

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

April 16, 2015

2:53 p.m.

**MEMBERS PRESENT**

Senator Mia Costello, Chair  
Senator Cathy Giessel, Vice Chair  
Senator Kevin Meyer  
Senator Gary Stevens

**MEMBERS ABSENT**

Senator Johnny Ellis

**COMMITTEE CALENDAR**

HOUSE BILL NO. 131 AM

"An Act relating to the licensure of nail technicians and hairdressers; relating to the practice of manicuring; and providing for an effective date."

- MOVED HB 131 AM OUT OF COMMITTEE

CS FOR HOUSE CONCURRENT RESOLUTION NO. 10(FSH)

Supporting the Alaska Maritime Workforce Development Industry Advisory Committee, the Alaska Workforce Investment Board, the Alaska Vocational Technical Education Center in Seward, and further efforts to carry out the Alaska Maritime Workforce Development Plan.

- MOVED CSHCR 10(FSH) OUT OF COMMITTEE

SENATE BILL NO. 107

"An Act relating to insurance; relating to risk based capital for domestic insurers and within an insurance holding company system or transactions involving a domestic fraternal benefit societies, including provisions related to insurers subject to risk based insurer; relating to management and examination of domestic insurers that are part of capital and action level event requirements; relating to review by the director of an insurance holding company system; adding provisions relating to participation by the insurance of an insurer's risk based capital plan; relating to confidentiality and sharing director of insurance in a supervisory college; relating to civil and criminal penalties for of certain information submitted to the

director of insurance; relating to evaluating an violations by insurers and individuals; relating to provisions for risk management and insurance holding company and the acquisition of control of or merger with a domestic own risk and solvency assessments by insurers; relating to operating requirements for insurer; relating to risk based capital, risk management, and own risk and solvency controlling insurance producers; relating to producer-controlled insurers; adding and assessments of insurers; clarifying provisions related to risk based capital plans; relating amending definitions related to insurers; and providing for an effective date." to exemptions by the director of insurance for certain domestic and casualty insurers from risk based capital requirements; relating to insurance holding companies, including filing requirements, divestiture, content of statements, notifications, and hearings; relating to registration requirements of insurers; relating to transactions

- MOVED SB 107 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 41(FIN) AM

"An Act relating to sport fishing services, sport fishing operators, and sport fishing guides; and providing for an effective date."

- MOVED CSHB 41(FIN) AM OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 123(JUD) AM

"An Act establishing the Marijuana Control Board; relating to the powers and duties of the Marijuana Control Board; relating to the appointment, removal, and duties of the director of the Marijuana Control Board; relating to the Alcoholic Beverage Control Board; and providing for an effective date."

- MOVED SCS CSHB 123(L&C) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 12(L&C)

"AN ACT RELATING TO MORTGAGE LENDING, MORTGAGE LOAN ORIGINATORS, AND DEPOSITORY INSTITUTIONS; AND PROVIDING FOR AN EFFECTIVE DATE."

- SCHEDULED BUT NOT HEARD

#### **PREVIOUS COMMITTEE ACTION**

BILL: HB 131

SHORT TITLE: LICENSURE OF MANICURISTS/HAIR DRESSING

SPONSOR(S): REPRESENTATIVE(S) GATTIS

03/02/15 (H) READ THE FIRST TIME - REFERRALS  
 03/02/15 (H) L&C  
 04/10/15 (H) L&C AT 3:15 PM BARNES 124  
 04/10/15 (H) Moved HB 131 Out of Committee  
 04/10/15 (H) MINUTE(L&C)  
 04/11/15 (H) L&C RPT 1DP 5AM  
 04/11/15 (H) DP: OLSON  
 04/11/15 (H) AM: LEDOUX, HUGHES, KITO, JOSEPHSON,  
 TILTON  
 04/14/15 (H) TRANSMITTED TO (S)  
 04/14/15 (H) VERSION: HB 131 AM  
 04/15/15 (S) READ THE FIRST TIME - REFERRALS  
 04/15/15 (S) L&C  
 04/16/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HCR 10

SHORT TITLE: MARITIME WORKFORCE DEVELOPMENT

SPONSOR(S): REPRESENTATIVE(S) STUTES

03/18/15 (H) READ THE FIRST TIME - REFERRALS  
 03/18/15 (H) FSH  
 04/07/15 (H) FSH AT 5:00 PM CAPITOL 120  
 04/07/15 (H) Moved CSHCR 10(FSH) Out of Committee  
 04/07/15 (H) MINUTE(FSH)  
 04/08/15 (H) FSH RPT CS(FSH) NT 7DP  
 04/08/15 (H) DP: HERRON, FOSTER, MILLETT, JOHNSON,  
 KREISS-TOMKINS, ORTIZ, STUTES  
 04/13/15 (H) TRANSMITTED TO (S)  
 04/13/15 (H) VERSION: CSHCR 10(FSH)  
 04/14/15 (S) READ THE FIRST TIME - REFERRALS  
 04/14/15 (S) L&C  
 04/16/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 41

SHORT TITLE: SPORT FISHING SERVICES

SPONSOR(S): REPRESENTATIVE(S) TILTON, MUNOZ

01/21/15 (H) PREFILE RELEASED 1/9/15  
 01/21/15 (H) READ THE FIRST TIME - REFERRALS  
 01/21/15 (H) FSH, FIN  
 02/12/15 (H) FSH AT 10:00 AM CAPITOL 120  
 02/12/15 (H) Moved CSHB 41(FSH) Out of Committee  
 02/12/15 (H) MINUTE(FSH)  
 02/13/15 (H) FSH RPT CS(FSH) 2DP 2NR  
 02/13/15 (H) DP: ORTIZ, STUTES  
 02/13/15 (H) NR: HERRON, FOSTER

03/25/15 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 03/25/15 (H) Heard & Held  
 03/25/15 (H) MINUTE(FIN)  
 04/01/15 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 04/01/15 (H) <Bill Hearing Postponed to 4/2/15>  
 04/02/15 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 04/02/15 (H) -- MEETING CANCELED --  
 04/03/15 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 04/03/15 (H) Moved CSHB 41(FIN) Out of Committee  
 04/03/15 (H) MINUTE(FIN)  
 04/06/15 (H) FIN RPT CS(FIN) 4DP 5NR  
 04/06/15 (H) DP: PRUITT, MUNOZ, NEUMAN, THOMPSON  
 04/06/15 (H) NR: KAWASAKI, WILSON, GARA, GUTTENBERG,  
 GATTIS  
  
 04/13/15 (H) TRANSMITTED TO (S)  
 04/13/15 (H) VERSION: CSHB 41(FIN) AM  
 04/13/15 (S) RES AT 3:30 PM BUTROVICH 205  
 04/13/15 (S) Scheduled but Not Heard  
 04/14/15 (S) READ THE FIRST TIME - REFERRALS  
 04/14/15 (S) L&C, FIN  
 04/14/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 04/14/15 (S) Heard & Held  
 04/14/15 (S) MINUTE(L&C)  
 04/16/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 107

SHORT TITLE: INSURANCE; RISK MG'T; HOLDING COMPANIES  
 SPONSOR(s): LABOR & COMMERCE

04/11/15 (S) READ THE FIRST TIME - REFERRALS  
 04/11/15 (S) L&C  
 04/11/15 (S) L&C AT 11:00 AM BELTZ 105 (TSBldg)  
 04/11/15 (S) Heard & Held  
 04/11/15 (S) MINUTE(L&C)  
 04/14/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
 04/14/15 (S) Scheduled but Not Heard  
 04/16/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 123

SHORT TITLE: ESTABLISH MARIJUANA CONTROL BOARD  
 SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/23/15 (H) READ THE FIRST TIME - REFERRALS  
 02/23/15 (H) L&C, JUD, FIN  
 03/04/15 (H) L&C AT 3:15 PM BARNES 124  
 03/04/15 (H) Heard & Held  
 03/04/15 (H) MINUTE(L&C)

03/11/15 (H) L&C AT 3:15 PM BARNES 124  
03/11/15 (H) Heard & Held  
03/11/15 (H) MINUTE(L&C)  
03/16/15 (H) L&C AT 3:15 PM BARNES 124  
03/16/15 (H) Heard & Held  
03/16/15 (H) MINUTE(L&C)  
03/20/15 (H) L&C AT 3:15 PM BARNES 124  
03/20/15 (H) Heard & Held  
03/20/15 (H) MINUTE(L&C)  
03/23/15 (H) JUD AT 1:00 PM CAPITOL 120  
03/23/15 (H) Scheduled but Not Heard  
03/23/15 (H) L&C AT 3:15 PM BARNES 124  
03/23/15 (H) Heard & Held  
03/23/15 (H) MINUTE(L&C)  
03/27/15 (H) L&C AT 3:15 PM BARNES 124  
03/27/15 (H) Moved CSHB 123(L&C) Out of Committee  
03/27/15 (H) MINUTE(L&C)  
03/30/15 (H) L&C RPT CS(L&C) 1DP 3NR 3AM  
03/30/15 (H) DP: OLSON  
03/30/15 (H) NR: TILTON, HUGHES, KITO  
03/30/15 (H) AM: LEDOUX, JOSEPHSON, COLVER  
03/30/15 (H) JUD AT 1:00 PM CAPITOL 120  
03/30/15 (H) Heard & Held  
03/30/15 (H) MINUTE(JUD)  
04/03/15 (H) JUD AT 1:00 PM CAPITOL 120  
04/03/15 (H) -- MEETING CANCELED --  
04/06/15 (H) JUD AT 1:00 PM CAPITOL 120  
04/06/15 (H) Heard & Held  
04/06/15 (H) MINUTE(JUD)  
04/08/15 (H) JUD AT 1:00 PM CAPITOL 120  
04/08/15 (H) Moved CSHB 123(JUD) Out of Committee  
04/08/15 (H) MINUTE(JUD)  
04/09/15 (H) JUD RPT CS(JUD) 2DP 4NR 1AM  
04/09/15 (H) DP: GRUENBERG, LEDOUX  
04/09/15 (H) NR: MILLETT, CLAMAN, KELLER, FOSTER  
04/09/15 (H) AM: LYNN  
04/10/15 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
04/10/15 (H) Heard & Held  
04/10/15 (H) MINUTE(FIN)  
04/13/15 (H) FIN RPT CS(JUD) 2DP 4NR 1AM  
04/13/15 (H) DP: EDGMON, THOMPSON  
04/13/15 (H) NR: SADDLER, PRUITT, WILSON, MUNOZ  
04/13/15 (H) AM: KAWASAKI  
04/13/15 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
04/13/15 (H) Moved CSHB 123(JUD) Out of Committee  
04/13/15 (H) MINUTE(FIN)  
04/15/15 (H) TRANSMITTED TO (S)

04/15/15 (H) VERSION: CSHB 123(JUD) AM  
04/16/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 12

SHORT TITLE: MORTGAGE LENDING AND LOAN ORIGINATORS

SPONSOR(s): HUGHES

01/21/15 (H) PREFILE RELEASED 1/9/15  
01/21/15 (H) READ THE FIRST TIME - REFERRALS  
01/21/15 (H) L&C  
04/13/15 (H) L&C AT 3:15 PM BARNES 124  
04/13/15 (H) Heard & Held  
04/13/15 (H) MINUTE(L&C)  
04/15/15 (H) L&C AT 3:15 PM BARNES 124  
04/15/15 (H) Moved CSHB 12(L&C) Out of Committee  
04/15/15 (H) MINUTE(L&C)  
04/16/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

#### **WITNESS REGISTER**

REPRESENTATIVE LYNN GATTIS

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 131.

DEANNA PRUHS, Member

Board of Barbers and Hairdressers

Department of Commerce, Community and Economic Development

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 131.

JEANNINE JABAAY, Member

State Board of Barbers and Hairdressers

Department of Commerce, Community and Economic Development

Hope, Alaska

**POSITION STATEMENT:** Testified in support of HB 131.

GLENDAL LEDFORD, Member

State Board of Barbers & Hairdressers

Department of Commerce, Community and Economic Development

Wasilla, Alaska

**POSITION STATEMENT:** Testified in support of HB 131.

REPRESENTATIVE LOUISE STUTES

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HCR 10

REED HARRIS, Staff  
Representative Louise Stutes  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HCR 10 on behalf of the sponsor.

GREG CASHEN, Deputy Commissioner  
Department of Labor and Workforce Development (DOLWD)  
Juneau, Alaska

**POSITION STATEMENT:** Testified that DOLWD fully supports HCR 10.

AGGIE FOUTS, Maritime Workforce Coordinator  
Industry Advisory Committee (IAC)  
Alaska Maritime Workforce Development Plan  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HCR 10.

CHRIS SANNITO  
Alaska Marine Advisory Program and  
University of Alaska, Fairbanks  
Kodiak, Alaska

**POSITION STATEMENT:** Testified in support of HCR 10.

LORI WING-HEIER, Director  
Division of Insurance  
Department of Commerce, Community and Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions related to SB 107.

MARTY HESTER, Deputy Director  
Division of Insurance  
Department of Commerce, Community and Economic Development

**POSITION STATEMENT:** Provided clarifying information related to SB 107.

CRYSTAL KOENEMAN, Staff  
Representative Cathy Munoz  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided information and answered questions related to HB 41 on behalf of the sponsor.

BEN MULLIGAN, Legislative Liaison  
Alaska Department of Fish and Game (ADF&G)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions and provided the department's perspective of HB 41.

TOM BROOKOVER, Acting Director  
Division of Sport Fish  
Alaska Department of Fish and Game (ADF&G)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions related to HB 41.

ALPHEUS BULLARD, Legislative Counsel  
Legislative Legal Services  
Legislative Affairs Agency  
Alaska State Legislature

**POSITION STATEMENT:** Provided information related to HB 41.

PAUL JOHNSON, Guide  
Gull Cove, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 41.

WESTON EILER, Staff  
Senator Mia Costello and the Senate Labor and Commerce Committee  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained the changes made in the work draft version S of HB 123.

CYNTHIA FRANKLIN, Director  
Alcoholic Beverage Control Board  
Department of Commerce, Community and Economic Development  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 123.

CHRIS HLADICK, Commissioner designee  
Department of Commerce, Community and Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 123.

PAUL THOMAS, Vice Chair  
Alaska CHARR  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 123

KATE BURKHART, Executive Director  
Advisory Board on Alcoholism and Drug Abuse and  
Alaska Mental Health Board  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 123

JASON HARDER, representing himself  
Copper Center, Alaska

**POSITION STATEMENT:** Testified in support of HB 123.

**ACTION NARRATIVE**

[2:53:40 PM](#)

**CHAIR MIA COSTELLO** called the Senate Labor and Commerce Standing Committee meeting to order at 2:53 p.m. Present at the call to order were Senators Stevens, Meyer, and Chair Costello.

**HB 131-LICENSURE OF MANICURISTS/HAIR DRESSING**

[2:54:26 PM](#)

**CHAIR COSTELLO** announced the consideration of HB 131. : "An Act relating to the licensure of nail technicians and hairdressers; relating to the practice of manicuring; and providing for an effective date." [HB 131 AM was before the committee.]

[2:54:38 PM](#)

**REPRESENTATIVE LYNN GATTIS**, sponsor of HB 131, stated that HB 131, as amended, improves the licensing process for nail technicians. Under current statute, nail technicians are able to apply for a manicurist license, which requires a 12 hour class or an advanced manicurist license, which requires 250 hours of course work and a final examination. HB 131 would create a single catchall nail technician license that would require 250 hours of course work and a final examination. This is appropriate since the industry has evolved and requires a truly skilled workforce. Nail technicians are expected to use drills and other electric tools and manipulate fiberglass, acetone and other chemicals that come in contact with the customer's body. There is a health and safety liability associated with this industry that is generally overlooked by the general public. She directed attention to the packets that contain pictures depicting some of the complications that can occur. She emphasized that it is not possible to teach the needed hygiene and safety standards and gain needed technical knowledge in a 12-hour one time class.

**REPRESENTATIVE GATTIS** stated that this is the third year that the Board of Barbers and Hairdressers asked her to carry this legislation and over time she has come to realize that it is a matter of health and safety. She does not believe that government should dictate how businesses are run, but there has

to be a balance between the free market and health and safety. Forty-eight other states require from 100 to 600 hours of course work for licensure and many require written examinations. Twenty-two of those states require over 400 hours of course work. Hairdresser and esthetician licensing requirements in Alaska have already transitioned to higher standards. Hairdressers need 1,650 hours of experience and must take a written and practical examination to receive a license. These requirements have not kept the 2,500 hairdressers in Alaska from getting their license.

REPRESENTATIVE GATTIS concluded that HB 131 is a health and safety bill. It not only aligns Alaska's licensing requirements with other states but also makes the licensing requirements more appropriate for the skillset required in this industry. An added bonus is that this bill provides license reciprocity with other states.

[2:59:50 PM](#)

SENATOR STEVENS asked how long a person has to complete the course work.

REPRESENTATIVE GATTIS said the people that are currently working in the field have until August 31, 2017 to complete the course work and take the national test.

CHAIR COSTELLO asked for an explanation of the fiscal note.

REPRESENTATIVE GATTIS stated that it is a zero fiscal note.

[3:01:24 PM](#)

CHAIR COSTELLO opened public testimony on HB 131.

[3:01:45 PM](#)

DEANNA PRUHS, Member, Board of Barbers and Hairdressers, Department of Commerce, Community and Economic Development (DCCED), testified in support of HB 131. She reported that she has been a licensed hairdresser in Alaska for 30 years of the 34 years she has worked in the profession. Three years ago she was appointed to the Board of Barbers and Hairdressers, which oversees hairdressers, barbers, estheticians, body piercing, tattoo artists, permanent cosmetics, and manicurists. Manicurists represent 1,200 of the 7,500 in this group and are the only ones that do not take a state board examination. She described the examination and professional license as important to show competency. The current manicurist license is misleading and could jeopardize the health and safety of the consumer

paying for the service. She urged the committee to pass the bill and bring the nail technician license up to national standards.

JEANNINE JABAAY, public member, State Board of Barbers and Hairdressers, testified in support of HB 131. She stated that she was appointed to the board two years ago and became aware that the requirements for manicurists and nail technicians are woefully inadequate. The 12 hours required to become a nail technician only covers the sanitation of tools. The advanced manicurist license requires 250 hours of education and a written examination. The bill seeks to eliminate the virtually useless nail technician license and instead change the current manicurist license to a nail technician license that covers the 250 hours. This new requirement will better educate these professionals, better protect the public and give reciprocity for those that are currently licensed in Alaska. The curriculum and examination is already owned by the state and therefore the fiscal impact to the state is zero.

GLENDAL LEDFORD, Member, State Board of Barbers & Hairdressers, Department of Commerce, Community and Economic Development (DCCED), testified in support of HB 131. She stated that the 250 hours of education called for in HB 131 would provide the necessary time to adequately train nail technicians to perform their duties in a professional and safe manner. This bill would also give licenses that other states would recognize and give reciprocity. The licensing requirements set forth in HB 131 would place the state near the lower middle compared to other states. She stated that as a practitioner and instructor HB 131 will not present a hardship on current licensees because they will have more than two years to take the course and pass the examination. She urged the committee to pass the bill noting that the board has been working on it for eight years.

[3:13:12 PM](#)

CHAIR COSTELLO found no further testifiers and closed public testimony

[3:13:31 PM](#)

SENATOR MEYER motioned to report HB 131 from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection HB 131 AM is reported from the Senate Labor and Commerce Standing Committee.

[3:13:47 PM](#)

At ease

## HCR 10-MARITIME WORKFORCE DEVELOPMENT

[3:13:50 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HCR 10. A resolution "Supporting the Alaska Maritime Workforce Development Industry Advisory Committee, the Alaska Workforce Investment Board, the Alaska Vocational Technical Education." [CSHCR 10(FSH) was before the committee.]

[3:15:33 PM](#)

REPRESENTATIVE LOUISE STUTES, sponsor of HCR 10, introduced herself and her staff.

[3:15:53 PM](#)

REED HARRIS, Staff, Representative Louise Stutes, introduced the HCR 10 on behalf of the sponsor speaking to the following sponsor statement:

HCR 10 declares the Legislature's recognition of the need for the Alaska Maritime Workforce Development Plan, the Alaska Workforce Investment Board and Alaska Vocational & Technical Education Center in Seward (AVTEC). It conveys support for the Alaska Maritime Workforce Industry Advisory Committee, whose guidance and leadership will be an integral component of the implementation of the Plan. HCR 10 encourages support and participation by various state agencies already tasked with the mission of workforce development and includes a goal of increasing resident hire in the maritime industry to 75 percent by 2020.

MR. HARRIS highlighted that the resolution has a zero fiscal note, aligns state agencies already tasked with workforce development, and creates high paying blue collar jobs for Alaskans.

SENATOR STEVENS expressed support for the resolution.

[3:17:10 PM](#)

GREG CASHEN, Deputy Commissioner, Department of Labor and Workforce Development (DOLWD), said he appreciates the sponsor adding to HCR 10 the Alaska Workforce Investment Board, the advocacy for increasing resident hire in this industry, and also the AVTEC Maritime Training Center in Seward. He stated that DOLWD fully supports HCR 10.

CHAIR COSTELLO highlighted that several sessions ago the legislature passed legislation asking the departments to submit reports in an electronic form. She asked if he would be responsible for submitting this report to the legislature and, if so, if it could be electronic.

MR. CASHEN replied the department would not be submitting the report but would help to ensure it is in electronic format.

[3:19:52 PM](#)

AGGIE FOUTS, Maritime Workforce Coordinator, Industry Advisory Committee (IAC), Alaska Maritime Workforce Development Plan, Anchorage, Alaska, expressed gratitude to the sponsor for introducing HCR 10, which will help the IAC further implement the Alaska Maritime Workforce Development Plan and encourage a wide range of state agencies to participate in this effort. The collaborative approach is particularly important to accomplish the goals of preparing, training, and employing more Alaskans in the maritime industry. This will increase Alaska's competitive advantage and ultimately improve the economy.

[3:20:57 PM](#)

CHRIS SANNITO, Alaska Marine Advisory Program, and the University of Alaska, Fairbanks, Kodiak, Alaska, voiced support for HCR 10. He reminded the committee that the maritime industry represents more than 500 businesses, employs over 68,000 persons, and in 2011 added \$6.7 billion to the state's economy. He described the seafood training and quality workshops and HACCP seafood safety workshops he conducts statewide. He said there is great demand for this training because of the turnover in the seafood industry. Passing HCR 10 will further support this important industry.

[3:22:49 PM](#)

CHAIR COSTELLO found no further testifiers and closed public testimony.

SENATOR MEYER noted that the sponsor statement speaks to the goal of increasing the resident hire to 75 percent by 2020. He asked what percent it is now and questioned why the goal isn't higher than 75 percent.

MR. HARRIS offered to follow up with the information. He noted that the goal was suggested by the Alaska Workforce Investment Board.

SENATOR STEVENS referred to the last two resolves in HCR 10 and questioned who would write the report regarding the collaboration.

MR. HARRIS replied the report will be written by the Department of Labor and Workforce Development (DOLWD).

CHAIR COSTELLO asked if the goal of 75 percent resident hire is mentioned in the resolution.

MR. HARRIS directed attention to page 3, lines 9-10.

CHAIR COSTELLO commented that it appears to be a goal of the Alaska Workforce Investment Board (AWIB), but she, too, wonders why it isn't higher than 75 percent. She asked Senator Meyer if he wanted to offer an amendment.

SENATOR MEYER replied he didn't want to offer an amendment when he didn't know the current percent.

REPRESENTATIVE STUTES offered her understanding that resident hire is currently below 50 percent, so 75 percent is a high bar. The hope is to train young Alaskans, perhaps even in high schools, so they could move directly into the seafood industry after graduation.

SENATOR MEYER questioned why more people in the high unemployment rural areas aren't going into the seafood industry.

REPRESENTATIVE STUTES explained it is because there aren't enough training programs.

[3:27:19 PM](#)

SENATOR MEYER motioned to report HCR 10 from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection, CSHCR 10(FSH) is reported from the Senate Labor and Commerce Standing Committee.

[3:27:35 PM](#)

CHAIR COSTELLO recessed the meeting until 5:30 p.m.

[5:34:47 PM](#)

CHAIR COSTELLO reconvened the Senate Labor and Commerce Standing Committee meeting at 5:34 p.m. Present at the call to order were Senators Stevens, Giessel, and Chair Costello.

**SB 107-INSURANCE; RISK MG'T; HOLDING COMPANIES**

[5:35:52 PM](#)

CHAIR COSTELLO announced the consideration of SB 107. "An Act relating to insurance; relating to risk based capital for domestic insurers and fraternal benefit societies, including provisions related to insurers subject to risk based capital and action level event requirements; relating to review by the director of insurance of an insurer's risk based capital plan; relating to confidentiality and sharing of certain information submitted to the director of insurance; relating to evaluating an insurance holding company and the acquisition of control of or merger with a domestic insurer; relating to risk based capital, risk management, and own risk and solvency assessments of insurers; clarifying provisions related to risk based capital plans; relating to exemptions by the director of insurance for certain domestic and casualty insurers from risk based capital requirements; relating to insurance holding companies, including filing requirements, divestiture, content of statements, notifications, and hearings; relating to registration requirements of insurers; relating to transactions within an insurance holding company system or transactions involving a domestic insurer; relating to management and examination of domestic insurers that are part of an insurance holding company system; adding provisions relating to participation by the director of insurance in a supervisory college; relating to civil and criminal penalties for violations by insurers and individuals; relating to provisions for risk management and own risk and solvency assessments by insurers; relating to operating requirements for controlling insurance producers; relating to producer-controlled insurers; adding and amending definitions related to insurers; and providing for an effective date." She noted that this is the second hearing and public testimony is closed.

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), introduced herself.

MARTY HESTER, Deputy Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), introduced himself.

MS. WING-HEIER noted that she sent the members a copy of the bill with color coding to indicate what has been adopted, what has been changed to comply with drafting standards, what is

amended, and what is new in statute. She asked how the chair would like to proceed.

CHAIR COSTELLO asked the will of the committee.

MR. HESTER clarified that there are four categories of color coding: new, revised statutes, corrections to modernize the model to Alaska, and corrections related to drafting conventions.

[5:37:47 PM](#)

At ease

[5:37:51 PM](#)

CHAIR COSTELLO reconvened the meeting.

[5:38:44 PM](#)

SENATOR MEYER joined the committee.

[5:38:48 PM](#)

SENATOR GIESSEL motioned to report SB 107, labeled 20-LS0791\E, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection SB 107 is reported from the Senate Labor and Commerce Standing Committee.

[5:39:10 PM](#)

At ease

### **HB 41-SPORT FISHING SERVICES**

[5:39:15 PM](#)

CHAIR COSTELLO announced the consideration of HB 41. "An Act relating to sport fishing services, sport fishing operators, and sport fishing guides; and providing for an effective date." She noted this is the second hearing for the bill and public testimony is open.

[5:41:20 PM](#)

CRYSTAL KOENEMAN, Staff, Representative Cathy Munoz, summarized that HB 41 is to reestablish the sport fish guide licensing program that sunsetted December 31, 2014. The only change is that the fees are doubled.

SENATOR STEVENS noted a constituent is concerned about the overly severe penalty of having his license revoked for two

paperwork violations. He asked where that is found in the bill and how she would address that issue.

MS. KOENEMAN directed attention to the penalty section on page 5 that speaks to a person who knowingly violates a provision of the sport fish statutes. A person is guilty of a violation for a first offense. If there is a second or subsequent offense in a three year period the person is guilty of a class B misdemeanor. The constituent takes issue with the use of the word "knowingly" and instead suggested using the term "intentionally." She discussed the matter with both the Alaska Department of Fish and Game (ADF&G) and legislative legal and learned that the burden of proof for "intentionally" is substantially higher than for "knowingly" and would be very difficult to prove. The number of violations each year is extremely small and ADF&G has a provision whereby it can work with a guide and issue a letter of agreement to accommodate a special circumstance. For these reasons the sponsors do not support the proposed amendment.

[5:46:58 PM](#)

SENATOR STEVENS said he understands the difficulty with the higher burden of proof, but his constituent has no reasonable way to get the logbook report to ADF&G in a timely manner when he is on a two week big game hunt and his client does incidental fishing.

MS. KOENEMAN said if there isn't a drop box near by the person can mail the report. If the report is postmarked by the deadline she believes that would be sufficient.

SENATOR STEVENS asked where you'd get an envelope postmarked in the middle of a bear hunting trip.

MS. KOENEMAN said that's where that letter of agreement with ADF&G come into play. "When they know they're going to be out in the field and can't make those deadlines they can work with fish and game to determine a time in which those logbooks can be delivered when they fly back in from the remote areas and are near a post office. Whether it's a couple of months out, it's all between the guides themselves and fish and game to come up with that agreement," she said.

SENATOR STEVENS expressed concern with the vagueness of the solution and questioned the timeline.

MS. KOENEMAN deferred to ADF&G to outline how the letters of agreement are drafted.

SENATOR GIESSEL asked to hear from Mr. Mulligan.

[5:50:02 PM](#)

BEN MULLIGAN, legislative liaison, Alaska Department of Fish and Game (ADF&G), said he understands Senator Steven's concern about the potential solution being vague, but the department does take a case-by-case approach when it works with people who are unable to get their reports in on time. ADF&G tries to be understanding and the statute and regulations allows this latitude. It says that the guide must follow the instructions in the logbook and the instructions given by the department. The department has approved special arrangements for a few guides in the last couple of years and none that received the approval have had a violation. He suggested that Mr. Brookover might have supplemental information.

SENATOR STEVENS asked what the penalty is for someone who has two paperwork violations.

MR. MULLIGAN replied it's a class B misdemeanor for a second or multiple violations within a three-year period. He noted that given the culpability standard of "knowingly," ADF&G only issues about a dozen citations a year. The priority is to receive this valuable data, not issue citations.

[5:53:20 PM](#)

SENATOR GIESSEL read Sec. 16.40.291(c)(1) on page 5 and observed that there doesn't appear to be a penalty for a first offense. She asked if that's true.

MR. MULLIGAN replied it is a bailable offense; the person would receive a citation and fine.

SENATOR GIESSEL read Sec. 16.40.291(c)(2) on page 5 and asked if that was the class B misdemeanor he referenced.

MR. MULLIGAN answered yes.

CHAIR COSTELLO asked Mr. Brookover if he had anything to add to the discussion.

[5:54:16 PM](#)

TOM BROOKOVER, Acting Director, Division of Sport Fish, Alaska Department of Fish and Game (ADF&G), reiterated the value of the data that's collected through the logbook program. He explained that the purpose of the program is to provide information on

business and guide effort in the state. The program provides valuable information and to fulfill its purpose there must be compliance. ADF&G seeks that compliance by working with the guides as much as possible. The program was developed over a number of years and included meetings with charter associations and in communities so the department could better understand the needs and limitations of guides and businesses. The department works with the industry both in season and out to help with compliance. When logbooks come in with missing information or other problems come up during the season, staff reaches out to businesses and guides to highlight and discuss the issues.

MR. BROOKOVER said there have been very few offenses in the last two years, which is reflective of the compliance the department has achieved over the years. They work with remote operators on a case-by-case basis to find a solution to the timeliness requirement. This is preferable to turning the matter over to protection.

[5:58:53 PM](#)

SENATOR STEVENS referenced Sec. 16.40.291(d) that says the court may revoke the sport fishing guide license if the person is convicted under (a) or (c)(2) of the section, and commented that the penalties seem rather draconian. He reiterated the concern his constituent raised about the penalties because "knowingly violates" could simply mean you don't get your logbook in on time. He asked, "What is a bear trip? A month long, three weeks? You know better than I."

MR. MULLIGAN admitted he didn't know, but the average was probably two weeks.

MS. KOENEMAN pointed out that in subsection (a), AS 16.40.261 - 16.40.300 references the licensing provision, not an untimely logbook.

MR. MULLIGAN agreed.

[6:01:40 PM](#)

SENATOR STEVENS asked Mr. Mulligan if he can understand his constituent's concern. He has spent his lifetime building a successful guiding business and has never committed a crime. Now ADF&G says it could allow a grace period if he doesn't submit his logbooks in a timely manner.

MR. MULLIGAN said he can understand the concern added, "All we can do is go off our track record with the program so far and

Mr. Brookover's testimony." He said ADF&G would like to work with this particular guide and figure out a plan. Both the logbook coordinator and the law enforcement specialist have contacted him to work with him and try to ease his mind.

[6:03:53 PM](#)

SENATOR STEVENS asked if he could see a way to write that into the bill.

MR. MULLIGAN replied the standard of proof for "knowingly" is a fairly high bar. If this constituent has turned a logbook in late he hasn't been cited. The purpose of the program is to collect data to better manage the resource.

SENATOR STEVENS said he understands the meaning of the term, but the concern is that this person is at a remote site where there is no post office and no planes coming and going.

CHAIR COSTELLO asked Mr. Bullard if he was available to talk about the specific issue on page 5, line 22 and the difference between "knowingly" and "intentionally."

[6:05:46 PM](#)

ALPHEUS BULLARD, Legislative Counsel, Legislative Legal Services, Legislative Affairs Agency, Alaska State Legislature stated that he did not want to talk in large form about the issue, but would answer specific questions about the different standards.

CHAIR COSTELLO asked the difference between "knowingly" and "intentionally."

MR. BULLARD explained that the four mental states for crimes in Alaska are intentionally, knowingly, recklessly and criminal negligence. He read the definitions for the first two terms provided in AS 11.81.900(a).

CHAIR COSTELLO opined that the key phrase is on page 5, line 23. It talks about timely submission of reports and the department would provide through regulation what is and is not timely. She said it seems that the department could take this testimony into consideration when someone is unable to submit their report per the requirements.

SENATOR STEVENS said he realizes the importance of the data, but he doesn't understand the harm it could do if it comes in a week

later than required. He asked why it couldn't be submitted at the end of the hunt.

MR. MULLIGAN explained that the time was negotiated, primarily with sport fishing guides. The majority in that industry did not see the week timeframe as egregious.

[6:11:21 PM](#)

MR. BROOKOVER reported that about 1,200 businesses in the state operate under the logbook program and many return to port every day. As mentioned earlier, the week timeframe was the result of discussions over several years and it seems to work. However, there are a few remote operators and the department wants to work with them and accommodate their circumstances to the extent possible.

[6:14:16 PM](#)

PAUL JOHNSON, Guide, testified in opposition to HB 41. He explained that this is strict liability law and it isn't just the State Troopers that enforce this; it is also the National Park Service, the U.S. Fish and Wildlife, the U.S. Coast Guard, and NOAA. The penalty for a violation is more than simply paying the fee. He related his personal experiences and stressed that the program was sunsetted for a purpose. He suggested the legislature put together a working group to deal with all the associated issues or sunset the program after one or two years. He questioned why electronic filing isn't possible because the federal government has figured it out. [Much of this testimony was indiscernible.]

[6:22:24 PM](#)

CHAIR COSTELLO closed public testimony.

SENATOR STEVENS commented that the testimony was interesting and he made good points. He said his concerns have not been allayed and he feels more study and more input is needed.

[6:23:22 PM](#)

At ease

[6:23:28 PM](#)

CHAIR COSTELLO reconvened the meeting and stated that the discussion was about Senator Steven's concerns about the legislation. She said the committee will include a letter from Senator Stevens that will be forwarded to the Finance Committee. The department has also heard the concerns.

[6:24:10 PM](#)

SENATOR GIESSEL motioned to report HB 41, labeled 29-LS0238\P.A, from committee with individual recommendations and attached fiscal note.

CHAIR COSTELLO announced that without objection, CSHB 41(FIN) AM is reported from the Senate Labor and Commerce Standing Committee.

[6:24:33 PM](#)

At ease

**HB 123-ESTABLISH MARIJUANA CONTROL BOARD**

[6:27:09 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 123. "An Act establishing the Marijuana Control Board; relating to the powers and duties of the Marijuana Control Board; relating to the appointment, removal, and duties of the director of the Marijuana Control Board; relating to the Alcoholic Beverage Control Board; and providing for an effective date." She noted the new Senate committee substitute (CS).

[6:27:36 PM](#)

SENATOR GIESSEL motioned to adopt the Senate CS for CS for HB 123, labeled 29-GH1110\S, as the working document.

CHAIR COSTELLO objected for discussion purposes. She asked Mr. Eiler to present the Senate CS.

[6:28:12 PM](#)

WESTON EILER, Staff, Senator Costello and the Senate Labor and Commerce Committee, said he would explain the changes that appear in the work draft version S.

Page 2, lines 22-30, the language in subsections (c) and (d) is deleted. These sections factor in the experience of the executive director when filling the other sectors on the board. The CS removes this new and unusual policy call.

Page 3, line 30, the CS changes from two years to three years the number of successive terms a member may serve on the board. Members are appointed to staggered terms and this change will allow board members the opportunity to serve a little longer, particularly the person who is appointed to serve one year. This will allow some institutional knowledge and experience to be

built up in the board. Responding to a question from Senator Stevens, he directed attention to the transition language in Section 10 on page 7. It lays out the staggered terms that are customary for establishing a new board.

Page 6, line 30, the sunset for the Marijuana Control Board was changed from June 30, 2018 to June 30, 2017. The shortened timeline for this new board allows the legislature to review the potential issues sooner rather than later.

[6:33:32 PM](#)

CHAIR COSTELLO removed her objection. Finding no further objection, version S was before the committee. She asked Mr. Eiler to review the makeup of the board outlined on page 2, lines 16-20.

MR. EILER explained that this language spells out the five seats on the Marijuana Control Board. There is one person from the public safety sector; one person from the public health sector; one person currently residing in a rural area; one person actively engaged in the marijuana industry; and one person who is either from the general public or actively engaged in the marijuana industry.

SENATOR STEVENS asked if the public health sector wouldn't be someone from a state office.

MR. EILER said he didn't read it that way, but would defer to Ms. Franklin.

[6:35:30 PM](#)

CYNTHIA FRANKLIN, Director, Alcoholic Beverage Control Board, Department of Commerce, Community and Economic Development (DCCED), explained that this language mirrors the language in Title 4 regarding the makeup of the Alcoholic Beverage Control Board. It prohibits anyone who is currently employed in any of those state or federal roles from serving on the board, but the governor and legislature would be looking for people who have that type of experience in their background.

CHAIR COSTELLO asked if that is partially because the time commitment of this board would preclude someone who is currently serving in that sector.

MS. FRANKLIN replied it's that and the potential for a conflict of interest between agency work and the board.

CHAIR COSTELLO asked her to explain how the language on page 7, lines 9-12, affects the initial appointment of the public member. Her understanding is that initially the only public member will be the rural seat, because the governor would be prohibited from choosing a public member instead of an industry member for the initial appointment.

[6:40:58 PM](#)

MS. FRANKLIN agreed the language appears to prohibit the governor from choosing a public member instead of an industry member for the initial appointment.

SENATOR STEVENS asked if these five positions are salaried.

MS. FRANKLIN answered no; these people are volunteers.

SENATOR GIESSEL said she has a different interpretation of the language in subsection (b) on page 2, lines 12-15. It says a member of the board may not hold any other state or federal office, either elective or appointive. It does not say that a police officer or public health nurse can't serve on the board.

CHAIR COSTELLO agreed with the interpretation.

SENATOR STEVENS asked Ms. Franklin if that was her interpretation.

MS. FRANKLIN said the people serving on the [ABC] Board currently are employed. They are prohibited from being employed by the state through an appointment process and they cannot be employed by the state or federal government through an elective process. She reiterated that this is the same language that has been used for 30 years to appoint members to the ABC Board. She is unaware of any controversy in the interpretation of the language.

[6:44:45 PM](#)

SENATOR GIESSEL expressed concern with the shortened time period on page 6, line 31.

CHAIR COSTELLO explained that it's not a true sunset because the voter initiative stands until that time; it's just the opportunity that a sunset brings. It allows the legislature to bring the players back in the public venue and discuss the board's progress and challenges.

SENATOR GIESSEL said she appreciates the value of a sunset review, but a request through the Legislative Budget and Audit for a report can be made at any time.

[6:47:39 PM](#)

CHRIS VLADICK, Commissioner designee, Department of Commerce, Community and Economic Development (DCCED), stated his belief that a marijuana control board should be established. He said this is a bare bones approach given the state's financial situation and he looks forward to working with the legislature on this matter.

MS. FRANKLIN highlighted two imperatives about the bill, the first of which is that it funds the initiative and safely implements regulations related to the regulation of marijuana. Finally, if the bill doesn't pass the voter initiative directs that the ABC Board will take on the task of regulating this substance. She reminded the committee that these volunteers have already taken on the daunting task of rewriting the alcohol statutes and to ask them to take on this new substance imposes an undue burden and does a disservice to the work that is being done on alcohol.

She concluded that it is important to have the enforcement and licensing personnel able to address both substances, but it does not make sense to distract ABC Board members from their important task and split their attention between these two substances. She urged the committee to support the concept of having two groups tackle these substances separately.

[6:50:59 PM](#)

CHAIR COSTELLO opened public testimony.

[6:51:17 PM](#)

PAUL THOMAS, Vice Chair, Alaska CHARR, testified in support of establishing a marijuana control board and adding funding for the extra positions. The ABC Board is fully involved in the Title 4 rewrite so it is critical to get the new board up and running as fast as possible.

[6:52:13 PM](#)

KATE BURKHART, Executive Director, Advisory Board on Alcoholism and Drug Abuse and the Alaska Mental Health Board, explained that these boards are the statutory advisory boards on issues related to substance abuse and mental health. She said she submitted written testimony expressing complete support for the passage of HB 123. It is imperative to have the ability in both

human and financial resources to safely and effectively implement Ballot Measure 2 in a way that mitigates public harm. She related that there has been great progress in the public health issues related to underage drinking and alcohol abuse in the last 20 years, and the ABC Board has been a large part of that. She expressed concern that a diversion of resources from the effective regulation and enforcement of alcohol laws will set this progress back.

She related that the boards that she serves on operate in much the same manner as is proposed in the bill. There are two boards with a shared staff. The boards work in concert but each represents a unique constituency and brings unique expertise to the work they do. This is cost effective and a highly effective way of doing business, as it could be with separate alcohol and marijuana boards.

[6:54:25 PM](#)

JASON HARDER, representing himself, Copper Center, Alaska, testified in support of HB 123. He pointed out the bill gives rural Alaska a seat on the board so rural Alaska should be able to participate in the commercial aspect of Ballot Measure 2. However, SB 30 opts out all of rural Alaska from the commercial business associated with marijuana, which doesn't make sense. He asked the committee to not opt out people in rural communities who do not have a way to opt back in.

[6:56:12 PM](#)

CHAIR COSTELLO closed public testimony.

[6:56:21 PM](#)

SENATOR GIESSEL motioned to report HB 123, labeled 29-GH1110\S, from committee with individual recommendations and attached fiscal note(s).

[6:56:38 PM](#)

CHAIR COSTELLO announced that without objection SCS CSHB 123(L&C) is reported from the Senate Labor and Commerce Standing Committee.

[6:56:52 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 6:56 p.m.