from doing it, it might be a good idea to get a law saying they could. The current statute brought that point up, but an amendment was added that precluded it and broadcasters were not able to stop it. He said, "So, it kind of got convoluted in the process."

[3:04:45 PM](#)

CHAIR BUNDE asked if this legislation had a companion bill.

SENATOR GARY STEVENS replied yes.

CHAIR BUNDE said he didn't understand the prohibition for the animal classics. He asked Senator Gary Stevens to explore that for the next meeting.

SENATOR ELLIS asked if there is any limitation on these being 501(c)(3)s or some other category in state or could outside charitable interests run their games here and advertise if this were to be allowed.

SENATOR GARY STEVENS responded that he would find that out as well for the next meeting.

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CHAIR BUNDE said he would hold SB 282 for a future meeting.

CSHB 122(FIN)-NATIONAL GUARD INSURANCE & OTHER RELIEF

CHAIR BUNDE announced CSHB 122(FIN) to be up for consideration.

SENATOR RALPH SEEKINS moved to adopt SCS CSHB 122(L&C), version T, as the working document. There were no objections and it was so ordered.

REPRESENTATIVE NANCY DAHLSTROM, sponsor of HB 122, explained that it provides life insurance reimbursement as well as complimentary hunting and fishing licenses to Alaska Guardsmen during deployment on active duty in the military.

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CHAIR BUNDE noted a negative impact of \$7,100 for the hunting licenses and \$300,000 for the life insurance premiums.

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SENATOR SEEKINS asked for clarification of the two years after deployment for complimentary hunting and fishing licenses and if an individual could live in another state and come back to Alaska and still get a complimentary license.

REPRESENTATIVE DAHLSTROM replied they must return to live in Alaska and apply for the license within two years of being back.

CHAIR SEEKINS asked how long the license was good for.

REPRESENTATIVE DAHLSTROM replied the usual time period of one year. The intent is for a one-year exemption.

[3:10:32 PM](#)

SENATOR SEEKINS asked if the life insurance premium is the one they belong to as a member of the National Guard or any group life insurance.

REPRESENTATIVE DAHLSTROM replied that it applies to the insurance that comes through the Guard, not any other.

SENATOR SEEKINS asked how much a year was the normal premium on that.

REPRESENTATIVE DAHLSTROM replied \$251,000 per year for all members. She didn't have a per member break down, but said she would get it for him.

[3:11:48 PM](#)

SENATOR BEN STEVENS asked if why Section .261 was inserted.

REPRESENTATIVE DAHLSTROM said that some things were unnecessary in the original version of HB 122 because they were already covered in the Soldier and Sailors Civil Relief Act and Service Members Civil Relief Act.

SENATOR BEN STEVENS asked if Section 261 of the Finance version dealing with relief for members who served abroad in a combat zone and with a spouse or a spouse member's motor vehicle lease, wireless phone was covered in existing language.

REPRESENTATIVE DAHLSTROM replied that some of those items were covered in existing language; some items, such as motor lease vehicles, were not covered. She chose to remove them after discussions with several members of the House and Senate,

because of differences in banking laws. She needed to remove motor leased vehicles in order to get the basics.

[3:14:44 PM](#)

SENATOR BEN STEVENS asked if credit at the University was pulled.

REPRESENTATIVE DAHLSTROM explained that it was pulled out of the original bill. Senator Huggins wanted her to go back to the original language.

SENATOR BEN STEVENS said he wanted further discussion about that. He said he supported elements that the state had control of like the University. If someone is deployed while in secondary education, the state could issue the credit and he liked the original language - or language that would mention if it's a state institution, therefore the state is controlling it, not a commercial obligation.

CHAIR BUNDE said it was the committee's prerogative to flesh the bill out as it saw fit.

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SENATOR SEEKINS explained that he had talked about lease payment forgiveness with the sponsor and that no bank or independent institute would grant a lease to someone that was in the National Guard. So, you would be actually hurting them more than helping. He wanted to look at language on page 1, line 10, that talks about the complimentary license and maybe insert "good for one calendar year" and on page 2, line 24 insert "for the time the member was deployed in the combat zone" - to make it very clear that payments would be made for that time rather than just a general waiver.

CHAIR BUNDE asked them to work together on a CS.

[3:18:40 PM](#)

SENATOR ELLIS asked if they would continue the forgiveness during the time of convalescence at a military hospital.

SENATOR SEEKINS replied that he wouldn't have a problem with that.

REPRESENTATIVE DAHLSTROM also supported those changes.

CHAIR BUNDE said he would set HB 122 aside to address at a future date. There being no further business to come before the committee, he adjourned the meeting at [3:19:59 PM](#).