

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 4, 2016

1:29 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

SENATE BILL NO. 69

"An Act relating to the Board of Chiropractic Examiners and the practice of chiropractic."

- MOVED CSSB 69(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."

- MOVED SCS CSHB 12(L&C) OUT OF COMMITTEE

SENATE BILL NO. 125

"An Act adding legislative nonvoting members to the board of directors of the Alaska Gasline Development Corporation."

- MOVED CSSB 125(L&C) OUT OF COMMITTEE

SENATE BILL NO. 148

"An Act relating to reporting of workplace injuries to the division of labor standards and safety."

- MOVED CSSB 148(L&C) OUT OF COMMITTEE

SENATE BILL NO. 142

"An Act relating to insurance coverage for anti-cancer medications."

- HEARD & HELD

SENATE BILL NO. 104

"An Act relating to financial accounts for persons with disabilities; relating to financial institutions; relating to property exemptions; relating to securities; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 141

"An Act relating to possession of an electronic smoking device, e-liquid or e-liquid product, vapor product, or alternative tobacco product by a minor and to selling or giving an electronic smoking device, e-liquid or e-liquid product, vapor product, or alternative tobacco product to a minor."

- HEARD & HELD

SENATE BILL NO. 158

"An Act relating to real estate broker licensure; relating to the real estate commission; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 69

SHORT TITLE: BD OF CHIROPRACTIC EXAMINERS; PRACTICE

SPONSOR(S): SENATOR(S) STOLTZE

03/06/15	(S)	READ THE FIRST TIME - REFERRALS
03/06/15	(S)	L&C, FIN
04/02/15	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/02/15	(S)	Heard & Held
04/02/15	(S)	MINUTE(L&C)
02/04/16	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 12

SHORT TITLE: MORTGAGE LENDING AND LOAN ORIGINATORS

SPONSOR(S): REPRESENTATIVE(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 (H) L&C RPT CS(L&C) NT 3DP 3NR
 04/16/15 (H) DP: TILTON, HUGHES, OLSON
 04/16/15 (H) NR: LEDOUX, KITO, JOSEPHSON
 04/16/15 (H) TRANSMITTED TO (S)
 04/16/15 (H) VERSION: CSHB 12(L&C)
 04/16/15 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/16/15 (S) Scheduled but Not Heard
 04/17/15 (S) READ THE FIRST TIME - REFERRALS
 04/17/15 (S) L&C
 01/28/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 01/28/16 (S) Heard & Held
 01/28/16 (S) MINUTE(L&C)
 02/04/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 125

SHORT TITLE: LEGISLATIVE MEMBERS OF AGDC BOARD
 SPONSOR(S): SENATOR(S) COSTELLO

01/19/16 (S) PREFILE RELEASED 1/15/16
 01/19/16 (S) READ THE FIRST TIME - REFERRALS
 01/19/16 (S) L&C, RES
 02/02/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/02/16 (S) Heard & Held
 02/02/16 (S) MINUTE(L&C)
 02/04/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 148

SHORT TITLE: EMPLOYER REPORT OF WORKPLACE INJURY/DEATH
 SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/19/16 (S) READ THE FIRST TIME - REFERRALS
 01/19/16 (S) L&C
 02/02/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/02/16 (S) Heard & Held
 02/02/16 (S) MINUTE(L&C)
 02/04/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 142

SHORT TITLE: INSURANCE FOR ANTI-CANCER MEDICATION
SPONSOR(s): GIESSEL

01/19/16 (S) READ THE FIRST TIME - REFERRALS
01/19/16 (S) L&C
02/04/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 104

SHORT TITLE: PERSON W/DISABILITY SAVINGS ACCOUNTS
SPONSOR(s): GIESSEL

04/11/15 (S) READ THE FIRST TIME - REFERRALS
04/11/15 (S) L&C, FIN
02/04/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 141

SHORT TITLE: E-CIGS: SALE TO AND POSSESSION BY MINOR
SPONSOR(s): STEVENS

01/19/16 (S) READ THE FIRST TIME - REFERRALS
01/19/16 (S) L&C, JUD
02/04/16 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

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

POSITION STATEMENT: Reviewed the changes made in: CSSB 69, SCS
CSHB 12, CSSB 125, and CSSB 148.

SENATOR BILL STOLTZE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 69.

KARI NORE, Staff
Senator Cathy Giessel
Alaska State Legislature

POSITION STATEMENT: Introduced SB 142 on behalf of the sponsor.

JEANNE MUNGLE, Deputy Director
Division of Insurance
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Testified that SB 142 would have zero fiscal impact on the Division of Insurance and would be a good measure from the standpoint of eliminating surprise billings for consumers.

ERIC HANSEN, representing himself
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 142.

DR. LATHA SUBRAMANIAN, MD
Denali Oncology Group
Anchorage, Alaska

POSITION STATEMENT: Testified in strong support of SB 142.

ROD GORDON, Pharmacist
Great Land Infusion Pharmacy
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 142.

THEA ZAJAC, Director
Government Affairs
Leukemia and Lymphoma Society
California

POSITION STATEMENT: Testified in support of SB 142.

LINDSEY TRISCHLER, Advocate Associate
International Myeloma Foundation (IMF)
Washington, D.C.

POSITION STATEMENT: Testified in support of SB 142.

SHEILA STICKEL, West Coast Field Director
National Patient Advocate Foundation (NPAF)
Seattle, Washington

POSITION STATEMENT: Testified in support of SB 142.

DR. MARY STEWART, Oncologist
Alaska Oncology & Hematology
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 142.

EMILY NENON, Director
Government Relations
American Cancer Society
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 142.

JANE CONWAY, Staff

Senator Cathy Giessel
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 104 on behalf of the sponsor.

SARA RACE, Director
Permanent Fund Division
Department of Revenue (DOR)
Juneau, Alaska

POSITION STATEMENT: Provided supporting testimony for SB 104.

KEVIN ANSELM, Director
Division of Banking and Securities
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Stated support for SB 104.

MAGGIE WINSTON, member
Alaska Governor's Council for Disability and Special Education

POSITION STATEMENT: Testified in support of SB 104.

STEPHAN PATTERSON, representing himself
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 104.

STUART SPIELMAN, Autism Speaks
Washington, D.C.

POSITION STATEMENT: Testified in strong support of SB 104.

AMY SIMPSON
Governor's Council on Disabilities and Special Education

POSITION STATEMENT: Testified in support of SB 104.

PATRICK REINHART, Executive Director
Governor's Council on Disabilities and Special Education
Anchorage, Alaska

POSITION STATEMENT: Testified in strong support of SB 104.

MALLORY HAMILTON, member
Governor's Council on Disabilities and Special Education
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 141.

SENATOR GARY STEVENS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 141.

TIM LAMKIN, Staff
Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 141 on behalf of the sponsor.

ACTION NARRATIVE

[1:29:58 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:29 p.m. Present at the call to order were Senators Giessel, Meyer, Stevens, and Chair Costello.

SB 69-BD OF CHIROPRACTIC EXAMINERS; PRACTICE

CHAIR COSTELLO announced the consideration of SB 69.

[1:31:10 PM](#)

SHARI RYAN, Alaska Executive Administrator, Chiropractic Society, Anchorage, Alaska, offered to answer questions related to SB 69.

EDWARD J. BARRINGTON, D.C., Alaska Chiropractic Society, Anchorage, Alaska, offered to answer questions related to SB 69.

CHAIR COSTELLO closed public testimony on SB 69.

[1:32:14 PM](#)

SENATOR GIESSEL moved to adopt the work draft committee substitute (CS) for SB 69, labeled 29-LS0704\H, as the working document.

CHAIR COSTELLO objected for discussion purposes.

[1:33:08 PM](#)

WESTON EILER, Staff to the Senate Labor and Commerce Committee and Senator Mia Costello, explained that the CS for SB 69 makes two substantive changes. The first amends the language on page 1, paragraph (4) to clarify that chiropractic interns and clinical assistants are only required to be certified nationally. This language removes the need for a fiscal note and additional certification of clinical assistants and interns.

[1:33:53 PM](#)

At ease

[1:35:05 PM](#)

CHAIR COSTELLO reconvened the meeting.

MR. EILER said the second change appears on page 2, line 12. The CS retains the language in statute "within the scope of chiropractic practice," which was deleted in the original bill. This maintains the sideboards that keeps school physicals within the scope of practice of chiropractors, he said.

CHAIR COSTELLO removed her objection and finding no further objection, version H was before the committee.

[1:36:39 PM](#)

SENATOR BILL STOLTZE, Alaska State Legislature, sponsor of SB 69, explained the bill seeks to build on a bill Senator Ellis sponsored several decades ago expanding the ability of chiropractors to provide school physicals. He said this is a concern of the Athletic Association, particularly in rural Alaska.

[1:38:30 PM](#)

SENATOR MEYER asked the sponsor if he agrees with the changes.

SENATOR STOLTZE answered yes; the changes were made working with the department.

SENATOR GIESSEL moved to report the CS for SB 69, labeled 29-LS0704\H, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection, CSSB 69(L&C) is reported from the Senate Labor and Commerce Standing Committee.

[1:39:48 PM](#)

At ease

HB 12-MORTGAGE LENDING AND LOAN ORIGINATORS

[1:41:10 PM](#)

CHAIR COSTELLO reconvened the meeting and announced consideration of HB 12. She noted that the bill was previously heard on 1/28/2016 and public testimony is closed.

SENATOR GIESSEL moved to adopt the work draft Senate committee substitute (CS) for CSHB 12, labeled 29-LS0089\N, as the working document.

CHAIR COSTELLO objected for discussion purposes.

WESTON EILER, Staff to the Senate Labor and Commerce Committee and Senator Mia Costello, explained that two technical changes appear on page 8, lines 2 and 4. They change the date the regulations take effect and the effective date of the Act from 2016 to 2017.

CHAIR COSTELLO removed her objection and finding no further objection, version N was before the committee.

SENATOR GIESSEL moved to report the CS for House Bill 12, labeled 29-LS0089\N, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection SCS CSHB 12(L&C) is reported from the Senate Labor and Commerce Standing Committee.

[1:43:15 PM](#)

At ease

SB 125-LEGISLATIVE MEMBERS OF AGDC BOARD

[1:44:32 PM](#)

CHAIR COSTELLO reconvened the meeting and announced consideration of SB 125. Speaking as sponsor, she explained that the bill adds two ex officio members appointed by the leadership of the House and Senate to the Alaska Gasline Development Corporation (AGDC) Board. She noted that public testimony was closed on 2/2/2016.

SENATOR GIESSEL moved to adopt the work draft committee substitute (CS) for SB 125, labeled 29-LS1250\W, as the working document.

SENATOR COSTELLO objected for discussion purposes.

WESTON EILER, Staff to the Senate Labor and Commerce Committee and Senator Mia Costello, explained that the CS extends the term of the appointments by the presiding officers from one year to two years. This change reflects the comments of members during the previous hearing. He noted that the fiscal note would not be affected.

CHAIR COSTELLO found no questions and removed her objection. Finding no further objection, she announced that version W was before the committee.

MR. EILER clarified that Legislative Legal Services counseled that the correct term to describe the new board members is nonvoting rather than ex officio. The latter term is defined as "by virtue of office or official position." so some ex officio members could vote.

SENATOR GIESSEL moved to report CS for SB 125, labeled 29-LS1250\W, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection, CSSB 125(L&C) is reported from the Senate Labor and Commerce Standing Committee.

[1:47:34 PM](#)

At ease

SB 148-EMPLOYER REPORT OF WORKPLACE INJURY/DEATH

[1:49:41 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 148. She noted this is the second hearing and public testimony was closed on 2/2/2016. The intent is to adopt a committee substitute, take questions, and look to the will of the committee.

SENATOR GIESSEL moved to adopt the work draft committee substitute (CS) for SB 148, labeled 29-GS2801\W, as the working document.

CHAIR COSTELLO objected for discussion purposes.

WESTON EILER, Staff to the Senate Labor and Commerce Committee and Senator Mia Costello, explained that the change made in the CS for SB 148 appears on page 2, line 10. It adds Section 2 that gives the bill an immediate effective date. This was suggested during the previous hearing to speed the implementation of the Act. The bill relates to compliance with OSHA and other federal regulations.

SENATOR COSTELLO removed her objection and version W was before the committee.

[1:51:44 PM](#)

SENATOR GIESSEL moved to report the CS for SB 148, version 29-GS2801\W, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection, CSSB 148(L&C) is reported from the Senate Labor and Commerce Standing Committee.

[1:51:58 PM](#)

At ease

SB 142-INSURANCE FOR ANTI-CANCER MEDICATION

[1:54:14 PM](#)

CHAIR COSTELLO announced the consideration of SB 142.

KARI NORE, Staff, Senator Cathy Giessel, Alaska State Legislature, introduced SB 142 on behalf of the sponsor, speaking to the following sponsor statement:

SB 142 would ensure that both intravenous and orally administered cancer treatments are treated fairly and are equally available to consumers. Patients should not be prohibited from receiving cancer treatment due to high insurance costs. Currently intravenous cancer treatment co-pays are much less expensive than the oral cancer treatments, and are not always the easiest option for patients.

This bill also prevents increasing costs for intravenous or injected chemotherapy that is covered under the policy or plan or by reclassifying benefits with respect to anti-cancer medications. This bill asks for parity, or fairness, to the consumer, as they choose the treatment option that is right for them.

I urge you to support this bill that will require equal insurance coverage for anti-cancer medications, both those administered intravenously and those administered orally.

[1:56:05 PM](#)

JEANNE MUNGLE, Deputy Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), stated that SB 142 seeks to reduce out-of-pocket expenses for consumers utilizing healthcare insurance plans that

provide coverage for anti-cancer medications. Section 1 would level the playing field in terms of cost. Currently, 40 states have enacted similar legislation.

She related that the division is working with the sponsor to add language that would not prohibit cost-sharing rates that could occur between network and out-of-network providers. The bill would have zero fiscal impact on the Division of Insurance and would be a good measure from the standpoint of eliminating surprise billings for consumers.

[1:57:42 PM](#)

SENATOR MEYER asked if there was any opposition to the bill.

MS. MUNGLE answered the division is not aware of any opposition.

MS. NORE added that Premera Blue Cross Blue Shield supports the bill and she is not aware of any opposition.

CHAIR COSTELLO asked if the administration has a position on the bill.

MS. MUNGLE offered her belief that the general opinion is that it is a good bill.

CHAIR COSTELLO asked if the administration is in support of the bill.

MS. MUNGLE replied "generally I believe we would support that measure."

CHAIR COSTELLO opened public testimony on SB 142.

[1:59:13 PM](#)

ERIC HANSEN, representing himself, Juneau, Alaska, testified in support of SB 142. He related that four years ago he was diagnosed with multiple myeloma, as a result of exposure to Agent Orange. It is incurable but treatable. He said this bill seems trivial in light of the budget crisis, but it can make a life-changing difference for many patients.

The pill he takes now costs \$10,000 per month, and the 20 percent co-pay is beyond his reach. A less effective drug that has to be infused has a \$30 co-pay. But not only does it not work as well, it also has more side effects. He discussed the different options for cancer treatment and described SB 142 as a way to get everybody on the same page, working for the benefit

of the patient to make treatments equally available and affordable. This would take one huge problem off the table, he said.

SENATOR STEVENS asked if he was exposed to Agent Orange when he was in the military.

MR. HANSON answered yes; he received significant exposure in the highlands of Vietnam. The first symptoms appeared about 20 years ago and became full blown about four years ago.

SENATOR STEVENS asked if the Veterans Administration has been of assistance.

MR. HANSON replied yes and they're good when they've finally lined up, but it's a slow, cumbersome process.

SENATOR STEVENS thanked Mr. Hansen for his service.

CHAIR COSTELLO thanked Mr. Hansen for his service and Senator Giessel for introducing the legislation.

[2:07:49 PM](#)

DR. LATHA SUBRAMANIAN, MD, Denali Oncology Group, Anchorage, Alaska, testified in strong support of SB 142. She explained that Denali Oncology Group represents all the medical and radiation oncologists in Alaska and the nurse practitioners. They are the Alaska chapter for the American Society of Clinical Oncology. Their mission is to advocate for their patients and ensure that any Alaskan that has cancer will have equal access to the most effective therapy for his/her cancer in Alaska.

DR. SUBRAMANIAN said she couldn't say it any better than the previous testifier. In the last several years tremendous progress has been made in the care of cancer and there are several new drugs for many kinds of cancer, including multiple myeloma. Sometimes the most effective treatment is taken by mouth and there isn't an intravenous substitute. The problem is that even if a patient has health insurance, they often can't afford the prescribed oral drug because their policy includes deductibles, co-pays, co-insurance and various formularies. Patients that can't afford a drug, simply don't take it.

DR. SUBRAMANIAN urged the committee to pass SB 142 to ensure equal, affordable access for cancer patients so they can get the best treatment available regardless of the method of delivery.

[2:11:43 PM](#)

ROD GORDON, Pharmacist, Great Land Infusion Pharmacy, Anchorage, Alaska, testified in support of SB 142. He said this is a specialty pharmacy that focuses on infusion therapy, but also provides support for patients who need oral medications. In addition to what has already been said about barriers to access, an unforeseen consequence of high co-pays is that it forces patients to resort to an out-of-state specialty pharmacy to get a competitive co-pay. This prevents immediate access and a personal face-to-face interaction with a specialty oncology pharmacy provider.

[2:13:50 PM](#)

THEA ZAJAC, Director, Government Affairs, Leukemia and Lymphoma Society, California, testified in support of SB 142. She thanked the sponsor for introducing the bill and stressed its importance for people living with blood cancers in Alaska. She said cancer treatment is changing rapidly and this legislation is about catching up the insurance industry with the modernization of treatments. She said she has worked on this issue in several states and has seen the positive impact it has on patients' lives.

[2:15:09 PM](#)

LINDSEY TRISCHLER, Advocate Associate, International Myeloma Foundation (IMF), Washington, D.C., testified in support of SB 142. IMF is the largest and oldest foundation dedicated to improving the quality of life of myeloma patients. They work collaboratively with organizations and individuals representing patients in Alaska to focus on equal access to treatments regardless of how it's administered. Treatment decisions should be based on what is the most effective, not what the patient is able to afford. She echoed Mr. Hansen's testimony about the difficulty and complication of myeloma cancer treatments and emphasized that it is highly treatable given the advancements in drug development. The different treatment options have enabled patients to live longer, but remissions are not always permanent so additional treatment options are essential. Thus, it is critical that all cancer patients have equal access to all treatments, not just the ones covered on an affordable rate.

[2:18:24 PM](#)

SHEILA STICKEL, West Coast Field Director, National Patient Advocate Foundation (NPAF), Seattle, Washington, testified in support of SB 142. She said SB 142 would ensure coverage for all oral cancer medications that are equal to the traditional IV therapies. Nearly 30 percent of the new cancer therapies are

oral but insurance doesn't always cover them at the same rate as intravenous drugs. There are a host of very good reasons for patients to have access to oral therapies but those in critical need of oral cancer medication often have prescription policies that cost thousands of dollars each month. This can exhaust financial resources and force difficult decisions. By ensuring there is parity between the types of cancer treatments, Alaska will take the needed step of ensuring patients have access to the treatment that their physician prescribed.

Forty states and the District of Columbia have already passed oral parity laws. SB 142 would make it easier for patients in Alaska to afford oral cancer medications.

[2:21:52 PM](#)

DR. MARY STEWART, Oncologist, Alaska Oncology & Hematology, Anchorage, Alaska, testified in support of SB 142. She said she has practiced in Alaska since 1985 and is amazed at the options for cancer treatment that are available today. "Oral drugs are simply amazing" but they're all expensive. It's clear that something has to be done nationally to affect pharmaceutical pricing, but "you and I can't do anything about that," she said. However, it is possible to positively affect people in Alaska by giving them access to medications.

[2:23:22 PM](#)

EMILY NENON, Director, Government Relations, American Cancer Society, Anchorage, Alaska, testified in support of SB 142. She said she works on cancer research funding issues at the federal level and at the American Cancer Society. She said there have been tremendous strides in the area of cancer treatments and over one-quarter of the anti-cancer treatments in the research pipeline are in oral form. This bill is about modernizing statutes and getting equitable coverage between oral and intravenous anti-cancer medications.

[2:24:50 PM](#)

SENATOR COSTELLO closed public testimony.

CHAIR GIESSEL offered a conceptual amendment on page 2, line 4. Insert: "Nothing in this section shall prohibit a plan from requiring different cost sharing rates for in network and out-of-network pharmacies." The language was recommended by the Division of Insurance.

Renumber the subsequent subsection.

She said she would have a committee substitute prepared.

CHAIR COSTELLO held SB 142 in committee awaiting the CS.

[2:26:36 PM](#)

At ease

SB 104-PERSON W/DISABILITY SAVINGS ACCOUNTS

[2:27:20 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 104.

JANE CONWAY, Staff, Senator Cathy Giessel, Alaska State Legislature, sponsor of SB 104, introduced herself.

EMMIE VAN WYHE, Intern, Senator Cathy Giessel, Alaska State Legislature, sponsor of SB 104, introduced herself.

SENATOR CATHY GIESSEL, Alaska State Legislature, sponsor of SB 104, stated that this bill is often referred to as the ABLE Act, which is an acronym for achieving a better life experience. It provides an opportunity for individuals with disabilities and their families to create non-taxed savings accounts to help pay for qualified disability-related expenses.

MS. CONWAY explained that this is a multi-section bill that outlines the details of establishing and administering the ABLE Act. While the federal regulations are not complete, it has created a lot of excitement and 35 state are in some stage of passing similar legislation. She described the process as dynamic and related that the sponsor is working on another, improved rendition of the bill. She asked the chair how she would like to proceed.

CHAIR COSTELLO asked Sara Race and Kevin Anselm to provide brief comments on behalf of the administration and highlight any concerns that could be incorporated into the CS.

SARA RACE, Director, Permanent Fund Division, Department of Revenue (DOR), said the division sees the ABLE Act as similar to the University of Alaska College Savings Program, but the criteria would be different. The selection process for eligibility for the program would be made on specific application types.

KEVIN ANSELM, Director, Division of Banking and Securities, Department of Commerce, Community and Economic Development (DCCED), stated support for SB 104. The ABLE Program is important and appears to be set up much like a 529 plan. He highlighted the issue with the program being administered by Banking and Securities is that they regulate the banks and the mutual funds that might be involved in the fund. To avoid a conflict, the division would have to "wall out" some staff to deal just with that area. That is reflected in the fiscal note so everyone is working together to try to find a better place for the administration of the program.

[2:33:52 PM](#)

At ease

CHAIR COSTELLO reconvened the meeting and invited Maggie Winston to testify.

[2:34:24 PM](#)

MAGGIE WINSTON, Alaska Governor's Council for Disability and Special Education, said she represents people that the ABLE Act would help. People like her who are on [SSI] benefits can save less than \$2,000 which keeps them on the poverty cycle. This savings account would allow her to save significantly more than that to purchase things specifically related to her disability. This would help to stop the poverty cycle, she said.

CHAIR COSTELLO asked if the savings could only be used only for certain types of things.

MS. WINSTON answered yes; related to disability.

[2:36:40 PM](#)

STEPHAN PATTERSON, representing himself, Palmer, Alaska, testified in support of SB 104. He related that his nine-year-old son is autistic and has dyspraxia and one day will be alone. He said the ABLE savings account will allow him to set aside funds for his son so he doesn't have to rely on public assistance later in life.

[2:38:35 PM](#)

STUART SPIELMAN, Autism Speaks, Washington, D.C. testified in strong support of SB 104. Autism Speaks has been working on this for a decade at the federal level. The legislation was enacted in 2014 and since then, states across the country have authorized programs for the reason that the last witness articulated. He related that he is the parent of a 21-year-old

with autism who wants his child to be self-sufficient and not have to rely on the kindness of strangers. People in the disability community believe that the ABLE program is a positive step in that direction.

[2:40:21 PM](#)

AMY SIMPSON, Governor's Council on Disabilities and Special Education (GCDSE), testified in support of SB 104. She said this is a group of 24 individuals from across the state who serve the interests of individuals with disabilities in many venues statewide. They support the bill wholly.

PATRICK REINHART, Executive Director, Governor's Council on Disabilities and Special Education, testified in strong support of SB 104. He said this bill is an opportunity for people with disabilities to get out of poverty. He described it as the next step after the Employment First legislation that passed several years ago. It's an opportunity for people to keep some healthcare benefits through Medicaid and other programs. They don't have a reason not to try employment if they can put money away for expenses related to their disability. In the long run they hopefully wouldn't be as dependent on government-funded programs.

CHAIR COSTELLO thanked him for being a stable advocate for years. The work is incredibly valuable to Alaskans.

SENATOR STEVENS said this is a great idea and the record should reflect the amount that parents and grandparents can put into the account and what happens to the money when the person passes on.

[2:45:13 PM](#)

MR. REINHART answered that the annual contribution is \$14,000 with a cap of \$300,000. When the account totals \$100,000 the person would lose their SSI benefit. When a person passes with money in their account, the state could recover expenses after memorial and funeral expenses are paid. He offered to follow up with more detail.

[2:46:17 PM](#)

SENATOR MEYER asked if the contributions are tax deductible.

MR. REINHART answered yes.

SENATOR MEYER described it as a good program that needs to be implemented without major costs.

SENATOR COSTELLO said she understands that the committee substitute will move the administration of the program from the Department of Revenue. She asked Senator Giessel to comment.

SENATOR GIESSEL said it's searching for a home. The Department of Commerce, Community and Economic Development doesn't feel that's the appropriate place and neither does the Division of Banking and Securities. She's currently talking with the Department of Revenue.

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MALLORY HAMILTON, member, Governor's Council on Disabilities and Special Education, Juneau, Alaska, said she is speaking as a parent of a child who experiences Down's syndrome and autism, but first wanted to respond to earlier questions. She said the \$14,000 annual limit is based on the allowable gift tax. Interest earned is non-taxable the same as the college savings plan. Upon the death of the individual, the account can be transferred to a qualified family member. Otherwise, the Medicaid payback provision applies.

She said her daughter is 19 and can never be without benefits. If she were to qualify for a job it would be low paying, but if she reached the \$2,000 SSI threshold, she would lose her benefits. If this bill were to pass, her paychecks and permanent fund dividend could be deposited directly into the ABLE account, but withdrawals could only be used for things that allow the person to live as typical a lifestyle as possible. This would include purchases for things like glasses, or a wheelchair accessible van or relief caretakers. "As a parent, it's a really, really important thing," she said.

SENATOR COSTELLO closed public testimony on SB 104, and held the bill in committee awaiting a committee substitute.

SB 141-E-CIGS: SALE TO AND POSSESSION BY MINOR

[2:53:11 PM](#)

CHAIR COSTELLO announced the consideration of SB 141.

SENATOR GARY STEVENS, Alaska State Legislature, sponsor of SB 141, explained that this bill attempts to keep electronic cigarettes (e-cigarettes) out of the hands of children. It is not a tax bill or an attempt to control e-cigarettes for adults. This isn't being addressed on the federal level so several states have taken action on their own. He recited the following

from Mitch Zeller the director of the FDA's Center for Tobacco Products to emphasize the importance of this issue:

What I can definitely say is that nicotine is harmful to the developing teenage brain. No teenager, no young person should be using any tobacco or nicotine containing products. E-cigarettes are among the products that should be kept firmly out of the hands and mouths of adolescents.

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TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature Juneau, Alaska, presented SB 141 on behalf of the sponsor. He displayed a brief slide show to illustrate the types and uses of e-cigarettes and clarified that the bill is about protecting youth. Smoking e-cigarettes or vaping is the latest fad among youths and an entire subculture exists around the activity. He related that e-cigarette use began in 1963 but didn't take root because tobacco smoking was more fashionable. But as tobacco consumption has declined, e-cigarettes have resurfaced as the vice of the future. The modern e-cigarette was introduced in the U.S. in about 2007, and there are now about 500 related products in the U.S. market alone. Varieties are expected to grow with demand.

MR. LAMKIN said there is a lot of support for keeping e-cigarettes out of the hands of youth, but it's already in their hands. They are arguably the target audience. He warned that proponents of e-cigarettes will say they're better than regular tobacco. While that may or may not be true, it doesn't mean they're good for you. Another argument is that they aid in smoking cessation. That, too, may or may not be true, but that more likely applies to older smokers. Some proponents also argue that it's about personal freedoms, but teenagers don't have all the personal freedoms as adults.

SB 141 is about long-term health and healthy lifestyles.

CHAIR COSTELLO held SB 141 in committee for further consideration and public testimony.

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There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:59 p.m.