

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

April 9, 2015

9:03 a.m.

MEMBERS PRESENT

Senator Bill Stoltze, Chair
Senator John Coghill, Vice Chair
Senator Charlie Huggins
Senator Lesil McGuire
Senator Bill Wielechowski

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 83

"An Act relating to the Protective Occupation Retirement Council; relating to participation of certain employees in the defined benefit and defined contribution plans of the public employees' retirement system; and providing for an effective date."

- HEARD & HELD

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 1

"An Act prohibiting smoking in certain places; relating to education on the smoking prohibition; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 83

SHORT TITLE: PEACE OFFICER/FIREFIGHTER RETIREMENT

SPONSOR(S): SENATOR(S) MCGUIRE

03/20/15	(S)	READ THE FIRST TIME - REFERRALS
03/20/15	(S)	STA, FIN
04/09/15	(S)	STA AT 9:00 AM BUTROVICH 205

BILL: SB 1

SHORT TITLE: REGULATION OF SMOKING

SPONSOR(s): SENATOR(s) MICCICHE

01/21/15	(S)	PREFILE RELEASED 1/9/15
01/21/15	(S)	READ THE FIRST TIME - REFERRALS
01/21/15	(S)	HSS, STA, FIN
01/30/15	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
01/30/15	(S)	HSS, STA, FIN
02/11/15	(S)	HSS AT 1:30 PM BUTROVICH 205
02/11/15	(S)	Heard & Held
02/11/15	(S)	MINUTE(HSS)
03/11/15	(S)	HSS AT 1:30 PM BUTROVICH 205
03/11/15	(S)	Moved CSSSSB 1(HSS) Out of Committee
03/11/15	(S)	MINUTE(HSS)
03/13/15	(S)	HSS RPT CS 2DP 3NR SAME TITLE
03/13/15	(S)	DP: GIESSEL, ELLIS
03/13/15	(S)	NR: STEDMAN, KELLY, STOLTZE
04/02/15	(S)	STA AT 9:00 AM BUTROVICH 205
04/02/15	(S)	Heard & Held
04/02/15	(S)	MINUTE(STA)
04/09/15	(S)	STA AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

GENEVIEVE WOJTUSIK, Staff
Senator Lesil McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview of SB 83.

WILLIAM FORNIA, Actuary
Pension Trustee Advisors, Inc.
Centennial, Colorado

POSITION STATEMENT: Provided an actuarial overview of the proposed Variable Benefit Retirement System.

TOM WESCOTT, President
Alaska Professional Firefighters Association
Anchorage, Alaska

POSITION STATEMENT: Supports SB 83.

JEREMY CONKLING, Officer
Anchorage Police Department Employees Association
Anchorage, Alaska

POSITION STATEMENT: Supports SB 83.

DR. GEORGE STEWART, MD (retired), representing himself
Anchorage, Alaska

POSITION STATEMENT: Supports SB 1.

JENNIFER WOOLEY, representing herself
Anchorage, Alaska

POSITION STATEMENT: Supports SB 1.

GAIL SCHIEMANN, representing herself
Anchorage, Alaska

POSITION STATEMENT: Supports SB 1.

DARA GLASS, representing herself
Anchorage, Alaska

POSITION STATEMENT: Supports SB 1.

LUAN JENSEN, representing herself
Anchorage, Alaska

POSITION STATEMENT: Supports SB 1.

SHEB GARFIELD, representing himself
Anchorage, Alaska

POSITION STATEMENT: Opposes SB 1.

BEN NGUYEN, representing himself
Eagle River, Alaska

POSITION STATEMENT: Opposes SB 1.

JANET KINCAID, representing herself
Palmer, Alaska

POSITION STATEMENT: Supports SB 1.

BRENDA SHELDEN, representing herself
Wasilla, Alaska

POSITION STATEMENT: Supports SB 1.

ROBIN MINARD, Director of Public Affairs
Mat-Su Health Foundation,
Wasilla, Alaska

POSITION STATEMENT: Read a colleague's letter supporting SB 1.

MISTY JENSEN, representing herself
Wasilla, Alaska

POSITION STATEMENT: Supports SB 1.

ELIZABETH RIPLEY, Executive Director
Mat-Su Health Foundation,
Wasilla, Alaska

POSITION STATEMENT: Supports SB 1.

GEORGE GATTER, representing himself
Kodiak, Alaska,
POSITION STATEMENT: Opposes SB 1.

BETTY MACTAVISH, representing herself
Kodiak, Alaska
POSITION STATEMENT: Supports SB 1.

TERRENCE ROBBINS, representing himself
Ketchikan, Alaska
POSITION STATEMENT: Supports SB 1.

JENNY OLENDORFF, representing herself
Soldotna, Alaska
POSITION STATEMENT: Supports SB 1.

GARY SUPERMAN, representing himself
Nikiski, Alaska
POSITION STATEMENT: Opposes SB 1.

SUSAN SMALLEY, representing herself
Kenai, Alaska
POSITION STATEMENT: Supports SB 1.

CHRYSTAL SCHOENROCK, representing himself
Nikiski, Alaska
POSITION STATEMENT: Opposes SB 1.

DANIEL LYNCH, representing himself
Soldotna, Alaska
POSITION STATEMENT: Opposes SB 1.

MICHAEL PATTERSON, representing himself
Juneau, Alaska
POSITION STATEMENT: Supports SB 1.

ANDREW MACEBO, representing himself
Anchorage, Alaska
POSITION STATEMENT: Opposes SB 1.

LARRY HACKENMILLER, representing himself
Fairbanks, Alaska
POSITION STATEMENT: Opposes SB 1.

FLORA RODDY, representing herself
Fairbanks, Alaska

POSITION STATEMENT: Supports SB 1.

ERIN SHEFFLETTE, representing herself
Fairbanks, Alaska

POSITION STATEMENT: Supports SB 1.

ARIEL HASSE, representing herself
Wasilla, Alaska

POSITION STATEMENT: Supports SB 1.

LUCAS ARTHUR, representing himself
Wasilla, Alaska

POSITION STATEMENT: Supports SB 1.

KEA BEKKEDAHL, representing herself
Wasilla, Alaska

POSITION STATEMENT: Supports SB 1.

ACTION NARRATIVE

[9:03:32 AM](#)

CHAIR BILL STOLTZE called the Senate State Affairs Standing Committee meeting to order at 9:03 a.m. Present at the call to order were Senators Huggins, Coghill, Wielechowski, and Chair Stoltze.

SB 83-PEACE OFFICER/FIREFIGHTER RETIREMENT

[9:04:11 AM](#)

CHAIR STOLTZE announced the consideration of SB 83.

[9:04:37 AM](#)

GENEVIEVE WOJTUSIK, Staff, Senator Lesil McGuire, Alaska State Legislature, Juneau, Alaska, introduced SB 83 on behalf of the sponsor, reading the following sponsor statement into the record:

An Act relating to the Protective Occupation Retirement Council; relating to participation of certain employees in the defined benefit plan and the defined contribution plan of the public employees' retirement system; and providing for an effective date.

In 2005, Alaska moved away from a defined benefit to a defined contribution retirement system for public

employees hired after July 1, 2006. Both the defined benefit and the defined contribution plans contain risks and benefits to employees and employers. With a defined benefit plan comes the advantage of professional money management, lower fees, pooled risk, and long term investment strategies. However, employers carry significant risk if investment returns fall short or actuarial predictions prove inaccurate, which they are shielded from in a defined contribution plan. Taking both of these points of view into account, the Variable Benefit Retirement System (VBRS) was developed.

[9:05:49 AM](#)

WILLIAM FORNIA, actuary, Pension Trustee Advisors (PTA), Inc., Centennial, Colorado, stated that he is working on behalf of the Alaska State Firefighters Association (ASFA). He said the focus of his presentation on the VBRS Plan is to address the following:

- Why the change is necessary.
- Proposed structure of the new variable retirement plan.
- Examples of how the variable retirement plan would have worked if ASFA had the plan all along.

[9:07:06 AM](#)

MR. FORNIA explained that a hypothetical police officer or firefighter that retires at age 56 with an average salary of \$80,000 would receive one of the following benefit plans:

- Tier 3 Defined Benefit (DB) Plan for people hired before 2005: \$45,000 pension per year.
- Tier 4 Defined Contribution (DC) Plan for people hired after 2005: \$25,000 pension per year.

He noted that even though the retiree is not covered under Social Security, the annual Social Security payment would be \$22,000. He summarized that the Tier 4 DC Plan is not a whole lot better than Social Security and significantly less than what an individual would receive from the Tier 3 DB Plan after a 25 year career in Alaska.

[9:09:19 AM](#)

He revealed that the current retiree healthcare provision is not likely to provide adequate pre-Medicare benefits. He detailed that due to healthcare costs escalating faster than wages, the

current average monthly premium will increase from 39 percent of an average Alaska Public Employees' Retirement System (PERS) pay to over 58 percent by 2034.

He explained the pros and cons of the DB Plan approach versus the DC Plan approach.

He said DB plans are more cost efficient at providing retirement benefits and specified as follows:

- Pool longevity-risks.
- Maintains a better diversified portfolio because, unlike individuals, the plan does not age.
- Achieve better investment returns because of professional asset management and lower fees.

MR. FORNIA explained that DC plans are more consistent with individual responsibility and specified as follows:

- Benefit is a clearly defined contribution from the employer and employee to a trust.
- Benefit is more under the control and full ownership of the individual.
- Benefit is much more portable.
- No risk of unfunded liabilities.

[9:11:55 AM](#)

He stated that VBRS tries to strike a compromise. He explained that SB 83 fixes the employer contribution so that there's no risk of the contribution going up. He specified that the bill creates a board to figure out how to live within the fixed contribution. He specified that the plan has targeted benefit levels and the board will have some authority to figure out how to adjust benefits or employee contributions as necessary to provide the benefits out of the fixed contribution amount. He added that VBRS is designed with a lower anticipated rate of return to provide a cushion against a long term experience that might be worse than expected.

[9:13:06 AM](#)

He explained that current members in the DB Plan pay 7.5 percent of pay with employers paying 22 percent of pay for members in the old plan; however, more than half is going towards paying off old unfunded liabilities. He said individuals under the DC Plan are putting in 8 percent of pay and the employer's amount also adds up to 22 percent.

He set forth that the proposed VRBS Plan increases the member contribution to 9 percent, keeps the employer pay at 22 percent with 8 percent going towards "legacy" pre-funded liabilities, and 14 percent going towards the VRBS Plan. He summarized that the board will have to figure out how to make the 9 plus 14 percent work and how to provide the level of benefits. He revealed that PTA's projections are that the VRBS Plan could provide benefits similar to the Tier 3 DB Plan. He added that there is a chance that the benefit projections will not work out.

MR. FORNIA said there are safeguards that the board can use to make adjustments and prevent the state from having to contribute more than 22 percent:

- Increase employee contributions or decrease when things are good.
- Provide cost of living increases.
- Adjust the benefit.
- Adjust how much goes towards healthcare.

[9:15:34 AM](#)

He explained that another safeguard is a built-in actuarial assumptions margin where lower assumed rates of return provide a higher threshold before action is required when returns are lower. He added that better than expected returns will be used to build reserves. He noted that the ongoing DB Plan assumes an 8 percent return, the VRBS Plan assumes a 7 percent return.

He referenced a chart that modeled the VRBS Plan if enacted in 1985 to present. He pointed out that funding levels would have ranged from 80 percent to 158 percent. He noted that the VRBS Plan would currently be 95 percent funded on a target level basis and 110 percent funded on a guaranteed level basis. He summarized that the chart demonstrates that the VRBS Plan should work as long as the board is prudent in not guaranteeing more than can be afforded.

[9:17:21 AM](#)

SENATOR MCGUIRE joined the committee meeting.

MR. FORNIA reviewed case studies of similar plans in four states that have worked well:

- Wisconsin: a very well-funded plan with a board that has the flexibility to generate cost of living adjustments based on returns.
- South Dakota: same situation as Wisconsin.
- Ohio: most similar to Alaska where the contributions are fixed so there is no increased contributions that have to go through the Legislature; however, Ohio's board annually decides how much to use for healthcare and pensions.
- Colorado: firefighters and police officers environment with a fixed contribution rate where their board makes decisions on how much to shift year after year.

[9:19:36 AM](#)

MR. FORNIA set forth that the VRBS Plan purposes that the employers put in 14 percent of pay for police officers' and firefighters' plans. He noted that a small group of people that work in police and fire departments that are not police officers or firefighters would receive a 12 percent of pay contribution. He pointed out that the proposal is consistent with other plans across the country as well as being consistent some of Alaska's significant employers such as Wells Fargo or Alaska Airlines.

He remarked that the state is very concerned with future unfunded liabilities and that is the reason why Alaska made a change in 2005; however, the change is projected to not provide adequate benefits for the next generation of police officers and firefighters. He stated that SB 83 provides a potential solution with benefits that are similar to Tier 3 DB Plan benefits; however, lower returns will result in lower benefits. He explained that the government takes the risk under Tier 3 DB Plan and individuals each take the risk under Tier 4 DC Plan. He summarized that the VRBS Plan is more efficient where the police and firefighters take on risk as a "pooled" group.

[9:22:04 AM](#)

TOM WESCOTT, President, Alaska Professional Fire Fighters Association, Anchorage, Alaska, specified that he is also a captain in the Anchorage Fire Department working out of Station 5 in Spenard. He stated that fixing the Tier 4 DC Plan and its shortcomings is very important.

MR. WESCOTT said the first goal of any retirement system should be to ensure that participants are ready to retire and can remain self-sufficient once they do retire. He asserted that remaining self-sufficient for retirees is going to be difficult under the Tier 4 DC Plan and noted that many are not eligible for Social Security or for the Alaska Supplemental Annuity Plan;

for example, firefighters or police officers in Kenai, Anchorage, and Fairbanks do not participate in either plan.

CHAIR STOLTZE asked if the non-participations are federal prohibitions.

MR. WESCOTT answered that the state has a Section 218 Agreement with the federal government that outlines participants. He detailed that firefighters and police officers traditionally have participated in defined benefit plans based on the need to retire at a younger age because of the physical nature of their jobs.

MR. WESCOTT said the VBRS Plan from SB 83 is a better retirement system that was borne out of listening to the Legislature's concerns about risk and unfunded liabilities. The VBRS Plan takes from other states' plans where tools were built-in to deal with adverse experiences. He noted that Wisconsin's plan remained nearly 100 percent funded after a financial collapse.

He asserted that large pooled retirement accounts earn higher rates over the long haul versus individual retirement accounts. He detailed that large pooled retirement accounts benefit from lower fees through economies of scale and earn maximum returns from professional management oversight. He added that the VBRS Plan pools risk and maintains investment portfolio diversity for all participants.

[9:26:11 AM](#)

He said SB 83 addresses three issues that the state should be concerned about:

- Costs associated with recruitment, retention, and training for new hires when police officers and firefighters leave for competing jurisdictions.
- Higher workers' compensation where an older work force is required to work "on the line."
- Increase in social welfare costs where retirees run out of money.

He said a study has shown that individuals without defined benefit pensions were nine times more likely to be in poverty when they retired; the Alaska Professional Firefighters Association worries that its members would be in the same boat where individuals are not ready or ill prepared to retire.

He detailed that SB 83 allows employee contributions to fluctuate in order to deal with adversities. Medical benefits are paid with stipends as opposed to a level of coverage where the costs are not known. The board determines optional cost of living increases based on the plan's health. He added that as opposed to guaranteed benefits, a portion of the benefit is variable where payments are based on what the plan's financial capabilities are.

He remarked that SB 83 is not perfect. He pointed out that legal and fiscal concerns need to be addressed. He summarized that SB 83 addresses a problem and provides a better benefit for Alaska Professional Firefighters Association members.

[9:29:49 AM](#)

JEREMY CONKLING, Officer, Anchorage Police Department Employees Association, Anchorage, Alaska, explained that not having defined benefits impacts the Anchorage Police Department's (APD) recruitment and retention of officers.

MR. CONKLING detailed that APD is receiving 75 percent fewer applications than were received in the late 90s and early 2000s. He asserted that due to a lack of retirement, people don't have an incentive to join APD and work for 20 years in Alaska with no security on the back end.

He explained that retention is an issue where APD has shifted from being a destination to a training ground where officers leave after receiving training and certification. He detailed that APD invests several hundred thousand dollars on training and certification for each officer. He revealed that officers from APD have left for places with defined benefit plans. He noted that the Denver Police Department is offering officers the ability to buy back up to ten years of service; for example, an officer with 12 to 14 years can buy 10 years back and only do 10 more years and get a full retirement. He revealed that officers in exit interviews are saying that not having defined benefits is the reason why they are leaving.

He summarized that APD is unable to recruit and keep highly trained, professional officers. He said passing SB 83 will give APD a huge advantage for recruiting and retention.

[9:33:05 AM](#)

CHAIR STOLTZE asked the sponsor to comment on SB 83.

SENATOR MCGUIRE remarked that she is known for being an innovator and visionary in reconsidering the way the Legislature does things. She said she does not believe that things are black and white. She explained that in 2005 Senate Bill 141 addressed fiscal concerns to move away from a defined benefit plan to a defined contribution plan for the state's firefighters, teachers, and police officers. She said during her time in the Legislature, men and women serving at the ground level have testified about their concerns regarding recruitment, retention, and retirement. She asserted that she wants to bring the noted concerns forward for the Legislature to think about whether there is a different way and asserted that SB 83's hybrid approach is a possibility. She declared that the fine men and women that serve and save Alaska's families deserve the Legislature's attention on their retirement system.

CHAIR STOLTZE stated that SB 83 will get further review. He asserted that the committee puts a lot of trust in the administration to review the actuarial data and give their best analysis. He asked that the committee receive a candid point-by-point on SB 83. He summarized that SB 83 deals with a fiscal issue which is one of the three legs of the state's deficit and the committee will have no blindfolds on during the bill's next hearing.

[9:36:54 AM](#)

CHAIR STOLTZE announced that SB 83 will be held in committee.

SENATOR HUGGINS asked that analysis be provided with different parameters for alternative courses.

CHAIR STOLTZE agreed that the committee wants to receive the best information.

[9:37:46 AM](#)

At ease.

SB 1-REGULATION OF SMOKING

[9:38:41 AM](#)

CHAIR STOLTZE called the committee back to order and announced that SB 1 is before the committee.

[9:39:27 AM](#)

DR. GEORGE STEWART, MD (retired), representing himself, Anchorage, Alaska, said he supports SB 1. He specified that SB 1 is about protecting the health of Alaskans. He asserted that

secondhand smoke is toxic and causes cancerous diseases, Sudden Infant Death Syndrome, harms children, harms women who are pregnant, and harms babies in the uterus of the women who are pregnant. He said Alaskans are entitled to have clean air. He noted that he supports the indoor banning of e-cigarettes as well.

[9:43:33 AM](#)

JENNIFER WOOLEY, representing herself, Anchorage, Alaska, said she supports SB 1. She said health prioritization is at the heart of SB 1 and the bill's intent is to protect working Alaskans from secondhand smoke and aerosol.

[9:45:02 AM](#)

GAIL SCHIEMANN, representing herself, Anchorage, Alaska, said she supports SB 1. She said she is a non-smoker who has worked in the hospitality industry for 20 years where smoking was allowed and now has Chronic Obstructive Pulmonary Disease (COPD). She asserted that secondhand smoke makes employees sick, is real, and it kills.

[9:45:47 AM](#)

DARA GLASS, representing herself, Anchorage, Alaska, said she supports SB 1. She revealed personal experiences that shows non-smokers can acquire lung cancer. She added that her mother was a non-smoker who contracted asthma due to secondhand smoke. She asserted that secondhand smoke leads to COPD, heart issues, and a variety of other things. She said SB 1 will help mitigate the health issues created by secondhand smoke, improve the state's economy, and lower the cost of medical care.

[9:47:21 AM](#)

LUAN JENSEN, representing herself, Anchorage, Alaska, said she supports SB 1. She stated that SB 1 will protect all Alaskans in their workplaces. She asked that SB 1 include the indoor ban of e-cigarettes. She cited a study demonstrating e-cigarettes' possible consequences that are significant to respiratory health.

[9:48:19 AM](#)

SHEB GARFIELD, representing himself, Anchorage, Alaska, said he opposes SB 1. He noted that he is an ex-smoker, now an avid vapor and a manager at a vaping café. He shared studies that showed secondhand vapor as being risk-free. He noted that nicotine is one of the safest drugs and the problem with secondhand smoke is due to combusting tobacco.

CHAIR STOLTZE noted that there has been a lot volume from the public on the vaping issue.

9:52:16 AM

BEN NGUYEN, representing himself, Eagle River, Alaska, said he opposes SB 1. He noted that he co-owns Cloud 49 in Eagle River, a vape shop. He said he discontinued smoking two years ago and currently uses e-cigarettes. He asserted that e-cigarettes are an alternative to cigarette smokers with less harmful effects and a lower cost. He asked that more time be given to study e-cigarettes and noted their possible benefit in helping cigarette smokers avoid lung cancer. He summarized that SB 1 simply requests people to take smoking outside, but incorporating electronic vaporizing into the bill will cause a domino-effect that would demean the effort in helping people quit traditional smoking.

9:57:16 AM

JANET KINCAID, representing herself, Palmer, Alaska, said she supports SB 1. She noted that she spearheaded a campaign to make Palmer smoke-free and the ordinance passed via referendum. She detailed that most of Palmer's bar owners are grateful for the ordinance with some noting that business has increased with a decreased maintenance costs. She summarized that SB 1 is good for business and good for health.

9:58:10 AM

BRENDA SHELDEN, representing herself, Wasilla, Alaska, said she supports SB 1. She pointed out that regulations already in place have dispelled the assertion that smoke-free laws will cause a financial barrier for businesses. She added that studies have shown the detriment of secondhand smoke. She summarized that making an investment in employees' health by eliminating secondhand smoke in workplaces will result in a safe and productive worker with reduced healthcare costs.

9:59:12 AM

ROBIN MINARD, Director of Public Affairs, Mat-Su Health Foundation, Wasilla, Alaska, read a submitted letter on record from board member Benjamin Olmedo in support of SB 1. She read that secondhand smoke has been proven to be directly responsible for a number of poor health outcomes and banning indoor smoking in the workplace is not about individual rights, but about protecting public health.

10:01:31 AM

MISTY JENSEN, representing herself, Wasilla, Alaska, said she supports SB 1. She set forth that everyone has the right to be free from the harmful effects of secondhand smoke, but not everyone has the opportunity to choose where they work. She pointed out that SB 1 is about taking smoking outdoors and is about the smoke, not about the smoker. She summarized that SB 1 protects all Alaskans because everyone has the right to breathe smoke-free air.

10:03:07 AM

ELIZABETH RIPLEY, Executive Director, Mat-Su Health Foundation, Wasilla, Alaska, said she supports SB 1. She noted that Mat-Su has some of the highest tobacco use rates in the nation, which increases chronic respiratory disease rates. She asserted that tobacco use costs Alaska \$579 million annually in direct medical costs and lost productivity due to tobacco related death. She set forth that strengthening Alaska's smoke-free public and workplace statutes will help reduce healthcare and Medicaid costs attributed to tobacco use. She added that studies have shown that smoke-free laws have led to increased smoke-free policies in homes that have directly and positively impacted children's health. She pointed out that every community that has enacted smoking bans has seen a decrease in cardiovascular events. She disclosed that increasing tobacco-free Alaskans is a goal of Healthy Alaskans 2020 and clean indoor air is the number one strategy of the Alaska Prevention and Control Program. She revealed that only half of Alaskans are protected by smoke-free workplace laws. She disclosed that many jurisdictions such as the Mat-Su Borough do not have the health powers necessary to pass an area wide smoke-free law. She said Alaska needs a more robust clean indoor air statute, which includes e-cigarettes. She asserted that SB 1 is the next step in further reducing the smoking rates and secondhand smoke exposure in Alaska.

10:06:20 AM

GEORGE GATTER, representing himself, Kodiak, Alaska, said he opposes SB 1. He noted that he owns both a smoking bar and non-smoking bar in Kodiak. He disclosed that he and another bar owner have switched between allowing and not allowing smoking. He revealed that switching his establishment to non-smoking for 60 days saw a huge revenue decline. He pointed out that his business is on private property and he reserves the right to conduct business as he sees fit. He noted that everyone in his establishment is over 21 and the bill does not protect anyone that doesn't want to be at in his establishment. He asserted that laws should be made to protect the youth and adults who cannot protect themselves. He stated that pushing smokers from a

controlled space out into the streets in front of Alaska's youthful eyes will create the next generation of smokers. He remarked that Grandfather Rights have never been brought up for smoking establishments and noted that his establishment has allowed smoking for 45-plus years. He summarized that SB 1 will dramatically affect his business.

10:08:41 AM

BETTY MACTAVISH, representing herself, Kodiak, Alaska, said she supports SB 1. She revealed that Kodiak is not covered by any smoke-free workplace law. She said SB 1 will protect the 50 percent of Alaskan workers who are not covered by smoke-free workplace laws. She pointed out that Kodiak's local newspaper conducted a survey and 71 percent responded in favor of passing SB 1. She added that the Kodiak Island Borough passed a resolution in support of SB 1. She summarized that lives are at stake.

10:09:49 AM

TERRENCE ROBBINS, representing himself, Ketchikan, Alaska, said he supports SB 1. He said smoking is addictive and deadly. He said protecting Alaskans from secondhand smoke will surely prevent illness, save lives, help tobacco users quit smoking, and reduce youth smoking rates.

10:10:50 AM

JENNY OLENDORFF, representing herself, Soldotna, Alaska, said she supports SB 1. She disclosed that she was exposed to secondhand smoke in an office for five years due to a neighboring business. She revealed that the building's landlord refused to honor their request to simply require the neighboring business to have their employees and patrons take their smoking outside. She summarized that SB 1 will protect all Alaskan workers in their workplace from secondhand smoke and e-cigarette aerosol.

10:12:07 AM

GARY SUPERMAN, representing himself, Nikiski, Alaska, said he opposes SB 1. He disclosed that he owns the Hunger Hut Bar in Nikiski; board member for the Alaska Cabaret, Hotel, Restaurant, and Retailers Association (CHARR); and president for the Kenai Peninsula CHARR. He revealed that he presented a petition to the Legislature with over 700 signatures and remarked that the bill's sponsor indicated that the petition was inconsequential. He stated that 99 percent of the locations noted in SB 1 will ban smoking. He conceded that compelling reasons exist to ban smoking where people enter locations that deal with travel,

healthcare, government services, shopping, or eating locations. He asserted that no compelling reason exists to go into a bar and the act is simply a choice that deserves the rights of patrons to be preserved as the last public sanctuary that allows smoking. He set forth that SB 1 is disingenuous and targets the few bars that still allow smoking. He asked what harm is being done to society by allowing the remaining bars to allow smoking. He divulged that 30 states have complete bans, but asked that Alaska stay in the category where 20 states allow smoking. He asserted that countless testimony exists from businesses that have closed or lost revenue due to smoking bans. He said SB 1 is tailor-made to destroy his business and other businesses throughout the state. He commented that people may not like the way smokers carry on with their lives or some of their behavior; however, smokers as a group should still be allowed to be captains of their fate and masters of their destiny. He summarized that smoking is a matter of choice and he asked that the Legislature work towards a reasonable exemption clause in SB 1.

[10:14:34 AM](#)

SUSAN SMALLEY, representing herself, Kenai, Alaska, said she supports SB 1. She disclosed that she is a cancer survivor and concurred with Dr. Stewart's testimony on why SB 1 is so critical. She asserted that all Alaskans have a right to breathe clean air in the workplace.

[10:16:21 AM](#)

CHRISTAL SCHOENROCK, representing herself, Nikiski, Alaska, said she opposes SB 1. She disclosed that she owns Forelands Bar in Nikiski. She explained that all of her business's patrons and employees smoke and those that walk into her establishment that do not smoke and or do not drink do so as a choice. She suggested that a posting of sign be allowed where people are warned that smoking is allowed and entering is at one's own risk. She set forth that SB 1 takes away rights and asserted that smokers have to have a place to smoke too. She said supporters of SB 1 do not come into her bar and she asked why her patrons and employees that smoke have to be punished.

[10:17:41 AM](#)

DANIEL LYNCH, representing himself, Soldotna, Alaska, said he opposes SB 1. He set forth that tobacco is legal for adults and many believe in a free market economy where businesses have the freedom to choose how they operate. He pointed out that Kenai and Soldotna offer a choice for owners, employees, and consumers to choose between separate smoking non-smoking bars. He remarked

that restaurant employees that work in a drive-thru window are exposed to 100 times more deadly carcinogens from automotive exhaust than from cigarettes or e-cigarettes. He asserted that Alaska does not have the funds to enforce the restrictions imposed from SB 1 and added that the state, boroughs, and cities will lose tobacco tax revenue. He said SB 1 will cause unintended consequences. He said there is no reason for SB 1 and pointed out that education and habits are annually decreasing the number of smokers. He summarized that SB 1 is not a workplace safety issue, but a freedom issue and an unfunded mandate.

[10:21:02 AM](#)

MICHAEL PATTERSON, representing himself, Juneau, Alaska, said he supports SB 1. He said many people have died from secondhand smoke and pointed out that no one decides to become a secondhand smoker. He set forth that tobacco products being sold to children is a clear and present danger. He asserted that SB 1 will positively affect all Alaskans. He asked that legislators not be swayed by businesses that are in the tobacco business. He summarized that he supports SB 1 with the inclusion of e-cigarettes.

[10:25:09 AM](#)

ANDREW MACEBO, representing himself, Anchorage, Alaska, said he opposes SB 1. He asserted that e-cigarettes should not be included in the legislation because vaping is not the same thing as combustion and smoke. He agreed that areas should be kept clear of smoking from cigarettes, but e-cigarettes should not be included.

[10:26:22 AM](#)

LARRY HACKENMILLER, representing himself, Fairbanks, Alaska, said he opposes SB 1. He asserted that the bill's intent to protect the public is a hazard-con. He remarked that he does not understand why big government wants to protect public rights because the people choose not to or don't have the government power to do it themselves in their respective communities. He stated that the con is representing secondhand smoke as a hazard when every chemical associated with secondhand smoke falls under the permissible exposure limits established by the Occupational Safety and Health Administration (OSHA) using the chemical list provided by the US Environmental Protection Agency (EPA). He recommended that signs be posted to identify smoking facilities to allow the public to exercise their right to smoke-free air and protect themselves from the perceived risks of inhaling secondhand smoke. He added that proper signage would the less

restrictive means of advancing the state's public health interest.

[10:30:02 AM](#)

FLORA RODDY, representing herself, Fairbanks, Alaska, said she supports SB 1 with the inclusion of e-cigarettes.

[10:30:24 AM](#)

ERIN SHEFFLETTE, representing herself, Fairbanks, Alaska, said she supports SB 1 with the inclusion of e-cigarettes.

[10:31:30 AM](#)

ARIEL HASSE, representing herself, Wasilla, Alaska, said she supports SB 1. She asserted that SB 1 will protect future generations from secondhand smoke.

[10:34:59 AM](#)

LUCAS ARTHUR, representing himself, Wasilla, Alaska, said he supports SB 1 with the inclusion of e-cigarettes.

[10:36:43 AM](#)

KEA BEKKEDAHL, representing herself, Wasilla, Alaska, said she supports SB 1. She asserted that allowing employees to smoke at work encourages an unhealthy lifestyle.

[10:38:14 AM](#)

CHAIR STOLTZE announced that SB 1 will be held in committee.

[10:38:46 AM](#)

There being no further business to come before the committee, Chair Stoltze adjourned the Senate State Affairs Standing Committee hearing at 10:38 a.m.