

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

March 31, 2014

4:31 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Lora Reinbold, Vice Chair
Representative Mike Chenault
Representative Dan Saddler
Representative Andy Josephson

MEMBERS ABSENT

Representative Bob Herron
Representative Charisse Millett
Representative Craig Johnson

COMMITTEE CALENDAR

HOUSE BILL NO. 328

"An Act establishing the Board of Massage Therapists; relating to the licensing of massage therapists; and providing for an effective date."

- MOVED CSHB 328(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 308

"An Act relating to the exemptions under the Alaska Securities Act and to securities issued by Native corporations; and providing for an effective date."

- MOVED HB 308 OUT OF COMMITTEE

HOUSE BILL NO. 372

"An Act extending the termination date of the emerging energy technology fund and grant program."

- HEARD & HELD

HOUSE BILL NO. 149

"An Act making firefighters employed by the state eligible for the presumption of coverage under workers' compensation for disability due to certain diseases."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 328

SHORT TITLE: BOARD/LICENSING OF MASSAGE THERAPISTS

SPONSOR(s): REPRESENTATIVE(s) NAGEAK

02/21/14	(H)	READ THE FIRST TIME - REFERRALS
02/21/14	(H)	L&C, FIN
03/05/14	(H)	L&C AT 3:15 PM BARNES 124
03/05/14	(H)	-- MEETING CANCELED --
03/10/14	(H)	L&C AT 3:15 PM BARNES 124
03/10/14	(H)	Heard & Held
03/10/14	(H)	MINUTE(L&C)
03/21/14	(H)	L&C AT 3:15 PM BARNES 124
03/21/14	(H)	-- MEETING CANCELED --
03/28/14	(H)	L&C AT 3:15 PM BARNES 124
03/28/14	(H)	Heard & Held
03/28/14	(H)	MINUTE(L&C)
03/31/14	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 308

SHORT TITLE: ALASKA SECURITIES ACT EXEMPTIONS

SPONSOR(s): REPRESENTATIVE(s) HOLMES

02/17/14	(H)	READ THE FIRST TIME - REFERRALS
02/17/14	(H)	L&C
03/31/14	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 372

SHORT TITLE: EXTEND EMERGING ENERGY TECHNOLOGY FUND

SPONSOR(s): STATE AFFAIRS

03/10/14	(H)	READ THE FIRST TIME - REFERRALS
03/10/14	(H)	L&C, FIN
03/31/14	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 149

SHORT TITLE: WORKERS' COMP FOR STATE FIREFIGHTERS

SPONSOR(s): LEDOUX

03/01/13	(H)	READ THE FIRST TIME - REFERRALS
03/01/13	(H)	L&C, FIN
04/08/13	(H)	L&C AT 3:15 PM BARNES 124
04/08/13	(H)	Scheduled But Not Heard
03/31/14	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE BENJAMIN NAGEAK
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as the prime sponsor of HB 328.

MARY SCHLOSSER, Staff
Representative Benjamin Nageak
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the prime sponsor of HB 328.

REPRESENTATIVE LINDSEY HOLMES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as prime sponsor of HB 308.

KEVIN ANSELM, Director
Division of Banking & Securities, Anchorage Office
Department of Commerce, Community & Economic Development (DCCED)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 308.

REPRESENTATIVE DOUG ISAACSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 372.

REPRESENTATIVE GABRIELLE LEDOUX
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of HB 149.

ACTION NARRATIVE

[4:31:47 PM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 4:31 p.m. Representatives Saddler, Reinbold, Josephson and Olson were present at the call to order. Representative Chenault arrived as the meeting was in progress.

HB 328-BOARD/LICENSING OF MASSAGE THERAPISTS

4:32:14 PM

CHAIR OLSON announced that the first order of business would be HOUSE BILL NO. 328, "An Act establishing the Board of Massage Therapists; relating to the licensing of massage therapists; and providing for an effective date."

REPRESENTATIVE BENJAMIN NAGEAK, Alaska State Legislature, asked members to pass HB 328. He explained that a massage therapist brought the concept of this bill to him and has asked for a few changes to the bill, which are included in an amendment.

4:33:20 PM

CHAIR OLSON explained the committee previously held hearings on HB 328 on 3/10/14 and 3/28/2014. During the meeting on 3/28/14, the committee adopted Amendment 1, labeled "N.2" and closed out public testimony. The bill was held over to allow members to consider another amendment "N.1" [not yet before the committee].

4:33:36 PM

REPRESENTATIVE REINBOLD made a motion to adopt Amendment [2], labeled 28-LS1431\N.1, Martin, 3/21/14, which read as follows:

Page 3, line 24:
Delete "board"
Insert "department"

Page 3, line 27, following "a":
Insert "(A)"

Page 3, line 28, following "school":
Insert "or; (B) board-approved apprenticeship program"

Page 4, line 18:
Delete "board"
Insert "department"

Page 7, following line 31:
Insert a new paragraph to read:
"(11) person who has graduated from a program or is a current recognized member of the International Association of Structural Integrators;"

Renumber the following paragraphs accordingly.

Page 8, line 1, following "only":
Insert "light"

Page 8, lines 3 - 4:
Delete ", including the Feldenkrais method of somatic education, the Trager approach to movement education, and body-mind centering"
Insert "or to affect the energy systems"

Page 8, lines 5 - 8:
Delete all material.

Renumber the following paragraphs accordingly.

Page 8, following line 21:
Insert a new paragraph to read:
"(3) "department" means the Department of Commerce, Community, and Economic Development;"

Renumber the following paragraphs accordingly.

Page 11, line 1:
Delete "AS 08.61.030(1) - (6) and (9)"
Insert "AS 08.61.030(1), (2), (4) - (6), and (9)"

CHAIR OLSON objected for the purpose of discussion.

[4:34:03 PM](#)

MARY SCHLOSSER, Staff, Representative Benjamin Nageak, Alaska State Legislature, explained that Amendment 1 makes some minor changes. First, it would add language to the requirements for education, [which recognizes a board-approved apprenticeship program] in exchange for the 500 hours required for licensure. On page 3, line 24, and page 4, line 18, the amendment changes "board" to "department" to allow the department to process applications. On page 8, lines 1-8, the language combines exemptions 11-12 to define a category of exempted practices not naming each modality. On page 11, line 1, it removes paragraph (3), with the intent of allowing the 500 hours of education to be waived during the transition to allow these physical therapists to be grandfathered in for licensure.

CHAIR OLSON removed his objection to Amendment 2.

[4:36:06 PM](#)

REPRESENTATIVE REINBOLD moved to adopt Conceptual Amendment 1 to Amendment [2] "N.1." On page 1, lines 15-20, [Amendment 2] to delete all material.

[4:36:17 PM](#)

MS. SCHLOSSER explained that Conceptual Amendment 1 would remove duplicate language previously adopted [in Amendment 1 on 3/28/14].

CHAIR OLSON removed his objection to Conceptual Amendment 1 to Amendment 2.

[The committee treated it as though he had previously objected to Conceptual Amendment 1 for the purpose of discussion.]

There being no further objection, Conceptual Amendment 1 to Amendment 2 was adopted.

[The committee treated Amendment 2 as adopted.]

[4:37:45 PM](#)

REPRESENTATIVE REINBOLD moved to report HB 328, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, the CSHB 328(L&C) was reported from the House Labor & Commerce Standing Committee.

[4:38:07 PM](#)

The committee took an at-ease from 4:38 p.m. to 4:39 p.m.

HB 308-ALASKA SECURITIES ACT EXEMPTIONS

[4:39:59 PM](#)

CHAIR OLSON announced that the next order of business would be HOUSE BILL NO. 308, "An Act relating to the exemptions under the Alaska Securities Act and to securities issued by Native corporations; and providing for an effective date."

[4:40:12 PM](#)

REPRESENTATIVE LINDSEY HOLMES, Alaska State Legislature, stated that HB 308 will help smaller businesses start up when they are

seeking investment by bringing in small numbers of in-state investors. Currently, these businesses must perform a variety of things to issue their stocks. This bill doesn't include stocks covered under the federal securities exchange, but only ones that are in the state and limited to a small number of investors. The Division of Banking and Securities collects registration forms about companies prior to their stock being issued to small numbers of investors - 25 or fewer - or to reinvestors. These companies are required to either pay a \$50 filing fee or a \$125 filing fee for expedited processing. Currently the division does not use the information gathered on these businesses.

REPRESENTATIVE HOLMES said that this bill leaves in place the requirement that companies must provide investors with information, retains consumer protection language in place, as well as retaining all of the provisions that allow companies to sue for damages. The bill does two other things. First, it would increase the division's time to review an "offer to repay" or rescission offer from 2 to 10 days. Second, it would clarify that securities issued by Alaska Native Claims Settlement Act (ANCSA) corporations, in compliance with applicable federal law, are exempt from registration. Currently, state statutes did not require regional corporations who issued their original stock the transaction to file with the state; however, the statutes were silent on later issuances of stock. The state must address people born after 1971. This bill clearly indicates that later issuances of stock are also exempt from securities registration in the same manner as the original stock.

[4:44:11 PM](#)

KEVIN ANSELM, Director, Division of Banking & Securities, Anchorage Office, Department of Commerce, Community & Economic Development (DCCED), noted there are three substantive changes contained in HB 308. First, it would eliminate the fee and filing requirements for certain small or limited offering exemptions, including those with 10 or fewer investors, those with 25 or fewer investors, and existing security holders. Second, the bill increases the division's time to review for an offer to repay or rescission offer from 2 to 10 days since those filings are more complicated than a regular security securities registration, and an offer to repay usually means a problem has arisen. Finally, the bill clarifies that securities issued by ANCSA corporations, in compliance with applicable federal law, don't need to be separately registered under state law.

4:46:08 PM

MS. ANSELM stated that these are often referred to as "friends and family" exemptions. These transactions typically occur because someone has an idea for a business or buys a business and invites friends or family to invest. Typically, there are no sales persons or sales commissions involved in these types of transactions. These transactions are usually driven by the entrepreneur so there isn't any public solicitation or advertising; thus, the risk to the public is generally small. Most states have these types of exemptions and these are typically self-executing exemptions in other states, which means that no fees and no filing are required, but all of the requirements include consumer protection and enforcement protection provisions.

4:47:02 PM

MS. ANSELM explained the next statutory change is to the limited offering exemption. This applies to securities that are offered to existing shareholders. This exemption might be used by an existing business that is moving to the next level. The division seldom receives filings for this exemption, in fact, the division received one in 2013 and five in 2012. Those that are filed are generally not necessary since there isn't any commission paid, which is the only time an exemption needs to be filed under current law. Further, HB 308 eliminates the \$50 filing fee or \$125 for expedited processing fee. It also eliminates form preparation that will affect an average of 136 filings per year. This will reduce the division's revenue by \$6,800 per year. The statutes retain investor protection, the division's oversight and the ability for an investor to seek rescission or monetary damages. Anyone using an exemption has the burden of proving the exemption, either to the division or in a court of law. Finally, the bill clarifies that the ANCSA securities issued after the initial issuance in 1972 do not need to be registered with the state so long as they are in compliance with federal law.

4:48:52 PM

REPRESENTATIVE CHENAULT asked for the purpose of the \$50 processing fee.

MS. ANSELM answered that the division would review the form.

REPRESENTATIVE CHENAULT asked for the average length of time to review the form.

MS. ANSELM answered that it would vary, depending on the specific filing. Sometimes it can take considerable staff time since people have questions about the filing. The division's staff does spend time with an applicant, she said. In response to a question, Ms. Anselm related the department's processing time for the expedited filing is within two days of receipt.

[4:49:55 PM](#)

REPRESENTATIVE JOSEPHSON asked whether the form can be used as a means to corroborate information in the instance in which a dispute might arise. In other words, would anything be legally relevant that could help resolve the dispute.

MS. ANSELM responded that the only thing would be to establish that the party filed for an exemption, which is currently required under the law.

[4:50:51 PM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 308.

REPRESENTATIVE REINBOLD moved to report HB 308 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 308 was reported from the House Labor and Commerce Standing Committee.

[4:51:41 PM](#)

The committee took an at-ease from 4:51 p.m. to 4:53 p.m.

HB 372-EXTEND EMERGING ENERGY TECHNOLOGY FUND

[4:53:50 PM](#)

CHAIR OLSON announced that the next order of business would be HOUSE BILL NO. 372, "An Act extending the termination date of the emerging energy technology fund and grant program."

[4:54:45 PM](#)

REPRESENTATIVE DOUG ISAACSON, Alaska State Legislature, as sponsor, stated that since the companion bill has been read

across so he would be brief. This one page bill is significant in that it extends the term date for the emerging energy technology fund from January 1, 2015 to January 1, 2020.

[HB 372 was held over.]

[4:55:34 PM](#)

The committee took a brief at-ease.

HB 149-WORKERS' COMP FOR STATE FIREFIGHTERS

[4:56:17 PM](#)

CHAIR OLSON announced that the final order of business would be HOUSE BILL NO. 149, "An Act making firefighters employed by the state eligible for the presumption of coverage under workers' compensation for disability due to certain diseases."

[4:56:31 PM](#)

REPRESENTATIVE GABRIELLE LEDOUX, Alaska State Legislature, speaking as prime sponsor, characterized HB 149 as a "fix-it" bill. It would correct an oversight in AS 23.30.121, which gave firefighters presumptive coverage for various illnesses they many have contracted while working as firefighters. The prior bill inadvertently did not cover state-employed firefighters. This bill would amend AS 23.30.121 to add paragraph (3) pertaining to a firefighter employed by the state. This provision would cover about 70 people. She offered her belief that these brave men and women should have the same protection as all other firefighters.

[4:57:45 PM](#)

REPRESENTATIVE JOSEPHSON recalled a former legislator had a case in which a firefighter died from chemical exposure. He asked whether that person was a state firefighter. He further asked if she was familiar with the case.

REPRESENTATIVE LEDOUX said she did not know the case, but basically the state firefighters are employed at the airport.

[4:58:40 PM](#)

REPRESENTATIVE SADDLER referred to new language in section one that refers to three definitions of firefighters, including a

municipal volunteer, a person registered for purposes of workers' compensation, [and a person employed by a municipal fire department].

REPRESENTATIVE LEDOUX answered that the other three categories of firefighters are currently covered by the statute, but the statute has been redrafted. The effect of HB 149 is to add the fourth group of people.

REPRESENTATIVE LEDOUX offered to distribute a copy of AS 09.65.205 for members.

[5:00:34 PM](#)

REPRESENTATIVE CHENAULT referred to the fiscal notes. He said they are from DOT&PF and the Department of Public Safety at the airports. He noticed a fiscal note in members' packets from the University of Alaska (UA). The fiscal analysis shows that there were 36 claims by UAF firefighters over the past five years or an average of 7.2 claims per year. He was curious where the firefighters were located.

CHAIR OLSON also noted that the committee is awaiting a fiscal note from the risk manager as well.

REPRESENTATIVE LEDOUX said she stands corrected, that this would apply to the airport and the university.

[5:02:11 PM](#)

REPRESENTATIVE CHENAULT wanted to ensure that state employees working as firefighters are protected.

CHAIR OLSON said it was not the intent of the enabling legislation to exclude the state firefighters.

[HB 149 was held over.]

[5:02:40 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:02 p.m.