

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 2, 2014

3:19 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Lora Reinbold, Vice Chair
Representative Mike Chenault
Representative Bob Herron
Representative Charisse Millett
Representative Dan Saddler
Representative Andy Josephson

MEMBERS ABSENT

Representative Craig Johnson

COMMITTEE CALENDAR

HOUSE BILL NO. 309

"An Act relating to a craft distillery license."

- MOVED CSHB 309(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 152

"An Act requiring certain employers who terminate participation in the defined benefit retirement plan or the defined contribution retirement plan of the Public Employees' Retirement System to make contributions related to past service liability and pay termination costs; repealing a requirement that employers who terminate participation in the defined contribution retirement plan or the defined benefit retirement plan of the Public Employees' Retirement System pay for a termination cost study; and providing for an effective date."

- MOVED CSHB 152(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 160

"An Act relating to the licensing and regulation of athletic trainers."

- MOVED HB 160 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 309

SHORT TITLE: CRAFT DISTILLERY LICENSE

SPONSOR(S): REPRESENTATIVE(S) TUCK

02/17/14 (H) READ THE FIRST TIME - REFERRALS
02/17/14 (H) L&C
04/02/14 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 152

SHORT TITLE: PERS TERMINATION COSTS

SPONSOR(S): REPRESENTATIVE(S) THOMPSON

03/04/13 (H) READ THE FIRST TIME - REFERRALS
03/04/13 (H) L&C, FIN
04/05/13 (H) L&C AT 3:15 PM BARNES 124
04/05/13 (H) Heard & Held
04/05/13 (H) MINUTE(L&C)
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)
03/19/14 (H) L&C AT 3:15 PM BARNES 124
03/19/14 (H) Heard & Held
03/19/14 (H) MINUTE(L&C)
04/02/14 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 160

SHORT TITLE: LICENSING OF ATHLETIC TRAINERS

SPONSOR(S): REPRESENTATIVE(S) THOMPSON BY REQUEST

03/11/13 (H) READ THE FIRST TIME - REFERRALS
03/11/13 (H) L&C, FIN
04/02/14 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE CHRIS TUCK
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as the prime sponsor of HB 309.

GEORGE ASCOT, Staff
Representative Chris Tuck
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the prime sponsor, Representative Chris Tuck.

HEATHER SHADE, Co-owner
Port Chilkoot Distillery
Haines, Alaska

POSITION STATEMENT: Testified during the discussion of HB 309.

FELICIA KEITH-JONES, Owner
High Mark Distillery
Sterling, Alaska

POSITION STATEMENT: Testified during the discussion of HB 309.

DALE FOX, President/Chief Executive Officer
Alaska Cabaret, Hotel, Restaurant, and Retailer's Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 309.

REPRESENTATIVE STEVE THOMPSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as the prime sponsor of HB 152.

JANE PIERSON, Staff
Representative Steve Thompson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the prime sponsor of HB 152.

SALLIE STUVEK, Human Resources Director
Fairbanks North Star Borough (FNSB)
Fairbanks, Alaska

POSITION STATEMENT: Testified during the discussion of HB 152.

REPRESENTATIVE STEVE THOMPSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as prime sponsor of HB 160.

BRODIE ANDERSON, Staff
Representative Steve Thompson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the prime sponsor of HB 160, Representative Steve Thompson.

LYNN YOUNG, Secretary/Treasurer
Alaska Athletic Trainers Association (AATA)
Eagle River Alaska

POSITION STATEMENT: Testified during the discussion of HB 160.

SARA CHAMBERS, Director
Division of Corporations, Business, and Professional Licensing
Department of Commerce, Community, & Economic Development
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 160.

CARY KELLER, Orthopedic Surgeon
Fairbanks, Alaska

POSITION STATEMENT: Testified during the discussion of HB 160.

CHRISTOPHER DEAN, Certified Athletic Trainer
President, Alaska Athletic Trainers Association (AATA)
Fairbanks, Alaska

POSITION STATEMENT: Testified during the discussion of HB 160.

ACTION NARRATIVE

[3:19:38 PM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:19 p.m. Representatives Herron, Reinbold, Josephson, Saddler, and Olson were present at the call to order. Representatives Chenault and Millett arrived as the meeting was in progress.

HB 309-CRAFT DISTILLERY LICENSE

[3:19:48 PM](#)

CHAIR OLSON announced that the first order of business would be HOUSE BILL NO. 309, "An Act relating to a craft distillery license."

REPRESENTATIVE REINBOLD moved to adopt the proposed committee substitute (CS) for HB 309, labeled 28-LS0698\Y, Strasbaugh, 3/6/14, [Version Y] as the working document.

CHAIR OLSON objected for the purpose of discussion.

[3:20:55 PM](#)

REPRESENTATIVE TUCK, Alaska State Legislature, stated that HB 309 will not have any impact on the state but will modernize the distillery laws in Alaska so they more closely mirror those for wineries and breweries by giving distilleries the ability to attract customers by hosting tours of their facilities and offer samples and sell products.

REPRESENTATIVE TUCK explained the changes in the proposed committee substitute (CS) for HB 309, Version Y, will allow local distilleries take part in the tourism industry. This could contribute more to the economy and create jobs by allowing for the sales of up to one gallon of the product directly to the public for consumption off premises. This bill would also allow for the sale of not more than three ounces for consumption on premises and for the public to sample small portions of the product free of charge. Similar to wineries and breweries, HB 309 would prevent distilleries from acting as a de facto bar by prohibiting bar-like amenities such as limited hours of operation. This bill has received the support of all five of Alaska's small distilleries, the Brewers Guild of Alaska, the Haines Chamber of Commerce, Explorer Fairbanks, the Kenai Peninsula Tourism Marketing Council, the Alaska Farm Bureau, and Alaska Cabaret, Hotel, Restaurant, and Retailer's Association (CHARR). He reported that HB 309 does not have any opposition.

[3:22:24 PM](#)

REPRESENTATIVE TUCK provided a section-by-section analysis of HB 309, Version Y. He referred to page 1, lines 3-9, Section 1, to AS 04.11.170, related to distillery licenses. Current law only allows for the distillery operation and sales to licensees. He said that HB 309 will allow the holder of the distillery license to sell alcoholic beverages directly to the public for consumption off premises, limited to one gallon. He explained that previously a distributor could only sell to licensees.

[3:23:36 PM](#)

REPRESENTATIVE TUCK referred to page 1, lines 8-9, of Version Y, noting the prohibition of selling less than five gallons is removed at the request of industry since there wasn't a clear reason for the restriction. He referred to page 1, lines 10-15, Section 2, which allows for free samples in small portions with exceptions for intoxicated persons. He related that subsection (e) allows for sales of up to three ounces a day to a person for consumption on the premises, similar to provisions for

breweries. He highlighted prohibitions in Version Y against live entertainment, televisions, pool tables, dancing, games, game tables, or other recreational or gaming opportunities on the premises where the product is served, and seats at a bar. Additionally, this section would limit hours from 9 a.m. to 8 p.m. He stated that these restrictions are intended to prevent distilleries from acting as de facto bars. He noted two amendments in members' packets are pending.

[3:25:12 PM](#)

REPRESENTATIVE SADDLER asked how many distilleries are located in Alaska.

REPRESENTATIVE TUCK answered that five distilleries are located in Alaska, with one in Matanuska-Susitna area, one in Anchorage, one in Haines, and one located on the Kenai-Peninsula.

[3:26:09 PM](#)

GEORGE ASCOT, Staff, Representative Chris Tuck, Alaska State Legislature, identified the five distilleries in Alaska. He stated that the Alaska Distillery is located in Wasilla, the Bare Distillery, Alaska, LLC is located in Anchorage, the High Mark Distillery, Inc. is located in Sterling, the Port Chilkoot Distillery is located in Haines, and Ursa Major Distilling is located in Fairbanks.

[3:26:48 PM](#)

REPRESENTATIVE REINBOLD asked about the fiscal note.

REPRESENTATIVE TUCK said it is a false fiscal note. It is a zero fiscal note, but the false fiscal note of \$10 million per year indefinitely was intended as an April Fools' Day joke.

[3:27:30 PM](#)

REPRESENTATIVE REINBOLD moved to adopt Amendment 1, labeled 28-LS0698\Y.1, Strasbaugh, 3/28/14, which read as follows:

Page 2, following line 7:

Insert a new bill section to read:

"* **Sec. 3.** AS 04.21.065(a) is amended to read:

(a) A holder of one of the following types of licenses or permits shall post on the licensed or

designated premises three separate warning signs as described in (b) of this section:

- (1) beverage dispensary license;
- (2) restaurant or eating place license;
- (3) club license;
- (4) brewery license; this paragraph applies only to a brewery that permits a person to sample portions of the brewery's product;
- (5) package store license;
- (6) common carrier dispensary license;
- (7) recreational site license;
- (8) pub license;
- (9) winery license; this paragraph applies only to a winery that permits a person to sample portions of the winery's product;
- (10) **distillery license; this paragraph applies only to a distillery that permits a person to sample portions of the distillery's product;**
- (11) caterer's permit;
- (12) [(11)] special events permit;
- (13) [(12)] conditional contractor's permit;
- (14) [(13)] another license or permit issued by the board authorizing consumption of alcoholic beverages."

CHAIR OLSON objected for the purpose of discussion.

[3:27:54 PM](#)

REPRESENTATIVE TUCK explained that Amendment 1 adds a new section that requires posting of warning signs to caution that drinking and smoking during pregnancy can lead to birth defects. It would also inform people that a person providing alcohol to a person under the age of 21 can receive up to five years in prison and a fine of \$50,000. Additionally, Amendment 1 would identify that a person under 21 years of age entering the premises could be subject to a fine up to \$1,000, which is the same as for any type of establishment that serves alcohol.

[3:28:39 PM](#)

CHAIR OLSON removed his objection. There being no further objection, Amendment 1 was adopted.

[3:28:50 PM](#)

REPRESENTATIVE REINBOLD moved to adopt Amendment 2, labeled 28-LS0698\Y.2, Strasbaugh, 3/28/14, which read as follows:

Page 2, following line 7:

Insert a new bill section to read:

"* **Sec. 3.** AS 04.21.025(a) is amended to read:

(a) As a condition of issuance or renewal of a license and selling alcoholic beverages under a license, the board shall require a licensee who sells or serves alcoholic beverages and a licensee's agents and employees who sell or serve alcoholic beverages or check the identification of a patron to complete an alcohol server education course approved by the board, if the license is for a

- (1) beverage dispensary;
- (2) restaurant or eating place;
- (3) club;
- (4) package store;
- (5) recreational site;
- (6) pub;
- (7) distillery;
- (8)** conditional contractor."

CHAIR OLSON objected for the purpose of discussion.

REPRESENTATIVE TUCK stated that Amendment 2 adds a new bill section related to alcohol server education courses. He explained that distilleries, their agents, and employees who sell or serve alcohol must complete an alcohol server course approved by the board. He said that it has been known as [Techniques of Alcohol Management] (TAM), but the new card is now called a [Training for Alcohol Professionals] (TAP) card. He noted that anyone serving alcohol has the same responsibilities and requirements to get certified as for any other establishment.

CHAIR OLSON removed his objection. There being no further objection, Amendment 2 was adopted.

[3:30:17 PM](#)

HEATHER SHADE, Co-owner, Port Chilkoot Distillery, stated that the distillery produces hand crafted small batches of whiskey, gin, and vodka in Southeast Alaska. She wished she could invite members to visit the distillery, which is in a restored historical building; however, existing laws prohibit this invitation. Five distilleries are located in Alaska, with each

representing a unique region of the state. She compared this to over 450 small distilleries nationwide. She reported that most states have updated their distillery laws to allow for on-site tastings and sales. She stated that this has led to great economic success. Idaho passed their distillery bill several weeks ago, which is similar to the one before members today. The distilleries in Alaska are already contributing to the state's economy, supporting other industries in Alaska. She advised members that her distillery buys Alaska grown agricultural products, which are used to make the craft spirits and also creates export products for the state and provides jobs. She predicted that if this law is updated she will hire two additional people to accommodate the visitor aspect of the business. It is difficult to compete with national distilled products so this bill will model what microbreweries have done. She noted the importance of distilleries being able to promote their products on site to be competitive. In fact, it is often the personal connection with the customer that sets the small distilleries apart from imported mass-produced products. She related the many challenges that businesses face in Alaska, including the seasonal market, the high-cost of exportation, and difficult shipping logistics, and the bill would help the distilleries be in a better position to absorb the costs by operating the distilleries as visitor destinations.

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MS. SHADE related that the community of Haines has been a big supporter of their distillery business and many people are excited to show it off. She pointed out that the business is located next to the cruise ship dock and she hopes to be able to invite visitors to the distillery. Essentially this bill has been the result of teamwork with distilleries, the breweries, the tourism industry, the farm bureau, and the chambers of commerce. She concluded that the local communities are hoping to see these new businesses survive. Similar bills in other states have proved to be a huge success and this one is good for Alaska's businesses. She hoped members would support the bill.

[3:35:04 PM](#)

FELICIA KEITH-JONES, Owner, High Mark Distillery, stated that her distillery is a hand-crafted one. She said that HB 309 will mean tastings, tours, and bottle sales from her own distillery. She emphasized that this needs to happen to modernize the industry guidelines currently being enjoyed by breweries and wineries across Alaska. She characterized the system as being a

little antiquated only since distilleries did not previously exist in Alaska. The state has five distilleries and it is time to catch up with the rest of the industry. The current guidelines are rather restricting and confusing, for example, the federal government requires the distilleries to train and establish distilleries across the U.S. She personally trained in Spokane at Dry Fly Distillery and at Jack Daniels Distillery. These distilleries are used as models for running an Alaskan distillery; however, she was informed that Alaska's guidelines do not follow the same federal guidelines that the distilleries providing the training follow. She said she is passionate about HB 309 due to the sales potential and the ability to capture lost revenue. In fact, distilleries are anchors for tourism, and the Kenai Peninsula has already lost potential revenue. For example, the Alaska General Contractors, Inc. and political functions would like to use the Alaskan spirits, but cannot currently sample the products. The bill would also help support buying Alaskan products. Fishing derbies and dipnetting brings thousands of visitors to the region and many want tasting parties for chartered clients. Hotels have reported that the distillery gives people a reason to stay an extra day to visit.

MS. KEITH-JONES stated that the Kenai-Peninsula currently has five breweries, one winery, and her distillery. It keeps people in the communities for a longer length of time. She personally turned away three carloads of people who wanted to visit yesterday so the word is out. On average, tasting rooms command \$45,000 to \$150,000 per year in purchases. Alaskan distilleries also are subject to three taxes totaling 40 percent for each bottle sold, which is currently lost revenue to the state.

[3:39:47 PM](#)

MS. KEITH stated that her company provides an interesting place to go, and the distillery is an example of applied chemistry. She pointed out lost revenue to the state and local government. She also noted that her distillery could expand her staff from four to six or seven employees if she has a tasting room. In addition, her distillery uses all Alaskan or U.S. goods. Last year she paid \$28,000 in shipping to one company in Alaska. This industry has been viable and is growing and she hopes it will to continue to grow. The distillery uses renewable resources, including grain and water and donates spent mash to chicken farmers. She also employs a veteran. Distilled spirits are one of the main products that can easily be exported, at a profit, to the Lower 48 and internationally. In fact, her products are requested internationally. She also highlighted

key successes in hand crafted spirits, noting the Kenai-Peninsula has shown overwhelming support towards the distillery. She reported that High Mark Distillery has been chosen two years in a row for people's choice awards at the "Taste of the Kenai" event and was selected as Wells Fargo's successful entrepreneur of the year for 2013. The Haines Chilkoot Distillery and the High Mark Distillery were chosen by the small business development center as success stories for 2014. She said this industry is a highly motivated one that has proven to bring in income and create jobs. Many non-profits have mentioned they depend on her distillery's contributions to sustain them. She concluded by mentioning letters of support in members' packets from many organizations. She urged members to allow the distilleries to use the "Buy Alaska" stamp.

[3:44:03 PM](#)

REPRESENTATIVE MILLETT asked whether anyone has talked to Mothers against Drunk Driving.

REPRESENTATIVE TUCK answered no; but commented that he has not had any push back so far.

[3:44:40 PM](#)

DALE FOX, President & CEO, Alaska Cabaret, Hotel, Restaurant, and Retailer's Association (CHARR), testified in support of HB 309, noting the CHARR's government affairs committee unanimously supported the intent of HB 309 to help the Alaska distilleries and to give them the same rights that have been given to breweries and wineries. He complimented the sponsor and the distilleries for doing a great job on outreach and communicating with all of the parties to ensure that the bill had all the needed elements. He characterized the bill as a good bill that is worthy of members' support.

[3:45:38 PM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 309.

CHAIR OLSON removed his objection. There being no further objection, Version Y was before the committee.

REPRESENTATIVE JOSEPHSON said it seems like a good bill and it is a niche that could be enhanced for this type of opportunity. He suggested the committee support it.

[3:46:43 PM](#)

REPRESENTATIVE HERRON asked to put a question on the record. He recalled that a distillery sells its products at the Anchorage Airport. He assumed that this would not be a place at which samples could be given.

REPRESENTATIVE TUCK was unsure if the bill limits location, that if the distillery is licensed and wishes to dispense products they could do so.

REPRESENTATIVE MILLETT said she likes the bill.

REPRESENTATIVE TUCK clarified that the distillery is limited to spirits.

[3:47:47 PM](#)

REPRESENTATIVE REINBOLD moved to report the proposed committee substitute (CS) for HB 309, labeled 28-LS0698\Y, Strasbaugh, 3/16/14, as amended, out of committee with individual recommendations and the accompanying fiscal note. There being no objection, the CSHB 309(L&C) was reported from the House Labor and Commerce Standing Committee.

[3:48:09 PM](#)

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

HB 152-PERS TERMINATION COSTS

[3:50:22 PM](#)

CHAIR OLSON announced that the next order of business would be HOUSE BILL NO. 152, "An Act requiring certain employers who terminate participation in the defined benefit retirement plan or the defined contribution retirement plan of the Public Employees' Retirement System to make contributions related to past service liability and pay termination costs; repealing a requirement that employers who terminate participation in the defined contribution retirement plan or the defined benefit retirement plan of the Public Employees' Retirement System pay for a termination cost study; and providing for an effective date."

[3:50:29 PM](#)

CHAIR OLSON explained the committee heard this bill last year and had hearings on March 5, March 10 and March 19, 2014. The committee adopted a proposed committee substitute (CS), Version Y, on March 10, 2014, and took public testimony.

[3:50:52 PM](#)

REPRESENTATIVE STEVE THOMPSON, Alaska State Legislature, as prime sponsor of HB 152, stated that he is very passionate about this bill. He said passage of HB 152 would mean viability and existence for many small communities and villages in the state. He emphasized that the state has experienced declining revenues with less revenue sharing. He explained that with layoffs, termination studies add to the debt. For example, the community of Galena pays over \$20,000 per month for debt and it means this small community has less money to keep people employed. He said he doesn't want to see the communities go bankrupt.

[3:53:21 PM](#)

SALLIE STUVEK, Human Resources Director, Fairbanks North Star Borough (FNSB), asked to testify in support of HB 152. She said the FNSB believes that infusing money into the unfunded PERS and TRS system will save the state and municipalities future contributions. Prefunding will allow the FNSB to reduce contributions in future years and allow for interest earnings to be utilized now, increasing the funding ratio for both systems. In addition, the repeal of the termination study requirement will allow municipal employers necessary operational flexibility to manage their programs and services. Municipalities should be able to adjust their workforce without concern for an administrative decision today having long lasting financial impacts to the municipality's PERS liability. She reported that the FNSB assembly passed a resolution on January 30, 2014, supporting this and reiterated the FNSB's support of HB 152.

[3:54:53 PM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 152.

[3:55:13 PM](#)

REPRESENTATIVE REINBOLD referred to the 4/2/14 fiscal note and asked for clarification.

JANE PIERSON, Staff, Representative Steve Thompson, Alaska State Legislature referred to a March 4, 2014, fiscal note from the Department of Administration that is indeterminate; however, the last line on page 2 of the fiscal note reads, "Termination costs would be approximately \$75,000,000."

REPRESENTATIVE REINBOLD said the fiscal note is \$75 million.

MS. PIERSON agreed that is correct. She said it assumes that 20 percent of the workforce would be laid off.

[3:56:28 PM](#)

REPRESENTATIVE JOSEPHSON expressed concern that this could increase local government contributions. He expressed further concern that it will grow unfunded liability. He acknowledged the problem exists for small communities, which is why he thought the original version of the bill was more compelling. He understood the need to privatize the work force, but he remains concerned about what happened in the Municipality of Anchorage last year. Yesterday an election result was arguably a referendum on last year's events, although the results of the election are not yet clear. He highlighted his concerns about unnecessarily privatizing the public sector since it can be more responsive to public need than the private sector since it is difficult to know who to direct a complaint to in the private sector. He acknowledged that this issue is complicated. He was unsure whether Version Y is the right mechanism, particularly since it is vastly different from the original version. He did not think he would recommend its passage.

[3:59:01 PM](#)

CHAIR OLSON offered his belief that it is important to bring forth the issue to the public; however, with such a large fiscal impact he wondered if it would have a tough time in the next committee of referral.

REPRESENTATIVE JOSEPHSON acknowledged that Representative Thompson was previously a city mayor, which provides him with a unique perspective.

REPRESENTATIVE THOMPSON provided some history, noting that years ago the state went to villages, communities, and boroughs to ask them to join in the retirement system to enhance their hiring ability, stabilize the retirement benefit package, and become a tool for communities. He said most joined and it was good for

communities until the state discovered its actuary misquoted the debt. The state outlined the percentage of payment, and communities complied. Through no fault of their own, these communities have been assessed a portion of unfunded liability that is detrimental to the future of some of the communities. He hoped that the state and governor would provide a PERS fix to address the unfunded liability; however, in the meantime the state could lose small communities. He said that if 20 percent of the employees were all laid off, it could result in \$75 million. Some communities are not closing departments or terminating employees because they can't afford the termination costs. He characterized this as being a big problem and he reiterated the importance of not losing communities.

[4:01:54 PM](#)

CHAIR OLSON said that this has been an issue for several years.

REPRESENTATIVE HERRON concurred with Representative Thompson. He said that the choice has negative connotations, but he emphasized the importance of protecting the "little people."

REPRESENTATIVE REINBOLD pointed out she knows where to go in the private sector. She offered her belief that businesses are very responsive. She thanked the sponsor for bringing this issue up.

[4:03:08 PM](#)

REPRESENTATIVE REINBOLD moved to report the proposed committee substitute (CS) for HB 152, labeled 28-LS-272\Y, Wayne, 2/26/14 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, the CSHB 152(L&C) was reported from the House Labor and Commerce Standing Committee.

[4:03:41 PM](#)

The committee took an at-ease from 4:03 p.m. to 4:04 p.m.

HB 160-LICENSING OF ATHLETIC TRAINERS

[4:04:59 PM](#)

CHAIR OLSON announced that the final order of business would be HOUSE BILL NO. 160, "An Act relating to the licensing and regulation of athletic trainers."

[4:05:04 PM](#)

REPRESENTATIVE STEVE THOMPSON, Alaska State Legislature, speaking as sponsor, stated that HB 160 would amend current statutes to establish licensing and regulation of athletic trainers in Alaska. He explained that athletic trainers are health care professionals who collaborate with physicians to ensure the practice of sports medicine clients. He said that this profession plays a significant role in the management, prevention, recognition, and rehabilitation of injured athletes under the supervision of a licensed physician. Trainers are a vital resource in administrating injury prevention and treatment programs as well as immediate emergency care for the support in the athletic community. He reported that Alaska is one of two states without licensure of athletic trainers. He related that HB 160 will require athletic trainers to have a license to practice in the state and will hold them accountable to the rigorous standards of the Board of Certification, Inc. (BOC), which is a national agency created to certify health care professionals and assure protection of the public. As Alaskans become increasingly active, the need for properly trained and licensed athletic trainers becomes imperative.

[4:06:40 PM](#)

BRODIE ANDERSON, Staff, Representative Steve Thompson, Alaska State Legislature, provided a section-by-section analysis of HB 160. He stated that Section 1 would add a new paragraph to license athletic trainers. Section 2 would add a new chapter, chapter 7, for athletic trainers, AS 08.07.010, outlining the licensing requirements and exemptions.

MR. ANDERSON referred to a new section, AS 08.07.020, that identifies the qualifications, fees, and renewal process for athletic trainers. He said that AS 08.07.030 adds a new section that identifies the scope of practice for athletic trainers. He identified that AS 08.07.040 outlines the regulations for athletic trainers that the department will need to adopt. He stated that AS 08.07.049 provides definitions and AS 09.65.300 inserts athletic trainers to the list of health care providers.

MR. ANDERSON explained the final two sections, Sec. 4 and 5, amends AS 47.17.290 (13) adds an athletic trainer to "practitioner of the healing arts" and adds a new section of uncodified law outlining the applicability of the bill.

[4:08:41 PM](#)

REPRESENTATIVE HERRON asked for the catalyst for introducing the bill.

REPRESENTATIVE THOMPSON answered that some athletic trainers asked him to assist them in obtaining certification and licensure since 48 states currently offer it.

[4:09:14 PM](#)

REPRESENTATIVE HERRON asked whether any recent incidents highlight the need for the bill due to lack of skills.

REPRESENTATIVE THOMPSON said that he is aware of some but did not have sufficient information to discuss.

MR. ANDERSON anticipated testimony by Lynn Young, Treasurer for the Alaska Athletic Trainers Association (AATA). He said the Association came forward since Alaska is one of the few states that don't regulate athletic trainers. Concerns have previously been expressed that people might take a couple of online courses and then hold themselves out as athletic trainers.

CHAIR OLSON answered that this concept has been a work in progress for several years. He commended the current version as being "the cleanest" version to date.

MR. ANDERSON explained the fiscal note dated 3/28/14. He reported that in FY 15 \$48.1, and for each consecutive year for FY 16-20 at \$5.0 thousand to establish the licensing program.

[4:11:40 PM](#)

REPRESENTATIVE CHENAULT asked whether adding athletic trainer costs associated with injuries will be passed on to insurance companies.

MR. ANDERSON answered that he didn't know, but he offered to check and report back to the committee.

[4:12:38 PM](#)

LYNN YOUNG, Secretary/Treasurer, Alaska Athletic Trainers Association (ATTA), stated that she is also the chair for the governmental affairs committee and is a certified athletic trainer. She explained that athletic trainers are highly trained multi-skilled professionals who are part of the allied

health care profession. She reported that athletic trainers work, collaborate, and work under the direction of physicians. She stated that services provided by athletic trainers are prevention, emergency care, clinical assessment, therapeutic intervention, and rehabilitation of injuries and medical conditions. Individuals who wish to become athletic trainers must earn a degree from an accredited athletic training curriculum, and sit for the national board of certification exam, and upon passage can call themselves a certified athletic trainer. Athletic trainers must adhere to 50 hours biennial continuing education approved by the national BOC, of which 10 hours must be part of an evidenced based curriculum. Additionally, athletic trainers must obtain a current certification in emergency cardiac care at a minimum of a professional rescuer level or above. She reported that Alaska is one of two states to not yet license athletic trainers. She indicated that the trainers are proactive in asking for this. She was not aware of any improper behavior; however, they do not want to wait [until an issue occurs] and be reactive. In 2011, athletic trainers also testified on HB 15, which relates to concussions, and athletic trainers are one of the health care providers who can assist with the prevention, recognition, and proper care of concussions. Due to the severity and risk of concussions, athletic trainers do not want anyone holding themselves out to be an athletic trainer and putting school age children at risk. She urged members to regulate athletic trainers to ensure at a minimum that people calling themselves athletic trainers have the basic education and qualifications.

[4:16:06 PM](#)

REPRESENTATIVE MILLETT asked which sports have the highest incidence of concussions.

MS. YOUNG answered that football has the highest incidence, and she added girls' soccer, boys' soccer, girls' basketball, and boys' basketball; however, not enough data exists for ice hockey since not every state has ice hockey programs. She surmised that ice hockey probably would rank as high as football.

[4:16:44 PM](#)

REPRESENTATIVE MILLETT asked whether helmet design has improved, if they are helpful, or if it is just the nature of sports.

MS. YOUNG answered that helmets are "marketed," as concussion-proof; however, the anatomy of the brain is such that it sits in

fluid and nothing can prevent concussions. She noted that skull fractures or structural problems can be minimized, but the brain will slosh against the skull, which can cause concussions when injured. She offered her belief that "concussion proof" helmets help prevent skull fractures help but they will not eliminate the risk of concussions.

[4:17:36 PM](#)

REPRESENTATIVE JOSEPHSON asked for examples of what an athletic trainer does.

MS. YOUNG explained that the traditional setting for athletic trainers is on the sidelines of sporting events. Some military and other employers hire athletic trainers to minimize injuries. She stated that athletic trainers provide education and provide emergency health care and assess whether the treatment falls within their scope of practice. Athletic trainers can provide post-surgery therapeutic exercises and provide rehabilitation to safely return them to their sports activities.

[4:19:20 PM](#)

REPRESENTATIVE JOSEPHSON asked why California does not currently have regulation for licensed athletic trainers.

MS. YOUNG answered that California is a big state with significant licensure of professions so the state is trying to figure out the athletic trainer's role. She said that she has held discussions with California's governmental affair's agency, and their director indicated that it is in part due to the size of the state, but also due to the politics involved.

[4:20:02 PM](#)

REPRESENTATIVE SADDLER asked her to discuss the national BOC and the relationship to athletic trainers and if the BOC certifies other professions.

MS. YOUNG answered that the BOC is the board for the national Athletic Trainers' Association. It regulates and certifies athletic trainers and ensures that competencies are met. The BOC establishes the basic educational and clinical components necessary to show competency in order for applicants to sit for the exam. The BOC outlines the practice standards, code of professional responsibility, ethics, and establishes continuing education. Athletic trainers must maintain 50 hours of

continuing education biennially and the DOC assesses, documents, and certifies the athletic trainers have met continuing education.

[4:21:26 PM](#)

REPRESENTATIVE SADDLER asked how this bill will affect athletic trainer's income or reimbursement rate.

MS. YOUNG answered it probably will not have much impact in terms of insurance and fees, but HB 160 will improve youth safety. She related that currently athletic trainers are looking nationally at reimbursement, but she thought that will take years to implement. Currently, athletic trainers are employed by schools, orthopedic groups, or hospitals to help ensure safety of their clients. She said some athletic trainers work in the capacity of physician extenders so the athletic trainer services would be billed similar to a medical assistant, under the license of a physician.

[4:22:40 PM](#)

REPRESENTATIVE REINBOLD related her own experience when her son played football. She said she bought an expensive concussion-proof helmet, but her son suffered a concussion anyway. She asked if there was a website parents can go to for information.

MS. YOUNG answered that some sites, such as the centers for disease control and the national athletic trainers' websites acknowledged that good helmets decrease the risk of skull fractures, but they do not endorse statements that helmets will prevent concussions. She acknowledged that unfortunately marketing will make claims; however, she said it is likely that she decreased a worst-case scenario, in which her son may have avoided a skull fracture.

[4:24:56 PM](#)

SARA CHAMBERS, Director, Professional Licensing, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community, & Economic Development (DCCED), asked to discuss the fiscal note and the basic process of licensing fees. She said that the fiscal note estimates \$180 for the first year, followed by \$100-\$150 per year for an biennial license fee.

[4:27:02 PM](#)

REPRESENTATIVE SADDLER asked whether any economy of scale exists to set up two boards at the same time.

MS. CHAMBERS answered that she would need to ponder it; however, AS 08.01.065 dictates how the division sets licensing fees. She explained that this statute requires each cost must be borne by the licensees. She described it as a fairly rigorous process to identify costs that directly support individual programs. She suggested it is unlikely there would be substantial savings to do so.

[4:28:16 PM](#)

REPRESENTATIVE SADDLER remarked that several new licensing programs are likely headed her way.

MS. CHAMBERS answered that it is possible potential savings could occur if multiple licensing programs share work. She offered to check into it for the committee.

[4:28:52 PM](#)

CARY KELLER, Orthopedic Surgeon, stated that he has offices in Fairbanks and Sitka. He said that he probably has more experience than anyone in Alaska in terms of athletic trainers. He related that he has cared for collegiate and high school athletes and has worked closely with athletic trainers. He currently is the chair of Alaska State Activities Association Sports Medicine advisory committee and he has served nationally on the National Federation of High Schools' sports medicine advisory committee. He explained that the national federation is the National Collegiate Athletic Association (NCAA) of high school sports. He indicated that he is a former trustee and fellow of the American College of Sports Medicine. He has also served as the team physician for the University of Alaska Fairbanks and for the schools in the Fairbanks North Star Borough School District for 30 years. He offered his belief that athletic trainers are incredibly important in the school setting and also a tremendous help to persons outside the school setting. It has become increasingly clear that the public schools and university have responsibility to student athletes to help prevent injuries, evaluate injuries when they occur, and to care for those injuries - both the acute care and the rehabilitation as Ms. Young described. He offered his belief that it has been clear since the months following the state's passage of concussion legislation that schools are poorly prepared to take on the responsibility in the absence of

athletic trainers in the schools. Therefore, the AATA and the schools have worked together to establish protocols for taking care of and protecting concussed athletes.

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DR. KELLER offered his belief that the schools that do the best job with concussions are ones with athletic trainers and other schools have difficulty finding substitutes. He suggested the best substitute is the school nurse. Concussions are just one example since athletes obtain all kinds of injuries, and the schools are poorly prepared to take care of all of the injuries. He recalled that in the 1980s he performed a study in Alaska of all injuries in two seasons in the FNSBSD. Once athletic trainers were added another study was conducted over two years. He concluded that with the presence of athletic trainers, a 70 percent reduction of injuries happened and the associated medical costs decreased by 50 percent. He said the statistics emphasize the value of the athletic trainers. He has worked closely with ASAA, and its board passed a motion recommending all schools have athletic trainers and they further recommended that the University of Alaska develop a curriculum to train athletic trainers to meet the needs of the state. He complimented the sponsor and encouraged passage of HB 160.

[4:34:33 PM](#)

CHRISTOPHER DEAN, Certified Athletic Trainer; President, Alaska Athletic Trainers Association (AATA), thanked members for the opportunity to address the committee. He explained that athletic trainers are allied health care professionals who serve communities at many levels, including youth competitive teams through high school, collegiate, and professional athletic teams. He reiterated that Alaska and California are the only states that do not license athletic trainers. He asked the 49th state to be the 49th state to pass licensure. He acknowledged that some confusion exists between personal trainer and athletic trainers. He said Ms. Young has highlighted the role, qualifications, and duties of athletic trainers. He emphasized that athletic trainers are not personal trainers.

MR. DEAN offered his belief that the greatest consideration for licensure is public safety. He recalled that House Bill 15 was enacted in 2011 and specifically named athletic trainers as a qualified health care provider who can evaluate, manage and treat concussions; however, currently in Alaska, anyone could call his/herself an athletic trainer. The Alaska State

Activities Association (ASAA), the Anchorage School District, and the FNSB School District have worked hard to promote concussion education and awareness and identify athletic trainers as a qualified health care provider to treat concussed student athletes. Further, a parent, student, and coach should be assured that the athletic trainer is a certified trainer and has the necessary education and competency to provide quality health care. Earlier, a question was asked about any negative events in Alaska regarding athletic trainers. He related a scenario in which a 14-year-old student who suffered a concussion that took 3.5 weeks to heal. The student completed the return-to-play protocol as defined by ASAA, which is standard in the medical community and returned to full participation on a Wednesday. He played again and suffered another concussion, was helped off the field by the coaches, and sat on the sideline in pain for 30 minutes. At the end of the game the mother was informed that her son was simply scared, but the coach insisted her son did not have a concussion. Although she asked whether the coach was an athletic trainer and qualified to make the determination and he said he was, he was not. The scenario highlights an instance in which someone represented himself incorrectly and placed a student athlete at risk, he said.

[4:39:06 PM](#)

MR. DEAN, in response to an earlier question, related that insurance billing is an area he would like to pursue. Currently, athletic trainers cannot bill because they are not licensed providers. He said his number one priority after obtaining licensure will be to ask insurers to recognize them, as other states have, to identify them as health care providers. In further response to a question on employment opportunities, he indicated one physical therapist's office has the authorization to hire five athletic trainers once this bill is passed. He emphasized that this bill will help, and he thanked members for the opportunity to testify.

[4:40:24 PM](#)

REPRESENTATIVE REINBOLD surmised that injuries likely happen more often since coaches need players to win and may not "have the will" to identify the injury. She suggested that it is better to have a more objective person make these decisions. She thanked him for his testimony.

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 160.

4:41:17 PM

REPRESENTATIVE REINBOLD moved to report HB 160 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 160 was reported from the House Labor & Commerce Standing Committee.

4:41:43 PM

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:41 p.m.