

HOUSE FINANCE COMMITTEE  
February 13, 2018  
1:34 p.m.

1:34:53 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Paul Seaton, Co-Chair  
Representative Les Gara, Vice-Chair  
Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Dan Ortiz  
Representative Lance Pruitt  
Representative Steve Thompson  
Representative Cathy Tilton  
Representative Tammie Wilson

MEMBERS ABSENT

Representative Jason Grenn

ALSO PRESENT

Caitlyn Ellis, Staff, Representative Sam Kito; Crystal Koeneman, Staff, Representative Sam Kito; Megan Holland, Staff, Representative Andy Josephson; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Sara Chambers, Deputy Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

David Edwards-Smith, Chair, Board of Massage Therapy; David Derry, Chair, Board of Certified Real Estate Appraisers, Kenai; Lydia Larsen, Vice President, Appraisal Institute, Fairbanks; Tracy Barickman, Real Estate Commission, Palmer; Dorthea Goddard-Aguero, Chair, Board of Marital Family Therapy, Anchorage.

SUMMARY

HB 273 EXTEND: MARIJUANA CONTROL BOARD

HB 273 was HEARD and HELD in committee for further consideration.

HB 274 EXTEND: BD OF PSYCHOLOGISTS/PSYCH ASSOC.

HB 274 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1(CED).

HB 275 EXTEND: BOARD OF MASSAGE THERAPISTS

CSHB 275(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

HB 278 EXTEND: CERT. REAL ESTATE APPRAISERS BOARD

HB 278 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (CED).

HB 279 EXTEND: REAL ESTATE COMMISSION

HB 279 was HEARD and HELD in committee for further consideration.

HB 280 EXTEND: BOARD OF MARITAL & FAMILY THERAPY

HB 280 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (CED).

Co-Chair Foster reviewed the meeting agenda. He notified the committee that there would be a ceremony renaming the House Finance Committee room as the Senator Al Adams Room.

#hb274

HOUSE BILL NO. 274

"An Act extending the termination date of the Board of Psychologist and Psychological Associate Examiners; and providing for an effective date."

[1:37:19 PM](#)

Co-Chair Foster shared that the committee had previously heard the bill on February 6, 2018.

CAITLYN ELLIS, STAFF, REPRESENTATIVE SAM KITO, relayed that the bill would implement a full 8-year extension of the board.

Co-Chair Seaton MOVED to REPORT HB 274 out of committee with individual recommendations and the accompanying fiscal note.

HB 274 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1(CED).

[1:39:35 PM](#)

AT EASE

[1:40:16 PM](#)

RECONVENED

#hb275

HOUSE BILL NO. 275

"An Act extending the termination date of the Board of Massage Therapists; and providing for an effective date."

[1:40:47 PM](#)

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE SAM KITO, reminded the committee that the bill extended the board for four years at the recommendation of the Division of Legislative Audit.

Vice-Chair Gara asked about the cost to a licensed massage therapist for the licensing fees and fingerprinting costs. Ms. Koeneman replied that in FY 2018 the non-refundable application fee was \$200, the licensing fee for a biennial license was \$290 and the non-refundable fingerprinting processing fee was \$60.

Co-Chair Seaton MOVED to ADOPT Amendment 1, 30-LS1185\D.2 (Radford, 2/6/18) (copy on file).

Page 1, line 1, following "Therapists;":

Insert "relating to license renewal and criminal history record checks for massage therapists;"

Page 1, following line 6:

Insert new bill sections to read:

\*\* Sec. 2. AS 08.61.050 is amended to read:

Sec. 08.61.050. Standards for license renewal. The board shall renew a license issued under this chapter to a licensee who

- (1) pays the required fee;
- (2) meets the continuing education requirements established by the board;
- (3) has not been convicted of, or pled guilty or no contest to, a crime involving moral turpitude, or has been convicted of, or pled guilty to or no contest to, a crime involving moral turpitude if the board finds that the conviction does not affect the person's ability to practice competently and safely;
- (4) has a current cardiopulmonary resuscitation certification; and
- (5) has been fingerprinted and has provided the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information and a national criminal history record check once every three renewals; the fingerprints and fees shall be forwarded to the Department of Public Safety to obtain a report of criminal justice information under AS 12.62 and a national criminal history record check under AS 12.62.400.

\* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 08.61.050, as amended by sec. 2 of this Act, applies to applications for renewal of a license to practice as a massage therapist under AS 08.61 filed on or after the effective date of sec. 2 of this Act."

Renumber the following bill section accordingly.

Page 1, line 7:

Delete "This"  
Insert "Section 1 of this"

Page 1, following line 7:

Insert a new bill section to read:

"\* Sec. 5. Sections 2 and 3 of this Act takes effect July 1, 2018."

Representative Wilson OBJECTED for discussion.

Co-Chair Seaton explained the amendment. He voiced that the amendment changed the fingerprinting and criminal history requirement to once every six years or three renewal cycles. He thought that the requirement at every renewal was a burden on the industry and the department. He noted that the massage board was the only board currently requiring repeat fingerprinting and criminal history checks. In addition to the \$60 fingerprinting processing fee, another fee was charged for the actual fingerprinting, which varied from \$26 to \$35 depending on location in the state.

Co-Chair Foster asked for the sponsor's opinion.

[1:44:43 PM](#)

Ms. Koeneman shared that the sponsor was in opposition to the amendment. She relayed that currently another bill HB 110-Massage Therapy Licensing; Exemptions (CHAPTER 10 SLA 18 - 05/15/2018) that addressed the issue would be referred to the House Finance Committee in approximately one week and was currently in the House Labor and Commerce Committee.

Representative Ortiz asked for explanation about the other bill. Ms. Koeneman answered the House Labor and Commerce Committee had been working on a bill to address several issues facing the massage therapy board. Representative Ortiz asked whether the opposition was due to insufficient language in the amendment. Ms. Koeneman answered the sponsor did not oppose the amendment's language but opposed adding it to a sunset bill. The sponsor favored a "clean" sunset bill and addressing substantive issues in another piece of legislation.

Representative Guttenberg was under the impression that the massage board was the only one being required to retake fingerprints each licensing renewal. He asked why besides repeatedly, fingerprints were required at all. Ms. Koeneman responded that the establishing legislation required fingerprinting and background checks as a "check and balance" with every renewal and it had been a policy decision made by the legislature at the time. Representative Guttenberg asked about a check and balance on what and wondered what the point was. He wondered if there was concern about identity theft. He emphasized that very few boards required fingerprints and none repeatedly. Ms. Koeneman deferred to the board.

DAVID EDWARDS-SMITH, CHAIR, BOARD OF MASSAGE THERAPY (via teleconference), replied that there was a transient population of massage therapists that worked in multiple states. He elaborated that the purpose of fingerprinting triggered a background check that provided information regarding whether a crime of "moral turpitude" was committed. The board discovered a "few" prostitution charges from background checks that resulted in license denials.

[1:49:45 PM](#)

Representative Wilson asked whether the prostitution charges were discovered during the initial background check or under renewal. Mr. Edwards-Smith answered that at least one crime of moral turpitude was found under the first renewal period. Representative Wilson asked for the total number of licensees. Mr. Edwards-Smith replied that there were approximately 1,200. Representative Wilson agreed that the background check renewal requirement was not made of any other board and felt that one out of 1,200 was a very low threshold. She thought the requirement was burdensome and was unaware at the time of initial licensure that the massage board would be the only board requiring background checks at every renewal. She favored the amendment.

Vice-Chair Gara stated that fingerprinting was a "roundabout way" to get a background check on a person. He noted that one set of fingerprints was already required. He asked if anyone had ever considered having the state do a background check without fingerprinting. Mr. Edwards-Smith replied that the fingerprint card triggered the federal background check which was more thorough than a state

background only check. The purpose was looking to address a "significant" transient population of therapists in Alaska.

Representative Wilson thought the debate was not about whether the issue was right or wrong. She would prefer to include the amendment in the current bill that had a better chance of passing than in a separate piece of legislation.

Representative Wilson WITHDREW her OBJECTION.

Representative Pruitt OBJECTED because the topic was in another bill. He relayed that he recently withdrew an amendment regarding the Alaska Public Offices Commission, (APOC) from consideration because he was informed the amendment's substance was included in a different bill. He felt that the process should be consistent.

[1:54:22 PM](#)

Co-Chair Seaton provided closing remarks on the amendment. He was uncertain whether the other bill regarding massage therapy licensure changes would move out of the committee it currently sits. He declared that the current bill was a licensing bill and the issue strictly dealt with licensing requirements. The amendment was not adding "other substantive elements" to the licensure program. He urged member's support for the amendment.

A roll call vote was taken on the motion.

IN FAVOR: Guttenberg, Kawasaki, Ortiz, Thompson, Tilton, Wilson, Gara, Foster, Seaton

OPPOSED: Pruitt,

The MOTION PASSED (9/1).

[1:56:30 PM](#)

AT EASE

[1:56:38 PM](#)

RECONVENED

Representative Wilson MOVED to ADOPT Amendment 2, 30-LS1185\D.3 (Radford, 2/8/18).

Page 1, Line 5:

Delete "2022"

Insert "2024"

There being NO OBJECTION, it was so ordered.

Co-Chair Seaton MOVED to REPORT CSHB 275(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSHB 275(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

[1:58:01 PM](#)

AT EASE

[1:58:28 PM](#)

RECONVENED

#hb278

HOUSE BILL NO. 278

"An Act extending the termination date of the Board of Certified Real Estate Appraisers; and providing for an effective date."

[1:58:47 PM](#)

MEGAN HOLLAND, STAFF, REPRESENTATIVE ANDY JOSEPHSON, indicated that HB 278 extended the termination date for the Board of Certified Real Estate Appraisers until June 30th, 2026. She shared that the board had received a full 8-year extension from the Legislative Audit Division. In addition, in 2005 and 2007 the board received favorable reviews from federal audits.

[2:00:12 PM](#)

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, relayed that the audit was dated June 13, 2017. She cited page 3 of the audit and detailed that the background information section described the regulatory oversight structure of the appraisal industry established by the federal government. She summarized that the structure included private entities that set appraisal standards and certification licensing requirements, state

licensing boards that certified and licensed appraisers, and federal entities that regulated and monitored the industry. She elaborated that a federal subcommittee monitored state licensing boards that included on-site reviews of the board and the Division of Corporations, Business and Professional Licensing (CBPL). She emphasized that the board was subject to external oversight outside of the sunset review process, which did factor into the audit's recommended term of extension. She highlighted the audits conclusions on page 7 and read the following:

Overall, the audit concludes the board is serving the public's interest by certifying and licensing real estate appraisers. The board monitored certificate holders and licensees and worked to ensure only qualified individuals were issued certificates and licenses in Alaska. Furthermore, the board developed and adopted regulations to comply with federal requirements, improve the real estate appraisal industry, and better protect the public.

Ms. Curtis noted that the audit contained two recommendations that began on page 16 of the report. She read recommendation 1:

DCBPL's director should continue to improve administrative support to the board.

Ms. Curtis reported that improvements were necessary in 3 areas:

1. Due to general oversight, three certificate holders were incorrectly reported in the Appraisal Subcommittee (ASC) national registry, which is required by federal and state laws. Upon identification by auditors, the errors were promptly corrected by DCBPL staff.
2. Auditors reviewed five investigative cases over 180 days old and identified three cases with periods of inactivity without justification ranging from 130 to 203 days.
3. Due to staff turnover, DCBPL management could not provide evidence that three of 11 board meetings held between July 1, 2014, and March 31, 2017, were public noticed.

Ms. Curtis offered that individually the issues were not significant but indicated that improvements were necessary when considered together. She turned to Recommendation 2:

DCBPL's director, in consultation with the board, should reduce fees to address the surplus.

She relayed the following:

DCBPL management did not conduct a fee analysis after four requests by board members. The board had a surplus of \$165,609 at the end of March 2017, which is expected to be higher after the June 2017 renewal period. DCBPL management reported that the fee analysis was not completed due to other priorities.

Ms. Curtis related that the licensees were paying higher than justified fees as a result.

[2:03:28 PM](#)

Ms. Curtis provided further detail. She pointed to page 11 of the audit that included the table titled "Board of Certified Real Estate Appraisers Licensing and Certification Activity FY 14 through March 31, 2017" as Exhibit 2. She noted that 261 licenses were active as of March 31, 2017. The schedule of revenues and expenditures were on page 12 and the Summary of License and Registration Fees were included on page 13. She related that the board planned to move forward with regulating appraisal management companies, which extended the board's duties. Despite the increased duties, the audit recommended an eight-year extension due to the on-site external oversight the board received every other year. The department's response to the audit was on page 27. She noted that the department concurred with the findings and recommendations. She pointed out that the board's response was on page 29 who also concurred with the findings and recommendations. The board received an attorney general's opinion that a statute was necessary to regulate appraisal management companies. However, the Division of Legislative Audit did not agree with the interpretation. The audit included a letter on page 33 stating they believed the authority was already in federal and state law and detailed the reasons why.

Representative Wilson pointed to page 15 of the audit and pointed out that the prior 2013 sunset audit made two recommendations that had been only partially addressed. She asked what assurance Ms. Curtis had that the prior recommendations would be fully addressed by the current sunset date. Ms. Curtis answered that every audit addressed the prior audit report. The prior audit recommendation to improve administrative support to the board had been partially addressed but additional improvements were necessary and were addressed in the current audits Recommendation 1. The management system's prior recommendation was also partially addressed, DCBPL was aware of the risk, and understood the cost and believed the risk was justified. Representative Wilson asked if the recommendations were current. Representative Wilson did not understand who was taking the risk. She asked for clarification. Ms. Curtis answered that the division had an investigative case management system that the auditors evaluated. She elaborated that the issues had been partially addressed in the past however, all investigators continue to have the ability to view and update all case information besides their own regardless of the need. There were no controls for limited reviews. A business need should drive someone's ability to access the system. She indicated that "risk" was an audit term. The division informed the legislature of the issue, but the auditors did not feel it was significant enough to reiterate in the current audit.

[2:08:02 PM](#)

Representative Guttenberg appreciated the audit report. He mentioned the board's federal oversight. He asked about the overlap between the federal oversight and the state's audit. He wondered whether the auditors read the federal report and if the federal government considered the state audits. Ms. Curtis answered that the legislative auditors looked at the federal report, but she found it unlikely the federal government would look at the state report. The federal government was ensuring that the board was complying with federal law. She relayed that historically the division was under federal review each year because improvements were necessary. Recently, the division implemented regulations to address the federal requirements and were now being reviewed every other year. The state auditors examined the federal reviews to ensure the division was meeting federal requirements. Representative

Guttenberg asked if there was any redundancy between the two reviews.

[2:10:06 PM](#)

Ms. Curtis answered that both audit functions used a similar process but with different criteria.

SARA CHAMBERS, DEPUTY DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, spoke to the agency's fiscal note FN1 (CED). She explained that the fiscal note reflected the finite costs of operating the 5 member board. The fiscal note totaled \$21.4 thousand that covered travel for board members to attend four board meetings per year, public notice of board meetings, training and conference fees, and per diem.

[2:11:25 PM](#)

Co-Chair Foster OPENED public testimony.

DAVID DERRY, CHAIR, BOARD OF CERTIFIED REAL ESTATE APPRAISERS, KENAI (via teleconference), favored the bill and asked for support to extend the board until 2026.

[2:12:06 PM](#)

Co-Chair Foster CLOSED public testimony.

[2:12:53 PM](#)

AT EASE

[2:13:02 PM](#)

RECONVENED

Co-Chair Seaton MOVED to REPORT HB 278 out of committee with individual recommendations and the accompanying fiscal note.

HB 278 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (CED).

[2:13:37 PM](#)

AT EASE

[2:13:58 PM](#)

RECONVENED

#hb279

HOUSE BILL NO. 279

"An Act extending the termination date of the Real Estate Commission; and providing for an effective date."

2:14:19 PM

MEGAN HOLLAND, STAFF, REPRESENTATIVE ANDY JOSEPHSON, briefly explained the bill. She relayed that HB 279 extended the termination date of the Real Estate Commission until June 30th, 2026; a full 8 years as recommended by the Legislative Audit Division. The commission oversees brokers, associate brokers, and sales licenses. In addition, the commission regulated supervisors and licensees. The current total of licensees across the state was 567.

Representative Wilson noted that members' packets included a letter of opposition (Deborah Brollini, January 29, 2018) (copy on file). She asked for details. Ms. Holland answered that the letter had been addressed the previous week in the House Labor and Commerce Committee. Ms. Holland had given the letter to Tracy Barickman, Chair, Real Estate Commission, who reviewed the letter and discovered that the complaint had been previously processed and concluded that the substance of the complaint was not under the commission's purview.

2:16:29 PM

Representative Wilson asked if any information or response had been sent back to the author of the letter. Ms. Holland deferred the question to the Real Estate Commission.

TRACY BARICKMAN, REAL ESTATE COMMISSION, PALMER (via teleconference), answered that the complaint had been addressed via an investigative process and the individual had been notified of the findings.

2:17:51 PM

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, referenced a copy of the audit report

dated June 2017. She cited the "Report Conclusions" found on page 7 and read the following:

Overall, the audit concludes the commission is serving the public's interest by effectively licensing and regulating real estate licensees and offices. The commission monitored licensees and worked to ensure only qualified individuals practice in Alaska. Furthermore, the commission developed and adopted regulations to improve the real estate industry and better protect the public.

In accordance with AS 08.03.010(c)(19), the commission is scheduled to terminate on June 30, 2018. We recommend that the legislature extend the commission's termination date to June 30, 2026.

Ms. Curtis delineated that the prior sunset audit was in July 2015 and only extended the commission through June 2017. The prior audit concluded that the commission was not serving the public's interest because it failed to procure a master errors and omissions insurance policy. The commission had been required in statute in 2008 to obtain the master errors and omissions insurance policy for the real estate licensees and required the licensees to obtain an error and omissions policy either through their independent policy or through the board's master policy. However, if the board was unable to provide the master policy, the statute absolved the licensees from their requirement to obtain the insurance. The audit discovered that no suitable reason had been given by the division or board why the insurance was not procured. During the prior sunset period statutes were changed requiring all licensees to carry the errors and omissions insurance policy regardless whether the board obtained a master copy. However, the division awarded the contract for the policy in June 2017, and the current audit recommended an 8-year extension. She moved to page 17 of the audit that contained Recommendation 1:

DCBPL's chief investigator should continue to improve oversight to ensure cases are actively investigated and completed timely.

She explained that the recommendation was a repeat from the prior audit that discovered 29 out of 36 investigative cases had unjustified periods of inactivity ranging from 124 days to 4.5 years. The audit found that the division had made progress in decreasing the period of inactivity. An electronic dashboard was created to monitor the case resolution progress, and internal benchmarks were designed to establish timeliness and performance goals for investigators. The current audit identified three cases in a judgmental sample of seven cases with periods of inactivity without justification, ranging from 72 to 194 days. The testing found improvements were still needed. Therefore, the audit recommended that the chief investigator should continue to improve oversight to ensure cases were actively investigated. She reported that page 29 included the department's response to the audit and page 31 contained the board's response. The governor's response to the audit was on page 27. All the responses concurred with the audit findings and recommendation.

[2:21:24 PM](#)

Representative Kawasaki had a question about the fund balance surplus. He noted that the balance was over \$600 thousand. He wondered how the board would reduce the surplus.

SARA CHAMBERS, DEPUTY DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, answered that the board had recently completed a renewal period. The division and board were working together to ensure the surplus did not remain.

Representative Kawasaki asked if Ms. Chambers had worked for the department in 2011 when the fees were doubled. Ms. Chambers answered in the affirmative. Representative Kawasaki surmised that the commission had made vast improvements. He asked whether there was reason to believe the fee spike would occur again in the future. Ms. Chambers explained that the reason the fee spike occurred was the failure of the division to adequately communicate with the commission and licensees, which came as a surprise. In addition, the division had made major improvements to the fee analysis that was used in tandem with boards and commissions. She voiced that it was difficult to use the past to predict the future. She related that spikes could

be anticipated in the future because there were unknown quantities that needed to be factored in for statutory requirements. The primary variables were investigations and appeals of board decisions. At times, investigations cost upwards of \$100 thousand. A similar scenario could unpredictably swing the fees higher. State law required licensees to cover the costs; the division attempted to provide a cushion but not one as large as the commissions.

[2:24:50 PM](#)

Representative Kawasaki mentioned the fiscal note costs. He noted that the fiscal note for a 7 member commission was the same as the previous fiscal notes for a 5 member commission. He wondered why. Ms. Chambers believed the fiscal note contained an error and would address it with the division director. She stated that all the boards and the real estate commission specifically, were doing an excellent job in cutting costs using video and teleconferencing for meetings.

Representative Guttenberg spoke to periods of investigative inactivity in cases referenced in the audit. He noted the improvement but wondered what the expectation should be. He thought that the current period of inactivity was still long. He wondered if there was a conflict between the full extension and the recommendation. Ms. Curtis answered it was a division function and not a board function. Therefore, the auditors did not weigh the issue heavily in the audit recommendation pertaining to the sunset extension.

[2:27:01 PM](#)

Representative Thompson spoke to the fiscal note error and deduced that the fiscal note missed two members. He asked if it was necessary to fix the fiscal note before the bill moved out of committee.

Co-Chair Seaton asked whether the committee could count on a revised fiscal note. Ms. Chambers replied that it was necessary to discuss the matter with the division director.

[2:27:57 PM](#)

AT EASE

[2:28:24 PM](#)

RECONVENED

Co-Chair Foster asked Ms. Chambers to address the fiscal note.

Ms. Chambers explained that commission was structured similarly to other boards and commissions. The fiscal note FN1 (CED), represented the additional expenses to operate the commission. The fiscal note provided the spending authority of \$21 thousand for board members to attend four meetings per year, travel, advertising of public notice, per diem, and training and conference fees.

[2:29:29 PM](#)

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

[2:30:06 PM](#)

AT EASE

[2:30:38 PM](#)

RECONVENED

Co-Chair Foster relayed the bill would be held.

HB 279 was HEARD and HELD in committee for further consideration.

#hb280

HOUSE BILL NO. 280

"An Act extending the termination date of the Board of Marital and Family Therapy; and providing for an effective date."

[2:31:08 PM](#)

MEGAN HOLLAND, STAFF, REPRESENTATIVE ANDY JOSEPHSON, explained that the legislation would extend the termination date of the Board of Marital and Family Therapy for eight years. She provided details about the board. The board regulated and licensed therapists and approved supervisors throughout the state. Currently, 85 therapists were licensed through the board.

Representative Wilson relayed that one of the audit's recommendations in the previous 2013 audit was related to implementing regulations for telehealth. She asked when the board would complete the regulation writing process.

DORTHEA GODDARD-AGUERO, CHAIR, BOARD OF MARITAL FAMILY THERAPY, ANCHORAGE (via teleconference), replied that a draft of the regulations was submitted to the Department of Law (DOL) and the board was waiting for comments. She believed it was too early in the process to determine a completion date.

[2:33:49 PM](#)

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, addressed the audit dated May 2017. She cited the "Report Conclusions" section on page 3 of the audit report. She read the following:

Overall, the audit concludes the board generally serves the public's interest by effectively licensing and regulating marital and family therapists and approving marital and family therapy supervisors. The board monitors licensees and works to ensure only qualified individuals practice in Alaska. Furthermore, the board develops and adopts regulations to improve the marital and family therapy occupation.

In accordance with AS 08.03.010(c)(11), the board is scheduled to terminate on June 30, 2018. We recommend that the legislature extend the board's termination date to June 30, 2026.

Ms. Curtis offered that the audit contained no recommendations. She reported that the schedule of "Board of Marital and Family Therapy License Activity, FY 14 through January 31, 2017" was on page 6. She reiterated that 85 active licenses were reported. The "Schedule of License Revenues and Expenditures" were found on page 8 and showed a surplus of over \$68 thousand as of March 31, 2017. She noted that the board was able to maintain a surplus despite the small number of licensees. The schedule of license fees was found on page 7. The governor's response was on page 19, the response from DCCED was found on page 21, and the board's response was found on page 23. All entities agreed with the audit conclusions. She addressed Representative Wilson's question. She explained that

Legislative Audit decided to examine how the 4 mental health boards were addressing telehealth and felt that the issue was important. All the audits for the 4 boards described each boards progress in developing regulations required with the passage of SB 74 - Medicaid Reform;Telemedicine;Drug Database (CHAPTER 25 SLA 16 - 06/21/2016). The Marital and Family Therapy Board had been interested in drafting telehealth regulations prior to the passage of SB 74 and the bill provided the incentive to delve into the process. The department was currently experiencing a regulation backlog due to SB 74. The auditors investigated how DCCED was handling the situation and found that it was appropriately prioritizing the backlog.

[2:36:54 PM](#)

Representative Wilson cited page 9, of the audit and noted the same case confidentiality security issues remained. Ms. Curtis replied in the affirmative.

[2:37:19 PM](#)

SARA CHAMBERS, DEPUTY DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, addressed the department's fiscal note FN1 (CED). She related that the fiscal note for the five member board amounted to \$21.4 thousand for board members to attend four board meetings per year, advertising of public notice of board meetings, training and conference fees, and per diem. She stated that the department would absorb the board functions if the board sunset was not renewed.

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

MOVED to REPORT HB 280 out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 280 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (CED).

[2:39:03 PM](#)

AT EASE

[2:39:24 PM](#)

RECONVENED

#hb273

HOUSE BILL NO. 273

"An Act extending the termination date of the Marijuana Control Board; and providing for an effective date."

[2:39:44 PM](#)

Co-Chair Foster noted the bill had last been heard on February 6, 2018 and had closed public testimony on the same date.

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE SAM KITO, provided a brief description of the legislation. The bill would extend the board six years. She believed the members' bill files contained a letter from Erika McConnell, Executive Director, Alcohol and Marijuana Control Office (AMCO) with answers to committee members questions from the prior meeting.

Representative Wilson had been disappointed the committee had not heard from the Alcohol Beverage Control Board (ABC). She asked to delay the bill to allow for a discussion with both boards to understand how they worked under AMCO. She stated the information had been confusing.

Co-Chair Foster asked if there were any other comments from committee members on the issue.

Representative Kawasaki agreed there were lingering questions. He recounted that AMCO had been created to create efficiencies. He thought that there were some issues that needed to be examined further.

[2:42:32 PM](#)

Ms. Koeneman did not believe there would be an objection from the sponsor. She understood that the ABC board extension bill was set to report out of the House Labor and Commerce Committee shortly.

Representative Kawasaki requested the following information be addressed the next time the bill was heard. He asked about the startup general fund (GF) money for the marijuana board and how the funds would be recovered through fees. He requested further analysis on the marijuana board's application process. Finally, he wondered how AMCO split enforcement between both boards and who made the staffing decisions regarding enforcement duties.

[2:45:09 PM](#)

Representative Wilson asked to hear from the department on whether it was able to recoup the costs from all the boards in general.

Vice-Chair Gara wanted to know why it would be another two years before fees would cover the costs of operating the marijuana board.

Representative Wilson asked why audits were covered by the legislature. She thought boards would be more serious about addressing the recommendations if they covered the audit's cost. She noted that the cost of one particular audit was \$40,000. She wanted to know why the legislature did not charge the audit costs back to the boards.

[2:48:01 PM](#)

Ms. Curtis answered that she had put some thought into a memorandum she had sent regarding the cost of a particular audit. She further explained that main purpose of the audit staff was to complete the Comprehensive Annual Financial Report (CAFR) and the single audit each year. When the division was not doing the specific CAFR work auditors turned to other statutorily required audits and the audit requests approved by the Legislative Budget and Audit Committee (LBA). She maintained that there were no additional costs to the agency for other audits; the division still needed the same number of auditors to perform the single and CAFR audits. She added that the sunset audits were done with excess resources during slower months. She characterized it as an opportunity costs because there were other special audits that also could be done outside the sunset process like performance or LBA audits.

Representative Wilson clarified that she was not looking to cut the division's budget. She was merely trying to determine why the audits had been paid for by the legislature.

HB 273 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the schedule for the following day.

#  
ADJOURNMENT

[2:51:28 PM](#)

The meeting was adjourned at 2:51 p.m.