

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 27, 2009

3:27 p.m.

MEMBERS PRESENT

Representative Mark Neuman, Vice Chair
Representative Mike Chenault
Representative Bob Lynn
Representative Robert L. "Bob" Buch

MEMBERS ABSENT

Representative Kurt Olson, Chair
Representative John Coghill
Representative Lindsey Holmes

COMMITTEE CALENDAR

HOUSE BILL NO. 151

"An Act repealing the termination date of the statewide boating safety and education program; providing for an effective date by repealing the effective dates of secs. 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27, ch. 28, SLA 2000, and sec. 3, ch. 119, SLA 2003; and providing for an effective date."

- MOVED CSHB 151(L&C) OUT OF COMMITTEE

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 105

"An Act relating to the state training and employment program; and providing for an effective date."

- HEARD AND HELD

HOUSE JOINT RESOLUTION NO. 16

Relating to federal procurement preferences for small businesses in the state that are owned and controlled by service-disabled veterans.

- HEARD AND HELD

HOUSE BILL NO. 37

"An Act relating to the relationship between employees and labor organizations; prohibiting collective bargaining contracts that require employees to join a labor or employee organization; extending the policy and limitations set out in this Act to

public employers and public employees subject to the Public Employment Relations Act; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 185

"An Act relating to the labor organization position of state agencies and others with regard to construction contracts paid for by state money."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 151

SHORT TITLE: USE, REGULATION, AND OPERATION OF BOATS

SPONSOR(s): REPRESENTATIVE(s) NEUMAN

02/25/09 (H) READ THE FIRST TIME - REFERRALS
02/25/09 (H) L&C, FIN
03/27/09 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 105

SHORT TITLE: STEP PROGRAM

SPONSOR(s): REPRESENTATIVE(s) COGHILL

01/30/09 (H) READ THE FIRST TIME - REFERRALS
01/30/09 (H) L&C, FIN
03/02/09 (H) SPONSOR SUBSTITUTE INTRODUCED
03/02/09 (H) READ THE FIRST TIME - REFERRALS
03/02/09 (H) L&C, FIN
03/16/09 (H) L&C AT 3:15 PM BARNES 124
03/16/09 (H) Heard & Held
03/16/09 (H) MINUTE(L&C)
03/27/09 (H) L&C AT 3:15 PM BARNES 124

BILL: HJR 16

SHORT TITLE: DISABLED VETERANS PROCUREMENT PREFERENCE

SPONSOR(s): REPRESENTATIVE(s) GATTO

02/09/09 (H) READ THE FIRST TIME - REFERRALS
02/09/09 (H) MLV, L&C
02/24/09 (H) MLV AT 1:00 PM BARNES 124
02/24/09 (H) Moved Out of Committee
02/24/09 (H) MINUTE(MLV)
02/25/09 (H) MLV RPT 6DP

02/25/09 (H) DP: KAWASAKI, OLSON, HARRIS, LYNN,
BUCH, GATTO
03/27/09 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

JIM ELLIS, Staff
Representative Mark Neuman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified and presented HB 151 on behalf of the prime sponsor, Representative Mark Neuman.

JAMES KING, Director
Division of Parks and Outdoor Recreation
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 151.

BILL HUDSON
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 151.

MIKE FOLKERS
Recreational Boating Safety Specialist
Seventeenth U.S. Coast Guard District
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 151.

GENE BROOKS, Admiral and Commander
Seventeenth U.S. Coast Guard District
Juneau, Alaska

POSITION STATEMENT: Testified on HB 151.

CHARLES GEWIN
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 151.

TIM BUNDY, Chief
Injury Prevention & Emergency Medical Services
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 151.

RYNNIEVA MOSS, Staff
Representative John Coghill
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the prime sponsor, Representative John Coghill on HB 105.

DAVID STONE, Deputy Commissioner
Department of Labor & Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 105.

DON ETHRIDGE, Lobbyist
Alaska AFL-CIO
Alaska Works Partnership, Inc.
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 105.

LINDA HULBERT, Member
Alaska Workforce Investment Board
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 105.

DOUG WARD, Director
Shipyard Development
Alaska Ship and Drydock, Inc.
Ketchikan, Alaska

POSITION STATEMENT: Testified during the discussion of HB 105.

SANDRA WILSON, Staff
Representative Carl Gatto
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified and presented HJR 16 on behalf of the prime sponsor.

MCHUGH PIERRE, Director of Communications
Legislative Liaison
Department of Military & Veterans' Affairs (DMVA)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HJR 16.

BUTCH WHITING, Owner
Big Four Enterprises, LLC
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HJR 16.

TIM WHEELER, President
Alaska Veterans Business Alliance (AVBA)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HJR 16.

RIC DAVIDGE, President
Vietnam Veterans of America - Alaska Chapter
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HJR 16.

RUSSELL KELL, State Service Officer
Vietnam Veterans of America - Alaska Chapter
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 16

KARL LERAY, Chairman
Alaska Veterans Business Alliance
Anchorage, Alaska.

POSITION STATEMENT: Testified in support of HJR 16.

BARBARA BACHMEIER
Juneau, Alaska

POSITION STATEMENT: Testified on HJR 16.

ACTION NARRATIVE

[3:27:14 PM](#)

VICE CHAIR MARK NEUMAN called the House Labor and Commerce Standing Committee meeting to order at 3:27 p.m. Representatives Buch, Chenault, Lynn, and Neuman were present at the call to order.

[3:27:44 PM](#)

HB 151-USE, REGULATION, AND OPERATION OF BOATS

[3:27:51 PM](#)

VICE-CHAIR NEUMAN announced that the first order of business would be HOUSE BILL NO. 151, "An Act repealing the termination date of the statewide boating safety and education program; providing for an effective date by repealing the effective dates of secs. 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27, ch. 28, SLA 2000, and sec. 3, ch. 119, SLA 2003; and providing for an effective date."

[3:28:29 PM](#)

REPRESENTATIVE CHENAULT made a motion to adopt the proposed committee substitute (CS) for HB 151 labeled, 26-LS0422\E, Kane, 3/11/09. There being no objection, Version E was before the committee.

3:29:52 PM

JIM ELLIS, Staff, Representative Mark Neuman, Alaska State Legislature, on behalf of the prime sponsor, stated that Version E would extend the sunset date of the statewide boating safety and education program until July 1, 2018. Since 2000, the number of boating deaths has been reduced by 20 percent. He explained that the termination date is 2010. He offered that if the program is extended quickly the Department of Natural Resources will be eligible for a full year of funding.

3:31:22 PM

JAMES KING, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources (DNR), offered some highlights of the program. He explained that the "Kids Don't Float" program is a major component of the program. He related that 515 loaner boards are scattered around the state in 153 communities. He related that the major supplier of the life jackets is the Boating Safety program. He also mentioned that the educational component has reached over 63,000 students in Alaska. "Alaska Water Wise" is a popular training program within the Boating Safety program that helps teach appropriate boating safety practices. Marketing is an important part of the program, including sharing announcements on the radio and television. He pointed out that the Cold Water Boating seal received national recognition and is used in training programs. The program trains law enforcement in safe boating practices and provides support to the U.S. Coast Guard Auxiliary Vessel Safety Check Program. He highlighted one of the most exciting things about the program is that 17 Alaskan children are alive today who were rescued from the water wearing those life jackets. He pointed out that since the program started ten years ago, life jacket wear rates have gone up significantly and recreational boating fatalities have been reduced by 20 percent. He concluded by expressing his appreciation for the efforts in considering HB 151.

3:34:18 PM

REPRESENTATIVE LYNN commented that it is a wonderful program. He asked how many personal floatation devices are lost.

[3:34:40 PM](#)

MR. KING stated that some life jackets wear out and others are stolen or lost. However, a relatively small number of life jackets are lost. He opined that people are pretty responsible with the life jackets and most are put back. Additionally, some are donated. He also mentioned that when the life jackets wear out that new ones are purchased. The goal is to protect the kids and the program has been very successful.

[3:35:33 PM](#)

REPRESENTATIVE LYNN stated it is a wonderful program. He asked who pays for the life jackets.

MR. KING explained that the life jackets are paid for from federal funding.

[3:36:00 PM](#)

BILL HUDSON stated that this bill is necessary. He said he has followed the program since he first introduced it during his time as a member of the Alaska State Legislature. He noted that he spent 20 some years in the U.S. Coast Guard. He stated that much of his activity was spent saving lives of people, who in many cases were unprepared to protect themselves in the water environment. He opined that the program has directly and indirectly saved lives. He complimented the sponsor for introducing the bill and asked members to extend the program another eight years.

REPRESENTATIVE NEUMAN explained that he was going to eliminate the sunset date, but that some legislators expressed concern so the sunset clause was added back in the bill.

MR. HUDSON related that he understood the reason for the sunset provision, although he preferred the bill did not have one.

[3:38:27 PM](#)

MIKE FOLKERS, Recreational Boating Safety Specialist, Seventeenth U.S. Coast Guard District, stated that the U.S. Coast Guard, through the federal Secretary of Homeland Security, is directed to carry out a national recreational boating safety program. The goal of the program is to encourage the states to assume the major role in carrying out boating safety education,

assistance, and enforcement activities within their jurisdictions and to foster greater development, use, and enjoyment of all waters of the U.S. Under this program, the U.S. Coast Guard allocates and distributes funds to eligible states to assist them in carrying out and financing recreational boating safety programs. Federal financial assistance is provide through the Boating Safety Account of the Aquatic Resources Trust Fund, also known as the Sport Fish Restoration and Boating Trust Fund. Part of that eligibility to receive this funding happened when Alaska established its boating safety program by passing House Bill 108 in 2000, nearly 10 years ago. Alaskans are safer and better educated. Recreational boating fatality rates are down. He provided statistics, including that 23.8 lives were lost per year from 1995 to 1999. The most recent 5 year average reduces the fatalities to 15.8 lives each year. He stated that in calendar year 2008, 12 Alaskans were lost in recreational boating accidents, which is the lowest number since the program began. He stated that the U.S. Coast Guard will continue to maintain a strong working relationship with the state, which is outlined in a memorandum of understanding between the State of Alaska and the U.S. Coast Guard.

[3:40:48 PM](#)

GENE BROOKS, Admiral and Commander, Seventeenth U.S. Coast Guard District, stated that he is commander of the district responsible for all U.S. Coast Guard operations in Alaska. He stated that the deadliest catch in Alaska is not fish on commercial fishing vessels, but people on recreational pleasure boats. He indicated that more lives are lost on recreational boats than on commercial fishing vessels every year. He said, "Your program, the state Boating Safety Program, has done a tremendous job in reducing the loss of life on recreational pleasure boats, almost exclusively, but substantially on state waters." He recalled testimony on the loss of fatalities, and the "Kids Don't Float" program statewide. He related that when he heard that life jackets were placed in lockers and left unprotected that he did not expect the program to last longer than a week. However, he remarked that people don't steal them and they actually refill them. He highlighted that the "no-violation boardings" have increased from 35 percent in 2001 to 73 percent. He explained that means that 73 percent of the boats that receive courtesy inspections for boating safety are in full compliance with the boating safety requirements, which means that three out of four boats have the required safety

equipment on board. He related that this is a great partnership for the U.S. Coast Guard. He encouraged support for the bill.

3:42:43 PM

CHARLES GEWIN stated that he has lived along the Yukon River since the mid 1990s. He observed that villagers often loaded up boats to the extent that only two or three inches of freeboard remained. Additionally, often no life jackets were in the boats. In 2000, when this program went into effect life jackets disappeared off the boards. However, in 2001 he related that he observed children wearing life vests. He offered his belief that the use of life vests has continued. He said, "I'd like to see the program continue." He complained that the bill contains a sunset clause, but he also understands the desire to review programs periodically. He stated that he prefers the bill did not have a sunset provision.

3:44:22 PM

TIM BUNDY, Chief, Injury Prevention & Emergency Medical Services, Department of Health and Social Services (DHSS), stated that HB 151 makes boating laws consistent with federal laws, assigns boating regulation functions to the appropriate state agencies, qualifies Alaska to receive federal funds, and creates a Safe Boating Education Program in Alaska. He explained that his section houses the "Kids Don't Float" program. He provided some statistics. Since 1991, there have been 271 commercial and 382 noncommercial boating fatalities. According to the Alaska Bureau of Vital Statistics drowning was the sixth leading cause of death between 2002 and 2006. Based on a prior U.S. Coast Guard study on noncommercial boating fatalities in Alaska between 1991 and 2000, drowning data showed that 9 of 10 fatalities occurred in boats under 26 feet. He noted that victims were adult males and 5 of the 6 boats capsized or involved victims who fell overboard, with 3 out of 4 involving power boats. Deaths were evenly split between fresh and salt water, and in 25 percent of the cases alcohol was confirmed as a contributing factor. However, since the Safe Boating Act was enacted, the program has reduced deaths by more than 20 percent. Additionally, the "Kids Don't Float" program, which is a coordinated partnership between state, federal, and local entities, has documented 17 lives saved through the loaner life jackets. The "Kids Don't Float" program has been adopted and promoted by organizations such as Safe Kids International and Safe Kids of America. This program was a recipient of an outstanding achievement award by the National Fresh Water

Fisheries Hall of Fame in 2006. Prior to 2000, the state did not have a Safe Boating Act and federal funds collected from Alaskans under the Federal Sport Fish Restoration and Boating Trust Funds were given to other states. Since 2000, the state has received approximately \$1.1 million per year in federal revenue and approximately \$450,000 from Boat Registration Fees that would have gone to other states had Alaska not enacted this law. The funding that is received from the programs funds numerous safety programs including funds spent on life vests. He mentioned that approximately \$60,000 per year is spent on the "Kids Don't Float" program. He highlighted that if the bill does not pass to extend the Boating Safety and Education Program, that the state would lose the federal funding.

[3:47:46 PM](#)

REPRESENTATIVE NEUMAN, after first determining no one else wished to testify, closed public testimony on HB 151.

[3:48:01 PM](#)

REPRESENTATIVE CHENAULT moved to report the committee substitute (CS) for HB 151, labeled 26-LS0422\E, Kane, 3/11/09, out of committee with individual recommendations and the accompanying fiscal note.

There being no objection, CSHB 151(L&C) was reported from the House Labor and Commerce Standing Committee.

[3:48:41 PM](#)

The committee took an at-ease from 3:48 p.m. to 3:50 p.m.

[3:50:10 PM](#)

HB 105-STEP PROGRAM

[3:50:19 PM](#)

RYNNIEVA MOSS, Staff, Representative John Coghill, Alaska State Legislature, explained on behalf of the prime sponsor, that this bill was introduced last legislature as House Bill 226. She related that HB 105 passed with a two-year sunset, and instructions for the Department of Labor & Workforce Development (DLWD) to form a work group from all sectors of the workforce to recommend how to improve the program. The DLWD commissioner appointed a task force that met several times. The sponsor

introduced the bill this year to facilitate a statewide policy for a coordinated and effective employment training and education system. She stated that a lot of effort has been put forth on this bill. She mentioned a proposed committee substitute has been prepared.

REPRESENTATIVE LYNN made a motion to adopt the proposed committee substitute (CS) for HB 105, labeled 26-LS0475\C, Wayne, 3/20/09. There being no objection, Version C was before the committee.

[3:53:22 PM](#)

MS. MOSS explained that the bill provides additional authority for the Alaska Workforce Investment Board (AWIB) with respect to the Statewide Training and Employment Program (STEP) operations. The bill expands their duties to include review and approval of regulations to be adopted by the DLWD. The AWIB would annually review the priorities set by the department. She opined that the bill streamlines the paperwork requirements for the STEP program. She recalled one gentleman stated that the grant process is cruel to businesses. She interpreted that to mean the bureaucracy was simply more than a business should have to endure to obtain funding for his employees.

[3:54:38 PM](#)

MS. MOSS related that HB 105 would make the STEP a permanent program and would make the AWIB a partner with the DLWD to ensure the training is in areas that Alaska needs additional workforce jobs. She opined that Alaska is anxiously awaiting a gas line, but Alaska needs to be ready for that. Thus, STEP provides a mechanism for that training.

[3:55:33 PM](#)

MS. MOSS, in response to Representative Buch, explained that the purpose of House Bill 226 was to end the sunset provision and make the program permanent. The legislature asked the DLWD to review the program and make it user friendly. The DLWD's task force met and the AWIB will have more input in the program such as in developing regulations to provide for an appeal process.

REPRESENTATIVE BUCH applauded the sponsor's staff for work on this issue.

[3:57:15 PM](#)

DAVID STONE, Deputy Commissioner, Department of Labor & Workforce Development (DLWD), stated that he serves on the AWIB and was co-chair of the STEP task force. He reiterated that the STEP task force was the result of legislation that passed last year. The STEP task force was charged with developing recommendations for revisions to statutes and regulations to improve the STEP program. He explained that Version C is a result of recommendations made by the STEP task force. The STEP task force was comprised of ten people representing the employers, the employees, the U.S. Department of Labor, the University of Alaska, and the AWIB. The STEP task force met on numerous occasions and recommended the following: Offer services to an expanded pool of workers who may be displaced. Clarify the AWIB oversight and accountability. Support resident hire through targeted projects and services. Increase input from local businesses and regional advisory councils. Streamline the grantee application and reporting process. Make the STEP a permanent program.

[3:58:59 PM](#)

MR. STONE provided some statistics about the STEP program. The DLWD tracked STEP participants for a full year after training. In 2007, the STEP participants earned \$62 million in Alaska wages in the year following their training. This represents an average salary increase of 18 percent. The 1,445 participants increased their earnings by \$9.3 million. He related that 91 percent of the participants claimed Alaska as their residence in the 2008 Permanent Fund Dividend applications. Additionally, 95 percent of STEP participants were employed within 12 months. He concluded by stating that STEP works. It consistently is the best training program for unemployed or underemployed Alaskan workers. Furthermore, by reducing the length of time that workers are unemployed, this program is designed to reduce the amount of unemployment insurance benefits that are paid.

[4:00:00 PM](#)

REPRESENTATIVE BUCH inquired as to whether a list of board members and their affiliations is available.

MR. STONE stated that the Workforce Investment Board consists of 25 people, including the commissioners of the Department of Education and Early Development, Department of Labor & Workforce Development, Department of Commerce, Community, & Economic Development. Additionally, members included a broad spectrum of

people including Jim Lynch, Fairbanks Hospital, Chair; Linda Hulbert, Fairbanks New York Life Insurance; Doug Ward, Ketchikan Shipyard, operating engineers, and labor groups.

[4:01:20 PM](#)

MR. STONE, in response to Representative Buch, stated that the process is streamlined in this way. Three people from the AWIB and one public member will review all of the competitive grant applications and make decisions on who will be awarded the grants. If any discretionary funds remain, two members would examine and meet with the DLWD commissioner to make decisions. He highlighted that the whole idea is to make it fast and nimble.

[4:02:29 PM](#)

DON ETHRIDGE, Lobbyist, Alaska AFL-CIO; Alaska Works Partnership, Inc., stated that both the AFL-CIO and Alaska Works Partnership, Inc. support the program. He explained that the STEP program is particularly helpful to rural residents and people who would not otherwise get training.

[4:04:20 PM](#)

LINDA HULBERT, Member, Alaska Workforce Investment Board, testified that she has been involved in the STEP program for some time and has watched the program grow and serve Alaskans. She offered that she has served on the AWIB the past few years and also served on the STEP task force. She offered her support for HB 105. She stated that the bill is critical, noting the importance of having a trained and flexible work force. She related that this bill provides key funding to individuals and to groups statewide. She opined that the program can help provide workers with a living wage for families. She concluded by reiterating her strong support for HB 105, without a sunset provision to ensure continuity of the program and for adequate planning purposes.

[4:05:57 PM](#)

The committee took an at-ease from 4:06 p.m. to 4:08 p.m.

[4:08:02 PM](#)

DOUG WARD, Director, Shipyard Development, Alaska Ship and Drydock, Inc., explained that Alaska Ship and Drydock, Inc. is

an Alaska Corporation operating the Ketchikan shipyard under a 30-year agreement with the Alaska Industrial Development and Export Authority (AIDEA). He stated that he serves as a member of the Alaska Workforce Investment Board, and chairs the Workforce Readiness and Employment Committee, as well as serving on Commissioner Bishop's State Training and Employment Program (STEP) Task Force. His corporation is a current STEP grant recipient, accessing the STEP grant program to develop a stable, knowledgeable, and skilled shipyard workforce. He stated he supports Version C of HB 105. He asked members to keep in mind that the workforce investment board was tasked by Commissioner Bishop in 2007 to reassume and execute statutory authority and fiduciary responsibilities to provide effective oversight of the state's workforce investment initiatives. He related that the commissioner has provided the leadership necessary for the board to accomplish this task. He opined that the board transformed itself into a "hardworking sleeves up" group of people developing tools and policies to maximize the careers in Alaska. He emphasized careers in Alaska, not just jobs. He thanked Deputy Commissioner David Stone for his leadership on the STEP task force. He indicated that the task force recommendations are included in HB 105. He reiterated that this task force has been the most productive task force he has served on, particularly given the diverse interests represented including the University of Alaska, organized labor, employers, legislative staff, and federal workforce professionals. During the course of the year long deliberation the group identified common issues and solutions, and gave unanimous support for the task force report, which is included in Version C.

[4:11:37 PM](#)

MR. WARD opined that the STEP program has been successful in training Alaskans for good careers. This bill would provide statutory equality for all potential STEP grant recipients and participants and provides the statutory authority necessary for the STEP program to proceed to help create legacy careers for Alaskans. He urged members to support on HB 105.

[4:12:26 PM](#)

REPRESENTATIVE NEUMAN, after first determining no one else wished to testify, closed public testimony on HB 105.

REPRESENTATIVE NEUMAN announced the bill would be held over for further discussion.

HJR 16-DISABLED VETERANS PROCUREMENT PREFERENCE

4:13:10 PM

REPRESENTATIVE NEUMAN announced that the final order of business would be HOUSE JOINT RESOLUTION NO. 16, Relating to federal procurement preferences for small businesses in the state that are owned and controlled by service-disabled veterans.

4:13:22 PM

SANDRA WILSON, Staff, Representative Carl Gatto, on behalf of the prime sponsor, stated that HJR 16 recognizes the sacrifices of the men and women that serve in the military. She stated that they sacrifice the opportunity to start a small business in order to protect our country. This resolution asks the federal agencies to set aside three percent of federal procurement for service-disabled veteran owned businesses. She explained that currently two separate pieces of legislation passed by the Congress mandates three percent of federal procurement for service-disabled veteran owned businesses. Additionally a Presidential order mandates that federal agencies comply with the federal legislation. This resolution asks that the federal agencies in Alaska follow the federal mandate and investigate reasons the federal law requiring agencies to set aside three percent of federal procurement for service-disabled veteran owned businesses is not being followed by federal agencies in Alaska.

4:14:35 PM

REPRESENTATIVE NEUMAN inquired as to whether this allows a disabled veteran to partner with a large business and receive advantage on construction contracts.

MS. WILSON answered that if the business is owned by a service-disabled veteran, who owns a majority share, or in large business 51 percent must be owned by a service-disabled veteran.

4:15:26 PM

REPRESENTATIVE NEUMAN related a scenario in which a service-disabled veteran owned a company. He inquired as to whether he could partner with an XYZ Construction company that employs 300 employees to obtain a preference.

MS. WILSON responded that he would not qualify as a service-disabled veteran business under that scenario. She explained that the federal mandate disallows a service-disabled veteran in a large company from qualifying for the preference. In further response to Representative Neuman, Ms. Wilson related her understanding that in a large company the minimum service-disabled veterans would need to be 50 percent plus one employee to qualify for a preference.

[4:16:55 PM](#)

MCHUGH PIERRE, Director of Communications, Legislative Liaison, Department of Military & Veterans' Affairs (DMVA), stated that the DMVA supports HJR 16. He stated that the DMVA believes this is the right thing to do. He explained the department believes when the federal government makes rules that Alaskans need to live by them. He opined that it is especially important to follow the preference since Alaska has so many veterans. He further opined that the state should do everything it can to see to it that our service-disabled veteran business owners achieve success. He urged members to quickly pass HJR 16.

[4:18:05 PM](#)

MR. PIERRE, in response to Representative Buch, offered that Alaska's Congressional delegation is the appropriate group to ensure that federal laws are enforced, especially the federal mandate for preferences for service-disabled veterans.

[4:19:07 PM](#)

REPRESENTATIVE BUCH asked which entities within the federal government have the responsibility for oversight. He opined the testimony will cover this issue.

REPRESENTATIVE LYNN inquired as to what percentage of disability would qualify a veteran to the service-disabled veteran status.

MR. PIERRE said he did not know.

[4:19:51 PM](#)

BUTCH WHITING, Owner, Big Four Enterprises, LLC, stated that he is a service-disabled veteran who owns his company. He stated that he supports HJR 16 since it provides hope. He explained that he represents a new generation of veterans. He is a veteran of Iraq and Afghanistan having served four tours in

those regions for a total of 10 years, 9 months, and 6 days. He opined that he and many other veterans had to postpone their desires to run organizations and businesses. He highlighted the personal sacrifices that service-disabled veterans have made. He opined that this resolution provides hope for the service-disabled veterans. The federal government has recognized their sacrifices and he hopes that this resolution will provide a means for the state to assist service-disabled veterans. He offered his belief that this is not a handout but a method to offer inspiration for service-disabled veterans to continue to work towards their goals and objectives. He said, "I hope this resolution is passed." He opined a significant number of Alaskans have paid a high price and this resolution could help motivate veterans to pursue dreams that they thought were robbed from them. He urged members to vote for HJR 16.

[4:22:28 PM](#)

TIM WHEELER, President, Alaska Veterans Business Alliance (AVBA), provided a brief history of service-disabled veteran preferences and federal laws. He stated that 51 percent is the minimum ownership that will qualify a business as a service-disabled veteran business. He opined that the program is self-certified. He highlighted that the service-disabled veteran could provide the DD 214 and the U.S. Department of Veteran's Affairs (VA) Certificate of Disability as proof. He explained that the disability rating can range from zero percent to 100 percent so long as the VA classifies the veteran as a service-disabled veteran. He provided information on federal law such that in June 1999, Public Law 106-50, also called the Veteran Entrepreneurship Act, which created a three percent procurement preference goal for service-disabled veteran businesses, which applies to prime contracts and subcontracts. He stated that Public Law 108-183, the Veterans Benefits Act of 2003 (15 U.S.C. 657f), allows service-disabled veterans to obtain sole source contracts for goods and services used by the U.S. government. In October 2004, President George W. Bush signed Executive Order 13360, which mandates all federal agencies to increase opportunities for service-disabled veteran businesses. He said, "And still, Alaska is left out." He remarked that the federal Public Law 109-461, is also known as "Veterans First." He offered his belief that all contracts bid out by the VA will go to the service-disabled veterans first. He pointed out that if a service-disabled veteran's business is not available, the bid would be opened to competition by everyone.

[4:24:59 PM](#)

MR. WHEELER stated that the AVBA met with the contracting officer of VA last summer, and one of Representative Don Young's staff. He related that during this meeting the contracting officer stated that she would not set aside any contracts for service-disabled veteran or veteran owned businesses because she feared the veterans would "jack up the price anyway we want". He said, "She says it's only fair to open up for all competition. This is total blatant disregard of Public Law 109-461 and basically, a slam in all of our faces that put our lives on hold for the defense and freedoms of this country." He reiterated that the service-disabled veterans are not asking for handouts, but would just like the federal law to be enforced. He concluded by reminding members that when people drive in Anchorage and Fairbanks they see yellow ribbons or stickers on cars that read "Support the Troops." He asked, "When the troops come home, put the weapons down, take the uniforms off, why does the support stop?" He thanked the committee for allowing him to testify.

[4:26:23 PM](#)

REPRESENTATIVE BUCH thanked him for his testimony. He recalled conversations in his office. He inquired as to who has enforcement authority over the federal law.

[4:27:10 PM](#)

RIC DAVIDGE, President, Vietnam Veterans of America - Alaska Chapter, stated that he is also a member of the Veteran Business Alliance. He responded to an earlier question by Representative Buch, stating that no one in the agencies is assigned to enforce veterans' preferences. The only tool is a report by the Inspector General. He advised that Alaska's Congressional Delegation has been working for nearly two years to urge federal agencies in Alaska to meet the requirements. He explained that the enforcement authority is discretionary within the agencies, even though the executive order mandated performance requirements for every agency. He emphasized the lack of enforcement is one reason the veterans are requesting oversight hearings in Alaska, and to request commanders who have refused to enforce the laws to participate in the hearings.

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MR. DAVIDGE opined that the government has not met its legal or moral obligations. He related that he is 75 percent disabled.

He focused on his main point, to have the state insist on action. He related that he specifically has asked to have Congressional members hold a joint hearing in Alaska. He recalled during his time as staff to Senator Ted Stevens that similar hearing were held with respect to Native health and housing issues. He opined that procurement officers could be called to testify as to the reasons they are not complying with the federal requirements for service-disabled veteran preferences. He stressed the importance of holding hearings in the state. He concluded that this resolution is in the best interests of the economy of Alaska. He opined that more and more procurement decisions are being made outside Alaska.

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RUSSELL KELL, State Service Officer, Vietnam Veterans of America - Alaska Chapter, stated that preferences for disabled veterans have existed for years. However, those preferences have been diminished in practice, he stated. Given the significance of the contributions made by disabled veterans to all citizens, any illusion of preference is unacceptable and dishonors the obligation we all have. He urged members to endorse and support HJR 16.

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MR. KELL, in response to Representative Neuman, answered that in order to be considered a veteran, the person must serve in active duty a minimum of 180 days, and must have an honorable discharge, although there are some exceptions. He referred to AS 38, Section 101 for the specific definition.

[4:32:00 PM](#)

KARL LERAY, Chairman, Alaska Veterans Business Alliance, on behalf of the Alaska Veterans Business Alliance spoke in support of HJR 16. He explained that it is critical to hold hearings in Alaska to determine why the federal agencies are not complying with state law. He explained his group has contacted several federal agencies, including the U.S. Forest Service, U.S. Army, U.S. Air Force, and Bureau of Land Management. He characterized the response as a "tepid response at best." He pointed out that the U.S. Corp of Engineers is supportive. He said, "We have contracting officers that do not feel the veteran business is of any great importance. It's just that simple." He indicated that the organization wants the legislature to support them, and recognize that it is a disservice to the veteran who has

sacrificed himself/herself to serve this country. He said, "Then when ready to come back and start a business and move forward in his dreams, his abilities, and his wants after his service in the country, to basically just give that opportunity, not a handout, just the opportunity. We have the drive. We have the initiative. We've shown it when we wore a uniform. We want to show it as business owners."

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BARBARA BACHMEIER stated that she is an 80 percent service connected disabled veteran. She stated that she resides and operates a research company in Juneau. She identified that she is affiliated with the Women Serving Women Veterans and the Alaska Military Veterans Political Action Committee. She offered to add to the testimony given for the definition of a service-disabled veteran that would allow him/her to qualify for procurement preferences. She advised that the veteran must be fully active in the conduct of the business. Thus, the instance in which the grandfather was the service connected disabled veteran, but had nothing to do with the business would be unacceptable. The service-disabled veteran must have a key management role, she stated.

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MS. BACHMEIER stated that she joins other service-disabled veterans, veterans' organizations, and veterans' advocates in testifying today pertaining to passage of HJR 16. She offered her belief that this is an excellent move in the right direction. She suggested her preference for a stronger use than the word "goal" in the original federal legislation, although that word could suffice for service-disabled businesses, if federal agencies turned the three percent goal into a tangible reality. Then service disabled veterans will benefit from the original intent of the legislation, which is not happening currently. She stated that in order for federal agencies doing business to understand the federal requirements, which leaves no room for claims of unawareness, it is important to hold joint oversight hearings in Alaska. Thus, a public review of the contractor's performance with respect to federal regulations is important to have on the public record. She said, "If they have wonderful explanations of why they did not meet that three percent set aside goal, we'd want to examine those." She offered that the veterans would like to see documentation and thoroughly analyze why the federal procurement preference was disregarded. She reiterated that federal agencies doing

business in Alaska are required to comply, but they are not doing so. She urged members to pass this resolution. She stated that later she would like the legislature to consider what Florida is considering, which is to have a state set aside for service-disabled veterans. She concluded by stating that she has the highest regard for General Eric Shinseki. She remarked that she served under him while on duty at the Pentagon. She further opined that President Obama could not have selected a more appropriate person to lead the U.S. Department of Veterans Affairs. She referred to page 2, line 31 of HJR 16, and mentioned that the General James B. Peake, M.D. is listed, but he is General Shinseki's predecessor. She asked members to consider making that change.

[4:38:48 PM](#)

REPRESENTATIVE NEUMAN, after first determining no one else wished to testify, closed public testimony on HJR 16.

[4:39:03 PM](#)

REPRESENTATIVE NEUMAN announced that HJR 16 would be held over for further discussion.

[4:39:37 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:39 p.m.