

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 27, 2008

1:38 p.m.

MEMBERS PRESENT

Senator Johnny Ellis, Chair

Senator Bettye Davis

Senator Con Bunde

MEMBERS ABSENT

Senator Gary Stevens, Vice Chair

Senator Lyman Hoffman

COMMITTEE CALENDAR

SENATE BILL NO. 113

"An Act relating to break times for employees who nurse a child."

HEARD AND HELD

SENATE BILL NO. 118

"An Act establishing a fee for disposable plastic bags distributed by retail sellers of goods or services to consumers to carry away or protect goods; and establishing the Alaska litter and marine debris reduction and recycling fund."

SCHEDULED BUT NOT HEARD

SENATE BILL NO. 305

"An Act relating to recorking, sealing, or packaging of wine served with a meal and removal of recorked, sealed, or packaged wine from licensed premises."

MOVED SB 305 OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 289(FSH)

"An Act exempting employers from paying unemployment tax for temporary services provided by fishing vessel crewmembers and related to emergency oil spill training and response activities; and providing for an effective date."

MOVED CSHB 289(FSH) OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 18

Requesting the President of the United States to direct the United States Consumer Product Safety Commission to test the

materials used in children's toys and other children's products for toxicity and to make the results publicly available.

MOVED SJR 18 OUT OF COMMITTEE

SENATE BILL NO. 286

"An Act relating to creation and regulation of pharmacy benefits managers, and authorizing the board of pharmacy to cooperate with the division of insurance in regulating pharmacy benefits managers."

HEARD AND HELD

CS FOR HOUSE BILL NO. 357(L&C)

"An Act requiring errors and omissions insurance for real estate licensees; renaming the real estate surety fund as the real estate recovery fund and relating to that fund, and redefining the procedures and criteria used by the Real Estate Commission to make an award from the fund to a person suffering a loss caused by certain misconduct of real estate licensees; requiring a real estate licensee to maintain an office in the state; and providing for an effective date."

HEARD AND HELD

HOUSE BILL NO. 413

"An Act extending the termination date for the Real Estate Commission; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 113

SHORT TITLE: NURSING MOTHERS IN WORKPLACE

SPONSOR(s): SENATOR(s) ELLIS

03/12/07	(S)	READ THE FIRST TIME - REFERRALS
03/12/07	(S)	L&C, HES
02/28/08	(S)	L&C AT 1:30 PM BELTZ 211
02/28/08	(S)	Heard & Held
02/28/08	(S)	MINUTE(L&C)
03/27/08	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 305

SHORT TITLE: RECORKING WINE SERVED WITH A MEAL

SPONSOR(s): LABOR & COMMERCE

03/21/08	(S)	READ THE FIRST TIME - REFERRALS
03/21/08	(S)	L&C
03/25/08	(S)	L&C AT 1:30 PM BELTZ 211

03/25/08 (S) Scheduled But Not Heard

BILL: HB 289

SHORT TITLE: EMPLOYMENT TAX EXEMPTION: SPILL RESPONSE

SPONSOR(S): REPRESENTATIVE(S) HARRIS, SEATON

01/04/08 (H) PREFILE RELEASED 1/4/08
01/15/08 (H) READ THE FIRST TIME - REFERRALS
01/15/08 (H) FSH, L&C
01/23/08 (H) FSH AT 8:30 AM BARNES 124
01/23/08 (H) Heard & Held
01/23/08 (H) MINUTE(FSH)
01/28/08 (H) FSH AT 8:30 AM BARNES 124
01/28/08 (H) Moved CSHB 289(FSH) Out of Committee
01/28/08 (H) MINUTE(FSH)
01/30/08 (H) FSH RPT CS(FSH) NT 4DP
01/30/08 (H) DP: HOLMES, EDGMON, JOHANSEN, SEATON
02/13/08 (H) L&C AT 3:00 PM CAPITOL 17
02/13/08 (H) Moved CSHB 289(FSH) Out of Committee
02/13/08 (H) MINUTE(L&C)
02/15/08 (H) L&C RPT CS(FSH) NT 4DP 2NR
02/15/08 (H) DP: GARDNER, LEDOUX, BUCH, GATTO
02/15/08 (H) NR: NEUMAN, OLSON
03/13/08 (H) TRANSMITTED TO (S)
03/13/08 (H) VERSION: CSHB 289(FSH)
03/14/08 (S) READ THE FIRST TIME - REFERRALS
03/14/08 (S) L&C, FIN
03/25/08 (S) L&C AT 1:30 PM BELTZ 211
03/25/08 (S) Heard & Held
03/25/08 (S) MINUTE(L&C)

BILL: SJR 18

SHORT TITLE: CHILD PRODUCT SAFETY

SPONSOR(S): SENATOR(S) WIELECHOWSKI

02/19/08 (S) READ THE FIRST TIME - REFERRALS
02/19/08 (S) HES, L&C
03/14/08 (S) HES AT 1:30 PM BUTROVICH 205
03/14/08 (S) Heard & Held
03/14/08 (S) MINUTE(HES)
03/19/08 (S) HES AT 1:45 PM BUTROVICH 205
03/19/08 (S) Moved SJR 18 Out of Committee
03/19/08 (S) MINUTE(HES)
03/21/08 (S) HES RPT 5DP
03/21/08 (S) DP: DAVIS, ELTON, THOMAS, COWDERY,
DYSON
03/25/08 (S) L&C AT 1:30 PM BELTZ 211

03/25/08 (S) Heard & Held
03/25/08 (S) MINUTE(L&C)

BILL: SB 286

SHORT TITLE: PHARMACY BENEFITS MANAGERS

SPONSOR(s): SENATOR(s) ELTON

02/19/08 (S) READ THE FIRST TIME - REFERRALS
02/19/08 (S) L&C, FIN
03/27/08 (S) L&C AT 1:30 PM BELTZ 211

BILL: HB 357

SHORT TITLE: CLAIMS AGAINST REAL ESTATE LICENSEES

SPONSOR(s): LABOR & COMMERCE BY REQUEST

02/06/08 (H) READ THE FIRST TIME - REFERRALS
02/06/08 (H) L&C, FIN
02/11/08 (H) L&C AT 3:00 PM CAPITOL 17
02/11/08 (H) Heard & Held
02/11/08 (H) MINUTE(L&C)
02/22/08 (H) L&C AT 3:00 PM CAPITOL 17
02/22/08 (H) -- MEETING CANCELED --
03/03/08 (H) L&C AT 3:00 PM CAPITOL 17
03/03/08 (H) Moved CSHB 357(L&C) Out of Committee
03/03/08 (H) MINUTE(L&C)
03/04/08 (H) L&C RPT CS(L&C) 3DP 2NR 2AM
03/04/08 (H) DP: GATTO, RAMRAS, OLSON
03/04/08 (H) NR: BUCH, NEUMAN
03/04/08 (H) AM: GARDNER, LEDOUX
03/11/08 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/11/08 (H) Scheduled But Not Heard
03/12/08 (H) FIN RPT CS(L&C) 5DP 3NR
03/12/08 (H) DP: HAWKER, CRAWFORD, THOMAS, MEYER,
CHENAULT
03/12/08 (H) NR: NELSON, KELLY, STOLTZE
03/12/08 (H) FIN AT 8:30 AM HOUSE FINANCE 519
03/12/08 (H) Scheduled But Not Heard
03/12/08 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/12/08 (H) Moved Out of Committee
03/12/08 (H) MINUTE(FIN)
03/26/08 (H) TRANSMITTED TO (S)
03/26/08 (H) VERSION: CSHB 357(L&C)
03/27/08 (S) L&C AT 1:30 PM BELTZ 211

BILL: HB 413

SHORT TITLE: EXTENDING THE REAL ESTATE COMMISSION

SPONSOR(s): LABOR & COMMERCE

02/20/08 (H) READ THE FIRST TIME - REFERRALS
 02/20/08 (H) L&C, FIN
 02/25/08 (H) L&C AT 3:00 PM CAPITOL 17
 02/25/08 (H) Moved Out of Committee
 02/25/08 (H) MINUTE(L&C)
 02/27/08 (H) L&C RPT 5DP
 02/27/08 (H) DP: GARDNER, BUCH, NEUMAN, LEDOUX,
 OLSON
 03/03/08 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 03/03/08 (H) Moved Out of Committee
 03/03/08 (H) MINUTE(FIN)
 03/04/08 (H) FIN RPT 3DP 6NR
 03/04/08 (H) DP: CRAWFORD, NELSON, MEYER
 03/04/08 (H) NR: HAWKER, STOLTZE, JOULE, THOMAS,
 KELLY, CHENAULT
 03/10/08 (H) TRANSMITTED TO (S)
 03/10/08 (H) VERSION: HB 413
 03/12/08 (S) READ THE FIRST TIME - REFERRALS
 03/12/08 (S) L&C, FIN
 03/27/08 (S) L&C AT 1:30 PM BELTZ 211

WITNESS REGISTER

PATRICK CUNNINGHAM

Staff to Senator Ellis
 Alaska State Capitol
 Juneau, AK 99801-1182

POSITION STATEMENT: Commented on CSSB 113(L&C) for the sponsor.

REPRESENTATIVE PAUL SEATON

Alaska State Capitol
 Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of HB 289.

DANA OWEN

Staff to the Senate Labor and Commerce Committee
 Alaska State Capitol
 Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 305.

KATHERINE PUSTAY

Staff to Senator Wielechowski
 Alaska State Capitol
 Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of SJR 18.

BARRY CHRISTIANSON, Co-chair
Legislative Committee
Alaska Pharmacy Association
Ketchikan, AK
POSITION STATEMENT: Supported SB 286.

REGINA BENJAMIN, Senior Director
Public Policy
National Community Pharmacists Association
Alexandria, VA
POSITION STATEMENT: Supported SB 286.

ELEANOR WOLFE
Staff for Representative Kurt Olson
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Commented on HB 357 and HB 413 for the sponsor.

DAVE FEEKIN
Alaska Association of Realtors
Kenai, AK
POSITION STATEMENT: Supported HB 357.

PAT DAVIDSON, Auditor
Division of Legislative Audit
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Supported HB 413.

ACTION NARRATIVE

CHAIR JOHNNY ELLIS called the Senate Labor and Commerce Standing Committee meeting to order at [1:38:52 PM](#). Present at the call to order were Senators Bunde, Davis, Ellis.

[1:41:00 PM](#) at ease [1:41:29 PM](#)

SB 113-NURSING MOTHERS IN WORKPLACE

[1:41:29 PM](#)

CHAIR ELLIS announced SB 113 to be up for consideration. He noted a proposed CS.

PATRICK CUNNINGHAM, staff to Senator Ellis, sponsor of SB 113, explained CSSB 113(L&C) 25-LS0435\E, and that changes were made to better clarify the intent of the bill in response to question

raised in the first hearing. One was on page 1, line 10, (b) that says an employer shall provide a private and sanitary room or other location in close proximity to the work area. The word "secure" was deleted to provide more flexibility to the employer to provide the room without enduring any additional cost. A new section was added on line 13 (c) that states nothing in this section requires an employer to allow a child in the work place at times other than break times. This addresses Senator Stevens's concern that employers might be required to provide day care services.

MR. CUNNINGHAM went on to say that section (e) was deleted because the language "undue hardship" was no longer necessary. The overriding emphasis is to provide reasonable accommodation to the nursing mother.

SENATOR BUNDE asked how "reasonable" would be defined in relation to "undue hardship".

MR. CUNNINGHAM answered that could be addressed in regulation.

CHAIR ELLIS set SB 113 aside for further work.

CSHB 289(FSH)-EMPLOYMENT TAX EXEMPTION: SPILL RESPONSE

[1:46:39 PM](#)

CHAIR ELLIS announced CSHB 289(FSH) to be up for consideration.

REPRESENTATIVE SEATON, sponsor of HB 289, said this measure deals with exempts fishing vessel owners and crew who participate from having to pay unemployment taxes while they are performing oil spill response duties.

[1:47:40 PM](#)

SENATOR BUNDE moved to report CSHB 289(FSH) from committee with individual recommendations and attached fiscal notes. There were no objections and it was so ordered.

SB 305-RECORKING WINE SERVED WITH A MEAL

[1:48:25 PM](#)

CHAIR ELLIS announced SB 305 to be up for consideration.

DANA OWEN, staff to the Senate Labor and Commerce Committee, explained SB 305 allows patrons at a restaurant who order a bottle of wine to take that bottle with them as they leave if they haven't finished it. The bill is supported by the industry

with the idea that people will more likely purchase a bottle of wine rather than a glass. It is also supported by folks who believe it will create a positive incentive for people to not drink too much at the table because they order an expensive wine and might feel compelled to finish it. Thirty-four other states have recorking laws.

SENATOR BUNDE asked if industry is comfortable with resealing.

MR. OWEN answered yes.

SENATOR BUNDE asked if they had heard from restaurants and bars.

MR. OWEN replied that he has received verbal support from them.

CHAIR ELLIS recapped this issue had been before the legislature for some time.

[1:51:05 PM](#)

SENATOR BUNDE moved to report SB 305 from committee with individual recommendations. There were no objections and it was so ordered.

SJR 18-CHILD PRODUCT SAFETY

[1:51:56 PM](#)

KATHERINE PUSTAY, staff to Senator Wielechowski, sponsor of SJR 18, recapped that this measure calls on the United States Consumer Products Safety Commission or CSBC to test materials used in children's products and toys for hazardous chemicals like lead. She said while the CSBC tests for choking and aspiration issues, currently no government agency is tasked to do this chemical testing. Twenty-nine other states have passed similar resolutions.

[1:53:29 PM](#)

SENATOR BUNDE moved to report SJR 18 from committee with individual recommendations. There were no objections and it was so ordered.

SB 286-PHARMACY BENEFITS MANAGERS

[1:54:38 PM](#)

CHAIR ELLIS announced SB 286 to be up for consideration.

SENATOR ELTON, sponsor of SB 286, said he hoped to begin and refine a dialogue. This bill is based on model legislation that

has been done elsewhere and they already know of a few alignment issues need to occur between this bill and the existing structure.

He said pharmacy benefit managers (PBM) are groups of businesses that people contract with to manager pharmacy and prescription drug insurance plans. These plan managers include the State of Alaska, the federal government and union groups. He said that PBMs are largely unregulated. The purpose of this bill is to provide transparency into their business model.

SENATOR ELTON related that PBMs negotiate with drug manufacturers and pharmacies on behalf of health insurance plans, but those negotiations and arrangements aren't transparent. The danger is that PBMs receive financial remuneration from drug manufacturers and because those transactions aren't transparent, they don't pass any information to the contractor - information like allocation and recommendations on what drugs should be used. It doesn't allow the contractor, the state for instance, to know what kind of other profits the PBM is getting based on the contract it has with the state.

He said another major concern is how PBMs might increase their profit margins. For instance, in many cases PBMs also have mail order drug stores and it's to their benefit to try and shift business from a pharmacy that may be located down the street that has a relationship with both the doctor and the person who is getting the drugs to the mail order firms.

[1:58:36 PM](#)

SENATOR ELTON said the bill allows the Board of Pharmacy to regulate the terms of an agreement and lets the Division of Insurance access the PBM's books and records that are pertinent to the contract they have with the person providing the drug benefit. This gets back to the issue of alignment, and he didn't know if what worked in other states would work in Alaska. They need to discuss whether or not they want the Board of Pharmacy to get into this kind of business; it might be more appropriate for the Division of Insurance to fill this role.

[1:59:25 PM](#)

He said 20 other states' attorney generals have sued PBMs to try and get the information; eight states plus the District of Columbia have adopted a similar transparency bill. He clarified that when he is talking about transparency, he is not talking about the state or any other contractor posting this

information. He is talking about transparency between the contractor and the PBM itself. This information is proprietary and is not shared with the public.

SENATOR ELTON said another important provision does not allow "extrapolation audits" by PBMs. He explained that PBMs or their agents can now go to a local pharmacy and audit its books, and if they find an error, even a keystroke error - and that may be a \$25 error one way or the other - an extrapolation audit allows the PBM to charge for the prescription of the one drug. If the pharmacy has done 150 or 1,500 other prescriptions for this drug, the extrapolation audit allows the PBM to charge the pharmacy for an error on each transactions a single \$25 or \$50 error can cost a pharmacy \$75,000 to \$80,000. So this bill doesn't allow extrapolated audits; but it doesn't disallow audits.

2:03:00 PM

SENATOR BUNDE asked if this bill in any way prohibited online purchases.

SENATOR ELTON replied nothing in this bill prohibits people from shopping on line. He tried to convey that some PBMs have a business imperative to try and to create a situation in which they make it easier for people to buy their drugs through their subsidiary online, and because of that they might not have a business incentive to try to keep their local pharmacy going. He meant to suggest that there is no way the contractor could know something has happened without being able to pull back the veil that PBMs now have.

2:05:33 PM

BARRY CHRISTIANSON, Co-chair, Legislative Committee, Alaska Pharmacy Association, said he is a practicing community pharmacist in Ketchikan and supported SB 286. It will help insure that Alaska patients, employers and pharmacists are being fairly treated by an industry that manages the processing of prescription drug benefits. The PBM industry started out simply acting as a conduit for claims processing between pharmacies and insurance companies. However, this simple model has ballooned into a myriad of other services that has made this industry a very profitable middle man in managed health care. The Association believes this profitability has come at the expense of patient care and has not lowered overall drug costs. It has been estimated that it takes 25-30 percent of pharmacy staff time every day to try to navigate the maze of "pharmacy benefit manager audits." This time is usually spent on the phone talking

to a claims representative in another state or country. Yet for all of their efforts, their members every day bear the brunt of public comment about higher drug costs.

They believe the transparency called for in SB 286 will help insure the manufacturer rebates negotiated by the PBMs will flow back to the plans' sponsor or employer. They also believe that the authorized substitution sections of the bill will help ensure that patients know they are receiving the most cost effective medication as approved by their prescriber. Far too often they see instances of drug substitutions being made by PBM-owned mail order pharmacies. While these substitutions are legal, they are not communicated to the patient. This can result in the patient continuing to take the original prescribed medication along with a substitute medication simply because they sound or look alike. An example is blood pressure drugs called Ramipril and Lisinopril. Lastly, he said SB 286 does not pad the pockets of Alaska pharmacies, but it sets up pricing guidelines based on national standards and time limits for pharmacy audits and payments.

[2:09:00 PM](#)

MR. CHRISTIANSON said most Alaska pharmacists don't believe legislation is needed for every health care ill; since they are a heavily regulated profession. However, now is the time to consider regulating the PBM industry because it has had too many instances of unfair business practices.

[2:09:37 PM](#)

REGINA BENJAMIN, Senior Director, Public Policy, National Community Pharmacists Association, Alexandria, VA, said some of her members are in Alaska and they support SB 286. She said her concern is that PBMs are the only entities that are involved in a variety of functions that impact the delivery and the cost of prescription drug benefits to the consumer, but they are largely unregulated.

She said the most stringent regulation to date was found in a law passed in Maine. The PBMs were successful in tying that law up in court for several years, but it succeeded at every level of court action. Pharmacy Care Management Association (PCMA) is the trade association for the PBMs that challenged the law. The law finally became effective in June 2006. Now PCMA is also suing District of Columbia for a similar law.

MS. BENJAMIN stated that now they have regulation by litigation and settlement. There have been two large settlements, one by 22

states attorneys general against Medco in 2004 and last month by PBS Caremark with 28 states and the District of Columbia. These settlements with consent orders involved substitutions and lack of transparency which this bill tries to regulate in Alaska.

She said that 15 states over the last 3 or 4 years have passed some kind of legislation that has some minimal oversight of PBMs and states continue to look at the industry and debate whether it should be regulated. Some of the supporters of legislation are the National Legislative Association on Prescription Drug Prices, a group of bi-partisan legislators, Consumers Union, AARP, National Mental Health Association and in some cases the Medical Societies. She said this industry has a large impact on the cost of health care in this country, and with transparency employers will save money because they will realize mail order is not as cheap as they think it is based on the limited information they are given.

[2:14:05 PM](#)

MS. BENJAMIN said SB 286 provides consumer protection especially in the area of substitution, which is a major problem. She explained the reason PBMs substitute medication is because they get a higher rebate on one drug than they do on another and they don't consider the medical ramifications for the person taking the drug.

CHAIR ELLIS thanked her for her testimony and closed the public hearing saying he would hold the bill for further work.

CSHB 357(L&C)-CLAIMS AGAINST REAL ESTATE LICENSEES

[2:15:51 PM](#)

ELEANOR WOLFE, staff for Representative Kurt Olson, sponsor of HB 357, said the sponsor introduced this bill on behalf of the Alaska Association of Realtors that felt it was necessary due to difficulties with the Surety Fund to provide that all real estate agents have errors and omissions (E&O) insurance. She explained that most large brokerages already provide E&O insurance, but about 40 percent of the agents in Alaska don't. This measure would have the department seeking a group policy with a minimum \$100,000 coverage that all members could belong to at a reasonable rate. This would allow most of the complaints that go to the surety fund to be handled through insurance rather than have all of the complaints go through the surety fund that has a maximum of \$15,000. A good number of complaints against real estate transactions exceed that.

MS. WOLFE stated that the surety fund would be renamed the recovery fund and it would cover actions of deceit and breach of trust. She said one insurance company handles the existing 13 states that have this provision and it is willing to make an offer once the parameters are laid out by the department. She believes agents could be covered for less than \$200 year.

CHAIR ELLIS asked if she has had assurance that an insurance entity is out there that will write insurance in Alaska.

MS. WOLFE replied yes.

2:17:38 PM

DAVE FEEKIN, Alaska Association of Realtors, Kenai, said that HB 357 is a joint effort by the Alaska Association of Realtors, the Division of Occupational Licensing, the Division of Insurance and the Department of Law. It accomplishes two things. The surety fund expands the claim coverage by imposing mandatory E&O insurance.

MR. FEEKIN explained that the surety fund was started in 1974 and covers reimbursement for fraud, misrepresentation, deceit and conversion of trust. By statute the fund balance has to be \$250,000-\$500,000. That money comes from the licensees at the amount of \$30 per license period, every two years. A few years ago the fund balance was at or above the \$500,000, but more recently it has been bouncing around below the \$250,000 mark. Two reasons the funds balance is dropping is because there are a high number of frivolous claims brought against licenses that cost the fund to hold the hearings even though they are meritless. The second is a reduction in the number of licensees, and that moves with the market. He said the number of licensees doubled from 2000-2005 and the number of transactions peaked at 2006 in Alaska and 2005 in the Lower 48. The U.S. as a whole has seen a 33 percent drop in real estate transactions, but Alaska has had a drop of 11 percent from 2006 to 2007; this year it continues the same decline.

MR. FEEKIN said it's important to understand how small this problem really is in light of the size of the market. In 2006, 15 claims were filed against the surety fund and none of them were successful in obtaining a claim. In 2007, 13 claims were filed with two getting paid. MLS statistics for Southcentral Alaska plus Kodiak indicated an average of 9,119 real estate transactions per year for each of those two years, a lot of successful transactions. The value of those transactions was \$2 billion per year. Imposing mandatory E&O insurance is supported

overwhelmingly by the industry, because it is a very affordable cost at \$200 or less. Colorado, Idaho, Iowa, Kentucky, Louisiana, Mississippi, Nebraska, New Mexico, North Dakota, Rhode Island, South Dakota, Tennessee and Wyoming are the states involved. Rice and Associates considers Alaska to be very similar to Wyoming as far as the number of licensees. It is considered less of a risk because we don't have the very high second home values that Wyoming has. He knew of no opposition. The state has never purchased a group policy for licensees before so the mechanism had to be worked out.

CHAIR ELLIS thanked him for his comments and said HB 357 would be held.

HB 413-EXTENDING THE REAL ESTATE COMMISSION

[2:24:10 PM](#)

CHAIR ELLIS announced HB 413 to be up for consideration.

ELEANOR WOLFE, staff to Representative Kurt Olson, sponsor of HB 413, explained this was requested by the Department of Commerce, Community & Economic Development and Legislative Budget and Audit Committee. No one had introduced a bill to extend the Real Estate Commission and the Legislative Auditor advised to extend it to 2016.

[2:25:11 PM](#)

PAT DAVIDSON, Division Of Legislative Audit, said her review indicated that the commission was operating in a satisfactory manner and she recommended a 2016 termination date. She also recommended to the Office of the Governor that they verify the qualifications of board members before presenting them to the legislature for confirmation. One of the recent appointments to the board did not have the necessary years of professional experience.

CHAIR ELLIS asked if that recommendation was well received advice.

MS. DAVIDSON replied the Governor's Office concurred with the recommendation and said they would improve their procedures to ensure that professional requirements were met for any of their nominees.

CHAIR ELLIS thanked her for her help and closed the public hearing saying the bill would be held. There being no further

business to come before the committee, he adjourned the meeting at [2:27:36 PM](#).