

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

April 9, 2013

5:30 p.m.

MEMBERS PRESENT

Senator Mike Dunleavy, Chair
Senator Peter Micciche, Vice Chair
Senator Donald Olson

MEMBERS ABSENT

Senator Bert Stedman
Senator Johnny Ellis

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 175(L&C)

"An Act allowing, under certain conditions, a property or casualty insurer to provide policies and endorsements to an insured by posting the policies and endorsements on the insurer's Internet website."

- MOVED CSHB 175(L&C) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 168(L&C)

"An Act amending the definition of travel insurance for the purpose of describing a person eligible for a travel insurance limited producer license; and authorizing a person selling travel services to transact the business of travel insurance on behalf of and under the direction of a person licensed as a travel insurance limited producer."

- MOVED CSHB 168(L&C) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 50(FIN)

"An Act authorizing the Alaska Housing Finance Corporation to allow certain commercial uses in a multi-unit residential housing development owned or financed by the corporation and limiting the Alcoholic Beverage Control Board's issuance of certain licenses to premises in the residential housing development."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 125(L&C) AM

"An Act prohibiting a health care insurer from denying coverage for an additional limited quantity of prescription topical eye medication under certain circumstances."

- HEARD & HELD

SENATE BILL NO. 79

"An Act establishing the Sport Fishing Guide Services Board and licensing requirements for sport fishing guide-outfitters, sport fishing outfitters, sport fishing assistant guides, and sport fishing transporters; making conforming amendments; allowing the Department of Fish and Game to collect information on guiding services; providing for an effective date by repealing the effective date of sec. 32, ch. 58, SLA 2010; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 175

SHORT TITLE: ELECTRONIC POSTING OF INSURANCE POLICIES

SPONSOR(s): LABOR & COMMERCE

03/18/13	(H)	READ THE FIRST TIME - REFERRALS
03/18/13	(H)	L&C
03/27/13	(H)	L&C AT 3:15 PM BARNES 124
03/27/13	(H)	Moved CSHB 175(L&C) Out of Committee
03/27/13	(H)	MINUTE(L&C)
03/28/13	(H)	L&C RPT CS(L&C) 4DP 3NR
03/28/13	(H)	DP: SADDLER, MILLETT, JOSEPHSON, OLSON
03/28/13	(H)	NR: CHENAULT, HERRON, REINBOLD
04/03/13	(H)	TRANSMITTED TO (S)
04/03/13	(H)	VERSION: CSHB 175(L&C)
04/04/13	(S)	READ THE FIRST TIME - REFERRALS
04/04/13	(S)	L&C
04/06/13	(S)	L&C AT 9:00 AM BELTZ 105 (TSBldg)
04/06/13	(S)	Heard & Held
04/06/13	(S)	MINUTE(L&C)
04/09/13	(S)	L&C AT 9:00 AM BELTZ 105 (TSBldg)

BILL: HB 168

SHORT TITLE: TRAVEL INSURANCE

SPONSOR(s): LABOR & COMMERCE

03/15/13	(H)	READ THE FIRST TIME - REFERRALS
03/15/13	(H)	L&C

03/25/13 (H) L&C AT 3:15 PM BARNES 124
03/25/13 (H) Moved CSHB 168(L&C) Out of Committee
03/25/13 (H) MINUTE(L&C)
03/26/13 (H) L&C RPT CS(L&C) 4DP 2NR
03/26/13 (H) DP: REINBOLD, SADDLER, JOSEPHSON, OLSON
03/26/13 (H) NR: CHENAULT, HERRON
04/04/13 (H) TRANSMITTED TO (S)
04/04/13 (H) VERSION: CSHB 168(L&C)
04/05/13 (S) READ THE FIRST TIME - REFERRALS
04/05/13 (S) L&C
04/06/13 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)
04/06/13 (S) Heard & Held
04/06/13 (S) MINUTE(L&C)
04/09/13 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)

BILL: HB 50

SHORT TITLE: MULTI-UNIT HOUSING: COMMERCIAL USE

SPONSOR(S): COSTELLO

01/16/13 (H) PREFILE RELEASED 1/11/13
01/16/13 (H) READ THE FIRST TIME - REFERRALS
01/16/13 (H) L&C, FIN
02/18/13 (H) BILL REPRINTED 2/18/13
02/27/13 (H) L&C AT 3:15 PM BARNES 124
02/27/13 (H) Moved Out of Committee
02/27/13 (H) MINUTE(L&C)
03/01/13 (H) L&C RPT 3DP 1AM
03/01/13 (H) DP: HERRON, JOSEPHSON, REINBOLD
03/01/13 (H) AM: SADDLER
03/14/13 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/14/13 (H) Moved CSHB 50(FIN) Out of Committee
03/14/13 (H) MINUTE(FIN)
03/15/13 (H) FIN RPT CS(FIN) 9DP 1NR 1AM
03/15/13 (H) DP: MUNOZ, EDGMON, GARA, HOLMES,
THOMPSON, NEUMAN, COSTELLO, STOLTZE,
03/15/13 (H) AUSTERMAN
03/15/13 (H) NR: T.WILSON
03/15/13 (H) AM: KAWASAKI
03/20/13 (H) TRANSMITTED TO (S)
03/20/13 (H) VERSION: CSHB 50(FIN)
03/21/13 (S) READ THE FIRST TIME - REFERRALS
03/21/13 (S) L&C, FIN
03/28/13 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/28/13 (S) -- Meeting Postponed until 4/1/13 4:30
p.m. --
04/01/13 (S) L&C AT 4:30 PM BELTZ 105 (TSBldg)
04/01/13 (S) -- Rescheduled from 3/28/13 --

04/02/13 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/02/13 (S) -- MEETING CANCELED --
 04/03/13 (S) L&C AT 5:00 PM BELTZ 105 (TSBldg)
 04/03/13 (S) Scheduled But Not Heard
 04/09/13 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)

BILL: HB 125

SHORT TITLE: TOPICAL EYE MEDS PRESCRIPTION REFILLS

SPONSOR(s): HOLMES

02/18/13 (H) READ THE FIRST TIME - REFERRALS
 02/18/13 (H) L&C
 03/27/13 (H) L&C AT 3:15 PM BARNES 124
 03/27/13 (H) Heard & Held
 03/27/13 (H) MINUTE(L&C)
 04/01/13 (H) L&C AT 3:15 PM BARNES 124
 04/01/13 (H) Moved CSHB 125(L&C) Out of Committee
 04/01/13 (H) MINUTE(L&C)
 04/02/13 (H) L&C RPT CS(L&C) 3DP 1NR
 04/02/13 (H) DP: HERRON, SADDLER, OLSON
 04/02/13 (H) NR: REINBOLD
 04/05/13 (H) TRANSMITTED TO (S)
 04/05/13 (H) VERSION: CSHB 125(L&C) AM
 04/06/13 (S) READ THE FIRST TIME - REFERRALS
 04/06/13 (S) L&C
 04/09/13 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)

WITNESS REGISTER

KONRAD JACKSON, Staff
 Representative Kurt Olson
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented HB 175 on behalf of the sponsor.

BRET KOLB, Director
 Division of Insurance
 Department of Commerce, Community and Economic Development
 Anchorage, Alaska

POSITION STATEMENT: Offered to answer questions related to HB 175.

ANNA LATHAM, Staff
 Representative Kurt Olson
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented HB 168 on behalf of the sponsor.

JOSHUA WALTON, Staff
Representative Mia Costello
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented information related to HB 50 on behalf of the sponsor.

STACY SHUBERT, Director
Governmental Relations and Public Affairs
Alaska Housing Finance Corporation (AHFC)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 50.

CHRISTOPHER SCHULTE, Executive Director
Anchorage Downtown Partnership
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 50.

REPRESENTATIVE LINDSEY HOLMES
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 125.

ACTION NARRATIVE

[5:30:26 PM](#)

CHAIR MIKE DUNLEAVY called the Senate Labor and Commerce Standing Committee meeting to order at 5:30 p.m. Present at the call to order were Senators Olson, Micciche, and Chair Dunleavy.

HB 175-ELECTRONIC POSTING OF INSURANCE POLICIES

[5:31:13 PM](#)

CHAIR DUNLEAVY announced the consideration of HB 175. "An Act allowing, under certain conditions, a property or casualty insurer to provide policies and endorsements to an insured by posting the policies and endorsements on the insurer's Internet website." [CSHB 175 L&C was before the committee.] He noted that this was the second hearing.

[5:31:46 PM](#)

KONRAD JACKSON, Staff, Representative Kurt Olson, sponsor of HB 175, summarized that the bill would permit insurers to electronically post property and casualty insurance policies and endorsements.

[5:32:25 PM](#)

BRET KOLB, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), introduced himself and offered to answer questions.

CHAIR DUNLEAVY found no public testimony and closed it.

SENATOR MICCICHE commented that the bill is in keeping with the trend of doing business online. He noted that the bill was introduced with a detailed explanation at the previous hearing.

CHAIR DUNLEAVY found no further questions or comments and asked the will of the committee.

[5:33:14 PM](#)

SENATOR MICCICHE moved to report CSHB 175(L&C), 28-LS0327\P, from committee with individual recommendations and attached fiscal note(s).

CHAIR DUNLEAVY announced that without objection, CSHB 175(L&C) moved from the Senate Labor and Commerce Standing Committee.

[5:33:37 PM](#)

At ease

HB 168-TRAVEL INSURANCE

[5:34:35 PM](#)

CHAIR DUNLEAVY reconvened the meeting and announced the consideration of HB 168. "An Act amending the definition of travel insurance for the purpose of describing a person eligible for a travel insurance limited producer license; and authorizing a person selling travel services to transact the business of travel insurance on behalf of and under the direction of a person licensed as a travel insurance limited producer." He noted this was the second hearing and that CSHB 168(L&C) was before the committee.

[5:34:56 PM](#)

ANNA LATHAM, Staff, Representative Kurt Olson, provided a summary of HB 168, which is based on model National Council of Insurance Legislators (NCOIL) legislation. The bill redefines travel insurance and allows limited travel insurance products to be sold by travel insurance agents under a producer's license.

SENATOR MICCICHE pointed out that background information was provided to the committee during the introductory hearing.

CHAIR DUNLEAVY found no public testimony and he closed it. Finding no further questions or comments, he asked the will of the committee.

[5:36:24 PM](#)

SENATOR MICCICHE moved to report CSHB 168, 28-LS0562\0, from committee with individual recommendations and attached fiscal note(s).

CHAIR DUNLEAVY announced that without objection CSHB 168(L&C) moved from the Senate Labor and Commerce Standing Committee.

[5:36:42 PM](#)

At ease

HB 50-MULTI-UNIT HOUSING: COMMERCIAL USE

[5:37:56 PM](#)

CHAIR DUNLEAVY announced the consideration of HB 50. "An Act authorizing the Alaska Housing Finance Corporation to allow certain commercial uses in a multi-unit residential housing development owned or financed by the corporation and limiting the Alcoholic Beverage Control Board's issuance of certain licenses to premises in the residential housing development." He noted that CSHB 50(FIN) was before the committee.

[5:38:29 PM](#)

JOSHUA WALTON, Staff, Representative Mia Costello, sponsor of HB 50, introduced the bill on behalf of the sponsor. He explained that HB 50 allows the Alaska Housing Finance Corporation (AHFC) to authorize certain commercial enterprises in multi-unit residential housing developments that it owns or leases. This is in line with a national trend to develop more diverse and vibrant neighborhoods. Giving AHFC this power will allow more efficient use of land and help AHFC to contribute to the growth of residences and housing properties and to increase commercial leasing space. This will benefit families and small businesses, in particular.

The bill specifically excludes certain types of businesses such as adult entertainment; the sale of alcoholic beverages, unless it occurs with a restaurant; substance abuse treatment programs; and businesses that primarily sell tobacco and cigarette products, although incidental sales of tobacco at a supermarket

would be allowed. He offered to answer questions and noted that Ms. Shubert from AHFC was available to speak to the bill.

5:40:40 PM

STACY SHUBERT, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation (AHFC), introduced herself.

CHAIR DUNLEAVY summarized that the idea is to offset the cost of housing by expanding AHFC's authority to rent or lease property for combined uses.

MS. SHUBERT said that is correct.

CHAIR DUNLEAVY asked if the concept of an open flame in a restaurant would present a problem if residential units were in the same building.

MS. SHUBERT said the AHFC board wouldn't approve a loan if it felt the tenants would be at risk.

SENATOR OLSON discussed finite resources and asked how this would affect multi-unit housing.

MS. SHUBERT said that AHFC feels that financing projects of this type are beneficial to developers, to financial institutions that might offer loans and sell them to AHFC, and to AHFC's portfolio. In particular, this will save money for developers because revenues from the commercial space could help offset the costs of the residential space.

SENATOR OLSON asked how this would affect the dividend that AHFC pays the State of Alaska which goes into the general fund.

MS. SHUBERT explained that AHFC is finding it more difficult to compete with interest rates in the home mortgage market and sees this as an opportunity to help increase revenues in its portfolio. Responding to skepticism from Senator Olson, she pointed out that AHFC's mission is to provide more housing for more Alaskans, and this helps achieve that goal. AHFC is proud of its track record of paying almost \$2 billion in dividends to the state, and desires to continue.

SENATOR OLSON relayed that the members of the Finance Committee appreciate AHFC and its leadership over a number of years.

5:44:32 PM

SENATOR MICCICHE asked the definition of "commercial" and questioned whether the bill should also address municipal zoning.

MS. SHUBERT said AHFC prefers to leave local zoning decisions up to the communities. She reiterated that AHFC will look at each project independently consistent with the local land use rules and regulations.

SENATOR MICCICHE summarized that AHFC would use the local definition of commercial or limited commercial.

MS. SHUBERT said yes.

[5:45:50 PM](#)

CHRISTOPHER SCHULTE, Executive Director, Anchorage Downtown Partnership (ADP), reported that he also served on the project management team for the 2007 Anchorage Downtown Comprehensive Plan, and currently serves on the kitchen cabinet of Mayor Dan Sullivan's Homeless Leadership Team. He described AHFC as a vital partner in development of large-scale housing statewide. It will allow AHFC to finance or permit commercial enterprises in a multi-unit residential housing development in a beneficial manner. This is a sound community planning principle that will result in better uses of scarce land. Additionally, this legislation will provide an opportunity for AHFC to generate additional revenue and provide the corporation additional resources to use in addressing Alaska's growing housing shortage. Developers will find it easier to build affordable housing projects throughout the state by using income from commercial space to offset rent reductions in the housing units.

MR. SCHULTE said APD also supports the limits that prohibit certain commercial uses and the flexibility to allow a business enterprise such as a restaurant that is licensed by the Alcoholic Beverage Control (ABC) Board. The bill empowers AHFC to play a more active role in development projects that conform to local planning policies and guidelines. He described how this legislation would help multi-unit residential housing development in Anchorage.

CHAIR DUNLEAVY noted that public testimony was open.

[5:49:40 PM](#)

SENATOR MICCICHE asked if there was precedence for a housing authority lending or leasing for mixed use, and if this would increase liability for AHFC.

MS. SHUBERT said she wasn't aware of any other housing authority that offers this, but there is a nationwide trend to provide this kind of mixed use development.

SENATOR MICCICHE asked if AHFC would need additional liability protections with mixed use.

MS. SHUBERT said AHFC is comfortable with the language as drafted and the review that the AHFC Board does with all loans that come into the portfolio. She noted that the multi-family loan portfolio has traditionally performed very well.

CHAIR DUNLEAVY observed that multiple use doesn't necessarily increase insurance issues.

CHAIR DUNLEAVY stated that he would hold HB 50 in committee and keep public testimony open.

[5:51:56 PM](#)

At ease

HB 125-TOPICAL EYE MEDS PRESCRIPTION REFILLS

[5:52:44 PM](#)

CHAIR DUNLEAVY announced the consideration of HB 125. "An Act prohibiting a health care insurer from denying coverage for an additional limited quantity of prescription topical eye medication under certain circumstances." [CSHB 125(L&C) AM was before the committee.]

REPRESENTATIVE LINDSEY HOLMES, sponsor of HB 125, stated that this bill is a consumer protection bill that came at the impetus of people who are suffering from glaucoma. It allows people to refill a little early those prescription eye medications that are covered by insurance. The bill includes precautions. It does not allow a refill beyond the number of refills prescribed by the doctor and it only allows refills a couple of days early. She said the bill has support from both ophthalmologists and optometrists and it has amendments that were incorporated on behalf of the insurance companies.

CHAIR DUNLEAVY found no questions or public testimony.

[5:54:48 PM](#)

At ease

5:54:55 PM

CHAIR DUNLEAVY reconvened the meeting and stated that he would hold HB 125 in committee and keep public testimony open.

5:55:18 PM

There being no further business to come before the committee, Chair Dunleavy adjourned the Senate Labor and Commerce Standing Committee meeting at 5:55 p.m.