

HOUSE FINANCE COMMITTEE
February 17, 2014
1:37 p.m.

1:37:10 PM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:37 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Peggy Ann McConochie, Self, Juneau; Don Habeger, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Konrad Jackson, Staff, Representative Kurt Olson; Jo Ellen Hanrahan, Deputy Commissioner, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Patricia Senner, Alaska Nurses Association, Anchorage; Dale Nelson, Alaska Profession Design Council, Anchorage.

SUMMARY

CSHB 32 (L&C) LINES OF BUSINESS ON BUSINESS LICENSE

CSHB 32 (L&C) was HEARD and HELD in committee for further consideration.

HB 187 OCCUPATIONAL LICENSING FEES

HB 187 was HEARD and HELD in committee for further consideration.

#hb32

HOUSE BILL NO. 32

"An Act providing for the issuance of one business license for multiple lines of business; and providing for reissuance of a business license to correct a mistake on the license."

1:37:33 PM

Vice-Chair Neuman explained that version Y of the CS was before the committee for discussion.

Representative Costello introduced her legislation. She noted that the bill would allow individuals who apply for a business license to list several lines of business through the Department of Commerce, Community and Economic Development. The current practice dictated that if a license fell into several categories, several business licenses were required. The CS proposed a common-sense approach to licensing by allowing applicants to receive one business license while listing the activities or categories.

Representative Costello mentioned another aspect of the bill allowing a change to an application to be made during a 30 day time period.

Co-Chair Stoltze stated that most questions would be directed to the fiscal notes. He OPENED public testimony.

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PEGGY ANN MCCONOCHIE, SELF, JUNEAU testified in support of the bill. She stated that she obtained a business license as a real estate broker and was required to have a separate business license for real estate education. She encouraged

the committee to pass the legislation, as it allowed business owners to obtain reasonable fees.

Co-Chair Stoltze asked if Ms. McConochie represented the National Federation of Independent Business (NFIB).

Ms. McConochie replied that she was a member of NFIB, but spoke for herself in favor of the legislation.

Co-Chair Stoltze CLOSED public testimony. He requested that Don Habeger testify with special attention to the bill's fiscal notes.

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DON HABEGER, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT testified on section 3, which opened a change for the business license within the first 30 days after the issuance. Occasionally business partners failed to agree about requested changes. He noted the potential that requests in those situations might be submitted repeatedly throughout the 30-day period.

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Representative Wilson asked if the name of the company must be the same for both activities. She asked if a new license would be indicated if she wanted to change the business name.

Mr. Habeger replied that if a business owner had identical owners and name, then the legislation allowed for multiple lines of business. He added that business partners could apply jointly.

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Representative Wilson asked about the potential for two different businesses with different names. She wondered if she would have two different business licenses.

Mr. Habeger concurred.

Vice-Chair Neuman recalled that a brewery in Talkeetna wanted to open a restaurant. The statute stated that you could not own a brewery and then a restaurant.

Mr. Habeger responded that if the brewery wished to change the license, there were licensing requirements from other agencies and organizations unrelated to business licensing. He noted that the professional licensing statute required that a professional license be secured prior to administration of another business license. The legislation addressed those businesses with the same name, interested in multiple lines of business.

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Co-Chair Stoltze joked that the regulation of the alcohol industry would remain as complicated and convoluted as it always had been.

Mr. Habeger laughed.

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Co-Chair Austerman asked if the goal was to help small businesses in Alaska. He asked if the legislation defined small business.

Mr. Habeger responded no.

Co-Chair Austerman provided an example of a native corporation under the regional corporation and its subsidiaries and business licenses could become lumped under one name. He asked how many licenses could be wrapped under one business name. He expressed discomfort about the lack of parameters in the bill.

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Representative Costello responded to Co-Chair Austerman's second question. If business name remained the same, the lines of business would involve approximately 20 different categories. She deferred the question about higher levels of categories to Mr. Habeger.

Mr. Habeger stated that a current requirement in regulation was for businesses to operate their activities and advertise with their licensed business names. He believed that a large organization might choose to consolidate under the corporate name, which would not be prohibited by the proposed legislation.

Co-Chair Austerman saw many businesses advertising under the Doing Business As (DBA) category. He discussed the need for legislative parameters.

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Representative Munoz asked if a professional and business license could be consolidated.

Mr. Habeger replied that the department had considered consolidating the two licensing fees, but the state faced an issue regarding the rewrite of the professional licensing database. The upgrade was necessary prior to matching the professional and business licensing databases.

Representative Munoz asked if an opportunity for consolidation existed with the upcoming rewrite of the system.

Mr. Habeger replied yes.

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Representative Thompson noticed the \$37,500 drop in revenue resulting from the legislation. He asked if an increase in business licenses was projected.

Mr. Habeger replied that the department combined corporations and business license activity. He believed that the proposed changes would bring in more revenue than expenses.

Representative Edgmon added that the benefit sometimes outweighed the cost. He stated that \$37 thousand was a small price to pay to allow conveniences to small businesses. He commented that the native corporations and subsidiary companies were careful to set up a corporate liability for the separate businesses. He supposed that additional licenses would not be indicated.

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Representative Gara asked about businesses that sold hand-made items once a year at a craft fair. He opined that operating once a year was not a "regular business" as stated in the statute. The division considered a onetime

event a regular license. He asked if the division continued to interpret the statute in the same way.

Mr. Habeger stated no. He agreed that one time a year was not considered a regular business.

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Representative Gara stated that he liked the bill. He knew that larger businesses combined multiple services. He spoke about the size of a company. He wondered if a small business could potentially be identified by the number of employees.

Representative Costello stated that the bill's fiscal note utilized data from 750 business license holders. She thought that the question might be better directed to the company. She understood that an elaborate business structure or higher type license for a corporation or Limited Liability Corporation (LLC) might not be served well by the legislation. The intent was to target Alaskans that applied for a business license with the intention of providing two or more of the specified service categories. She requested a response from the department regarding the 750 people affected by the passage of the proposed legislation.

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Co-Chair Stoltze pointed out that many of the state's craft fairs lasted longer than one day. He added that municipal jurisdictions often established permitting requirements for such events. He wished to omit the idea that the state would exempt state fair or the Alaska Federation of Natives (AFN) vendors for their multi-day fairs.

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Representative Thompson asked if there was a projected reduction in the price of Alaskan business licenses.

Mr. Habeger stated that the business licensing fee was set in statute and regulated by the legislature. The current licensing fee was \$50 per year and a biannual license for two years was also an option.

Representative Thompson asked about vendors that sell homemade items out of their cars.

Mr. Habeger replied that the privilege of doing business required a business license. He stated that additional definitions defined business as one that yielded a financial benefit to the business person. He appreciated Co-Chair Stoltze's comments regarding financial gain for any level of business.

Representative Wilson asked about the determination of 750 affected businesses.

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Mr. Habeger replied that a business license had certain elements required by statute. A business was not required to report their size to the department. Duplicate business names were researched in the department's database to arrive at the number. The line of business was also considered in the approximate determination of 750 businesses affected. He clarified that the figure was an estimate.

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Co-Chair Austerman pointed out the change of wording from line of businesses to trade, service, protection or activities. He asked if the words trade, service, protection and activities were defined in statute.

Mr. Habeger replied yes.

Co-Chair Austerman asked if the definitions were a component of the research leading to the 750 affected business licenses.

Mr. Habeger replied that the department searched the database and the terms trade, service, profession or activity provided a definition in statute.

Co-Chair Austerman stated that he would look up the statute.

Vice-Chair Neuman asked if the department offered fines or penalties for Alaskans doing business without a business license.

Mr. Habeger replied that a fine limit of \$300 was established in statute for a business operating without a business license. He noted that an investigation to determine the standard was expensive for the state. A letter citing the statute was delivered to business owners alerting them of the licensing requirement.

Vice-Chair Neuman stated that the combined licenses might prove advantageous to the department.

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Representative Edgmon asked about potential federal tax complications that might arise from the establishment of multiple businesses.

Mr. Habeger stated that he was not familiar with the federal tax statutes.

Co-Chair Stoltze stated that each individual business could decide how to address their tax issues.

Representative Edgmon noted his support of the bill. He offered to research the tax issue.

Co-Chair Stoltze recalled an amendment he submitted for a business license fee reduction for seniors during his first legislative term. He opined that the bill would prove advantageous to seniors. He appreciated the industrial nature of Alaskans.

[2:13:55 PM](#)

Representative Gara revisited the idea of a business license exemption for those people doing a minimal amount of business.

Mr. Habeger replied that he would get back to Representative Gara with an answer.

Co-Chair Stoltze asked if the department refunded licensing fees for businesses that did not fit the established criteria.

Mr. Habeger replied stated that refunds were sometimes offered.

Co-Chair Stoltze shared a story.

Mr. Habeger replied that businesses were offered refunds for business and professional licensing when required.

Co-Chair Stoltze asked about a business license for solicitous or illegal activity. He recalled that that the Division of Motor Vehicles did not allow the use of profanity when creating a personalized license plate.

Mr. Habeger replied that a business license application must include the line of business. The state adopted multiple lines of business.

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Co-Chair Austerman supported the bill's intention and wished to help small businesses in Alaska. He asked for a definition of small business and wished for additional time to read and analyze the bill.

Co-Chair Stoltze stated that he wished to discuss the fiscal note during the current hearing.

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Representative Munoz asked about non-profit organizations with commercial lines of business. She wondered if the non-profits were required to have a business license.

Mr. Habeger replied that a non-profit did not require a business license, but many chose to have them. The financial benefit was the deciding factor. A non-profit may or may not solicit funding through the state.

Co-Chair Stoltze clarified that Mr. Habeger was discussing an intentional non-profit.

Mr. Habeger replied that non-profits may do service work within Alaska while funding was derived from outside of the state.

Co-Chair Stoltze stated that a business that did not earn a profit was required to purchase a business license.

Mr. Habeger concurred.

Representative Munoz asked about a retail store owned by the non-profit organization. She wondered if the store would require a business license.

Mr. Habeger replied yes, because of the financial benefit offered to the non-profit organization through the retail store.

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Vice-Chair Neuman stated that he appreciated the bill. He hoped that municipalities might adopt a similar concept. He wondered if Representative Costello had discussed the idea with municipalities.

Representative Costello stated that she had an afternoon appointment with Mayor Dan Sullivan and offered to discuss the issue.

Co-Chair Stoltze commented that Mayor Sullivan might not see a financial benefit in the proposal. He cautioned that some municipalities might attempt to benefit from the bill by charging more from businesses for municipal needs.

Co-Chair Stoltze asked Mr. Habeger about potential complications with the fiscal note. He noted the anticipated reduction of \$37.5 thousand. He asked how the estimations complicated the adjustments.

Mr. Habeger explained the difficulty estimating the level of activity impacted by HB 32. He stated that the name search in connection with lines of business was the optimal way to discern the data required. He noted that each business paid \$50 per year, so the 750 businesses impacted were spread across the years as an average.

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Co-Chair Austerman asked how many business licenses were issued in the state.

Mr. Habeger replied approximately 60 thousand.

Co-Chair Austerman stated that the relatively small impact on the overall budget made him wonder why the savings was not spread among all business licenses. He wondered about

opportunities to help all small businesses and not only those wishing to consolidate.

Representative Gara noted that multiple lines of businesses existed on the business license application. He liked the idea of the bill, but wondered if the bill was limited to small businesses.

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Vice-Chair Neuman asked about businesses that collected taxes for cigarettes or alcohol. He wondered about tax codes for federal or municipality needs.

Mr. Habeger replied that business licensing had an endorsement for retail sales of tobacco products. The annual fee was \$100 per establishment. He was unsure about the tax implications.

Representative Guttenberg asked if business insurance requirements would be complicated by the proposed legislation. He wondered if multiple businesses appearing on one license might confuse insurers.

Representative Costello clarified that the legislation would not require people to apply for multiple lines under one business name. If the business owner would receive greater benefit from using one name per business, the cost and benefit was best weighed.

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Representative Guttenberg believed the recommendation would be made by the business's insurance company as well.

Co-Chair Stoltze remarked that small businesses make daily decisions that change their risk assessment.

Representative Costello thanked the committee for hearing the bill. She believed it was incumbent upon the committee to consider the value created in governmental efficiencies.

HB 32 was HEARD and HELD in committee for further consideration.

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RECONVENED

#hb187

HOUSE BILL NO. 187

"An Act relating to professional and occupational licensing fees, including renewal fees, duplicate license fees, examination fees, instructor license fees, temporary license fees, continuing education course certification fees, out-of-state permit fees, delinquency fees, application fees, penalty fees, and trainee license fees; and providing for an effective date."

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KONRAD JACKSON, STAFF, REPRESENTATIVE KURT OLSON, shared that the bill had been introduced at the request of the Department of Commerce, Community and Economic Development to levelize the dramatic changes in professional licensing fees. The stability provided by the concept in the out years would be of great benefit to Alaskan professional license holders. The bill's fiscal note proposed the transfer of costs using general fund dollars to cover investigatory costs. The current costs were spread across other like license holders. The investigations were important because they provided a consumer protection for Alaskans. He deemed it appropriate for the consumers to bear some of the cost, as the issue was related to consumer protection.

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JO ELLEN HANRAHAN, DEPUTY COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Thank you for the opportunity to discuss HB 187 related to professional licensing fees

The purpose of the bill before you is to mitigate spiking of the licensing program costs, and provide alternatives for smoothing the potential for license fee spiking. The bill allows for:

- GF support, for investigations which at times are an unpredictable cost of consumer protection

o Of the 39 professional licensing programs, 36 experienced at least one year with a 25 percent or greater change in investigative costs from 2008 through 2012. The impact on small programs can be significant.

o During this same time period, the investigator cost charged directly to licensing programs varied from a low of \$876.0 to \$1.7 million.

o These variances - speak to the dramatic effect an "outlier" year can have on licensing fees and to the uneven nature of investigations.

o Investigations are a consumer protection function, and perhaps should really be viewed as a public benefit as all Alaskans are beneficiaries of professional licensees and their services.

- Averaging of revenue and expenses from current and prior biennium's

- Extend the fee collection period over multiple biennium's - leveling out the fees over time

- Consolidate fee types into a single fee (ex- license, examination, registration) where administrative efficiency could be gained)

These proposed changes are permissive, not mandatory, and they do not reduce the authority of the boards.

As I've stated previously in this committee, we have a collective responsibility to balance the encouragement of a positive business climate with the requirements of appropriate accountability and the protection of consumers. This conversation includes the push and pull between proposed regulation, public input and policy decisions.

This bill is a continuation of the department's on-going commitment to address professional licensing issues, while focusing on the business climate and the need to stabilize cost and establish consistency for the professions.

I say "on-going" as there are a number of efforts and solutions the department has grappled with to address the errors and issues that accumulated ,over what records show is an eight year time period.

In summary, HB 187 provides tools for the boards, commissions, and the division to modulate professional licensing fee adjustments and encourage a positive business climate.

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Vice-Chair Neuman asked Mr. Habeger if the state had collected fees or penalties if the profession operated without a license. He wondered why the department spent so much time on license enforcement if a penalty was not attached.

Mr. Habeger replied that professional licensing occupied 90 percent of the department's investigative time.

Vice-Chair Neuman assumed that the professional licenses were different than standard business licenses.

Mr. Habeger agreed.

Co-Chair Stoltze asked about the legislation's process of leveling out expenses for licensed professionals.

Ms. Hanrahan replied that the professional licensees would obtain a benefit through obtaining an average of biennium costs when calculating fees. The fee collection would be spread over two or three biennium.

Co-Chair Stoltze asked about the general fund impact of the proposed legislation.

Ms. Hanrahan replied \$1.8 million.

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Representative Wilson agreed that the licensing boards should not have to pay for the investigations. She asked how many investigations were embarked on and how many licensed professionals were found guilty. She asked if the department collected fees from those found guilty.

Mr. Hanrahan replied that approximately 1300 matters were brought to the staff of investigators annually. The department had 18 investigators on staff. Not all matters resulted in a case; some were moved to civil authority if a violation of statute occurred. The amount fined was limited by statute.

Mr. Habeger stated that the investigative processes were established by the department. Complaints must be submitted in writing. Regulations must be addressed in the complaint.

Evidence must be gathered to indicate that a violation occurred. If the evidence was present a licensing action would occur. He recalled 230 actions last year.

Representative Wilson clarified that 70 cases were addressed per position, or 6 per month. She described a process where those found guilty were charged the investigation fee. She asked if the department embarked on a similar process.

Mr. Habeger replied that the department's system had a civil fine penalty system. The department did not have authority to assign an investigative fine.

Representative Wilson wanted additional information about the proposed investigations. She agreed that the fees should not be the responsibility of the board. She requested additional details about the 80 percent of cases reviewed. She opined that those licensed professionals found guilty should pay the investigation costs.

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Representative Costello understood that the information regarding an ongoing investigation was limited to only one board member. She asked if the entire board would be privy to the information if the legislation passed. She thought that the investigation would benefit from the entire boards' judgment.

Mr. Habeger replied no because ultimately a board would sit in judgment over the license. The Department of Law deemed the practice improper to allow too much information to board members prior to the judgment to preserve the rights of the licensee.

Representative Costello asked if the boards had weighed-in on the legislation.

Co-Chair Stoltze noted that two boards were present for public testimony.

Mr. Habeger replied that 14 boards indicated some level of support. Some boards had motions in their minutes.

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Co-Chair Austerman appreciated the idea of stabilization offered by the legislation. He opined that the Department of Law should handle the investigative cost. He understood that the single-fine system denied all restitution within the statutes.

Mr. Habeger replied that a board would determine the severity of an issue and may assign a fee structure. He provided an example of a continuing education violation. Any income received by the division was deposited into the general fund.

Co-Chair Austerman asked if the discussed matrix was in statute or regulation.

Mr. Habeger replied that the matrix was considered an action of the board.

Co-Chair Austerman asked if the process was in statute or regulation.

Mr. Habeger replied that Title 8 allowed the boards jurisdiction over the licensees.

Co-Chair Austerman asked about confidentiality in reference to the release of information. He proposed an example regarding medical professionals in anchorage.

Mr. Habeger explained that the complaint was not a public issue until a board took an action or an accusation was filed. An investigation for a healthcare professional, often took time. He stated that the one board member privy to information about the investigation might advise the division about a concerning practice issue. The public would not be notified until the end of the investigative process.

Co-Chair Austerman asked about the 230 cases that went to investigation. He asked about a general fund benefit related to convictions.

Mr. Habeger replied that the figure changed from year to year. He noted that various fines were collected.

Co-Chair Austerman asked if the \$1.8 million in general funds would cover 100 percent of the investigation.

Mr. Habeger replied that personal services time was the major issue. The total cost was approximately \$2.5 million per year. The last 33 percent was for the Department of Law and expert witnesses. The licensees would assume responsibility for the last third.

[3:02:15 PM](#)

Co-Chair Austerman asked if Mr. Habeger referred to administrative personal services including the commissioner's office.

Ms. Hanrahan replied that the \$1.8 million was specific to the 18 investigator positions. She noted that true investigations were distilled through a division process beginning with the 1300 reported matters. The hesitation to allow the public access to the information was related to the distilling process.

Co-Chair Austerman explained that some people in small communities were hesitant to file complaints because of the worry about small-town politics and public information. He was pleased to hear about the delay in releasing investigative information to the public.

[3:03:48 PM](#)

Representative Gara understood that the cost of the board was borne by the members in terms of fees. The investigative portion would be held over a number of years.

Ms. Hanrahan agreed. She proposed that the investigator positions be funded with general funds every year.

Representative Gara asked if the board members compensated the state for the cost of the investigation.

Ms. Hanrahan replied that the members of the profession would not compensate the state for the cost of the investigators' time. The members of the profession would cover the cost of any mediation or expert witness cost associated with an investigation or the Department of Law costs.

Representative Gara clarified that the cost of the investigation was transferred to the general fund without an avenue for compensation.

Ms. Hanrahan stated that the cost of the investigator positions was transferred to the general fund. The cost of the expert witnesses, mediations and hearings would be borne by the professional licensees.

Representative Gara observed the zero fiscal note. He wondered why the \$1.8 million was not noted on the fiscal note.

Ms. Hanrahan agreed.

Representative Gara asked if the state would be reimbursed.

Ms. Hanrahan replied that the general fund would not be reimbursed. She noted the fund change from receipt supported services to the general fund.

Representative Gara noted that the state was previously compensated with receipt supported services, but would no longer be compensated for investigation costs.

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Ms. Hanrahan replied that the state would not be compensated for the cost of the investigations.

Co-Chair Stoltze added that the fiscal note reflected the change in fund sources.

Ms. Hanrahan concurred.

Representative Gara voiced his confusion.

Co-Chair Stoltze believed that the fiscal note was factual.

Representative Gara stated that his current understanding was that members of the profession paid the cost of the investigation through receipt supported services. Without the reimbursement, he wondered how the fiscal note was zero.

Ms. Hanrahan replied that the change led to a zero fiscal note because the operating budget showed no increase with the change in funding source.

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Representative Gara asked if the member fees would increase to cover the cost of the investigations.

Ms. Hanrahan stated that one purpose of the legislation was to stabilize the licensing fees because the members would no longer cover the cost of the investigator positions.

Co-Chair Stoltze clarified that he only wished to explain the department's approach, he did not endorse it.

Representative Munoz asked if the state collected \$1.8 million last year in fees that covered investigations.

Ms. Hanrahan explained that the statute required for collection of any expense incurred by the boards.

Representative Munoz asked if the personal services expense was \$1.8 million last year.

Ms. Hanrahan replied that the state collected fees for more than the costs of the investigators. The state collected fees for the cost of processing, examinations and the underlying infrastructure to provide the services.

Representative Munoz asked for the total cost that the department collected.

Ms. Hanrahan agreed to provide the information.

[3:11:26 PM](#)

PATRICIA SENNER, ALASKA NURSES ASSOCIATION, ANCHORAGE (via teleconference), testified on behalf of the Alaska Nurses Association.

The Alaska Board of Nursing licenses 11,732 Registered Nurses, 907 Licensed Practical Nurses and 3,399 Certified Nursing Aids for a total of 16,038 licensees. This represents about one-third of the professionals receiving licenses from the Division of Corporations Business and Professional Licensing. This also means that nurses pay about one-third of the overhead for the Division.

The Alaska Nurses Association has no objection to the Division's attempt to reduce the number of small fees

it collects. We also have no objection in calculating licensing fees based on a 2-year license renewal cycle rather than yearly. We are also not opposed to "amortizing" individual Board expenses over a longer period of time. In order to increase efficacies and reduce costs we think these changes are needed.

We are however opposed to shifting the total cost of paying for investigators from licensing fees to general funds. In a time of billion dollar budget shortfalls it does not make sense to increase the cost to the general fund by 1.7 million. This bill effectively reduces the income coming into the State by 1.7 million.

We understand that smaller Boards have difficulty covering expensive investigations because of their small licensee base. We would suggest that a cheaper alternative would be to create a fund to help pay for expensive investigations. For instance, a fund could be set up to pay for investigations that cost over \$10,000. There are fewer investigations that have a large cost so this approach should be much cheaper to the State.

From a historical perspective, the decision to have licensee fees pay for the cost of the Boards was made during a time of diminishing state revenues. We do not think that over the next several years the Division is going to want to be reliant on a diminishing source of general fund revenues when they could have had a more steady income source with licensee fees. If the Division can't get enough general funds to pay for their investigators how are they going to prioritize investigations?

There is also some concern about what the Division means by licensing groups. Within the Board of Nursing there are many groups of licensees, each which has a different license fee. These fees are based in part on the income levels of that particular group of licensees. For instance, the license fees for RNs are higher than those of Nurse Aids. We do not want to see all the Board of Nursing licensees lumped into one group.

[3:15:28 PM](#)

DALE NELSON, ALASKA PROFESSION DESIGN COUNCIL, ANCHORAGE (via teleconference) testified on behalf of 5000 registered professionals. He expressed confusion about the legislation. He explained that the fees for his profession doubled last year. He requested information to better understand the fees collected by the state, but did not receive an answer from the department. He noted concern about the first section of the bill. He wished to understand where the fees were spent. He mentioned the value of the investigator working for the board. He opined that the bill required additional discussion.

Co-Chair Stoltze asked Mr. Jackson if he preferred that members contact him or Ms. Hanrahan with questions.

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Mr. Jackson stated that his office worked well with the department. He believed that either contact was appropriate.

Co-Chair Stoltze stated that Mr. Jackson would provide the voice for discussions.

Co-Chair Austerman asked if public testimony would remain open.

Co-Chair Stoltze replied yes.

Co-Chair Austerman asked about balancing revenues over a two or three year cycle. He wondered about the criteria used to establish the type of board that would encounter a two or three year cycle. He assumed that the bill allowed the department to make the choice of cycle.

Ms. Hanrahan replied that the bill allowed the boards, commissions and divisions to use the tool. The department would approach each board with the information about fee changes. Recommendations would be received by each board for input in the process.

Co-Chair Austerman asked if the board would make their own decisions by regulation.

Ms. Hanrahan replied that the statute required the department to have board input when setting fees.

Co-Chair Austerman asked if each board made their own decision.

Ms. Hanrahan replied that the department had the responsibility to regulate the recommended fee with public input.

Co-Chair Austerman asked about the consolidation of certain fee types.

Ms. Hanrahan replied that a profession may have multiple types of fees including registration, examination, permit and license fees. The bill would allow for consolidation of those fees into one fee if the board wished to gain administrative efficiencies. She noted that the department tracked 457 types of fees in the professional licensing program.

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Vice-Chair Neuman asked how much money was recovered for fees and penalties. Fees were covered by the professional licensing and the department wished to see the general fund cover the cost of the investigators. He asked how much was generally collected in fees as opposed to the \$1.8 million figure provided.

Ms. Hanrahan responded that she did not have a total collection figure for the professional licensing program. She clarified that the fees were collected to support the program.

Vice-Chair Neuman asked if the fees swept into the general fund.

Ms. Hanrahan replied no, the fines swept into the general fund. The fees were collected to support the program. She stated that she would provide the total revenue in fees and the total revenue in fines to the committee.

Vice-Chair Neuman asked if the fines were matched to the cost of the investigations.

Ms. Hanrahan replied that the fines did not match up with the cost of the investigation; they ranged from \$150 thousand to \$300 thousand.

Vice-Chair Neuman understood that the professional licensing members covered the differential.

Ms. Hanrahan concurred.

Representative Costello stated that the budget subcommittee discussed the issue over several years. She requested a look-back over time of the professional licenses and fees assigned on an annual basis. She believed that the information would be valuable for the committee to solve the problem. She opined that business planning required the licensing fee requirements. She recalled discussion about posting budgets online.

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Ms. Hanrahan responded that the quarterly financial reports were published online detailing expenditures.

Representative Costello asked if the look-back spread sheet could also be provided to committee members.

Ms. Hanrahan agreed to provide the spreadsheet.

[3:32:41 PM](#)

Representative Gara asked about page 4, lines 5 - 7. He understood that the cost to the professional group should approximate the regulatory cost for the licensing group. He asked if the regulatory cost for the licensing group included the investigation.

Ms. Hanrahan replied that the cost of regulating the group included the cost of the investigators. The bill language allowed for other appropriations to be included when calculating the fees.

Representative Gara understood that the fees charged to the members should cover the regulatory cost. He suggested that some years might require a general fund supplement because of the higher cost averaged over the course of years.

Ms. Hanrahan stated that the intent of the section was to allow the state to provide other appropriations in addition to the program receipts. The fiscal note identified other

appropriations linked to the cost of the personnel services cost for the investigators on an annual basis.

Representative Guttenberg asked about the 42 sections of the bill related to various occupations and licensing. He assumed that the goal was to place all occupations on equal footing.

[3:35:44 PM](#)

Ms. Hanrahan replied that the equal footing was limited to the cost of investigations for the various occupations.

Representative Guttenberg noted that the statutes for the different occupation were different.

Ms. Hanrahan concurred.

Co-Chair Stoltze encouraged the department to spend additional time with Representative Gara.

Representative Gara offered to revisit the issue with the department after the committee meeting.

Representative Munoz asked Ms. Hanrahan for additional information about the consolidation of the occupational and business licensing fees.

Ms. Hanrahan agreed to provide the requested information to the committee.

Co-Chair Austerman asked the department about the consolidation of fees and the supplementation of the general fees collected for investigators. He wished to know what the reduced fees would look like.

Co-Chair Stoltze wished for resolution of the issue prior to close out of the operating budget. He suggested that more clarity would aid the department in their presentation of the legislation.

Mr. Jackson offered to work with Ms. Hanrahan to provide the committee with answers to their questions.

HB 187 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

3:39:51 PM

The meeting was adjourned at 3:39 p.m.