

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

March 21, 2016

3:20 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Shelley Hughes, Vice Chair
Representative Jim Colver
Representative Gabrielle LeDoux
Representative Cathy Tilton
Representative Andy Josephson
Representative Sam Kito

MEMBERS ABSENT

Representative Mike Chenault (alternate)

COMMITTEE CALENDAR

HOUSE BILL NO. 314

"An Act relating to the Alaska regional economic assistance program; extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

- MOVED HB 314 OUT OF COMMITTEE

HOUSE BILL NO. 289

"An Act relating to the membership of the Board of Barbers and Hairdressers."

- HEARD & HELD

HOUSE BILL NO. 337

"An Act relating to taxes on marijuana."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 314

SHORT TITLE: AK REG ECON ASSIST. PROGRAM; EXTEND

SPONSOR(S): REPRESENTATIVE(S) HUGHES

02/17/16 (H) READ THE FIRST TIME - REFERRALS

02/17/16	(H)	L&C
03/09/16	(H)	L&C AT 3:15 PM BARNES 124
03/09/16	(H)	Scheduled but Not Heard
03/11/16	(H)	L&C AT 3:15 PM BARNES 124
03/11/16	(H)	-- MEETING CANCELED --
03/21/16	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 289

SHORT TITLE: BOARD OF BARBERS AND HAIRDRESSERS

SPONSOR(S): REPRESENTATIVE(S) LEDOUX

02/01/16	(H)	READ THE FIRST TIME - REFERRALS
02/01/16	(H)	L&C
03/21/16	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

STUART KRUEGER, Staff
 Representative Shelley Hughes
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Hughes, sponsor of HB 314, provided a sectional analysis of the bill.

KATHIE WASSERMAN, Executive Director
 Alaska Municipal League
 Juneau, Alaska

POSITION STATEMENT: Testified in favor of HB 314.

ROBERT VENABLES, Energy and Transportation Coordinator
 Southeast Conference
 Juneau, Alaska

POSITION STATEMENT: Testified in favor of HB 314.

RICK ROESKE, Executive Director
 Kenai Peninsula Economic Development District
 Kenai, Alaska

POSITION STATEMENT: Testified in favor of HB 314.

JASON HOKE, Executive Director
 Copper Valley Development Association
 Glennallen, Alaska

POSITION STATEMENT: Testified in favor of HB 314.

DOUG GRIFFIN, Executive Director
 Southwest Alaska Municipal Conference
 Anchorage, Alaska

POSITION STATEMENT: Testified in favor of HB 314.

JON BITTNER, Vice President
Anchorage Economic Development Corporation
Anchorage, Alaska

POSITION STATEMENT: Testified in favor of HB 314.

BRITTENY CIONI-HAYWOOD, Director
Division of Economic Development
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 314.

JEANNINE JABAAY, Public Member
Board of Barbers and Hairdressers
Division of Corporations, Business, and Professional Licensing
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Testified in favor of HB 289.

ACTION NARRATIVE

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CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:20 p.m. Representatives Olson, Hughes, LeDoux, Colver, Tilton, Kito, and Josephson were present at the call to order.

HB 314-AK REG ECON ASSIST. PROGRAM; EXTEND

[3:21:25 PM](#)

CHAIR OLSON announced that the first order of business would be HOUSE BILL NO. 314, "An Act relating to the Alaska regional economic assistance program; extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

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REPRESENTATIVE HUGHES, speaking as the sponsor of HB 314, informed the committee the bill extends the sunset date for the Alaska regional economic assistance program - which supports Alaska Regional Development Organizations (ARDORs) - for five years to 2021, and also subjects the reporting requirements by

ARDORs to state appropriations. She explained that this change means that if there are no state appropriations to the program, ARDORs are not required to submit the reporting that is required for state funding. In addition, if the Department of Commerce, Community & Economic Development (DCCED) receives no funding, DCCED is not obligated to submit related reporting to the legislature. Representative Hughes said ARDORs are important to regions throughout the state, and their work should continue. In the past, the state has provided funding to this program in the amount of \$700,000, which has represented a portion of their funding; in fact, approximately 89 percent of the total funding to ARDORs came from other sources. Representative Hughes provided examples of economic development projects, such as those facilitated by the Copper Valley Development Association and the Southwest Alaska Municipal Conference (SWAMC). She advised that HB 314 will allow ARDORs to continue their important work.

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STUART KRUEGER, Staff to Representative Hughes, Alaska State Legislature, paraphrased from the following sectional analysis [original punctuation provided]:

Section 1. Lists the duties of the department in providing assistance to new and existing ARDORs. New language added to make duties "subject to appropriation".

Section 2. Provides the department with the authority to make regional development grants to ARDORs. Limits the number of grants that the department can make, and allows the department to set procedures for grant applications.

Section 3. Sets reporting requirement deadline of February 1 of each year for the department to compile a report on the activities of ARDORs that have received funding in the preceding fiscal year. Also establishes requirement for ARDORs that have received assistance or funding in the preceding fiscal year to provide information to the department to assist in the compiling of the department's report.

Section 4. Extends the sunset date of program to July 1, 2021

Section 5. Retroactivity clause.

Section 6. Effective date.

REPRESENTATIVE COLVER surmised that the audit requirement in the previous law was removed.

MR. KRUEGER advised the audit is ongoing.

REPRESENTATIVE COLVER questioned why the legislature should extend the sunset date, if the program was not going to be funded.

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REPRESENTATIVE HUGHES pointed out the extension is lengthened from every three years to five years.

REPRESENTATIVE COLVER said he was not suggesting that the extension be indefinite, but "we've got other more important things to do than renew a lot of stuff every, every five, three years ... especially if there's, we don't have any funding involved."

CHAIR OLSON opined the bill would not be extended again.

REPRESENTATIVE COLVER asked whether ARDORs are anticipating additional state funding, should the state revenue situation change, or are ARDORs ready to obtain their own funding.

REPRESENTATIVE HUGHES acknowledged that ARDORs would seek state funding; however, the designation by the state is necessary for their work to continue and to access federal grants.

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CHAIR OLSON opened public testimony on HB 314.

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KATHIE WASSERMAN, Executive Director, Alaska Municipal League (AML), stated AML works closely with ARDORs. In contrast to the activities of AML, ARDORs facilitate economic development, and AML has worked with Southeast Conference and SWAMC especially to further their missions. Ms. Wasserman observed that members support ARDORs financially, and in lieu of state funding, the state must do all it can to allow them to fund themselves.

CHAIR OLSON asked if the bill was an AML priority.

MS. WASSERMAN said no.

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ROBERT VENABLES, Energy and Transportation Coordinator, Southeast Conference, stated that the ARDOR program has demonstrated its value over the past 28 years while serving as the state's contribution to the regional initiatives for developing Alaska's economy. In 1988, the legislature recognized that a locally-driven initiative, in partnership with the state, is the most effective way to create a strong and healthy economy, thus the ARDOR program was created to plan and support economic development at the regional level. He questioned how the program can survive without fiscal support from the state; in fact, in some regions, the program will not continue and in all regions ARDORs will be diminished. Some programs will go on and for them to succeed, ARDORs need the status and structure of the program in order to contract with state and federal governments to perform needed tasks, such as regional energy planning. Mr. Venables pointed out even that without cost, HB 314 is a vital part of the continued success for the region. Southeast Conference continues to advocate for the Alaska Marine Highway System, and its ARDOR status is important to its ability to contract with federal and state governments in this regard. He provided further examples of Southeast Conference activities related to energy education and energy savings. Mr. Venables concluded that the ARDOR program is more vital than ever, and ARDORs are effective mechanisms to support regional stability and economic growth in communities. He urged for the passage of HB 314.

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REPRESENTATIVE JOSEPHSON directed attention to fiscal note Identifier: HB314-DCCED-DED-3-8-16, which indicated expenditures of \$774,100, and asked whether the fiscal note has been zeroed out.

MR. VENABLES understood that each ARDOR would receive about \$70,000 to use to leverage other funds from other sources. In further response to Representative Josephson, he said as far as he is aware, this is the first time the state has not funded at least some portion of the ARDOR program.

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RICK ROESKE, Executive Director, Kenai Peninsula Economic Development District (KPEDD) paraphrased from the following prepared statement [original punctuation provided]:

ARDORs are unique to each region of Alaska that they represent, which is good since they are flexible and adaptable to each region. Staff works with a variety of issues to each region and no one approach works best for all areas. For over 25 years ARDORs have developed programs and techniques to expedite the necessary processes needed to encourage and foster growth in their individual areas of the state. We work cooperatively as a group, sharing information and contacts to assist each other.

ARDORs use their State of Alaska funding to leverage Federal economic development agency monies and other local monies and or grant opportunities. The seed money from the State of Alaska ARDOR often exceeds four or five time the initial base amount of state monies, and the EDA money is an important source of federal revenues for the State of Alaska, extending state dollars with federal match dollars. ARDORs work with private, public sector, local and state government to provide many bridge services. ARDORs act as an additional resource for people that need information but are not always sure where to get it.

KPEDD has pivoted with new initiatives to support the Kenai Peninsula with projects like the Situation and Prospects report produced in 2015. This was a borough project that was dropped in 2009. KPEDD restored five years of data, interpreting the nine key areas that presented SWOT, strengths, weaknesses, opportunities and threats. The PDF of this report is available at our website in KPEDD.ORG.

BR&E business retention and expansion is a program that KPEDD is using with DCCED to connect with individual businesses to identify impediments to business with the goal of retaining and increasing employment. Adding one additional employee increases payroll and circulation of monies in the local economies and has been used very effectively outside for two decades. KPEDD has used its onsite interviews to identify nearly six months ago rapid reduction in private oil and gas work force in the Cook Inlet. We

communicated this to local policy makers in an effort to show a slowing local economy.

I have worked with two nonprofits that were developed and housed in the business incubation center in 2007-2008 and 2009 so I know the supports needed by businesses in the initial phase are sustained locally and receive support needed from KPEDD staff. Several private industry businesses that still exist in the central Kenai Peninsula staff employees that are very successful due to their start with KPEDD and its BIC system. Two past Executive Directors have written initial grant applications that have been very effective models in their respective areas of expertise, providing dental and medical care and overseeing the preservation of the Cook Inlet for transit of gas and oil shipping.

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JASON HOKE, Executive Director, Copper Valley Development Association (CVDA), stated that ARDORs provide information, knowledge, and a network for each region in the state, in an effective and efficient manner. For example, for the Alaska Energy Authority, Department of Commerce, Community & Economic Development, CVDA received \$189,000 for an energy planning project, which was more cost-effective than "through the state." Mr. Hoke said CVDA helps businesses get going in an area of approximately 23,000 square miles and with a population of 2,500. Since CVDA does not receive municipal, borough, or tribal monies, it relies on independence. Mr. Hoke said reauthorization for five years may bring new opportunities, and he urged for the committee to continue the ARDOR program, which provides a statewide network that addresses many issues, and is worth the investment.

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DOUG GRIFFIN, Executive Director, Southwest Alaska Municipal Conference (SWAMC), said SWAMC is a distinctive ARDOR as it represents a region composed of three Native corporations, Kodiak, the Aleutian Islands, and the Bristol Bay area. He provided a brief history of SWAMC, and noted that this year SWAMC was designated by the federal government as a partner in the Manufacturing Extension Partnership program through the National Institute of Standards and Technology, U.S. Department of Commerce. This arrangement will provide up to \$500,000 per

year for five years to focus on manufacturing in Southwest Alaska and throughout the state.

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JON BITTNER, Vice President, Anchorage Economic Development Corporation (AEDC), informed the committee that the ARDOR designation is important to AEDC as it allows AEDC to more easily partner with foreign companies, to access certain federal programs, and to partner with the state. He encouraged the committee to move the bill.

REPRESENTATIVE KITO asked whether the ability of ARDORs to obtain federal or other grants is jeopardized without \$770,000 in state support proposed by the governor.

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BRITTENY CIONI-HAYWOOD, Director, Division of Economic Development, Department of Commerce, Community & Economic Development, advised that losing state support would have "some impacts to that." Typically, ARDORs use state funds to meet match requirements for the U.S. Economic Development Administration (EDA), U. S Department of Commerce, funds and other federal grants. She agreed with previous testimony that the state ARDOR designation carries weight with foreign entities and other governmental agencies. Levels of other federal funding is normally a three-to-one match.

REPRESENTATIVE KITO asked for a general idea of what ARDORs do to provide economic support for communities.

MS. CIONI-HAYWOOD advised that the 2015 ARDOR annual reports that are posted on the division's web site may describe projects that would be cut. [2015 ARDOR annual reports were provided in the committee packet.] Ms. Cioni-Haywood was unsure as to which programs would be cut, because it depends on what ARDORs can raise in other funding; however, rural ARDORs will have more of a challenge raising matching funds.

CHAIR OLSON surmised that smaller ARDORs may have access to certain funds.

REPRESENTATIVE LEDOUX questioned why the renewal is necessary if ARDORs are not receiving state funds.

MS. CIONI-HAYWOOD advised that ARDORs have created a network and if funding again becomes available, keeping the program intact would facilitate reinstating the program. She restated that the designation carries weight with federal agencies such as EDA, the U.S. Small Business Administration, the U.S. Department of Agriculture, and with foreign entities. The division also uses the ARDOR network as a line of communication between regions related to education and collecting data.

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REPRESENTATIVE JOSEPHSON expressed his belief that the state should always leverage money when possible. He asked Ms. Cioni-Haywood about other sources of money regarding her statement that "smaller more rural ARDORs may have a harder time raising money."

MS. CIONI-HAYWOOD opined that the Anchorage Economic Development Corporation (AEDC) will feel a cut in state support, but because it is in Anchorage it has support from the private sector; however, for the director of the Copper Valley Development Association (CVDA), maintaining and finding other sources of funding to replace \$70,000 would be harder. She said she was unsure about the availability of funding from rural development programs.

CHAIR OLSON suggested the Rasmuson Foundation and others are primarily rural-oriented.

REPRESENTATIVE HUGHES, in further response to Representative LeDoux, pointed out that ARDORs could continue to exist as nonprofit organizations, but the state recognition is important because they are designated as a regional economic development organization.

REPRESENTATIVE LEDOUX directed attention to page 2, line 28, which read:

... an economic development district under 42 U.S.C.
3171 qualifies for grants under this ...

REPRESENTATIVE LEDOUX observed that the organizations are designated by the aforementioned federal code.

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REPRESENTATIVE HUGHES expressed her understanding is "part of that is, is working in conjunction with the state designation."

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REPRESENTATIVE LEDOUX remarked:

So ARDORs need to be reauthorized in order to designate them? I mean it would just seem like you could designate them without reauthorizing a program that you're not going to give any money to.

REPRESENTATIVE KITO said:

I think the state designation provides that official channel for the federal government, and that there are periods of time when an ARDOR may cease to exist or operate, and then another organization could step up. And the reauthorization period allows for those things to be considered in, in the state program so that those organizations would then be eligible for federal funding.

CHAIR OLSON added that many nonprofit and municipal organizations are hoping that more state funding will be available within five years.

REPRESENTATIVE HUGHES observed that there is not an ARDOR in her region at this time; moreover, the division has informed her that even if funding is not available, an organization can receive the designation.

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CHAIR OLSON, after ascertaining that no one further wished to testify, closed public testimony.

REPRESENTATIVE COLVER said he was supportive of the bill and would like to see the extension for ten years in order to provide a shell of government authority and support; in fact, an extension of the sunset date would help ARDORs with long-term planning.

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CHAIR OLSON opined ten years would mean a loss of support for the bill, and stressed the need to keep zero fiscal note [Identifier: HB314-DCCED-DED-3-8-16] attached to the bill.

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REPRESENTATIVE HUGHES moved to report HB 314, Version 29-LS1381\N, out of committee with individual recommendations and the accompanying fiscal notes. There being no opposition, HB 314 was reported from the House Labor and Commerce Standing Committee.

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The committee took an at ease from 4:01 p.m. to 4:05 p.m.

HB 289-BOARD OF BARBERS AND HAIRDRESSERS

[4:05:35 PM](#)

CHAIR OLSON announced that the final order of business would be HOUSE BILL NO. 289, "An Act relating to the membership of the Board of Barbers and Hairdressers."

[4:05:45 PM](#)

REPRESENTATIVE LEDOUX, speaking as the sponsor of HB 289, said the bill does three things: 1.) changes the number of members on the [Board of Barbers and Hairdressers, Division Of Corporations, Business And Professional Licensing, Department of Commerce, Community & Economic Development] from six to seven; 2.) decreases the number of licensed barbers on the board from two persons to one person; 3.) adds a manicurist or a nail technician to the board. She said the reason for the first change is that seven members are needed on the board in order to break a tie vote. The second change - to eliminate one barber member - was because there are few licensed barbers in the state. Finally, a manicurist or nail technician was needed on the board to represent the many nail technicians in the state.

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CHAIR OLSON referred to related legislation passed in 2015.

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REPRESENTATIVE LEDOUX, in response to Chair Olson, said the previous legislation did not give nail technicians a seat on the board.

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CHAIR OLSON opened public testimony on HB 289.

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JEANNINE JABAAY, Public Member, Board of Barbers and Hairdressers (board), Division of Corporations, Business, and Licensing, Department of Commerce, Community & Economic Development, said she was speaking on behalf of the board and expressed its complete support of [HB 289]. The board currently is a six-member board, which governs the licenses of Alaska's barbers, hairdressers, nail technicians, manicurists, estheticians, tattoo artists, body piercers, and permanent cosmetic colorists, who make up the third largest group of licensees in the state. The bill adds a seventh member to the board to provide representation for nearly 1,000 nail technicians and manicurists, and to balance overrepresentation by barbers. In 2015, legislation was passed to require nail technicians to obtain an education, and to pass a board examination, which validates the industry and protects the community. Ms. Jabaay said the [HB 289] would provide representation to nail technician licensees, provide an odd-numbered and more easily-obtainable quorum for the board, and lower overrepresentation by barbers. Because there are only 152 licensed barbers in the state, vacant barber seats have been hard to fill, and the bill allows for one of the barber seats to be filled by any licensee. She closed, pointing out that the board is receipt-supported and board members' travel reimbursements are paid by licensing fees, without any state funding.

REPRESENTATIVE LEDOUX asked whether a barber is only licensed to cut men's hair.

MS. JABAAY answered that in Alaska, barbering and hairdressing require 1,650 hours of education; hairdressing education focusses on coloring and permanents, barbering education focusses on using a straight razor, and hairdressers cannot use a straight razor.

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CHAIR OLSON, after ascertaining no one else wished to testify, closed public testimony.

[HB 289 was held over.]

[4:15:06 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:15 p.m.