

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

April 13, 2009

3:24 p.m.

**MEMBERS PRESENT**

Representative Kurt Olson, Chair  
Representative Mark Neuman, Vice Chair  
Representative Mike Chenault  
Representative John Coghill  
Representative Bob Lynn  
Representative Robert L. "Bob" Buch  
Representative Lindsey Holmes

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 144

"An Act relating to the Uniform Probate Code, including wills, trusts, nonprobate transfers, augmented estates, personal representatives, and trustees; and amending Rules 3 and 8, Alaska Rules of Civil Procedure, Rule 1, Alaska Rules of Probate Procedure, and Rule 37.5, Alaska Rules of Administration."

- MOVED HB 144 OUT OF COMMITTEE

HOUSE BILL NO. 207

"An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

- MOVED HB 207 OUT OF COMMITTEE

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."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 144

SHORT TITLE: UNIFORM PROBATE CODE; TRUSTS, WILLS

SPONSOR(s): REPRESENTATIVE(s) RAMRAS

02/23/09 (H) READ THE FIRST TIME - REFERRALS  
02/23/09 (H) L&C, JUD  
04/08/09 (H) L&C AT 3:15 PM BARNES 124  
04/08/09 (H) Scheduled But Not Heard  
04/13/09 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 207

SHORT TITLE: MAXIMUM BENEFIT FROM FISHERMEN'S FUND

SPONSOR(s): REPRESENTATIVE(s) HARRIS

03/27/09 (H) READ THE FIRST TIME - REFERRALS  
03/27/09 (H) FSH, L&C, FIN  
04/09/09 (H) FSH AT 10:15 AM BARNES 124  
04/09/09 (H) Moved Out of Committee  
04/09/09 (H) MINUTE(FSH)  
04/10/09 (H) FSH RPT 3DP 3NR  
04/10/09 (H) DP: BUCH, MUNOZ, EDGMON  
04/10/09 (H) NR: JOHNSON, KAWASAKI, KELLER  
04/13/09 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 37

SHORT TITLE: RIGHT TO WORK

SPONSOR(s): REPRESENTATIVE(s) GATTO

01/20/09 (H) PREFILE RELEASED 1/9/09  
01/20/09 (H) READ THE FIRST TIME - REFERRALS  
01/20/09 (H) L&C, JUD  
03/27/09 (H) L&C AT 3:15 PM BARNES 124  
03/27/09 (H) Scheduled But Not Heard  
04/08/09 (H) L&C AT 3:15 PM BARNES 124  
04/08/09 (H) Heard & Held  
04/08/09 (H) MINUTE(L&C)  
04/13/09 (H) L&C AT 3:15 PM BARNES 124

**WITNESS REGISTER**

JANE W. PIERSON, Staff  
Representative Jay Ramras  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Testified on HB 144 on behalf of the prime sponsor, Representative Jay Ramras.

DAVID SHAFTEL  
Attorney  
David Shaftel Law Offices, PC  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the discussion of HB 144.

DOUG BLATTMACHR  
President  
Alaska Trust Company  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 144.

RICHARD HOMPESCH II  
Attorney  
Hompesch & Evans, PC  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of HB 144.

JOHN BITNEY, Staff  
Representative John Harris  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 207 on behalf of the prime sponsor, Representative John Harris.

TRENA HEIKES, Director  
Division of Workers' Compensation  
Department of Labor & Workforce Development (DLWD)  
Juneau, Alaska

**POSITION STATEMENT:** Testified during the discussion of HB 207.

MIKE MONAGLE, Administrator  
Fishermen's Fund Advisory & Appeals Council  
Department of Labor & Workforce Development (DLWD)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the discussion of HB 207.

PAULA SCAVERA, Special Assistant  
Office of the Commissioner  
Department of Labor & Workforce Development (DLWD)  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 207.

GERALD MCCUNE, Lobbyist,  
United Fishermen of Alaska  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 207.

ZINN DECKER  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified during the discussion of HB 37.

JOHN BROWN  
Retiree  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

MIKE LITTLEFIELD, Business Agent  
Teamsters Local 959  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

TIM SHARP  
Business Manager  
Alaska District Council of Laborers, Local 942  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

RANDY GRIFFIN  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of HB 37.

MARK DRYGAS, Battalion Chief  
Alaska Professional Firefighters Association (APFA)  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

TIM EVANS  
Retiree  
Kenai, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

CHRIS GARCIA  
Kenai, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

ALLEN BUTE  
Kenai, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

BRANDON NICHOLS

Kenai, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

RICHARD HENDREN

Wasilla, Alaska

**POSITION STATEMENT:** Testified in support of HB 37.

VINCE BELTRAMI, President

Alaska American Federation of Labor and Congress of Industrial  
Organizations (AFL-CIO)

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

MIKE NOTAR, President

Juneau and Vicinity Construction Trades Council, Inc.

Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

TOM CASHEN

Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

ED FLANAGAN

Juneau, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

RICK CANOY, Business Representative

Teamsters Local 959

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

RICK TRANI, Executive Director

Teamsters Local 959

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

JED WHITTAKER

Anchorage, Alaska

**POSITION STATEMENT:** Testified during the discussion of HB 37.

LARRY BENSON, President

American Postal Workers Union

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

TIM MORGAN, Business Representative

Teamsters Local 959  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

DENNIS KNEBLE  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

SCOTT SAMMONS  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the discussion of HB 37.

RON MCPHETERS, President  
Laborers Local 341  
Palmer, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

SERGIO ACUNA  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 37.

#### **ACTION NARRATIVE**

[3:24:15 PM](#)

**CHAIR KURT OLSON** called the House Labor and Commerce Standing Committee meeting to order at 3:24 p.m. Representatives Buch, Chenault, Holmes, Lynn, and Olson were present at the call to order. Representatives Coghill and Neuman arrived as the meeting was in progress.

[3:24:36 PM](#)

HB 144-UNIFORM PROBATE CODE; TRUSTS, WILLS

[3:24:57 PM](#)

CHAIR OLSON announced that the first order of business would be HOUSE BILL NO. 144, "An Act relating to the Uniform Probate Code, including wills, trusts, nonprobate transfers, augmented estates, personal representatives, and trustees; and amending Rules 3 and 8, Alaska Rules of Civil Procedure, Rule 1, Alaska Rules of Probate Procedure, and Rule 37.5, Alaska Rules of Administration."

[3:25:01 PM](#)

JANE W. PIERSON, Staff, Representative Jay Ramras, Alaska State Legislature, on behalf of the prime sponsor, Representative Jay Ramras, stated that HB 144 will amend the Uniform Probate Code. She explained the bill would add provisions that would allow the settlor of a trust to designate a representative for an incapacitated person in proceedings related to the trust administration. Ms. Pierson stated that HB 144 would establish that an augmented estate does not include property transferred to an irrevocable trust if the settlor is a discretionary beneficiary of the trust and when the transfer is made more than 30 days before marriage or with the consent of the decedent's spouse. She pointed out that this provision is similar to Delaware's statutes for trusts. She stated that the value of the estate is calculated only if the surviving spouse declines whatever he or she is left by the will.

[3:26:29 PM](#)

MS. PIERSON related that HB 144 also creates a procedure for the establishment of a will and trust validity before death. She explained that situations may arise in which there may be a question concerning a person's capacity to execute a will or trust, or whether the document was executed as a result of undue influence, duress, fraud, or mistake. The new procedure under the bill will allow these issues to be brought before the court while the testator or the settler is alive, and when evidence is fresh. She mentioned that similar procedures are allowed in three other states. This bill would provide a venue for probate proceeding if the decedent is not domiciled in Alaska, but significant assets are located within the state. The passage of HB 144 will ensure Alaska remains a premier state in which to establish trusts and estates.

[3:27:17 PM](#)

MS. PIERSON related Section 1 of HB 144 amends AS 13.06.120(2), which lists the situations when persons are bound by orders binding others in proceedings under the Uniform Probate Code (UPC). This provision would allow a person designated by a trust instrument to represent and bind a born or unborn trust beneficiary. It allows a designated person serving as a trustee to represent and bind the beneficiaries in various ways. It generally does not allow a designated person serving as a trustee to represent and bind the beneficiaries. It generally does not allow the designated person to represent and bind a beneficiary if the designated person is also a beneficiary.

MS. PIERSON explained that Section 1 also provides certain persons who represent other persons under AS 13.06.120(2)(A)-(F) are not liable for good faith acts and omissions to the beneficiaries whose interests are represented or to persons claiming through those beneficiaries.

[3:28:19 PM](#)

MS. PIERSON stated that Section 2 amends AS 13.12.201 (b)(9), and makes grammatical and conforming amendments to the definition of "transfer" for certain provisions of the Uniform Probate Code that relates to the elective share of a surviving spouse.

MS. PIERSON explained that Section 3 of HB 144 amends AS 13.12.205, which relates to a decedent's nonprobate transfers to other persons. It would also delete an irrevocable transfer in trust with a transfer restriction from the property that is included in the augmented estate.

[3:28:48 PM](#)

MS. PIERSON related that Section 4, proposed AS 13.12.205(b) would provide that the augmented estate does not include property transferred to an irrevocable trust with a transfer restriction if two conditions are met relating to the trust's settlors and the transfers timing.

MS. PIERSON referred to Section 5, 6, and 7, which represent conforming amendments for the bill.

[3:29:29 PM](#)

MS. PIERSON stated that Section 8 adds a new set of sections that provide for establishing the validity of wills and trusts before the testator's death including adding proposed sections which she clarified by reading from the sectional analysis of the bill as follows:

AS 13.12.530. Allows certain persons to petition the court to determine the validity of a will.

AS 13.12.535. Allows certain persons to petition the court to determine the validity of a will before a person's death.

AS 13.12.540. Establishes the venue.

AS 13.12.545. Identifies what a petition for will validity must contain as does AS 13.12.550.

AS 13.12.555. Authorizes a court to declare a will or trust to be valid. Declares that the will has full legal effect and must be admitted to probate on request of the testator's death, unless modified or revoked after the court's declaration.

[3:30:07 PM](#)

MS. PIERSON continued reading a sectional analysis of HB 144, as follows:

AS 13.12.560. Makes the court's validity declaration binding on other persons.

AS 13.12.565. Directs the court to hold a hearing after a petition is filed. Requires the petitioner to notify the spouse, children, and heirs of the testator or settlor. For a will, this provision also requires the petitioner to notify the testator, the personal representatives nominated in the will, and the devisees under the will. For a trust, this provision also requires the petitioner to notify the settlor, and parties in interest.

AS 13.12.570. Establishes the burden of proof for the petitions.

[3:30:43 PM](#)

MS. PIERSON continued to read a sectional analysis of HB 144, as follows:

AS 13.12.575. Allows a testator to modify or revoke the will or codicil after the court's declaration.

AS 13.12.580. Allows a trust to be modified, terminated, revoked, or reformed after the court's declaration.

AS 13.12.585. Establishes which records related to a petition are public, which are available only to certain persons, and which are confidential. Allows

the court to order confidential records to be made available to other persons when good cause is shown.

AS 131.12.590. Defines the terms used in the new article.

[3:31:18 PM](#)

MS. PIERSON continued to read a sectional analysis, as follows:

Section 10 would amend AS 13.16.410 and allow a personal representative to consider discretionary distributions to a beneficiary as being made from capital gains during the year.

Section 11. Amends AS 13.36.109 and allows trustees to consider discretionary distributions to a beneficiary as being made from capital gains realized during the year.

Section 12. Indicates how certain provisions of the bill amends court rules.

Section 13. States that those sections that amend the court rules only take effect if the bill section 11 is approved by a two-thirds vote.

[3:32:00 PM](#)

CHAIR OLSON asked if these statutes were changed last year.

MS. PIERSON explained that these statutes are frequently amended since Alaska, like Delaware, is one of the premier places for trust estates. Additionally, since this state does not impose a state income tax there is significant benefit for trust estates in the state. She related that \$50 million deposited in Alaska's banks can be used by its citizens and businesses. Further, the state imposes a 6 percent tax on any insurance premiums sold.

[3:32:47 PM](#)

REPRESENTATIVE BUCH referred to AS 13.12.205, which relates to a decedent's nonprobate transfers. He asked how these transfers are conducted.

[3:33:51 PM](#)

DAVID SHAFTEL, Attorney, David Shaftel Law Offices PC, stated that he has been a member of an informal group of trust officers who have worked with the legislature since 1997 on estate law. He explained that he has worked with legislative staff on proposed language for HB 144. He recalled Ms. Pierson's comments on how estate legislation has assisted the state financially. He suggested, more importantly, that estate law is one area of law that every resident will be affected by at one point or another, either by virtue of their relatives passing away or upon their own death.

[3:35:43 PM](#)

MR. SHAFTEL related that the estate and trust statutes are very important to constituents. He highlighted the significant changes in this bill facilitate the ability to designate a representative who can stand in for incapacitated people. He suggested if a person was drafting a will or trust for his children and grandchildren that he/she may decide to appoint someone. In the event that his children or grandchildren would be affected by some court proceeding relating to his estate or trust, the designated person would represent and make decisions for them. He offered that this bill was modeled after recent Florida statutes. He opined that this bill will help to avoid some complex proceedings, including appointment of a guardian ad litem to represent any minor children, unborn grandchildren, or incapacitated children.

[3:37:55 PM](#)

MR. SHAFTEL pointed out one significant change. He explained that years from now when the Chair is elderly he may have a relative that challenges the will, and it may be that the challenge is made after his death, such as an allegation of undue influence or fraud. However, this bill would allow a person to currently petition the court to seek a determination that his/her will is carried out and ensure the person's wishes are made without incapacitation, without fraud, or undue influence. He opined that this is unique since only three other states have these types of proceedings called advisory opinions, yet none are as well-written as the provisions in HB 144.

[3:40:16 PM](#)

MR. SHAFTEL stated that many practitioners in this field often see capacity challenges and otherwise unnecessary litigation.

3:41:07 PM

MR. SHAFTEL noted this bill clarifies that a nonresident of Alaska can have a venue located in Alaska even for assets not located in Alaska. He mentioned that the bill makes one tax change, with respect to discretionary distribution of personal representative or trustees and allows the personal representative or trustee to designate those as capital gains, which in some situations will also allow for tax savings. He opined that this is a good statute. He urged members to give consideration to HB 144 and approve it.

3:41:50 PM

REPRESENTATIVE BUCH stated he is interested in hearing the dangers of not having a will.

MR. SHAFTEL explained that those who do not have a will are considered to have died intestate, and the state provides the mechanism of a default will for them. First, proceedings similar to probate proceedings would be held in state court, and the court would appoint a manager for that process, an administrator for the intestate estate. He highlighted that the administrator may not be someone the person would have chosen to represent him/herself. The administrator would gather assets, value them, pay income and transfer taxes, as well as any federal estate taxes, notify creditors, pay creditors, and challenge faulty or false claims. Once finished, the assets would be distributed according to a pattern the state has laid out such that a surviving spouse and children would receive specific portions of the estate.

MR. SHAFTEL offered that assets may end up being disbursed outright, rather than distributed according to a trust. It is often more valuable to have assets held in trust, which allows protection of the assets, provides better management and investment, and allows for distributions to be made according to the needs of young people rather than at the whim of their desires or urges. Additionally, he suggested a trust allows for better tax planning. Thus, a variety of tools are available to the person sets out their wishes in a will. However, absent a plan, the state provides a skeletal type of plan for you. He mentioned his office has clients who are surviving spouses or surviving adult children and the default probate process has proven to be more expensive and often resulted in poor tax

planning, or in assets being disbursed in directions the person who died never would have wanted.

[3:46:38 PM](#)

REPRESENTATIVE BUCH said that he appreciated Mr. Shaftel's comments. He acknowledged that these are very important issues to consider.

[3:47:19 PM](#)

REPRESENTATIVE COGHILL referred to Section 3 of HB 144, which relates to descendants nonprobate asset transfers to others. He then referred to page 6, lines 11 to 13 which removes language that reads ", INCLUDING AN IRREVOCABLE TRANSFER IN TRUST WITH A TRANSFER RESTRICTION UNDER AS 34.40 110(a)," and asked for clarification.

MR. SHAFTEL explained that this provision deals with a very narrow right, called the widow's election. He explained that in the event a person does not provide for his/her spouse in the will, the spouse can take one-third of the combined assets of the family. The augmented estate is comprised of what is gathered together and represents the entire estate. He pointed out that a type of trust was initiated in 1997 in Alaska. He noted that 11 other states implemented this provision, which is an irrevocable trust. He related a scenario in which a person created the trust. He offered that the person could be a discretionary beneficiary of the trust, and could place assets into trust, yet creditors are prohibited from accessing the assets in the trust. He explained that most states allow a self-settled trust, in which a person places assets in the trust, but creditors can reach the assets to the maximum extent that the trustee can make distributions. Thus, in that scenario a trustee has absolute discretion to make distributions to a person, a spouse, and their children, and the maximum amount would be all of the trust's assets. Therefore, a creditor could reach all of the assets in that trust.

[3:50:31 PM](#)

MR. SHAFTEL related that the Alaska estate law changed in 1997, such that a trust is not to avoid creditors at the time the trust is established. The purpose in establishing a trust is to be assured that funds placed in the trust are safe in the event of an accidental death. He reiterated that a trust does not protect against existing creditors. He stated that if a trust

is created 30 days prior to a marriage, or if a spouse consents to a trust after the marriage, the trust funds are protected from any spousal claims during a divorce. He opined that this option benefits any children involved.

[3:52:20 PM](#)

MR. SHAFTEL indicated that the informal group he previously mentioned had inadvertently failed to conform to the widow's election. He explained the changes contained Section 3 and 4 of HB 144 remedy that omission. In the scenario in which a person created a trust prior to marriage, placed assets in the trust, and designated the beneficiaries and disbursement, when the person dies, the wife could elect against the estate. He referred to the provision in question and stated that the widow's election would prevent the spouse from including in the augmented estate any trust created prior to marriage, nor could she include in the augmented estate any trust she consented to after the marriage. Those are the changes contained in Sections 3 and 4 of the bill, he said.

[3:53:38 PM](#)

REPRESENTATIVE COGHILL stated he had been unaware of the widow's trust issue and related that he would consider this provision further.

REPRESENTATIVE HOLMES said her question was already answered.

DOUG BLATTMACHR, President, Alaska Trust Company, offered his strong support for HB 144.

RICHARD HOMPESCH II, Attorney, Hompesch, & Evans, PC, noted that one of his clients has a son who may contest his/her will.

[3:56:01 PM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 144.

[3:56:48 PM](#)

REPRESENTATIVE NEUMAN moved to report HB 144 out of committee with individual recommendations and the accompanying fiscal note. There being no objection, HB 144 was reported from the House Labor and Commerce Standing Committee.

[3:57:38 PM](#)

The committee took an at-ease from 3:57 p.m. to 3:59 p.m.

[3:59:41 PM](#)

HB 207-MAXIMUM BENEFIT FROM FISHERMEN'S FUND

[3:59:42 PM](#)

CHAIR OLSON announced that the next order of business would be HOUSE BILL NO. 207, "An Act increasing the allowances for injury, disability, or heart attack payable from the fisherman's fund; and providing for an effective date."

[3:59:44 PM](#)

JOHN BITNEY, Staff, Representative John Harris, Alaska State Legislature, on behalf of the prime sponsor, Representative John Harris, stated that the Alaska Fisherman's Fund provides services similar to Workers' Compensation for fishermen. He stated that the upper limit in state law was established in 1959 at \$2,500. Health care costs have risen since that time and HB 207 would increase the amount of the cap to \$10,000.

[4:00:49 PM](#)

MR. BITNEY referred to Section 1 of AS 23.35.140 (a) of HB 144, which read: "Except for compelling reasons..." and explained that this provision sets out conditions for the use of the Alaska Fisherman's Fund (AKFF). He pointed out the process, such that the Fishermen's Fund Advisory & Appeals Council would discuss a fisherman's claim to determine whether to award a claim beyond the cap. He explained an injured fishermen or family must go through the claim process for consideration of compensation beyond the cap. He opined that raising the cap's limit would help speed up the processing of claims. He noted that the claims are paid from fees commercial fishermen remit for crew licenses and permits. He related his understanding that the AKFF balance is currently \$11 million. He advised that some management provisions are also in place in the event that the fund is drawn down by subsequent claims. Thus, additional review can be provided, if necessary, to avoid raising the fishermen's license and permit fees.

[4:03:13 PM](#)

MR. BITNEY, in response to Representative Neuman, answered that although at today's prices the cap on the total allowance could be set at \$18,000, and that the reason \$10,000 was selected was to provide for an increase in the cap but not to increase the cap to the extent that claims might force a subsequent increase in fishermen's license and permit fees. The goal is to keep the fees paid into the fund by commercial fishermen at the same level. In further response to Representative Neuman, Mr. Bitney agreed that \$10,000 was a reasonable estimate for the cap on the total allowance for an injury or disablement.

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REPRESENTATIVE COGHILL asked how many claims have been made to compensate fishermen for injury or disablement beyond the current cap of \$2,500.

MR. BITNEY said he was not certain. He recalled testimony in a prior committee that at the upper end a claim for \$100,000 was made by a claimant who suffered congestive heart failure.

[4:05:17 PM](#)

REPRESENTATIVE COGHILL clarified that he was interested in the number of individuals who asked for consideration beyond the \$2,500 cap.

MR. BITNEY said he did not know.

MR. BUCH interjected that he is also a member of the House Special Committee on Fisheries. He recalled that Trena Heikes, Director, Division of Workers' Compensation previously provided details to the committee

[4:05:49 PM](#)

TRENA HEIKES, Director, Division of Workers' Compensation, Department of Labor & Workforce Development (DLWD), stated that Mr. Mike Monagle could answer any statistical questions for the committee members on this matter.

[4:06:33 PM](#)

REPRESENTATIVE COGHILL asked for clarification of how many individual claims exceeded the \$2,500 cap.

MIKE MONAGLE, Administrator, Fishermen's Fund Advisory & Appeals Council, Department of Labor & Workforce Development (DLWD), related that in FY 09 about 60 claims were made that ranged between \$2,500 and \$10,000 to the Fishermen's Fund. He reviewed historical statistics for claims that exceeded the \$2,500 cap, such that 63 claims were made in FY 08 and 65 claims were made in FY 07. He related his understanding that between 50 to 70 claims per year are requested that fall between \$2,500 and \$10,000. However, he noted that when the department advises claimants that they have exceeded the limit and must fill out additional paperwork, the fisherman tends not to follow through with the claim. He surmised that what has been happening is the claimant will pay for his/her out-of-pocket expenses for legitimate claims rather than pursue the claim. He explained that claims that exceed \$10,000 tend to be pursued. Between 26 and 30 claims range from \$20,000 to \$200,000, which are considered catastrophic claims, are reviewed by the Fishermen's Fund Advisory & Appeals Council (FFAA) each year. While it is rare to have claims of that magnitude approved, the FFAA council must consider each claim. Since the FFAA council meets twice a year, someone seeking medical treatment or medical reimbursement must wait six months for approval.

[4:09:15 PM](#)

REPRESENTATIVE COGHILL related his understanding that it is a matter of severity. He stated that the \$10,000 figure could be considered a baseline rather than a cap. He asked whether Mr. Monagle could speculate on the number of cases that would be paid anyway.

MR. MONAGLE answered that he was not certain he understood the question.

REPRESENTATIVE COGHILL suggested that currently the cap is set at \$2,500, so generally when a fisherman makes an application the claim is approved up to that amount. He understood that under HB 207 the cap would be increased to \$10,000. He asked whether \$10,000 is sufficient given current medical costs or if typical claims would probably exceed the \$10,000 amount and the claimant would still need to petition the council for approval.

MR. MONAGLE explained that the division reviewed the basic claim. He related a scenario in which a person strains his/her back. If the doctor advises the patient that he will need a magnetic resonance imaging (MRI), the test could cost from \$2,500 to \$4,000 in Alaska. If subsequent office visits and

physical therapy were required, the claim could easily reach \$5,000 to 6,000. He stated that back strain is a common occurrence for fishermen as an occupational injury. He offered his belief that the \$10,000 was selected to accommodate the typical cost of the most common claims.

[4:11:50 PM](#)

REPRESENTATIVE COGHILL said that he would like to know the reason for an allowance of more than \$10,000. He asked if a claim were made for more than the cap, if the claimant would need board approval.

MR. MONAGLE explained that the division administratively screens claims for compliance and eligibility. The division conducts a preliminary investigation to ensure that the claim is a valid claim. He agreed a claim exceeding the cap would require FFAA council approval.

REPRESENTATIVE COGHILL related his understanding that administratively typical injuries would be covered within the \$10,000 allowance, but that in instances in which a fisherman suffered a heart attack, the amount would not cover it. He suggested that as long as the hurdle is not insurmountable, the \$10,000 seemed reasonable. He reiterated that he is simply trying to gauge that amount.

[4:13:04 PM](#)

REPRESENTATIVE BUCH recalled testimony given before the House Fisheries committee such that the Fishermen's Fund paid out several of the largest claims in the history of the fund this past year. He further recalled that about \$250,000 collectively was paid.

MS. HEIKES answered yes. She offered that the FFAA council recently approved payment of \$162,000 of \$205,000 in medical expenses and in another case paid approximately \$100,000 to a fisherman who lost his arm in a winch accident.

REPRESENTATIVE BUCH related his understanding that the Fishermen's Fund has had a cap of \$2,500 for two decades. He noted that the Fishermen's Fund currently has a balance of \$11 million. He offered his belief that the increase in the allowance for injury or disablement is reasonable, and considering the amount of fees collected that raising the cap will still represent a sustainable limit. He asked if the

Department of Labor & Workforce Development (DLWD) agrees with the proposed cap.

MS. HEIKES stated that the DLWD supports HB 207. She related that the fund currently consists of \$11.4 million. In the past few years, the Fishermen's Fund has had a \$100,000 deficit. However, given the current revenue and the fund balance, the department does not anticipate any problem, she said.

[4:14:59 PM](#)

REPRESENTATIVE CHENAULT referred to the \$11.4 million fund balance. He referred to the bill sponsor statement which outlines that crew members each pay \$50 for their license. He inquired as to the average payout from the Fishermen's Fund.

[4:15:22 PM](#)

MR. MONAGLE provided statistics from the Fisherman's Fund such that in FY 08, 766 claims were paid with an average claim of \$1,075 and a total of \$823,000 in benefits. He advised that about 24 claims were made beyond the \$2,500 cap, and the amounts varied from \$3,000 up, with several in excess of \$100,000. The FFAA council typically approves between \$200,000 and \$300,000 at its semi-annual meetings for extended benefit requests. Thus, the FFAA council typically approves approximately \$300,000 to \$400,000 in total claims per year.

MR. MONAGLE, in response to Representative Chenault, answered that the FY 08 revenue for the Fisherman's Fund was \$1,440,000.

[4:17:27 PM](#)

PAULA SCAVERA, Special Assistant, Office of the Commissioner, Department of Labor & Workforce Development (DLWD), stated that the administration supports HB 207.

[4:18:06 PM](#)

GERALD MCCUNE, Lobbyist, United Fishermen of Alaska (UFA), stated that all 37 fishing groups that comprise UFA support this bill. He provided additional information on fishermen's license fees. He stated that \$23.40 of the \$50 crewmember's license fees is paid into the fund. Currently, fishermen's crewmember license fees are capped at \$50. He recalled the administrative fee cost is \$3.07. He offered that he also met with the FFAA Council for three days. This bill informs fishermen and

hospitals that the allowance for injury or disablement is increasing from \$2,500 to \$10,000. It helps fishermen to know they have a little more flexibility before they must petition the FFAA Council for payment. This bill represents a good compromise since the UFA does not wish to burden the Fishermen's Fund. He recalled that he suggested to the DLWD and the FFAA that if HB 207 becomes law the Fishermen's Fund should be monitored to ensure that it has sufficient funds. He offered that he spoke to the Commercial Fisheries Entry Commission with respect the possibility of raising license fees. However, at this time monitoring the Fishermen's Fund should suffice since the balance of the fund is \$11.4 million, he said.

[4:19:49 PM](#)

REPRESENTATIVE BUCH emphasized that there is not a cap on payments, but a total allowance of \$10,000, except for compelling reasons, at which time the payouts can exceed the \$10,000 subject to the FFAA Council determination.

MR. MCCUNE clarified that 39 percent of commercial fishermen fees are paid into the fund, but the fees are capped at \$50, which is the total amount that each commercial fishermen currently pays into the Fishermen's Fund. He further agreed that this was not a cap on the payout.

[4:20:57 PM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on closed HB 207.

REPRESENTATIVE NEUMAN moved to report HB 207, 26-LS0801\A out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 207 was reported from the House Labor and Commerce Standing Committee.

[4:21:53 PM](#)

The committee took an at-ease from 4:21 p.m. to 4:24 p.m.

[4:23:49 PM](#)

hb37

HB 37- RIGHT TO WORK

[4:23:51 PM](#)

CHAIR OLSON announced that the final order of business would be 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."

[4:23:54 PM](#)

CHAIR OLSON stated that the committee would take public testimony. He noted that many people who wanted to testify did not get an opportunity to do so at the last hearing.

[4:24:15 PM](#)

ZINN DECKER stated that he is a 40-year Alaska resident and a union electrician. He expressed concern with HB 37, since it affects his union's ability to negotiate a living wage, provide adequate retirement to allow his family to remain in Alaska, and also provide sufficient medical coverage. He offered that nonunion employees have 401(k) plans, but that is not nearly enough for retirement. He opined that HB 37 would lower wages, medical and retirement benefits for union and nonunion employees. The bill does not allow people to keep up with inflation costs and the higher cost of living in Alaska. Enacting HB 37 into law would be a bad decision as states that have Right to Work laws do not admit to lower wages, medical benefits, or insufficient retirement plans.

[4:26:20 PM](#)

JOHN BROWN stated he is a retired operating engineer. He opined that HB 37 does not have anything to do with the Right to Work and this legislation has been around for many years. He stated that the bill would allow people to obtain something for nothing, which is wrong. He opined the fact is that no matter what industry, a person working under a union contract will make 30 to 35 percent more in wages and benefits. He stressed there is a value to a union contract. However, it costs funds to put a union plan into place. This bill would allow individuals to decide to take the benefits but not pay anything for it. He opined that the unions ask employees to pay a fair share. He stated that no one has to join, but they must pay fees which generally range from two and four percent. He also stated that the unions are good for everyone, including communities since

wages create a ripple effect through the economy. He urged members to not support HB 37.

MIKE LITTLEFIELD, Business Agent, Teamsters Local 959, stated that he is a member of Teamsters Local 959. He offered that the Teamsters Local 959 is opposed to HB 37. He cited statistics from the U.S. Department of Labor and extrapolated that HB 37 would reduce wages for working families by nearly \$5,500 per year, increase poverty rates by over 12.5 percent, increase those without health insurance by 21 percent, and increase infant mortality by 16 percent. Lastly, nonunion workers have a 51 percent higher death and injury rate on the job. He opined that this bill is a direct attack on unions and working Alaskans. He said, "I just don't think this legislation needs to be passed."

4:30:00 PM

TIM SHARP, Business Manager, Alaska District Council of Laborers, Local 942, stated that on behalf of 5,000 working Alaska, he wished to speak in opposition to HB 37. He expressed concern that with issues Alaska is facing such as the gasline, energy concerns, and a huge recession, that someone would choose to fight with organized labor in Alaska. "Right to Work for less" laws speak for themselves, as do the organized labor laws, which drive up better wages, benefits, and working conditions. "It seems that some of our legislators have decided the real problem in Alaska is that working people in this state are making too much money so they want to bring the average wage down for all Alaskan workers - union and nonunion." The "Right to Work for less" law is designed by business to legislatively kill or neuter unions, the only remaining viable voice for the American worker. When this has happened in other states, wages dropped or staggered and benefits atrophied. "Why would anyone want this for Alaskans," he asked. Nationwide, unions represent only 12 to 14 percent of the American workforce, but in Alaska unions represent 20 to 25 percent of the workforce. The average wages and benefits show the results of the demographics. As recently as three weeks ago a national poll in Parade magazine showed that 90 percent of Americans still support the need for labor unions; they don't support the need for weakened unions. "It's curious to me that some of the very same people that oppose minimum wage increases, improved safety and health standards, prevailing wage standards, and project labor agreements are connected with sponsoring this bill," he said. Some people look for fights and problems to cover up and take the people's focus away from the truly important issues for

Alaska. There's an old Irish saying that goes, "May the devil take the toes of all our foes that we would know them by their limping. As far as our labor organization goes anyone that votes to support the "Right to Work for less" law for Alaskans will be seen as limping," he said. The union record speaks for itself. "Please vote against HB 37. It's bad for unions, bad for workers, and bad for Alaska," he said.

[4:33:02 PM](#)

RANDY GRIFFIN opined that he is in favor of HB 37 since he is also pro-freedom. He stated that the United States is supposed to be a place of freedom, and Alaska is supposed to be the land of the free. He opined that freedom means that one individual can make a deal with another without guns pointed at our heads or any coercion directed from our federal government. Additionally, he stated that he supports the right of private property. He offered his belief that people have lost many freedoms in this country, but still retains the ability to testify. He offered that he has worked as a union member in the 1970s, and was also a laborer during construction of the Trans-Alaska Pipeline System. He further stated that he is currently a nonunion worker in building maintenance. He opined that the 1935 National Labor Relations Act is wrong or at least aspects of it are wrong. He related that the first labor act, the National Industrial Recovery Act was struck down as unconstitutional. He said:

Now, union people are good. And everybody wants good working conditions. And so do I, and high wages. But, it's whether we stick a gun at someone's head to get them. That's what's wrong. The unions, if they get out of hand they can destroy the steel industry, the auto industry, and a lot of people think that the unions raise wages. They certainly do but they don't raise the total productivity of the nation. Therefore, they don't raise the whole lot of the votes. I see I've gone over the time and I don't want to be unfair.

MR. GRIFFIN urged the committee to vote yes on HB 37.

[4:35:29 PM](#)

MARK DRYGAS, Battalion Chief, Alaska Professional Fire Association (APFA) stated that the nearly 500 APFA members respond to 75 percent of all 911 calls in Alaska. He stated

that he is opposed to HB 37. He recalled earlier testimony by the bill's sponsor, and advised that there is not any prohibition for any of its members to volunteer for any volunteer fire department. He related his understanding that in the past 20 years no one has been disciplined for doing so. He highlighted that this practice happens in Fairbanks and in many locations in the state.

[4:36:47 PM](#)

TIM EVANS stated that he is very opposed to HB 37. He offered some reasons for his opposition including that all union and nonunion wages and benefits would be reduced, and his belief that 21 percent of Right to Work states lack health insurance. He related that safety and health standards are reduced in non free bargaining unit states. He opined that deaths are 51 percent higher in Right to Work states. He asked why someone should enjoy the benefits of a bargaining unit and not pay their fair share since unions provide the same representation for nonunion employees. He further opined that unions offer better wages, benefits, and representation. The majority of employees would be harmed if some employees do not pay for representation. It is not workers who benefit from Right to Work legislation, but the greed of corporation and large contractors. He asked committee members to please vote no on HB 37.

[4:38:41 PM](#)

CHRIS GARCIA stated that he is opposed to HB 37. He said he has worked in Right to Work states. "Calling Right to Work right to work would be like putting a euthanasia bill or a pro-abortion bill in the legislature and calling it right to life," he said. He also urged members to oppose HB 37. In response to Chair Olson, Mr. Garcia remarked that he is also in favor of HB 207, the Maximum Benefit from Fishermen's Fund bill.

[4:39:48 PM](#)

ALLEN BUTE stated that he is totally against HB 37. He said he just returned from Arizona and where people are looking for work at \$4 and \$5 an hour. If this bill passes it will bring people into the state from India and China, he said. The only reason he can live here is because he receives a decent retirement. If members are serious about labor issues, local hire is an issue the legislature should address. He said that when people come up from Salt Lake City, they go right to the North Slope. The only way control this is through the project labor agreements.

In response to Representative Buch, he stated that he is retired. "Don't pass this bill, whatever you do," he said.

4:42:39 PM

BRANDON NICHOLS stated he is a member of International Brotherhood of Electrical Workers (IBEW). He said that he is strongly opposed to HB 37. Unions have been a great asset to our workers since they provide improved safety, good wages, and medical benefits. Union friendly states have higher wages and more medical coverage and union companies are much more prosperous, he stated. He offered that he cannot think of a single country opposed to unions that the U.S. should try to emulate. He urged members not to support HB 37.

4:43:46 PM

RICHARD HENDREN stated that he is an Alaskan citizen. He offered his belief that HB 37 restores liberty to Alaska's citizens. He suggested that members swore an oath of office to uphold the constitution and today members have an opportunity to do so. He opined that Alaska's constitution is dedicated to the principles that all persons have a natural right to life, liberty, and the pursuit of happiness and the enjoyment of the rewards of their own industry. Elected officials are entrusted to uphold these rights. The restrictions imposed in law must be necessary to protect citizens' rights and must not violate people's rights. He stated that the [federal law] as written requires employees to make payments to private organizations they may or may not support, even if it against their religious beliefs. He said he is also opposed to union dues. This federal law is patently unjust. Unions paint bleak pictures of Right to Work states, he said. He urged members to respect their oaths and support the rights of citizens.

4:46:55 PM

REPRESENTATIVE BUCH asked since he is "standing up for himself," if anyone else stands up for him.

MR. HENDREN stated that Representative Buch does as a legislator.

REPRESENTATIVE BUCH explained that he previously has worked as a union organizer. In that capacity, his job was to represent the unrepresented workers and he provided that service for

unrepresented workers in his region. He stood up for all workers, including workers like Mr. Hendren, he said.

[4:48:13 PM](#)

VINCE BELTRAMI, President, Alaska American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), mentioned that at the last hearing over 30 people were at the Anchorage Legislative Information Office (LIO) to testify but were unable to do so. He expressed concern that testifiers were limited to testimony time, yet representatives from the national Right to Work committee were allowed more time to testify.

CHAIR OLSON offered that a former commissioner testified for an even longer time. Additionally, he noted that some people are not testifying as public members, but are testifying at the request of the sponsor.

MR. BELTRAMI quoted statistics such that in Right to Work states women receive 25 percent less in wages, African Americans earn 22.5 percent less, and Hispanic workers earn 37 percent less in wages. Additionally, the disparity between union and nonunion workers is over 30 percent. He opined that this bill would have a negative impact on women and people of color. He related that no one is forced to join unions as that right is guaranteed by law and has been settled by the U.S. Supreme Court. He referred to some cases such as the U.S. Supreme Court case, 373 U.S. 734, National Labor Relations Board v. General Motors Corporation, or Communications Workers v. Beck, 487 U.S. 735 (1988). Thus, he opined that the right to not join a union is a moot point.

MR. BELTRAMI opined that the National Right to Work Committee (NRTWC) committee promotes these bills around the country and are funded by big corporate businesses. He further opined that one of their main spokesperson has been billionaire Steve Forbes. He offered his belief that the stance of acting as though the organization cares about workers seems disingenuous to him. He said:

Right to Work laws have nothing to do with constitutional freedoms or personal liberties as the gentlemen just mentioned. This legislation is nothing more than a thinly veiled attempt to allow free riders to get all the benefits without paying their fair share. And as Representative Coghill questioned accurately and assessed workers who opt not to pay dues. They basically get the full benefit of

increases to wages and other fringe benefits without investing in any of the costs associated with that representation whatsoever. And that is flat out un-American. Just to summarize: It's already legal for people to refuse to join a union if they choose and refuse to pay the portion of dues that might go towards the union's political activity. Right to Work laws hurts union workers as well as nonunion workers. They hurt women and minorities more severely than others. And it would hurt Alaska businesses. And all the credible data show negative economic impacts when Right to Work law is passed. Alaska deserves better and I encourage you not to pass this bill out of committee. Thank you.

[4:52:26 PM](#)

CHAIR OLSON emphasized that it is not his intention to move this bill until everyone has weighed in on this issue.

MR. BELTRAMI suggested there were many people who still wish to testify on this bill.

[4:53:06 PM](#)

REPRESENTATIVE NEUMAN stated he has never been a union worker. He asked if Mr. Beltrami was calling him un-American.

MR. BELTRAMI answered no. He offered his belief that it would be un-American to pass a law like this.

[4:54:03 PM](#)

REPRESENTATIVE NEUMAN related information from the United Food and Commercial Workers (UFCW). He stated that the retirement benefit actuarial rate has been reduced to zero percent this year. That means the plan does not provide any additional benefits after March 9. He discussed the actuarial rates. He stated that the actuarial rate relates to the stock market. He offered that the point he wants to make is that no one wants to see a reduction, but the state moved from Tier I to Tier IV for the same reason. He highlighted that everyone is hurt during a bad economy and everyone is forced to make tough decisions on benefit rates and retirement amounts.

MR. BELTRAMI said that it is not uncommon for pension funds to have to adjust their actuarial assumptions depending on what is

happening in the market. He agreed that in good years they have increased benefits. The reason the economy has declined is due to poor investments made with the American taxpayers' pension funds. Wall Street investors made bad decisions. Now everyone must bear the brunt of those decisions. He opined workers did not have enough voice in the matter. He further opined that passing HB 37 would exacerbate the problem. Defined benefit plans have suffered, but have done significantly better than defined contribution plans. He stated that nonunion members are generally in a defined contribution plan.

REPRESENTATIVE NEUMAN offered his belief with respect to pension funds that there are no guarantees for union or nonunion workers.

[4:57:41 PM](#)

MIKE NOTAR, President, Juneau and Vicinity Construction Trades Council, Inc., highlighted his view that HB 37 is a proposed abomination on the state and its working people. He opined that the bill was not filed on behalf of working families. He further opined that HB 37 would make Alaska a Right to Work state, which is an appalling misnomer since workers have an inherent Right to Work. He read from prepared notes:

It should simply be called work for less. This is just union busting disguised with a nice sounding label. These laws weaken unions' abilities to collectively bargain by prohibiting union security provisions in collective bargaining agreements both approved by the majority of employees and the employer. These provisions provide that all that benefit from a collective bargaining agreement should pay their fair share of the costs of that union representation. In the U.S. Supreme Court decision in 1977, *Aboud v. Detroit Board of Education*, the court said, "A union shop arrangement has been thought to distribute fairly the cost of these representative activities among those who benefit and it counteracts the incentive that employees might otherwise have to become free riders. To refuse to contribute to the union while obtaining benefits from union representation that necessarily accrue to all employees." Worst of all these laws translate into lower wages and benefits, a diminished standard of living, and substandard legal protections for workers in those states with these laws. Let's remember, when

wages fall, so do dollars circulating in Alaska's economy, certainly not something we presently need given the state of our national and state economies. Alaska doesn't want or need this regressive sort of legislation. HB 37 is a dreadful public policy and is not being asked for by working Alaskans. I urge you all to vote against passing it out of committee.

5:00:00 PM

TOM CASHEN stated that he is a retired member of the International Brotherhood of Electrical Workers (IBEW) and a former commissioner of the Alaska Department of Labor & Workforce Development (DLWD). He related that he spent a lifetime in labor movement in Alaska. He informed members that one of the electrical industry training centers in Anchorage is named "Tom Cashen Electrical Training Center". He said he'd like to add his name to the list of people who oppose HB 37.

5:01:04 PM

REPRESENTATIVE BUCH thanked Mr. Cashen for his former service and his endeavor on behalf of workers across the state.

5:01:41 PM

The committee took an at-ease from 5:01 p.m. to 5:02 p.m.

5:02:28 PM

ED FLANAGAN stated that he also is a former Commissioner of the Alaska Department of Labor & Workforce Development (DLWD). He joined his colleagues in opposing HB 37. He recalled that he was the DOL commissioner in 2000 when the first Right to Work bill was introduced. He characterized it as a sad day when the bill had a hearing before the House State Affairs Standing Committee. He also recalled that the issue came up during Alaska's Constitutional Convention. He offered his belief that Representative Coghill would have been one of 40 who voted to oppose the issue at that time. He offered his belief that members decided that Right to Work legislation is the last thing Alaska needed. He further opined that the Republican legislators "ran the punk out of the room." He also recalled eloquent testimony given today to provide reasons to support union workers. He asked Chair Olson to "get everybody heard on this, Mr. Chairman."

5:04:39 PM

CHAIR OLSON reassured Mr. Flanagan that the committee would not be taking action on HB 37 until everyone who wants to have an opportunity to can weigh in on the bill.

5:05:07 PM

RICK CANOY, Business Representative, Teamsters Local 959, stated that he came to Alaska from a Right to Work state and some of his family members have endured hardships due to misguided laws such as the Right to Work bills. He recalled testimony on how unions and non-unions are impacted by Right to Work bills including reduction in wages and benefits. He mentioned this issue compounds the difficulties for unions to negotiate strong agreements. Alaska faces uncertain economics, and he cannot think of a worse time to consider such an ill conceived notion as HB 37, he said. Union workers in Alaska have provided stellar labor and services for Alaskans. He also said he thinks that this is quite a troublesome payback to attempt to derail the faithful workers that are represented by organized labor organizations in this state. He implored members to not pass this bill out of committee. "Kill this, and maybe do this as a show of gratitude. And thanks to those who preceded us and those who are going to work with us side by side now and will follow us in the future. Give us the opportunity to get the best for our people that they may give the best back to the state," he said.

5:07:28 PM

RICK TRANI, Executive Director, Teamsters Local 959, urged members to vote in opposition to HB 37. He speculated that this bill would subvert the collective bargaining process. He opined that workplaces offering union wages have better health care, wages, benefits, and work rules. He argued that unions have a more productive workforce and are held to that standard. Thus, unions ask for better wages and conditions. He opined that unions have negotiated better terms of employment contract after contract and these gains are solidified and passed on to generations of successive employees. The collective bargaining process which secures benefits and wages is dependent upon employees to participate as a whole, and added that to allow other employees to secure these gains without participating in the process defeats the inherent purpose of having a bargaining unit. He expressed concern that this HB 37 is even before the legislature. He offered his belief in the National Labor

Relations Act and the Public Employee Relations Act. The federal acts do not currently need amendments or changes. He urged the legislature to not needlessly amend the laws. He stated that HB 37 would make the existing bargaining units less secure in their position, weaken safe work place rules, lower wages and benefits, and tilt the balance of the employer/employee relationship unfavorably with respect to the employee. He urged Chair Olson not to limit public testimony on HB 37 to only two minutes as the public's testimony should be heard in full. He urged members to vote no on HB 37.

[5:09:23 PM](#)

JED WHITTAKER speculated that about 40 people are currently present who will probably not have chance to testify today. He opined that the Right to Work law is a red herring that poses as freedom for the individual but in reality is designed to weaken unions, collective bargaining, and keep wages low. He offered his belief that Right to Work states have a lower per capita income and a higher rate of poverty. He further opined that unions brought America the middle class through the minimum wage, the 40 hour work week, overtime pay, health care benefits, pension plans, and worker safety. He noted that a healthy economy is one in which people have money in their pockets. He stated that Henry Ford understood this and initially Mr. Ford paid his employees \$5 per hour, which was an unheard of wage. He stated that Mr. Ford was asked why and he said, "Who will buy my cars?" He asserted that Republicans in the Congress blame the unions for the problems. However, he recalled an article in a recent Wall Street Journal which indicates the money General Motors and Ford has invested in their companies could have bought Toyota, Honda, and Nissan outright. He offered his belief that poor management and poor asset allocation has happened, but instead of blaming management, some legislators blame the unions. He said, "I don't understand why Republicans hate unions. I'm here to tell you unions don't hate Republicans. My union, the Laborers Local 341 endorsed Senator [Ted] Stevens and Representative Don Young." He urged members to defeat HB 37.

[5:11:24 PM](#)

REPRESENTATIVE NEUMAN clarified that he does not hold anything against unions. He assured members he would look at HB 37 with an open mind. He reiterated that he is not anti-union.

[5:11:43 PM](#)

LARRY BENSON, President, American Postal Workers Union, stated that the U.S. is in a profound crisis. He opined that HB 37 lends to a further weakening of the economy by providing lower wages, jobs without benefits, and an inability for workers to sustain a middle class living standard. He said:

For thirty years America's economic elites and political allies such as the national Right to Work Group have pursued policies designed to produce this low-wage level economy just as HB 37 does. At the same time, policy makers have sought with some success to maintain high levels of consumer spending. Now, the creation of this low-wage high-spending economy has systematically destroyed the various wages that we individually and collectively save and invest. Instead of an income driven economy, we have become an economy driven by asset bubbles fueled with cheap debt. And the ultimate un-sustainability of this strategy has brought us to our current crisis. The assault on good jobs has proceeded on two fronts, in the purely domestic realm starting with the effective abolition of the right to form unions in the private sector; both the formal and informal structures that encourage the growth of worker bargaining power have been dismantled. HB 37 will further bring about this dismantling. This bill does nothing to improve an economy driven by wages but instead drives further into the abyss an economy driven by asset bubbles fueled with cheap debt again, and will reduce Alaska's wages and jeopardize employer provided health care. You know, "North to the Future" is Alaska's motto. HB 37 does not reflect our true Alaskan spirit. It would be an insult to pass a bill like this. The American Postal Workers Union is opposed to this bill for the reasons I've stated and I urge you to oppose this so called Right to Work bill.

[5:13:59 PM](#)

TIM MORGAN, Business Representative, Teamsters Local 959, stated that the groups he represents voted for union representation by a majority vote, similar to how legislators are elected by a majority vote. He opined that the Right to Work bill would be like saying if a person did not vote in support of the union, that the person does not need to pay their dues to support their wages. He asked members to vote against HB 37. He offered his

belief that his children and grandchildren would not be able to make a decent living in a Right to Work state.

5:15:20 PM

DENNIS KNEBLE stated that he is a member of the IBEW. He related a scenario as a comparison between a small town and a union such that when candidate wins by a majority, the taxes are paid by all residents, regardless of whether taxes are increased or decreased. He compared this to how a union works, such that when its members vote to pass a contract, everyone is represented regardless of their position. He asked members to oppose the Right to Work bill.

5:16:29 PM

SCOTT SAMMONS stated that he is a member of the Laborers Local 341. He related that he moved to Alaska six years ago from his home state of Arkansas to seek a better living than he could provide for his family when living in Arkansas. He offered his belief that Arkansas, which is a Right to Work state, sets the prevailing wage on a Davis-Bacon job for a licensed electrician at \$13.85. If he earned \$2 over the \$6.25 minimum wage in Arkansas, he would be considered doing very well. He indicated that he researched Right to Work states and found that most states adopted Right to Work laws 50 years ago when Alaska decided not to do so. Alaska avoided Right to Work which has served the state well, and Alaska has prospered. Alaska's unions provide workers with excellent training, health, and retirement benefits, which also provide employers the benefits of a highly skilled work force. Furthermore, employers need a well-trained work force since most people do not work in one job from high school or college graduation until retirement. He mentioned that union jobs offer easy transferability of earned benefits to multiple companies. He emphasized the need for a strong resident work force. He opined that strong unions create a level playing field by setting the standards of employee compensation for union and nonunion companies alike. He said, "Without a strong voice to demand fair treatment and compensation for workers, Alaska could easily sink to the standard of living enjoyed in Arkansas, Mississippi, South Carolina, etc. etc. Thank you very much."

5:19:03 PM

RON MCPHETERS, President, Laborers Local 341, explained that he represents over 2,200 members in Southcentral Alaska. He opined

that the Right to Work bill would hurt the state's economy, degrade workers' rights, inflate health care costs, and endanger employees. The real issue for him is that the legislature would even consider this bill, since it is such a radical bill, he said. He offered his belief that the legislature has a responsibility to train more Alaskans. He asked, "Why would this committee want to take out the organizations that will assure true Alaskan hire? This is not only true for the laborers, but is true for all unions in the state." He offered his belief that "Right to Work for less" laws deliberately intend to financially cripple unions. Without dues that unions will not have any source of income, which would lead to an unrepresented work force that would earn less, spend less, and hurt Alaska's economy. Without a union, workers are less likely to have health care insurance and the top-notch training earned through apprenticeship programs. "Without these added benefits, who do you think will be having to pay for these uninsured visits to the hospital," he asked. He urged members to vote no on HB 37.

[5:20:51 PM](#)

CHAIR OLSON offered that the legislature considers about 500 bills each session and he disagrees with about half of them. He related that the committee spends time hearing many bills that many members do not support. One of the side effects of a 90-day session is that it limits the amount public testimony. He apologized to the public for the shortened public testimony time. He stated that everyone who wishes to speak on HB 37 will have an opportunity to provide testimony.

[5:22:05 PM](#)

SERGIO ACUNA stated that he is a union laborer and spoke in opposition to HB 37. He recalled that 22 states have the Right to Work provision. He said, "Alaska does not need to become the 23rd. I have personally has struggled with the consequences of Right to Work law in other states such as Texas and Nevada." He opined that Right to Work states have lower wages, disrespectful conditions, discrimination, and unsafe working conditions. He offered that his work is important and he takes pride in his work. He stated that he needs to be able to earn enough to provide for more than just "beans and tortillas." Alaskans need decent wages, fair and safe working conditions. He concluded by stating "Alaska does not need Right to Work for less law," he said.

5:23:33 PM

CHAIR OLSON announced that HB 37 would be held over for further consideration.

5:23:47 PM

**ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:23 p.m.