

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

January 20, 2012

3:23 p.m.

**MEMBERS PRESENT**

Representative Kurt Olson, Chair  
Representative Craig Johnson, Vice Chair  
Representative Dan Saddler  
Representative Steve Thompson  
Representative Bob Miller

**MEMBERS ABSENT**

Representative Mike Chenault  
Representative Lindsey Holmes

**COMMITTEE CALENDAR**

HOUSE BILL NO. 279

"An Act extending the termination dates of the Board of Nursing, the Board of Dental Examiners, the Board of Barbers and Hairdressers, the Big Game Commercial Services Board, the Alcoholic Beverage Control Board, and the Alaska Seismic Hazards Safety Commission; and providing for an effective date."

- MOVED HB 279 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 279

SHORT TITLE: EXTENDING CERTAIN BOARDS & COMMISSIONS

SPONSOR(S): RULES BY REQUEST OF LEG BUDGET & AUDIT

01/17/12	(H)	READ THE FIRST TIME - REFERRALS
01/17/12	(H)	L&C, FIN
01/20/12	(H)	L&C AT 3:15 PM BARNES 124

**WITNESS REGISTER**

REPRESENTATIVE MIKE HAWKER  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Testified and presented HB 279 as chair of the Legislative Budget & Audit Committee.

THOR STACEY, Member  
Alaska Professional Hunters Association (APHA)  
Juneau, Alaska  
**POSITION STATEMENT:** Testified in support of HB 279.

KELLY VREM, Registered Guide-Outfitter member  
Big Game Commercial Services Board (BGCSB)  
Department of Commerce, Community & Economic Development (DCCED)  
Palmer, Alaska  
**POSITION STATEMENT:** Testified during the discussion of HB 279.

SHIRLEY GIFFORD, Executive Director  
Alcoholic Beverage Control Board ("ABC Board")  
Department of Public Safety (DPS)  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of the extension of the ABC Board during the discussion of HB 279.

J. KATE BURKHART, Executive Director  
Alaska Mental Health Board Advisory Board on Alcoholism and Drug Abuse (ABADA)  
Department of Health and Social Services (DHSS)  
Juneau, Alaska  
**POSITION STATEMENT:** Testified in support of HB 279.

ROBERT COGHILL, Chair  
Alcoholic Beverage Control Board ("ABC Board")  
Department of Public Safety (DPS)  
Juneau, Alaska  
**POSITION STATEMENT:** Testified during the discussion of HB 279.

PATRICIA REYNAGA  
Registered Nurse  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of extending the Board of Nursing in HB 279.

SHERRY BUTTERS, Retiree  
Palmer, Alaska  
**POSITION STATEMENT:** Testified in support of the extension of the Alcoholic Beverage Control Board ("ABC Board").

KRIS CURTIS, Acting Legislative Auditor  
Legislative Audit Division  
Juneau, Alaska  
**POSITION STATEMENT:** Testified on audits of boards and commissions in HB 279.

## **ACTION NARRATIVE**

[3:23:29 PM](#)

**CHAIR KURT OLSON** called the House Labor and Commerce Standing Committee meeting to order at 3:23 p.m. Representatives Johnson, Thompson, Miller, Olson, and Saddler were present at the call to order.

### **HB 279-EXTENDING CERTAIN BOARDS & COMMISSIONS**

[3:24:14 PM](#)

CHAIR OLSON announced that the only order of business would be HOUSE BILL NO. 279 "An Act extending the termination dates of the Board of Nursing, the Board of Dental Examiners, the Board of Barbers and Hairdressers, the Big Game Commercial Services Board, the Alcohol Beverage Control Board, and the Alaska Seismic Hazards Safety Commission; and providing for an effective date."

[3:24:16 PM](#)

REPRESENTATIVE MIKE HAWKER, Alaska State Legislature, speaking as the chair of the Legislative Budget and Audit Committee that requested HB 279, stated that this bill is a housekeeping measure, which would reauthorize the various boards and commissions with sunset provisions in effect in accordance with statute. This bill is an omnibus bill bringing forward all the agencies that need reauthorization this legislative session. This consolidation of sunset audits in an omnibus bill helps to obtain efficiencies - rather than to have multiple bills come before the legislature. The boards and commissions included in this bill are the Alcoholic Beverage Control Board ("ABC Board"), the Alaska Seismic Hazards Safety Commission, the Big Game Commercial Services Board (BGCSB), the Board of Barbers and Hairdressers, the Board of Dental Examiners, and the Board of Nursing. He pointed out that four of these boards or commissions came before the legislature last session, that the omnibus bill had passed, but that bill had included an amendment the governor found unacceptable, and so the governor vetoed the bill. The specific amendment had substantial judiciary consequences, but did not receive review by the judiciary committees since the amendment was tacked on late in the legislative session.

REPRESENTATIVE HAWKER identified the boards that were affected by the veto as the Board of Barbers and Hairdressers, the Board of Dental Examiners (BDE), and the Board of Nursing (BON) and the Alcoholic Beverage Control Board ("ABC Board"). He noted two additional boards also up for reauthorization this year as the Big Game Commercial Services Board (BGCSB) and the Alaska Seismic Hazards Safety Commission. He reported that the dates recommended for extension are those brought forward by the state's legislative auditor. He said he was bringing forward the bill as the chair of the Legislative Budget & Audit Committee.

[3:28:06 PM](#)

THOR STACEY, Member, Alaska Professional Hunters Association (APHA) stated that the APHA strongly supports extension of the BGCSB. He said that the APHA believes the BGCSB has been very effective in raising industry standards and adopting regulations that promote ethical and responsible development for big game guides and transporters.

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REPRESENTATIVE SADDLER asked him to outline the issues that APHA is most interested in at this time.

MR. STACEY answered that when the BGCS board was reinstated, the thrust of APHA's interest was to raise testing standards used to license new guides and assistant guides. After the original BGCSB sunsetted, the standards had been significantly downgraded, and specifically did not contain an oral portion of the exam. The oral exam was especially important when considering qualifications of registered guides since they have the authority to contract hunts and represent the industry. He noted that he holds a registered guide license and is an active big game guide in Alaska. He related that he took the examination during the interim between the boards, when the exam was administered by the division. However, the exam he took only consisted of a written examination, which did not reflect the types of standards the industry finds as adequate and good for Alaska. Once the board had been reinstated an oral portion - strongly supported by the APHA - has been added. This allows qualified professionals to act as proctors, administer the examination, and assist in helping to score the exams. He offered his belief that this has raised industry participation across the board. Many guides and transporters attend the BGCSB

meetings, which has helped to successfully resolve numerous issues.

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MR. STACEY explained that the APHA currently supports another bill before the legislature, sponsored by Representative Feige. When the original BGCSB sunsetted, the BGCSB's regulations were placed into statute. The APHA would like to transfer some of these statutes to regulations to allow the industry to be more responsive to changes in the profession and add more flexibility when the business environment changes. It would also allow the industry to adopt constructive regulations to promote responsible resource development.

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REPRESENTATIVE SADDLER asked him to predict the activities for the next extension of the BGCSB board.

MR. STACEY answered that his industry would like to continue to address standards for the licensed professionals. He noted that even guides and transporters outside the APHA would like to see transporter licenses addressed, including water-based transporters and air transporters - anyone who transports for big game commercial services.

[3:34:06 PM](#)

KELLY VREM, Registered Guide-Outfitter member, Big Game Commercial Services Board (BGCSB), Department of Commerce, Community & Economic Development (DCCED), mentioned that he is also supports the bill previously mentioned - sponsored by Representative Feige - since the housekeeping measures of this dynamic industry currently are cumbersome. He related that the industry faces an evolving process as game populations change. He noted that while he is a new board member as of March 2011, he has attended meetings since the 1970s when he was an assistant guide. With respect to HB 279, he offered his belief that the BGCSB serves a purpose and he would like to see it continue.

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CHAIR OLSON, after first determining no one else wished to testify on the BGCSB and the Alaska Seismic and Hazards Safety Commission, turned to the Alcoholic Beverage Control Board "ABC

Board" and related his understanding the executive director has comments.

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SHIRLEY GIFFORD, Executive Director, Alcoholic Beverage Control Board ("ABC Board"), Department of Public Safety (DPS) read from prepared remarks [original punctuation provided]:

Representative Olson, Representative Johnson and Members of the House Labor & Commerce Committee,

Thank you for this opportunity to speak in favor of HB279, an Act that would extend the termination dates of six different boards and commissions. I am speaking specifically to the extension of the Alcoholic Beverage Control Board. I have served as the Director for the ABC Board for the past three years. For three years prior to my appointment as director I served as a member of the board of directors. I understand the important work the ABC Board conducts in the control of manufacturing, bartering, possessing, and selling of alcoholic beverages in the state.

The ABC Board is currently in the wind down year with a mandate to close our doors on June 30th. This action would set the state back significantly in the progress we have made in licensing of liquor establishments and enforcement of the laws and regulations that govern the operations of these licensed premises. We have made many positive changes within the agency and our employees are competent, professional, ethical, and helpful to licensees, members of the public, members of other agencies, and members of local governing bodies.

The ABC Board has made mistakes in the past, I fully expect we will make mistakes in the future; however, we continue to work hard to establish safeguards to lessen those mistakes. We have made excellent progress in the development of our policies and procedures as well as with our available resources, the implementation of a fair and objective strategic enforcement plan.

Since I have been in my position I have heard from industry representatives that licensees were

dissatisfied with the ABC Board. Therefore, I created a written mail-in survey to gather, anonymously, if they wished, feedback from licensees. We mailed surveys to 1,439 licensees and included a self-addressed stamped envelope. After three months and the mailings all but ceased to arrive we tallied the results from 257 completed surveys. I understand an 18 percent return on mail-in surveys is a decent return.

In all rated categories from very poor to superior the licensing staff of the ABC Board scored above average to superior. In all rated categories from strongly disagree to strongly agree in areas such as the investigator demonstrated respect; the investigator explained the purpose of the visit; the investigator was knowledgeable; the investigator was professional and appropriate, the enforcement staff scored agree to strongly agree and in the one category rated from very poor to superior, e.g. if the contact was in response to the licensee's request, the process of getting the licensee's issue resolved, the enforcement staff rated above average.

The ABC Board recently contracted with the University of Alaska Anchorage to conduct a study to identify ways to achieve higher rates of compliance that are being seen in tobacco compliance checks.

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MS. GIFFORDS continued:

That report should be available within the next week or two and I believe it will provide the ABC Board with an excellent tool to guide our future in the prevention of underage persons purchasing alcoholic beverages.

In fiscal year 2011 the ABC Board for the first time, according to available records, attained the goals of percentages of compliance checks in eight regions designated by the board. In meeting our goals the compliance checks increased from 700 in fiscal year 2010 to 804 in fiscal year 2011. Compliance by industry members increased by three percent - from 85% to 88%. The goal set is 95% for all regions and three regions nearly met the goal - licensees in the

Fairbanks North Star Borough were 93% compliant, in the City and Borough of Juneau were 93% compliant, and in the Mat-Su Borough were 92% compliant. The industry is on an excellent track and we look forward to improvements in other areas of the state.

This year we sent information packets to all licensees rather than just renewal forms to approximately one half of the licensees who were up for their biennial renewal.

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MS. GIFFORDS continued:

Partnering with Alaska Cabaret, Hotel, Restaurant & Retailers Association, CHARR, CHARR provided a "born on" calendar, "born on" sticker, and a brochure entitled "16 Required Points for Alcohol Server Education in Alaska." I believe these are excellent tools that if followed by all industry members the incidences that put licensees at risk would decrease substantially. We will continue our efforts to educate. We continue to conduct formal training for any licensee who requests and we address questions received through our website. All of us at the ABC Board on a daily basis either answer questions from licensees on the phone or in e-mail, or assist licensees who come to the office.

We have a lot of work to do and to not extend the ABC Board would set us back as the state explores alternative ways to license establishments and enforce alcoholic beverage laws.

I respectfully urge you to pass HB279 that includes the extension of the ABC Board to June 30, 2015. Thank you.

[3:44:04 PM](#)

CHAIR OLSON asked for a copy of her written testimony and also for a report he anticipated would be released next week.

MS. GIFFORDS agreed to do so.

[3:44:14 PM](#)

REPRESENTATIVE SADDLER asked about the "windup" of the ABC Board and whether operations were slowing up or winding down and for her to describe the effect of the impending deadline on the operations.

MS. GIFFORD answered that she has not taken any aggressive efforts to wind down the ABC Board since she hopes the legislature will act on this bill. She stated she will be prepared by the end of the legislative session to take any necessary action to cease board operations by June 30, 2012. She pointed out she has received two interpretations on what a final sunset might mean: first, that staff would remain since the functions to license and enforce are necessary and would continue, but the actual board would disappear; and second, that the board would remain, but staff would not. At this time, she said she was unclear of the actual impact of the impending sunset.

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REPRESENTATIVE SADDLER asked - in the event that the ABC Board is extended - for her to discuss what she would do differently over the next eight or so years.

MS. GIFFORD answered that she would like to see a more concerted effort on compliance checks - noting that the board has been on a good track - since these checks result in compliance. She offered her belief that last year proved that point, but one year does not provide a sufficient track record. Instead, several years need to be reviewed and the program should be adjusted as necessary, including updating any regulations and statutes to assist licensees in the "good, lawful operation" of their premises. She offered her belief that the board is on a good path to reach 95 percent compliance. Some naysayers think 95 percent compliance cannot be reached but she thinks the track record for the Fairbanks, Juneau, and the Matanuska-Susitna Borough areas have already proven that it is possible. She said these communities should be commended.

[3:47:32 PM](#)

REPRESENTATIVE SADDLER asked whether any survey results indicated areas in which the board did not score so well.

MS. GIFFORD reviewed her notes and then indicated that the survey consisted of 11 questions on licensing and 10 on the

enforcement efforts. She said some misconception still exists on the process the investigators use to determine compliance checks. She described one response to the survey appeared to be from an angry person. The survey contains contact information so she called the person. The person had mistakenly thought that false identification had been used for underage buyers during compliance checks. She was able to clarify the process used by the ABC Board's investigators. This resulted in an amicable call, one in which the person seemed satisfied with her answers. She concluded that just "opening up communications" provides a means to educate licensees on compliance checks.

[3:49:24 PM](#)

REPRESENTATIVE JOHNSON said he recognizes the ABC Board is in a tenuous position, but the audit recommendations indicate clear action steps for the ABC Board to take. He paraphrased from the auditor's recommendation No. 1 [Audit Control Number 12-20063-09], dated July 27, 2009], as follows:

There is no enforcement strategy to prioritize and apply resources in a cohesive fashion to enforce alcohol beverage laws. The agency does not know if inspecting and checking half the licensees is a good or bad outcome for their efforts, an efficient or effective use of their resources, or in the best interest of the public. The ABC Board continues to be without a systematic strategy to ensure resources are used effectively and efficiently to enforce the alcoholic beverage laws. The ABC Board members should make it a priority to develop and implement this recommendation.

REPRESENTATIVE JOHNSON referred to the second audit recommendation. He said, "...should develop and enforce written policies and procedures to ensure their staff's compliance with state laws and decisions..." He indicated this is somewhat troubling. He read, "There are instances of non-compliance and non-enforcement with state laws, overpayments to municipalities, possible nonpayment of fees by license holders, and incomplete and inaccurate tracking of data. The ABC Board's staff does not have sufficient oversight and accountability over the staff's activities to ensure compliance with state laws and decisions made by the board and director." He also asked how the agency could determine that it has 95 percent compliance if the board does not have adequate tracking. He asked for a status update

on the two recommendations noting the audit was issued a year ago.

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MS. GIFFORD answered the audit language quoted was language from earlier audit recommendations, which contains dated information. She indicated that the ABC Board currently has clear, strategic goals, a system in place - including tracking forms - to ensure investigators are not duplicating their efforts on compliance checks. She related that the tracking system is automated in the database. She acknowledged that previously, investigators would drive around and randomly select premises they did not think were recently checked. However, due to technology and strategies in place for fair compliance checks - based on information in the system - investigators operate differently. She was hired on January 5, 2009, and auditors spent the next five months in her office. She said she implemented policies and procedures soon after the initial meeting with auditors in 2009. Additionally, she worked to correct issues as the auditors brought them to her attention. She expected Ms. Curtis to provide an updated report to the committee. She said she met with auditors on Tuesday to discuss one outstanding issue pertaining to coding revenues in the system, which is being addressed with the assistance of the Department of Public Safety's (DPS) finance staff. She also noted she would add another code to track permits. She offered her belief that the committee will find the ABC Board has met the recommendations put out several years ago [in the audit.]

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REPRESENTATIVE JOHNSON said he hoped for this answer. He found it was disconcerting to see noncompliance with state laws and looked forward to the updated report.

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REPRESENTATIVE THOMPSON related his understanding that teams of two have been citing bartenders or servers for serving an inebriated person and that the inebriated person has also been arrested. He asked if any disparity exists between the standard for an inebriated person in a bar and for a person driving under the influence of alcohol. He wondered if the regulation for inebriated on premises needed to be clarified, noting that he has not specifically read the regulations. He stated that a person in a bar might be too impaired to drive, but have planned

to take a cab home. He further asked whether the standard for being inebriated on premises and driving while intoxicated needed to be addressed.

MS. GIFFORD answered that the standards are not the same. She offered that a blood alcohol level of .08 while driving is the not the same standard used for a drunken person on premise. She said the correct terminology is a "drunken person" and that would pertain to characteristics exhibited by a person such as stumbling, an inability to stand up, falling off a bar stool, throwing up, inability to talk, and bloodshot or unfocused eyes. She thought most people could recognize when a person is a "drunken person" but that this standard is not the same as for a person who is under the influence who should not drive a car. She offered her belief that the statutes and regulations are clear with respect to the definitions. She has heard informally that people say that bars are where you get drunk, but it is illegal to get drunk on a premise. She indicated the licensees' feedback is that they do not want a "drunken person" in their bars. She reiterated the people being escorted out of bars, or those being cited or arrested are the people licensees do not want on their premises.

[3:56:40 PM](#)

J. KATE BURKHART, Executive Director, Alaska Mental Health Board Advisory Board on Alcoholism and Drug Abuse (ABADA), Department of Health and Social Services (DHSS) began by mentioning that Robert Coghill, chair of ABADA has joined her today. She emphasized that she is solely representing the ABADA, but is not representing the Department of Health and Social Services (HSS). She said ABADA appreciates the "ABC Board's" inclusion in the Omnibus bill and ABADA supports the extension of the ABC Board since it provides a critical component to the overall substance abuse prevention system in the state. Part of the strategy for reducing substance abuse - at the national and state level - involves reducing and preventing underage drinking. The strategies related to reducing access to alcohol to minors and those under the age of 21 include the duties Ms. Gifford outlined, such as compliance checks, preventing third party purchases by adults for those under the age of 21 - underage drinking - and training for retailers and their employees. She said she was encouraged to hear Ms. Gifford speak of the partnership with the industry, with respect to the education and use of the "born on" stickers and cards. She acknowledged that the Cabaret, Hotel, Restaurant, & Retailers Association (CHARR), has continued to work hard to ensure its members receive

training, which is a critical component to our prevention system. She referred to her written comments for data that shows great progress made to curb underage drinking in Alaska. It has taken over 15 years - about the same time as it has taken to curb tobacco use - to make this progress. She said it takes a long time to change people's minds and their behaviors. She noted that Alaska's high school youth has reported less active alcohol use. Additionally, she reported that Alaska's statistics are better than the national average, which she applauded. She concluded by expressing ABADA's support for the extension of the ABC Board.

REPRESENTATIVE SADDLER asked for any areas ABADA supports for improvements to the ABC Board's operations or activities.

MS. BURKHART responded that one area she previously discussed with Ms. Gifford and she was encouraged to hear mentioned was the increased partnership and cooperation with the industry. The ABC Board's job has been to ensure compliance with Alaska's laws and that only lawful sales are made. She stated ABADA has benefited from partnering with the industry and retailers in other areas of prevention, such as fetal alcohol spectrum disorder. "It has been a great opportunity for us," she said. The ABADA has gained a better understanding of the industry's perspective on alcohol, alcohol sales, and the use of alcohol. She stressed that ABADA is not a teetotal organization, but one that believes in responsible use or abstinence as choices. The ABADA's job is to focus on preventing the negative consequences of alcoholism and drug abuse. Based on her own experience she identified this as one area she was interested in seeing improvement. She referred to Ms. Gifford's comments that the relationship with industry is improving and concurred she'd also like to see it continue to improve. She thought it possible for the ABC Board to operate as an enforcement and licensing organization, but also have a collaborative relationship with the industry.

[4:01:41 PM](#)

ROBERT COGHILL, Chair, Alcoholic Beverage Control Board ("ABC Board"), Department of Public Safety (DPS) stated he previously spent nine years serving on the Fairbanks School Board. He related that he is very concerned about children, which is one reason he is on the ABATA board. He acknowledged the progress he has seen in the last decade, with respect to liquor stores - noting he owns shares in a liquor store. He pointed out the

training staff receives is preventing alcohol use [underage drinking] as a result of the "ABC Board's" efforts.

[4:03:04 PM](#)

PATRICIA REYNAGA, Registered Nurse, stated that she has been a registered nurse for 42 years. She supports the reauthorization of the Board of Nursing. She attends the majority of the Board of Nursing's quarterly meetings and has done so for years. She has observed the board making decisions after thoughtful discussion and testimony during its meetings. The board posts and often refers to its mission during the decision-making process. She thanked members for their time.

[4:04:00 PM](#)

SHERRY BUTTERS, Retiree, said she is a retired First Sergeant [Alaska National Guard], but has worked - about eight years - with kids while serving for the Counterdrug Support Program in the Drug Demand Reduction Division. She emphasized her support for the continuation of the ABC Board to protect our children from alcohol. She said that the earlier kids start drinking, the earlier they get into trouble, plus alcohol and drug use can reduce their ability to join the military. She also said, "It really sets them up for failure in life."

[4:05:08 PM](#)

REPRESENTATIVE SADDLER asked for the trend in recruitment.

MS. BUTTERS answered that problems with substance abuse issues have prevented youth from joining the military. As an aside, she mentioned another reason not related to alcohol and drug use that has prevented youth from joining the military is impaired hearing. She surmised their hearing loss may be related to playing loud music. She also emphasized that youth cannot join the military if they have been cited for underage drinking until they reach the age of 21. She pointed out that generally if youth have not joined by the ages of 18 or 19, they do not consider joining the military.

[4:06:20 PM](#)

REPRESENTATIVE SADDLER asked whether she has observed any issues such as the use of bath salts or synthetic use.

MS. BUTTERS agreed she has seen the type of drug use he described. She said that this type of drug use has not been an issue for those youth wishing to enlist, but it has been an issue for young soldiers already serving in the military. She clarified that soldiers can be busted for any type of substance abuse that alters their state of being. She reiterated that the military does not screen for those types of substances, but if active duty soldiers are caught using drugs they will get into trouble.

[4:07:18 PM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 279.

[4:07:48 PM](#)

KRIS CURTIS, Acting Legislative Auditor, Legislative Audit Division, explained the last full audit for the ABC Board was dated July 2009. The auditors have followed up with the board last year and again this week with respect to the prior audit recommendations. The audit concluded that the ABC board should be extended and was serving a public purpose; however, auditors made several recommendations regarding improving the effectiveness and efficiency of the board. The auditors recommended a stronger internal control environment be implemented to include written policies, operational procedure, and a strategic plan governing the enforcement activities. Since that time many improvements have been made. Almost all of the auditor's recommendations have been implemented. She agreed, that as Ms. Gifford discussed, one outstanding recommendation remains regarding licensing revenues. The licensing fee revenues recorded in the ABC Board's data base did not agree nor was it reconciled with the same revenues recorded in the state's accounting system. This deficiency continues to exist. She related auditors discussed this matter with the DPS's administrative staff who indicated that turnover in the fiscal staff has delayed addressing the issue. However, the department is currently trying to address the issue.

[4:09:23 PM](#)

REPRESENTATIVE JOHNSON recalled the auditors recommended the ABC Board be extended to 2014.

MS. CURTIS agreed that the 2009 audit recommended extension until 2014.

REPRESENTATIVE JOHNSON asked whether that date is still appropriate.

MS. CURTIS said she believed the follow-up audit recommended a one-year extension. In 2010, the auditors performed a more informal status update. Thus, the auditors did not come up with a recommended date, per se, but just followed up with the prior recommendations.

[4:10:20 PM](#)

REPRESENTATIVE JOHNSON asked whether the auditors had a revised recommended date or would retain the initial recommended sunset date of 2014.

MS. CURTIS answered that the extension dates in HB 279 seemed reasonable and would allow the auditors to go back and do a full sunset review.

[4:10:39 PM](#)

CHAIR OLSON asked whether the division thought the ABC Board was moving in the appropriate direction.

MS. CURTIS answered that the division has seen many of their recommendations implemented, which she attributed as benefits derived from the audit recommendations. She acknowledged that the division noticed quite an improvement once Ms. Gifford took the position as director.

CHAIR OLSON agreed that has been her record with at least one other agency.

[4:11:38 PM](#)

MS. CURTIS turned to the Alaska Seismic Hazards Safety Commission. She stated that the audit report was dated June 2011. The purpose of the sunset review was to determine if the termination date of the commission should be extended and whether it was serving the public's interest. She reported that based on the auditors review, the division found that the commission is operating effectively and serves a public purpose. The auditors recommended that the commission be extended until June 30, 2016, and this date is reflected in HB 279. The report recommended four improvements: First, the commission should develop a strategic plan to guide its efforts to mitigate

seismic hazard risk in Alaska; second, the commission should develop procedures to ensure the public notice of meetings is published timely; third, the auditors recommended that the commission follow its own adopted procedures with respect to habitually absent members; and finally, auditors made a recommendation to the Office of the Governor to fill appointments to the commission in a more timely manner.

4:12:56 PM

REPRESENTATIVE SADDLER asked whether any long-term vacancies had occurred.

MS. CURTIS answered that the auditors had reported that one local government position was open for nine months due to an insufficient applicant pool.

4:13:27 PM

MS. CURTIS turned to the Big Game Commercial Services Board (BGCSB). She stated that the audit is dated September 2011. The audit's purpose was to determine whether the board should be continued and if it serves a public interest. The auditors recommended the termination date of the BGCSB be extended to June 20, 2016, as listed in HB 279. The auditors determined the board has served the public interest by providing reasonable assurance that individuals licensed to guide, transport, and outfit are qualified to do so. The BGCSB has successfully developed regulations to improve the big game commercial industry. The limit of a four-year extension was due to the board not fully implementing the prior audit recommendations and the less than sufficient support services from the division. The sunset report included one new recommendation and five repeat recommendations. The new recommendation requested the division and board address the poor security controls over electronic and paper versions of hunt and transport records. She stated that this information is confidential by statute, but the division does not have staff with the technical capabilities to restrict access to the electronic records. She further stated the division does not have the policies and procedures in place to ensure the physical files are safeguarded. The auditors also recommended the prior audit recommendations, which cover a variety of issues, including poor operational support by the division in both the administrative and investigative areas. She noted that licensing fees continue to be insufficient to support the board's operations. At the end of FY 11, the board had a deficit of almost \$375,000. The auditors recommended that

the first aid requirements needed to provide consistency between the guide-outfitter licensee types. The board continues to desire a data base of hunt records and reports. This takes a significant amount of administrative time and given the board's fiscal condition does not appear to be a prudent use of funds given the little value it demonstrates.

[4:16:22 PM](#)

MS. CURTIS, turned to Board of Barbers and Hairdressers and agreed, in response to a question, that there were no new issues. She mentioned that the extension dates recommended for Board of Barbers and Hairdressers, Board of Dental Examiners, and Board of Nursing are the same dates contained in HB 279.

[4:16:55 PM](#)

REPRESENTATIVE JOHNSON indicated his desire to cut state government to streamline the process for businesses to operate. He asked whether all these boards are necessary.

MS. CURTIS related that when conducting the first audit of the Alaska Seismic Hazards Safety Commission, auditors recommended terminating the commission. At the time, it was a new commission and no board members had yet been appointed. The auditors agreed that if it was the legislature's intent to continue the commission, the commission should appoint local representation from areas impacted from seismic risk. She reported the appointments occurred and the commission has been running since then. The auditors determined the commission was serving a public interest given its statutory responsibilities so the auditors recommended an extension.

[4:18:03 PM](#)

REPRESENTATIVE JOHNSON reiterated his interest in determining whether an activity is something that government should be involved in and if the commission is necessary.

MS. CURTIS noted the auditors do take that into consideration, but she has nothing to recommend as far as termination of this commission.

[4:18:33 PM](#)

REPRESENTATIVE SADDLER noted the fiscal notes are very small. He acknowledged that the board members are volunteers and

provide expertise, time, and experience to benefit the state. He asked whether the state is getting the appropriate "bang for the buck" for money spent on the boards.

MS. CURTIS answered that the audit did not look at that specific value. She reported that the Alaska Seismic Hazards Safety Commission has a \$10,000 annual budget, which is not a lot of money. The auditors did not estimate or quantify the value. The ABC Board has an annual budget of \$1.4 million. She clarified that none of the sunset criteria that the division uses has the auditors evaluate and provide a specific value judgment.

REPRESENTATIVE SADDLER referred to his experience with boards and commissions. He thanked board members, characterized the service as thankless service, and offered that the committee appreciates service on boards and commissions.

[4:19:55 PM](#)

CHAIR OLSON noted Representative Saddler has spent significant time on boards and commissions.

[4:20:09 PM](#)

REPRESENTATIVE HAWKER stated that he has brought this bill forward as the chair of the Legislative Budget and Audit Committee. He asked this committee to provide the evaluative process. He offered his belief that the committee has identified issues with the ABC Board and the long sequence of recurring audits. He recalled the 2009 audit was the third audit conducted by the Legislative Audit Division over the past seven years. The auditors consistently discussed the significant management deficiencies the agency had. He noted that the auditors are clearly seeing changes in the agency. He offered differences exist between whether an agency exists for a good and valid purpose and should be renewed and how well an agency might be executing those responsibilities. He emphasized the ABC Board as an appropriate function of government that should be reauthorized regardless of how well the agency functions internally.

[4:21:50 PM](#)

REPRESENTATIVE HAWKER referred to the Alaska Seismic Hazards Safety Commission. He said he was hesitant to bring this reauthorization forward. He stated that after reading the audit

carefully, it makes one wonder why the commission does exist. He related that as the bill moves through the legislature that legislators may want to review the commission from a cost-benefit analysis to the state. He reiterated that it is the L&C committee's decision on whether to move the bill forward. He reported that he is comfortable with the bill as presented and would appreciate moving it forward for further consideration in the legislature.

[4:22:36 PM](#)

CHAIR OLSON recalled how contentious the bill was last year.

[4:22:50 PM](#)

REPRESENTATIVE JOHNSON moved to report HB 279 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 279 was reported from the House Labor and Commerce Standing Committee.

[4:23:25 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:23 p.m.