

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

March 20, 2014

1:31 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Johnny Ellis

COMMITTEE CALENDAR

CONFIRMATION HEARINGS

Alaska State Board of Public Accountancy

Leslie Schmitz - Anchorage

- CONFIRMATION ADVANCED

Alcoholic Beverage Control Board

Robert Klein - Anchorage

Marvin Yoder - Palmer

- CONFIRMATIONS ADVANCED

**State Board of Registration for Architects, Engineers, and
Land Surveyors**

Donald (John) Christensen - Seward

Brian Hanson - Anchorage

Luanne Urfer - Anchorage

- CONFIRMATIONS ADVANCED

Board of Barbers and Hairdressers

Jeannine Jabaay - Anchorage

Derrick Slaughter - Anchorage

Glenda Ledford - Wasilla

- CONFIRMATIONS ADVANCED

Big Game Commercial Services Board

Gene Peltola - Bethel
Michele Metz - Douglas

- CONFIRMATIONS ADVANCED

Board of Chiropractic Examiners

Christine Hill - Anchorage
Dr. Walter Campbell - Palmer

- CONFIRMATIONS ADVANCED

Board of Dental Examiners

Dr. Thomas Wells - Anchorage

- CONFIRMATION ADVANCED

Fishermen's Fund Advisory and Appeals Council

Larry Bartman - Manokotak

- CONFIRMATION ADVANCED

Alaska Gasline Development Corporation Board of Directors

Albert Bolea - Big Lake
Dave Cruz - Wasilla
Drue Pearce - Anchorage
Richard Rabinow - Houston
John Burns - Fairbanks

- CONFIRMATIONS ADVANCED

Alaska Labor Relations Agency

Willard Askren - Big Lake
Dr. Lynne Curry - Anchorage

- CONFIRMATIONS ADVANCED

Board of Marine Pilots

Richard Erickson - Ketchikan

- CONFIRMATION ADVANCED

Board of Marital and Family Therapy

JoAnn Young - Anchorage

- CONFIRMATION ADVANCED

Board of Certified Direct-Entry Midwives

Jennifer Swander - Seward

- CONFIRMATION ADVANCED

Board of Nursing

Erin Evans - Eagle River
Mary (Jennie) Grimwood - Cordova
Carrie Miller - Juneau

- CONFIRMATIONS ADVANCED

Board of Examiners in Optometry

Dr. Damien Delzer - Fairbanks
Eric Lingle - Douglas

- CONFIRMATIONS ADVANCED

Board of Pharmacy

William Altland - Craig
Anne Gruening - Juneau

- CONFIRMATIONS ADVANCED

State Physical Therapy and Occupational Therapy Board

Dr. Ilona Farr - Anchorage
Dr. Joseph Kennedy - Nome
Mary (Melissa) Robinson - Moose Pass

- CONFIRMATIONS ADVANCED

Board of Professional Counselors

Lyn Tashea - Anchorage
Stephanie Johnson - Nome

- CONFIRMATIONS ADVANCED

Board of Certified Real Estate Appraisers

David Derry - Kenai
Alfred Ferrara - Anchorage

- CONFIRMATIONS ADVANCED

Real Estate Commission

Cynthia Cartledge - Anchorage

- CONFIRMATION ADVANCED

Regulatory Commission of Alaska

Robert Pickett - Wasilla

- CONFIRMATION ADVANCED

Board of Social Work Examiners

Laura Thiesen - Glennallen

Danielle LaFon - Fairbanks

Tina Walter - Kenai

- CONFIRMATIONS ADVANCED

Board of Veterinary Examiners

Dr. Teresa Beck - Palmer

Dr. James Hagee - Chugiak

- CONFIRMATIONS ADVANCED

Workers' Compensation Appeals Commission

Philip Ulmer - Eagle River

- CONFIRMATION ADVANCED

Alaska Workers' Compensation Board

Julie Duquette - Fairbanks

David Kester - Anchorage

Michael O'Connor - Anchorage

Donna Phillips - Girdwood

Mark Talbert - Wasilla

Zebulon Woodman - Fairbanks

- CONFIRMATIONS ADVANCED

SENATE BILL NO. 193

"An Act relating to bonds required for contractors."

- HEARD & HELD

SENATE BILL NO. 183

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

- HEARD & HELD

SENATE BILL NO. 189

"An Act relating to an exemption from the regulation of construction contractors."

- HEARD & HELD

SENATE BILL NO. 156

"An Act relating to direct-entry midwives."

- MOVED SB 156 OUT OF COMMITTEE

SENATE BILL NO. 190

"An Act permitting a guide-outfitter to delegate certain guide services to a person who is not licensed by the Big Game Commercial Services Board."

- MOVED CSSB 190(L&C) OUT OF COMMITTEE

SENATE BILL NO. 99

"An Act correcting a reference to the Alaska Industrial Development and Export Authority revolving fund; limiting the use of the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund for certain loans and loan guarantees and allowing the development fund to be used as security for a bond guarantee; and amending the definition of 'qualified energy development.'"

- MOVED CSSB 99(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 193

SHORT TITLE: CONTRACTORS: BONDS; LICENSING

SPONSOR(S): SENATOR(S) MICCICHE

02/21/14	(S)	READ THE FIRST TIME - REFERRALS
02/21/14	(S)	L&C
02/27/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/27/14	(S)	-- MEETING CANCELED --
03/04/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/04/14	(S)	Scheduled But Not Heard
03/11/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/11/14	(S)	-- MEETING CANCELED --
03/13/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/13/14	(S)	Scheduled But Not Heard
03/18/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/18/14	(S)	-- MEETING CANCELED --
03/20/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 189

SHORT TITLE: EXEMPTION: LICENSING OF CONTRACTORS
SPONSOR(s): LABOR & COMMERCE

02/21/14 (S) READ THE FIRST TIME - REFERRALS
02/21/14 (S) L&C
02/25/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/25/14 (S) -- MEETING CANCELED --
03/04/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/04/14 (S) Heard & Held
03/04/14 (S) MINUTE(L&C)
03/18/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/18/14 (S) -- MEETING CANCELED --
03/20/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 190

SHORT TITLE: DELEGATION OF GUIDE-OUTFITTER DUTIES
SPONSOR(s): HUGGINS

02/21/14 (S) READ THE FIRST TIME - REFERRALS
02/21/14 (S) L&C
03/11/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/11/14 (S) -- MEETING CANCELED --
03/13/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/13/14 (S) Heard & Held
03/13/14 (S) MINUTE(L&C)
03/18/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/18/14 (S) -- MEETING CANCELED --
03/20/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 156

SHORT TITLE: DIRECT-ENTRY MIDWIVES
SPONSOR(s): KELLY

02/05/14 (S) READ THE FIRST TIME - REFERRALS
02/05/14 (S) L&C
03/11/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/11/14 (S) -- MEETING CANCELED --
03/13/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/13/14 (S) Heard & Held
03/13/14 (S) MINUTE(L&C)
03/18/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/18/14 (S) -- MEETING CANCELED --
03/20/14 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 99

SHORT TITLE: AIDEA: DEVELOPMENT LOANS
SPONSOR(s): MCGUIRE

04/05/13	(S)	READ THE FIRST TIME - REFERRALS
04/05/13	(S)	L&C
02/18/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/18/14	(S)	Heard & Held
02/18/14	(S)	MINUTE(L&C)
02/27/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/27/14	(S)	-- MEETING CANCELED --
03/13/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/13/14	(S)	Scheduled But Not Heard
03/18/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/18/14	(S)	-- MEETING CANCELED --
03/20/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 183

SHORT TITLE: EXTEND EMERGING ENERGY TECHNOLOGY FUND

SPONSOR(s): SENATOR(s) MCGUIRE

02/19/14	(S)	READ THE FIRST TIME - REFERRALS
02/19/14	(S)	L&C
03/20/14	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

MINDY ROWLAND, Staff
 Senator Micciche
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Introduced SB 193 on behalf of the sponsor.

ED SNIFFEN, Assistant Attorney General
 Civil Division
 Consumer Protection Unit
 Department of Law
 Anchorage, Alaska

POSITION STATEMENT: Stated support for SB 193.

ALAN WILSON, Legislative Chair
 Alaska State Homebuilding Association (ASHA)
 Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 193.

JESSE LOGAN, Staff
 Senator Lesil McGuire
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Provided information related to SB 183 on behalf of the sponsor.

EMILY FORD, Public Outreach Liaison
Alaska Energy Authority (AEA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 183.

ALAN WILSON, Legislative Chair
Alaska State Homebuilding Association (ASHA)
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 189.

PATRICK DALTON, representing himself
Delta Junction, Alaska

POSITION STATEMENT: Testified in opposition to SB 189.

GARNET BROWN, President
Ketchikan Homebuilders Association (KHA)
Ketchikan, Alaska

POSITION STATEMENT: Testified in support of SB 189.

JESS HALL representing himself
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 189.

HEATHER SHADDUCK, Staff
Senator Pete Kelly
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information on SB 156 on behalf of the sponsor.

GARY ZEPP, Staff
Senator Charlie Huggins
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced the CS for SB 190.

THOR STACEY, Lobbyist
Alaska Professional Hunters Association (APHA)
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 190.

CAPTAIN BERNARD CHASTAIN, Alaska Wildlife Troopers
Department of Public Safety
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to SB 190.

JOE WANT, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Offered support and a suggestion on SB 190.

JESSE LOGAN, Staff
Senator Lesil McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced the CS for SB 99 on behalf of the sponsor.

TED LEONARD, Executive Director
Alaska Industrial Development and Export Authority (AIDEA)
Anchorage, Alaska

POSITION STATEMENT: Discussed AIDEA's process as it relates to SB 99.

JAMES SULLIVAN
Southeast Alaska Conservation Council (SEACC)
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to the CS for SB 99.

KEN COLLISON, Chief Operating Officer
Ucore Rare Metals Inc.

POSITION STATEMENT: Provided supporting testimony for the CS for SB 99.

ACTION NARRATIVE

[1:31:09 PM](#)

VICE CHAIR MICCICHE called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Micciche, Stedman, and Chair Dunleavy.

SB 193-CONTRACTORS: BONDS; LICENSING

[1:31:44 PM](#)

VICE CHAIR MICCICHE announced the consideration of SB 193. "An Act relating to bonds required for contractors." This was the first hearing.

[1:32:02 PM](#)

MINDY ROWLAND, Staff, Senator Micciche, Alaska State Legislature, Juneau, Alaska, introduced SB 193 on behalf of the sponsor speaking to the following sponsor statement:

AS 08.18.071 requires contractors operating in Alaska to file a license bond with the Department of Commerce, Community and Economic Development. The purpose of the bond is not only to ensure the contractor has financial resources to pay tax and other obligations, it is established in order to provide the public an avenue to seek recourse in the event there is negligent or improper work or breach of contract. It also helps provide protection to the business community to help contractors and vendors collect upon default for unpaid work or equipment rental. The statute is an important component of Alaska's consumer protection laws. The bond amounts were established in 1982 and have not been updated since. The current level of \$10,000 for general contractors and \$5,000 for specialty contractors is too low and is no longer providing the intended public protection. In many cases, the recoverable amount is not worth the legal and other costs associated with pursuing a claim against a bond.

SB 193 proposes to increase the license bond amounts to the following:

General Contractors	\$25,000
General Contractors only residential	\$20,000
Mechanical or Specialty Contractors	\$10,000
Contractors performing minimal work	\$ 5,000

The construction industry, which will be impacted by this legislation, brought forth the recommendation to make an adjustment in the bond amounts. Given the increase in inflation over the last 30 years, the industry felt an increase was long overdue. Purchasing a bond generally costs a small percentage of the total amount of coverage, thus providing a significant benefit to the public and other businesses in relation to the small cost increase as a result of this legislation.

SB 193 also corrects a loophole in the statute. All professional contractors are required to be licensed and file a bond. A notable exemption is that the law does not intend to impose license and bond requirement

upon non-professional contractors such as family members, friends, neighbors, etc., who get paid for a small amount of work. However, current law allows work under \$10,000 to be exempt and this wording has allowed individuals who sell themselves as professionals to avoid the statutory licensure requirements. In these cases, the public has no recourse against unlicensed and unbonded contractors. The bill corrects this by establishing a very modest bond level for those professional contractors performing work on projects less than \$10,000. Non-professional handymen are still exempt from the license and bond requirements under the definition provided in AS 08.18.171(4), which states "'contractor' means a person who, in the pursuit of an independent business...." This language is not intended to include a person undertaking a small project for a friend or relative.

She reported no outright opposition to the bill.

[1:35:26 PM](#)

VICE-CHAIR MICCICHE named the people available to testify.

ED SNIFFEN, Assistant Attorney General, Civil Division, Consumer Protection Unit, Department of Law, stated that DOL likes the changes incorporated in SB 193. It provides an inflation adjustment of the bonding amounts that have been in statute since 1982. Hopefully the increased bond amounts will result in more consumers holding contractors accountable if their work is faulty.

ALVIN NAGEL, Mechanical Inspection Manager, Division of Labor Standards and Safety, Department of Labor and Workforce Development (DOLWD), said he was available to answer questions related to SB 193.

[1:37:45 PM](#)

ALAN WILSON, Legislative Chair, Alaska State Homebuilding Association (ASHA), Juneau, Alaska, stated that the Board of Directors of ASHA supports SB 193. They see it as an inflationary adjustment, he said.

VICE-CHAIR MICCICHE announced that he would hold SB 193 in committee for further consideration. Public testimony was open.

SB 183-EXTEND EMERGING ENERGY TECHNOLOGY FUND

1:39:06 PM

VICE-CHAIR MICCICHE announced the consideration of SB 183. "An Act extending the termination date of the emerging energy technology fund and grant program." This was the first hearing.

JESSE LOGAN, Staff, Senator Lesil McGuire, Alaska State Legislature, Juneau, Alaska, sponsor of SB 183, introduced the legislation on behalf of the sponsor speaking to the following sponsor statement: [Original punctuation provided.]

The Alaska Sustainable Energy Act of 2010 established the Emerging Energy Technology Fund (EETF). The Alaska Energy Authority (AEA) administers the fund and the Alaska Center for Energy and Power (ACEP) performs data collection. Together with a matching grant from the Denali Commission, the fund made \$8.9 million available to develop emerging energy technologies in Alaska.

EETF grants are for demonstration projects of technologies that have a reasonable expectation of becoming commercially viable within five years. An EETF technology is one that promotes, enhances, or expands the diversity of available energy supply sources or means of transmission, increases energy efficiency, or reduces negative energy-related environmental effects. Energy technologies can include technologies related to renewable sources of energy, conservation of energy, enabling technologies, efficient and effective use of hydrocarbons and integrated systems. Projects from Round 1 saw an impressive diversity. Priority is given to Alaska businesses, utilities, non-profits, tribal or local governments or other organizations.

Projects can either:

- Test emerging energy technologies or methods of conserving energy
- Improve an existing technology
- Deploy an existing technology that has not previously been demonstrated in the state.

The EETF is not an angel fund, but rather an opportunity for the state of Alaska to support projects that are near commercialization and that can help communities who are facing increasing energy costs. This is not a fund for projects that are in the

research and development phase, but a program that creates synergy with the business community and the State of Alaska to create an environment for economic growth.

It is for these reasons that I have introduced SB 183 with the sole intention of extending the program which still has considerable funding available under the original appropriation and the Denali Commission's generous match.

[1:40:09 PM](#)

EMILY FORD, Public Outreach Liaison, Alaska Energy Authority (AEA), Anchorage, Alaska, explained that the Emerging Energy Technology Fund provides an infusion of capital for projects that anticipate being commercially viable within five years. The EETF supports renewable projects, energy conservation, energy efficiency, hydrocarbons, and integrated systems. The enabling legislation was passed in 2010 with a January 1, 2015 sunset date, and SB 183 would extend the sunset to January 1, 2020. She noted that the packets contained summaries and funding amounts of the initial projects and the status of the next steps.

SENATOR STEDMAN stated support for the legislation.

[1:42:19 PM](#)

VICE-CHAIR MICCICHE found no questions or testimony and announced he would hold SB 183 in committee. Public testimony was open.

SB 189-EXEMPTION: LICENSING OF CONTRACTORS

[1:42:39 PM](#)

VICE-CHAIR MICCICHE announced the consideration of SB 189. "An Act relating to an exemption from the regulation of construction contractors." [This was the second hearing and public testimony was open.]

[1:43:55 PM](#)

ALAN WILSON, Legislative Chair, Alaska State Homebuilding Association (ASHA), said that SB 189 closes a loophole that affects builders across the state. The problem is that some people in the state are building homes under the homeowner exemption when they're actually contractors. This puts legitimate contractors who are licensed, bonded, and purchase insurance at a disadvantage. Consumer safety is also potentially affected when work is done without proper licensing.

SENATOR STEDMAN asked Mr. Wilson if he supports the bill.

MR. WILSON confirmed he did support SB 189.

[1:46:02 PM](#)

PATRICK DALTON, representing himself, Delta Junction, Alaska, said he was a contractor testifying in opposition to SB 189. He cited three problems with the bill. First, he believes that this problem could be addressed by local government in each jurisdiction. The second problem is availability; when contractors aren't available, the job will get done anyway. Finally, the bill infringes on individual rights and protects contractors more than the individual property owner.

[1:51:17 PM](#)

GARNET BROWN, President, Ketchikan Homebuilders Association (KHA), Ketchikan, Alaska, stated that KHA supports SB 189 as well as the right for a person to build their own home. However, if they're doing it as a speculative endeavor they need to follow the building codes, including hiring licensed plumbers and electricians. It's a matter of safety. He noted that the bill provides just a minor change to existing law that says a person cannot build a house for speculative reasons and sell it within two years unless it's a financial hardship.

VICE-CHAIR MICCICHE clarified that the bill doesn't talk about hardship. Paragraph (12) in Section 1 says the owner has to demonstrate that the sale would not circumvent the requirements under the chapter.

[1:53:55 PM](#)

JESS HALL representing himself, Palmer, Alaska, testified in support of SB 189. He recapped the problem and observed that the statute is so vague it makes it difficult to enforce. The language in the bill will clarify the meaning of both an owner/builder and a contractor.

[1:55:41 PM](#)

VICE-CHAIR MICCICHE closed public testimony and announced he would hold SB 189 in committee for further consideration.

[1:56:08 PM](#)

At ease

SB 156-DIRECT-ENTRY MIDWIVES

[1:57:39 PM](#)

VICE-CHAIR MICCICHE reconvened the meeting and announced the consideration of SB 156. "An Act relating to direct-entry midwives."

[1:57:54 PM](#)

HEATHER SHADDUCK, Staff, Senator Pete Kelly, Alaska State Legislature, Juneau, Alaska, said she introduced SB 156 during the previous meeting and public testimony was taken. She noted the professionals who were available to answer questions and that the packets contained a letter from Don Habeger in response to questions that were raised last hearing. He reported that all but one of the licensed midwives live on the road system and she lives in Sandy, Utah. He also reported that there are state licensing exemptions for employees of tribal health programs.

VICE-CHAIR MICCICHE closed public testimony.

[1:59:37 PM](#)

At ease

[2:04:56 PM](#)

VICE-CHAIR MICCICHE reconvened the meeting and noted that Senator Olson had joined the committee.

SENATOR OLSON asked Ms. Shadduck to remind him of the changes.

MS. SHADDUCK explained that the bill allows updates and required practices to be placed in regulation instead of statute. It also adds a requirement that a midwife must be licensed for two years and attend 50 births in order to be a preceptor. It also repeals the cultural traditions.

SENATOR OLSON asked if the board supported the bill.

MS. SHADDUCK confirmed that both the Board of Certified Direct-Entry Midwives and the Midwives Association of Alaska support the bill. She reiterated her explanation of Mr. Habeger's letter.

SENATOR OLSON asked if the rural care providers had voiced concern with the bill.

MS. SHADDUCK offered her understanding that the Alaska Native Tribal Health Consortium (ANTHC) said there was no reason to oppose the bill because tribal organizations are exempt.

VICE-CHAIR MICCICHE found no further questions or comments and solicited a motion.

[2:07:07 PM](#)

SENATOR STEDMAN moved to report SB 156 from committee with individual recommendations and attached fiscal note(s).

VICE-CHAIR MICCICHE announced that without objection, SB 156 was reported from the Senate Labor & Commerce Committee.

SB 190-DELEGATION OF GUIDE-OUTFITTER DUTIES

[2:07:23 PM](#)

VICE-CHAIR MICCICHE announced the consideration of SB 190. "An Act permitting a guide-outfitter to delegate certain guide services to a person who is not licensed by the Big Game Commercial Services Board." This was the second hearing. He noted the new committee substitute (CS), Version N.

[2:07:55 PM](#)

GARY ZEPP, Staff, Senator Charlie Huggins, Alaska State Legislature, Juneau, Alaska said the proposed committee substitute (CS) for SB 190 addresses the concerns expressed about delegating guide services to unlicensed personnel and the unintended consequences of using the term "delegate." The changes resulted in a title change, but the concept of the original bill was not changed.

[2:08:20 PM](#)

SENATOR STEDMAN moved to adopt the work draft CS for SB 190, labeled 28-LS1466\N, as the working document. He then objected for purposes of an explanation.

MR. ZEPP deferred to Thor Stacy to describe the changes in detail.

[2:09:00 PM](#)

THOR STACEY, Lobbyist, Alaska Professional Hunters Association (APHA), Juneau, Alaska, stated that APHA strongly supports the concept of SB 190 and believes the CS provides better wording than the original draft. He explained that the bill creates an exemption for duties described under the definition of guiding for unlicensed persons to do packing

SENATOR STEDMAN asked for an explanation of the changes in the CS.

MR. STACEY explained that in Section 1 subsection (a) the duties that can be delegated were expanded to include packing trophies and packing camping equipment. The language in subsection (b) was modified to clarify that the unlicensed person assists in providing guide service and that an assistant guide could also be a mentor in the trainee relationship. On page 2 the language relating to being licensed in a specific game management unit was deleted because it doesn't apply to assistant guides.

[2:11:55 PM](#)

SENATOR STEDMAN removed his objection.

VICE CHAIR MICCICHE found no further objection and announced that Version N was adopted.

MR. ZEPP said the CS doesn't change the intent of the original bill to allow unlicensed personnel to perform certain guide service tasks for compensation.

SENATOR OLSON asked if there was opposition to the bill.

MR. ZEPP said no. The CS addressed the only concern that was expressed.

SENATOR OLSON asked if the bill had unanimous support among guides.

MR. STACEY replied the guides unanimously agree about the need for packers.

[2:13:58 PM](#)

VICE CHAIR MICCICHE opened public testimony.

CAPTAIN BERNARD CHASTAIN, Alaska Wildlife Troopers, Department of Public Safety, Anchorage, Alaska, said he was available to answer question.

SENATOR OLSON asked for assurance that he wouldn't hear from guides in his area who were being harassed by wildlife troopers about packers.

CAPTAIN CHASTAIN confirmed that the bill would alleviate the issue the Troopers have had with packers.

SENATOR OLSON asked if there was any gray area.

CAPTAIN CHASTAIN said the bill makes it very clear what duties can and cannot be conducted by licensed and unlicensed personnel.

[2:15:59 PM](#)

JOE WANT, representing himself, Fairbanks, Alaska, stated that his concerns about not being able to delegate authority were ameliorated. The only remaining concern was to make certain that the use of the term "delegate" on page 1, line 7, didn't cause problems.

VICE CHAIR MICCICHE closed public testimony. Finding no further questions, he solicited a motion.

[2:17:07 PM](#)

SENATOR STEDMAN moved to report CS for SB 190, Version N, from committee with individual recommendations and attached fiscal note(s).

VICE CHAIR MICCICHE announced that without objection CSSB 190(L&C) was reported from the Senate Labor & Commerce Committee.

SB 99-AIDEA: DEVELOPMENT LOANS

[2:17:30 PM](#)

CHAIR DUNLEAVY announced the consideration of SB 99. "An Act correcting a reference to the Alaska Industrial Development and Export Authority revolving fund; limiting the use of the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund for certain loans and loan guarantees and allowing the development fund to be used as security for a bond guarantee; and amending the definition of 'qualified energy development.'" He noted that this was the second hearing and there was a new committee substitute (CS).

[2:17:51 PM](#)

SENATOR STEDMAN moved to adopt CS for SB 99, labeled 28-LS0741\C, as the working document and then objected for an explanation.

[2:18:07 PM](#)

JESSE LOGAN, Staff, Senator Lesil McGuire, Alaska State Legislature, Juneau, Alaska, sponsor of SB 99, summarized that SB 99 corrects a few ambiguities in the SETS fund that was created in 2012. The CS makes two changes to the original bill. Language on page 2, lines 4-5, directs that the transfer of

funds between other funds within AIDEA is done by a vote of the members. This constitutes an action of the board within AIDEA. The second change found on page 3, lines 14-25, authorizes AIDEA to issue bonds for up to \$145 million for the infrastructure and construction costs of the Bokan-Dotson Ridge Rare Earth Element Project.

SENATOR STEDMAN removed his objection.

VICE CHAIR MICCICHE found no further objection and announced that Version C was adopted. He asked if there were any amendments.

[2:19:13 PM](#)

SENATOR STEDMAN moved to adopt Amendment 1, labeled 28-LS0741\C.1.

AMENDMENT 1

OFFERED IN THE SENATE

TO: CSSB 99 (), Draft Version "C"

Page 1, line 8, following "**project**":
Insert "**and the Niblack project**"

Page 3, following line 21:
Insert a new bill section to read:

"* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:
LEGISLATIVE APPROVAL; NIBLACK PROJECT. (a) The Alaska Industrial Development and Export Authority may issue bonds to finance the infrastructure and construction costs of the Niblack project. The Niblack project includes a mineral processing mill, associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island. The mineral processing mill, associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island, shall be owned and operated by the authority or financed under AS 44.88.172. The principal amount of the bonds provided by the authority for the Niblack project may not exceed \$125,000,000 and may include the costs of issuing bonds considered reasonable and

appropriate by the Alaska Industrial Development and Export Authority.

(b) This section constitutes legislative approval required by AS 44.88.095(g)."

VICE CHAIR MICCICHE objected for discussion purposes.

SENATOR STEDMAN read Amendment 1.

[2:20:44 PM](#)

SENATOR OLSON asked if the amendment affects the amount of money that AIDEA would encumber for the project.

SENATOR STEDMAN replied he wasn't aware that it would but would defer further comment to AIDEA.

SENATOR OLSON asked if AIDEA was in favor of the amendment.

SENATOR STEDMAN suggested he pose the question to AIDEA but his understanding was that they did favor it.

[2:21:57 PM](#)

TED LEONARD, Executive Director, Alaska Industrial Development and Export Authority (AIDEA), Anchorage, Alaska, said AIDEA believes that it has the capacity to fund both Bokan Mountain and Niblack. Funding is based on the revenues of the projects so this would not affect AIDEA's capacity to fund other projects.

[2:23:11 PM](#)

SENATOR OLSON asked for assurance that the amendment would not affect the amount that would be encumbered by AIDEA for these two projects.

MR. LEONARD said he didn't believe it would.

SENATOR OLSON asked if AIDEA was in favor of the amendment.

MR. LEONARD answered yes and added that it could have a positive economic impact for the areas of Ketchikan and Prince of Wales.

[2:24:33 PM](#)

PATRICK SMITH President, Heatherdale Resources Ltd., owner of the Niblack Project on Prince of Wales, offered to answer questions.

VICE-CHAIR MICCICHE removed his objection and opened public testimony. Version C was before the committee.

[2:25:55 PM](#)

JAMES SULLIVAN, Southeast Alaska Conservation Council (SEACC), Juneau, Alaska, said his prepared comments were to the CS that included Bokan Mountain but he'd try to incorporate the amendment to include the Niblack Project since it was closely related. He stated the following:

Bokan Mountain venture is near an abandon uranium mine and has been conducting exploration activities since 2006. It was April 30, 2013 that the Bloomberg Business Week noted that in the most recent audit report filed by Ucor, the auditor gave an unqualified opinion expressing doubt that the company can continue as a going concern. Their most recent, the 2013 annual, has not been released or was not as of last week when I checked. But it's our belief that they will get a very similar report from their auditor.

Ucore has not put out a final economic assessment report showing that the project is even economically viable. Work to date has documented an inferred resource of rare earth mineralization at the Bokan Mountain property. This legislation proposes owning a mine - or financing - that is not finished in its speculation process. Investors have not joined Ucore so why is the state of Alaska? The question begs - Is the state propping up a company that can't make it in the real market?

As for the comments that I didn't have prepared for the Niblack, but I want to put on the record that it was just this past summer that Niblack announced publicly that they were pulling back and putting everything on hold. This is due to, I believe, the fact that they're not able to find investors to help them bring this mine to viability. I think it is very concerning that we're proposing buying into a mine that isn't finished with its speculation process, that hasn't gone through the permitting process. There is an inherent conflict of interest. And yes I understand the capabilities of AIDEA and I don't want my comments in any way to disparage AIDEA, which I believe has put up a great track record over the last couple of decades. But this is a departure in our feeling on what AIDEA has done in the past with mostly infrastructure dealings and support through revenue

bonds to help mines and other industrial activities within the state of Alaska. This is highly speculative and we believe that before you put the state of Alaska and before we start using public money, we should get a better understanding of where they are in the speculation process and if they are actually viable. There is no reason to think that if we wait that we're doing damage in any way.

[2:29:34 PM](#)

SENATOR OLSON said it was his understanding that the rare earth elements (REE) from Bokan Mountain would be competing against those coming out of China. He questioned whether it wasn't better for the environment to rely on U.S. mining practices rather than the relatively unregulated practices in China.

MR. SULLIVAN said SEACC was concerned with China's mining practices and was aware of the potential for a successful mine on Prince of Wales. The point is that the state should wait until the project proves that it is economically viable before it steps in to offer help. The project isn't at that point and it's incumbent on the legislature not to get into the speculation fever.

[2:32:12 PM](#)

SENATOR OLSON asked if it's true that the project has no permits.

MR. SULLIVAN replied they have permits for the exploration process, but none to create a mine.

[2:32:41 PM](#)

VICE-CHAIR MICCICHE asked Mr. Leonard to describe AIDEA's process to assure the committee that it doesn't hand out money to companies that can't prove fitness.

MR. LEONARD explained that SB 99 was a bond application to allow AIDEA to move forward if the due diligence process proves that the mine is feasible. The due diligence process verifies that the mine is feasible, that it has all the required permits, and that investors are willing to invest. AIDEA can't go to the bond market until all the questions are answered and a regional advisory has looked at the social, economic, and environmental impact of the mine. By statute, AIDEA can't move forward until it can show a financing plan that will pay for the bonds that are issued as well as any costs.

[2:35:31 PM](#)

KEN COLLISON, Chief Operating Officer, Ucore Rare Metals Inc., stated that Ucore will be doing a feasibility study this year for assurance that the project is economic and something that investors would support. Ucor came to the legislature this year because it may have to make down payments on some of the large equipment that has 18-24 month lead times on delivery. Waiting until next year could potentially delay the project.

SENATOR STEDMAN stressed that allowing these projects to go through AIDEA for some underwritten and preferential treatment in the bond market increases the probability of one or both of them going forward. Reasons to support these projects are that the environmental concerns are much less than anything that's done in China, access to REEs in the U.S. addresses a national defense concern, and the projects create much needed jobs. He suggested that this was an effort to replicate the successful model that AIDEA used for the Red Dog mine in Senator Olson's district. It's good public policy to support both projects if AIDEA's due diligence process proves them feasible, he said.

[2:39:02 PM](#)

SENATOR OLSON expressed reservation with committing resources for projects that might not go forward.

SENATOR STEDMAN suggested that Mr. Leonard clarify the timeline of the due diligence process.

VICE-CHAIR MICCICHE asked Mr. Leonard to discuss how AIDEA might participate early and more heavily later if a mine like these was found to be economic.

[2:40:23 PM](#)

MR. LEONARD restated that for full financing AIDEA would need to have all the final details of construction, permitting, and economic assessments completed before starting the due diligence. In this process AIDEA would verify that stockholders were interested in investing in a portion of the mine and determine how much AIDA was willing to finance. He noted that in the past that's been limited to hard assets like the mill and the road. He reiterated that AIDEA would not be able to issue any of the \$145 million in bonds until all the questions were answered and the social, economic, and environmental impact studies were finished and the full mine was able to move forward through operations.

He advised that AIDEA does have the ability to finance pre-development with much smaller loans if they believe that a project should move forward and they want to support the feasibility analysis of the project. This would be done through AIDEA's development finance program, not issuance of bonds. He assured the committee that AIDEA would not invest bond proceeds into a project that was piecemealed together.

SENATOR OLSON expressed satisfaction with the explanation.

[2:44:55 PM](#)

SENATOR STEDMAN moved to report CS for SB 99, Version C as amended, from committee with individual recommendations and attached fiscal note(s).

VICE-CHAIR MICCICHE announced that without objection, CSSB 99(L&C) moved from the Senate Labor & Commerce Committee.

CONFIRMATION HEARINGS

[2:45:15 PM](#)

VICE-CHAIR MICCICHE announced the next order of business would be confirmation hearings. He stated that pursuant to AS 39.05.080 the following names were referred to the Senate Labor and Commerce Committee for a hearing, recommendation, and report:

Alaska State Board of Public Accountancy

Leslie Schmitz - Anchorage

Alcoholic Beverage Control Board

Robert Klein - Anchorage

Marvin Yoder - Palmer

State Board of Registration for Architects, Engineers, and Land Surveyors

Donald (John) Christensen - Seward

Brian Hanson - Anchorage

Luanne Urfer - Anchorage

Board of Barbers and Hairdressers

Jeannine Jabaay - Anchorage

Derrick Slaughter - Anchorage

Glenda Ledford - Wasilla

Big Game Commercial Services Board

Gene Peltola - Bethel

Michele Metz - Douglas

Board of Chiropractic Examiners

Christine Hill - Anchorage
Dr. Walter Campbell - Palmer

Board of Dental Examiners

Dr. Thomas Wells - Anchorage

Fishermen's Fund Advisory and Appeals Council

Larry Bartman - Manokotak

Alaska Gasline Development Corporation Board of Directors

Albert Bolea - Big Lake
Dave Cruz - Wasilla
Drue Pearce - Anchorage
Richard Rabinow - Houston
John Burns - Fairbanks

Alaska Labor Relations Agency

Willard Askren - Big Lake
Dr. Lynne Curry - Anchorage

Board of Marine Pilots

Richard Erickson - Ketchikan

Board of Marital and Family Therapy

JoAnn Young - Anchorage

Board of Certified Direct-Entry Midwives

Jennifer Swander - Seward

Board of Nursing

Erin Evans - Eagle River
Mary (Jennie) Grimwood - Cordova
Carrie Miller - Juneau

Board of Examiners in Optometry

Dr. Damien Delzer - Fairbanks
Eric Lingle - Douglas

Board of Pharmacy

William Altland - Craig
Anne Gruening - Juneau

State Physical Therapy and Occupational Therapy Board

Dr. Ilona Farr - Anchorage

Dr. Joseph Kennedy - Nome
Mary (Melissa) Robinson - Moose Pass

Board of Professional Counselors

Lyn Tashea - Anchorage
Stephanie Johnson - Nome

Board of Certified Real Estate Appraisers

David Derry - Kenai
Alfred Ferrara - Anchorage

Real Estate Commission

Cynthia Cartledge - Anchorage

Regulatory Commission of Alaska

Robert Pickett - Wasilla

Board of Social Work Examiners

Laura Thiesen - Glennallen
Danielle LaFon - Fairbanks
Tina Walter - Kenai

Board of Veterinary Examiners

Dr. Teresa Beck - Palmer
Dr. James Hagee - Chugiak

Workers' Compensation Appeals Commission

Philip Ulmer - Eagle River

Alaska Workers' Compensation Board

Julie Duquette - Fairbanks
David Kester - Anchorage
Michael O'Connor - Anchorage
Donna Phillips - Girdwood
Mark Talbert - Wasilla
Zebulon Woodman - Fairbanks

[2:52:23 PM](#)

VICE-CHAIR MICCICHE opened public testimony on the foregoing appointments and stated that written testimony would be entered into the record.

VICE-CHAIR MICCICHE found no testimony or comments from members and solicited a motion.

[2:53:07 PM](#)

SENATOR STEDMAN moved to advance the foregoing names [to the full body of the legislature] for further consideration.

VICE-CHAIR MICCICHE announced that without objection, the names would be forwarded.

[2:53:55 PM](#)

There being no further business to come before the committee, Vice-Chair Micciche adjourned the Senate Labor & Commerce meeting at 2:53 p.m.