

HOUSE FINANCE COMMITTEE

March 1, 2018

9:06 a.m.

9:06:39 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:06 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative David Guttenberg

ALSO PRESENT

Representative Adam Wool, Sponsor; David Teal, Director, Legislative Finance Division; Margaret Brodie, Director, Division of Health Care Services, Department of Health and Social Services; Megan Holland, Staff, Representative Andy Josephson; Marie Marx, Director, Worker's Compensation Division, Department of Labor and Workforce Development; Representative Mike Chenault, Sponsor; Tom Wright, Staff Representative Chenault; Crystal Koeneman, Staff, Representative Kito; Janey McCullough, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Erika McConnell, Director, ABC Board; Ed Martin, Self, Cooper Landing; Dave Edwards-Smith, Chair, Board of Massage; Volker Ruby, President, American Massage Therapy

Association Alaska Chapter, Anchorage; Jill Motz, Self, Wasilla.

SUMMARY

HB 38 WORKERS' COMPENSATION: DEATH BENEFITS

CSHB 38(FIN) was REPORTED out of committee with an "amend" recommendation and with a new zero fiscal note by the Department of Labor and Workforce Development, a new fiscal impact note by the Office of the Governor, and a new fiscal impact note by Department of Administration.

HB 110 MASSAGE THERAPY LICENSING; EXEMPTIONS

CSHB110 (L&C) was REPORTED out of committee with a "do pass" recommendation and with a fiscal impact note by the Department of Commerce, Community and Economic Development.

HB 168 REPEAL ADMIN. REG. REVIEW COMMITTEE

HB 168 was REPORTED out of committee with a "do pass" recommendation and with a zero fiscal note by the Legislature.

HB 176 GROUND EMER. MEDICAL TRANSPORT PAYMENTS

CSHB 176 (FIN) was REPORTED out of committee with a "do pass" recommendation and with two new fiscal impact notes by the Department of Health and Social Services.

HB 301 ALCOHOL LIC.: BEV DISPENSARY/RESTAURANT

CSHB 301(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1(CED).

HCR 10 UNIFORM RULES: REGULATION REVIEW

HCR 10 was REPORTED out of committee with a "do pass" recommendation and with a zero fiscal note by the Legislature.

Co-Chair Foster reviewed the agenda for the day.

#hb176

HOUSE BILL NO. 176

"An Act relating to medical assistance reimbursement for ground emergency medical transportation services; and providing for an effective date."

9:08:03 AM

Co-Chair Foster reported that the committee last heard HB 176 on February 20, 2018.

REPRESENTATIVE ADAM WOOL, SPONSOR, indicated that at the end of the last meeting there was a question regarding a 20 percent administrative fee. He related that after discussions with the Department of Health and Social Services (DHSS) it was determined to change the fee to the actual cost versus a flat rate percentage.

9:09:32 AM

DAVID TEAL, DIRECTOR, LEGISLATIVE FINANCE DIVISION, pointed out that the fiscal notes started in FY 20. Technically the fiscal note was zero through FY 19. He drew attention to the new DHSS fiscal impact note allocated to Medical Assistance Administration and explained that the fiscal note showed its administrative costs [\$116.6]. The allocation for one full-time position was paid for with Interagency (IA) receipts and was included in the second DHSS fiscal note. He turned to the second new DHSS fiscal note allocated to Health Care Medicaid Services and drew attention to the Services line that contained the funding [\$116.6] for the previous fiscal note. He highlighted that the total expenditure was approximately \$22 million and noted that state costs were covered. He detailed that when the municipal fire departments provided services for Medicaid recipients they were reimbursed for a portion of their costs and would subsequently receive a supplemental reimbursement. The department would notify the fire department that the supplemental payment was available and the amount of the non-federal share. The fire department would pay the non-federal share to the state and the state reimbursed the supplemental funds to the fire department using federal and non-federal funds. The state costs were neutral; the department assessed an administrative fee to the municipalities that were based on actual costs. The

municipalities gained a federal match for some of the unreimbursed share.

[9:15:02 AM](#)

Co-Chair Seaton requested more clarity for the FY 20 portion of the fiscal notes. He wanted to better understand the effective dates in Sections 3 and 4 of the bill.

MARGARET BRODIE, DIRECTOR, DIVISION OF HEALTH CARE SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, reported that the department would need to submit a state plan amendment to the Centers for Medicare and Medicaid Services (CMS) that typically took 60 days to 9 months. She elaborated that the bill was straight forward and guessed the plan amendment would be approved quickly. As a precaution, she used a date farther out to allow for the department to receive the federal approval prior to implementing the program.

Co-Chair Seaton referred to Section 4 on page 3, lines 23 through 25 of the bill and read the following:

Sec. 4. If AS 47.07.085, enacted by sec. 1 of this Act, takes effect, it takes effect on the day after the date the commissioner of health and social services makes a certification to the revisor of statutes under sec. 2 of this Act.

Co-Chair Seaton read the corresponding language in Section 3 lines 16 through 22:

Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to read:  
CONDITIONAL EFFECT. AS 47.07.085, enacted by sec. 1 of this Act, takes effect only if the commissioner of health and social services certifies to the revisor of statutes under sec. 2 of this Act, on or before November 1, 2018, that all of the provisions added by AS 47.07.085 have been approved by the United States Department of Health and Human Services.

Co-Chair Seaton wanted to coordinate the dates and to fully understand the implementation process. Ms. Brodie responded that the bill required regulatory changes and the process typically took 6 months. The department requested that the six-month effective date be included in the bill. Co-Chair

Seaton indicated that the issue had been brought up and had been dealt with in a previously adopted amendment.

Mr. Teal interjected that through a previous Medicaid program the state had made advance payments and was unable to recover the costs amounting to \$100 million. He noted that delaying the effective dates for federal and regulatory approval was in response to the previous incident and the delays insured that the program had a low financial risk to the state. He discerned that in addition to the certification, the state could recoup the costs from the municipalities if reimbursement was not received.

[9:20:14 AM](#)

Representative Wilson asked that if the program was eliminated the state was not required to back fill with state funding. Ms. Brodie responded in the affirmative.

Co-Chair Seaton MOVED to report CSHB 176 (FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

CSHB 176 (FIN) was REPORTED out of committee with a "do pass" recommendation and with two new fiscal impact notes by the Department of Health and Social Services.

[9:21:34 AM](#)

AT EASE

[9:22:06 AM](#)

RECONVENED

#hb301

HOUSE BILL NO. 301

"An Act relating to the renewal and transfer of ownership of a beverage dispensary license or restaurant or eating place license."

[9:22:23 AM](#)

Co-Chair Foster relayed that the bill was last heard in committee on February 20, 2018.

Representative Wilson had asked Legislative Legal Services whether the grandfathering provision only applied to the businesses included in the bill. She related that the attorneys stated that the bill would allow other businesses to be grandfathered in the future.

REPRESENTATIVE ADAM WOOL, SPONSOR, was not aware of the interpretation. He understood that the bill only applied to the 34 businesses that operated before the 1985 change in the law.

Representative Wilson favored the bill. She indicated that she wanted to bring the broader interpretation to his attention. She clarified that the bill did not only grandfather in the specified businesses; if the laws changed in the future, grandfathering could apply. Under current law the bill only applied to the 34 businesses addressed, but if the alcohol laws were rewritten the bill would pertain to any businesses in a similar situation. Representative Wool could not speak to a future rewrite of the law and how it would impact currently operating businesses. He hoped that a future rewrite would include grandfathering clauses for businesses that abided by the law. He thought HB 301 was specific to the time when the room requirement changed. He thought Ms. McConnell [Erika McConnell, Director, ABC Board] could provide additional information. Representative Wilson wanted the legislature to be cognizant of the effects on businesses when laws were changed. Representative Wool thought that Representative Wilson spoke in the "hypothetical". He remembered that when the drinking age was changed businesses were not grandfathered in and thought the matter was relative. Representative Wilson asked if the laws were rewritten whether the grandfathering clause would apply to businesses in a similar situation in the future.

ERIKA MCCONNELL, DIRECTOR, ABC BOARD (via teleconference), replied that she agreed with the interpretation. She believed it was a positive outcome. She pointed to page 4, lines 14 through 23 of the draft Committee Substitute (CS) and read from the following:

(2) the renewal or transfer of ownership of a beverage dispensary or restaurant or eating place license issued under (1) of this subsection if the

(A) holder of the license operates a hotel, motel, resort, or similar business relating to the tourist trade that

(i) has a dining facility on the licensed premises or kitchen facilities in a majority of its rental rooms; and (ii) maintains at least the minimum number of rental rooms that the hotel, motel, resort, or similar business had at the time of initial licensure or that were required at the time of initial licensure; or...

Ms. McConnell explained that the language was important and protected businesses in communities that grew overtime and was now required to have more rooms to obtain the license. The language in the bill stated that the business only had to maintain the number of rooms that were required at the time of initial licensure. Representative Wilson wanted to protect people's investments and was merely informing the committee of the broader interpretation of the bill.

Co-Chair Foster recognized Representative Knopp in the audience.

[9:29:33 AM](#)

Vice-Chair Gara read the previously published zero fiscal note, FN1 (CED) from the Department of Commerce, Community and Economic Development (DCCED) allocated to the Alcohol and Marijuana Control Office that did not anticipate fiscal impact from this legislation.

Representative Kawasaki commented that the committee had been working with Title 4 and how AMCO worked. He was contacted by the Riverfront Theatre, Fairbanks Drama Association and relayed that the theatre was open for 54 hours and paid \$2,475. for the license, secured the signature of the licensees 66 times, and filed 435 pages of paper work for the 54 hours. He deduced that on a good night they made \$200 and the ABC fees alone were \$70. He acknowledged that the bill was not the vehicle to address the issue and just wanted to make the statement on record. He believed the costs and paperwork were a big bureaucratic burden for a small non-profit organization.

[9:31:48 AM](#)

Co-Chair Seaton MOVED to report CSHB 301(FIN) out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSHB 301(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published zero fiscal note: FN1(CED).

[9:32:34 AM](#)

AT EASE

[9:33:33 AM](#)

RECONVENED

hb38

HOUSE BILL NO. 38

"An Act relating to the calculation and payment of workers' compensation benefits in the case of permanent partial impairment; relating to the calculation and payment of workers' compensation death benefits payable to a child of an employee where there is no surviving spouse; relating to the calculation and payment of workers' compensation death benefits for an employee without a surviving spouse or child; relating to notice of workers' compensation death benefits; and providing for an effective date."

[9:33:37 AM](#)

Co-Chair Foster relayed that HB 38 was previously heard in committee on February 15, 2018.

MEGAN HOLLAND, STAFF, REPRESENTATIVE ANDY JOSEPHSON,

[9:34:49 AM](#)

MARIE MARX, DIRECTOR, WORKER'S COMPENSATION DIVISION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, reviewed the new zero fiscal note by the Department of Labor and Workforce Development (DLWD). She indicated that the bill would not change the way the division administers workers compensation; therefore, there is no direct fiscal impact to the department.

Representative Wilson was assuming the other fiscal notes were no longer applicable. Ms. Marx relayed that there were two other fiscal notes: One from the Office of Management and Budget (OMB) and one from the Department of Administration (DOA). She elaborated that the benefits and costs associated with the legislation were paid for by insurance companies and self-insured employers; the state was self-insured. Through DOA's Division of Risk Management the costs would be passed on to state agencies through increased personal services benefits costs including future year budget salary and benefit adjustments.

Representative Wilson was concerned, and she was working diligently on the issue. She believed that a "different type of punishment" other than financial should apply if the state had an employer that ignored safety to the point that someone was permanently injured or killed. She wanted to find a solution that did not "break the system."

Vice-Chair Gara shared a similar concern as Representative Wilson.

Co-Chair Seaton MOVED to report CSHB 38(FIN) out of Committee with individual recommendations and the accompanying fiscal notes.

Representative Pruitt OBJECTED.

Representative Pruitt spoke to his objection. He believed that the bill compensated "beyond the dependents" of the injured worker. He suggested that the state already had such high costs and altered the longstanding "concept" of workers compensation and how it worked; compensate the injured worker and their dependents and was now including the estate.

Vice-Chair Gara relayed a story from personal work experience. He thought the level of compensation was so low it was almost insulting. He believed that the guilty party should pay for injury or death. He supported the bill.

[9:41:09 AM](#)

Representative Pruitt was concerned that the negligent party was not paying into the system. He agreed that there was no way to put a price on a life. He thought the fault of the bill was that it did not hold the person that was

negligent responsible; the system paid for the injury or loss. He asserted that that was Representative Wilson's point. He emphasized that the legislation did not address the concern properly.

Representative Wilson wondered whether changing the law would inhibit a parent or someone "outside the system" from suing the responsible party.

9:44:00 AM

Vice-Chair Gara responded to Representative Wilson's question. He explained that the worker's comp system was exclusive, and the benefit was solely tied to the worker. The parent currently lacked any recourse in court. He responded to Representative Pruitt's remarks and indicated that if an employer negligently killed a worker in an accident the parent was not entitled to anything if the employee had no spouse or children. The bill made the employer responsible under the workers' compensation system and corrected the issue.

Co-Chair Seaton voiced that the issues were conflated in the committee process. He understood that one issue was to hold the grossly negligent party responsible, which was not the subject of the bill. The current legislation dealt with the workers' comp insurance and who was covered. He summarized that if an 18-year-old lost his life on the job and had no dependents or spouse the parents would not receive compensation and that scenario was the issue. He offered that Worker's Compensation covered funeral costs. He hoped the two issues could be separated. He thought the other problems could be solved in future legislation.

Representative Pruitt MAINTAINED OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Gara, Grenn, Kawasaki, Ortiz, Foster, Seaton  
OPPOSED: Wilson, Pruitt, Thomson, Tilton

Representative Guttenberg was absent from the vote.

The MOTION PASSED (6/4).

CSHB 38(FIN) was REPORTED out of committee with an "amend" recommendation and with a new zero fiscal note by the Department of Labor and Workforce Development, a new fiscal

impact note by the Office of the Governor, and a new fiscal impact note by Department of Administration.

[9:47:14 AM](#)

AT EASE

[9:49:08 AM](#)

RECONVENED

#hcr10

#hb168

HOUSE BILL NO. 168

"An Act relating to regulation notice and review by the legislature; and relating to the Administrative Regulation Review Committee."

HOUSE CONCURRENT RESOLUTION NO. 10

Proposing an amendment to the Uniform Rules of the Alaska State Legislature relating to the jurisdiction of standing committees.

[9:49:16 AM](#)

Co-Chair Foster indicated that HB168 and HCR 10 would be addressed together.

REPRESENTATIVE MIKE CHENAULT, SPONSOR, introduced the legislation. He read from the sponsor statement as follows:

The purpose of House Bill 168 is to repeal the statutes pertaining to the Administrative Regulation Review Committee (AARC). According to the analysis provided by Legislative Research, included in your packets, the ARRC has not overturned any regulations as a result of these committee hearings. Although AS 24.20.445 provides that the committee can suspend regulations for a "certain time period," the Alaska Supreme Court found in a 1980 case, that the Legislature has no implied power to veto agency regulations by informal legislative action and such actions would violate Article II of the state Constitution. The actions available to the ARRC are to introduce legislation to supersede or nullify regulations. However, Legislative Research was not

able to find any effort to do so from 2003 to the present.

House Bill 168 repeals all references to the ARRC throughout the statutes. The sectional analysis references the statutes where the ARRC is repealed.

A uniform rule change, House Concurrent Resolution 10, is also being proposed that allows the jurisdiction of a standing committee to oversee proposed or adopted regulations to replace regulation oversight that are currently under the jurisdiction of ARRC.

The Administrative Regulation Review Committee has not been funded for this and the upcoming fiscal years.

[9:53:03 AM](#)

Co-Chair Foster OPENED Public Testimony

[9:53:22 AM](#)

ED MARTIN, SELF, COOPER LANDING (via teleconference), opposed HB 168 and HCR 10. He thought the regulation review committee was a first line of defense to ensure that the regulations followed the intent of the law. He hoped that the ARRC members felt that the review of the regulations of any new administration was imperative. He pointed to the regulations by the new Marijuana Control Board not reflecting the intent of the law and noted that the issue affected him personally. He argued that the regulations were not reviewed by the AARC. He continued to provide testimony as to the importance of a regulation review committee to ensure the individual liberties of Alaskans. He offered that the original intent of the committee was to review regulations within 45 days to ensure that "no arbitrary and capricious laws" were enacted.

[9:57:34 AM](#)

Co-Chair Foster CLOSED Public Testimony.

Co-Chair Foster encouraged anyone to submit their public testimony in writing.

Representative Wilson wanted to clarify that the legislature was eliminating the AARC. However, the

regulation review responsibilities would be sent to the standing committees. She opined that the standing committee was a more appropriate for review since the committee could draft a bill to clarify the statute. She declared that regulatory review was important and ensured that the legislature was not abandoning review; it was changing the process.

Co-Chair Seaton related that he previously served as the Vice-Chair for the Regulation Review Committee and he had notified all the chairs of the standing committees that it was the committee aides' responsibilities to review the regulations. He explained that when an agency completed drafting regulations it opened a public comment period; the corresponding standing committee should review the regulations and participate in the comment period. He reported that during his tenure several regulations were withdrawn and changed in that manner. He emphasized that it was easier to change regulations on the front end rather than after the regulation was adopted via legislation. He shared that a Supreme Court decision relating to the separation of powers eliminated the AARC's power to pass a resolution to annul a regulation. He believed that it was the responsibility of the committee of jurisdiction; the corresponding standing committee that was deeply involved in the department's matters over which they reside. One committee charged with reviewing all the regulations was not efficient. He emphasized that committees of jurisdiction were more appropriate and effective for the regulatory review task.

[10:02:31 AM](#)

Representative Kawasaki indicated that the AARC only functions with a motivated chairperson. He voiced that he was not in favor of the legislation despite the lack of results by the committee in recent years. He believed that the committee serve a public purpose. He reminded people that the legislature was part-time and the AARC committee was an interim committee. He did not believe a standing committee should be responsible for regulation review due to its periodic nature. He relayed that a recent regulation adopted by the Alcohol Control Board (ABC) was discordant with a distillery bill he had co-sponsored that passed several years ago. He thought that the AARC could have prevented the issue if the committee was utilized to its

fullest extent. He did not want to see the executive branch over-riding the legislature.

Representative Ortiz asked what the impact of leaving the AARC intact without funding was. Representative Chenault answered that statutes should be removed when they are not needed. He commented that the AARC met 30 times over the last 14 years. Fifteen meetings occurred over one legislative session without ever repealing a regulation. He indicated that as long as there was a committee responsible for reviewing new regulations he was comfortable with removing the AARC. He spoke to incidences throughout his legislative career when he questioned regulations and sent them to the AARC for review without results. He restated that the committee had not proposed legislation since 2003. He advocated for the elimination of the committee.

[10:09:19 AM](#)

Representative Ortiz asked whether the potential oversight ability of the legislature was impaired during interim by eliminating the committee. He wondered why the committee should be disbanded if there were no financial impacts to retain it.

Representative Chenault remembered that approximately \$60,000 was allocated yearly for regulation review. He noted the committee was governed under the same rules as standing committees and could not pass legislation during interim.

[10:11:34 AM](#)

Vice-Chair Gara thought the state had much bigger items to be concerned with. He commented that when an agency adopted regulations every legislature saw the regulation and was invited to make comments. A legislator could change or reverse a regulation through legislation and a committee was unnecessary. He did not believe that the AARC accomplished anything and a significant amount of time was consumed in the process.

Co-Chair Seaton argued that every committee had a full-time committee-aide and it was that person's responsibility to review regulations during the interim. He remarked that the committee staff had the expertise to review regulations. He agreed that there was a cost to the AARC. He indicated that a lawyer was hired to review every regulation by the

administration when he was vice-chair of the AARC. He reiterated that the regulatory review should happen on the front end during the public comment period. He shared that he had seen regulations changed many times resulting from the public comment period.

[10:15:15 AM](#)

TOM WRIGHT, STAFF REPRESENTATIVE CHENAULT, provided an example when the Department of Transportation and Public Facilities (DOT) recently proposed aircraft registration fees via regulation and a bill was drafted in response to overwhelmingly negative public comment. He voiced that he had witnessed legislation by individual legislators introduced in response to opposition to regulation many times over the years.

Representative Ortiz asked why the committee had ever been formed. Representative Chenault was unable to answer the question.

Vice-Chair Gara recalled that the AARC was instituted by the "other party" in response to mistrust of the Knowles administration in the 1990's. He believed that the committee "diverted" legislator's time for more important issues. He emphasized that the committee was unnecessary.

Co-Chair Seaton added that at the time the AARC was formed the legislature believed that it could nullify regulations. However, the Supreme Court subsequently ruled that the chief function of the AARC was unconstitutional.

Representative Pruitt thought that the inception of the AARC went back to the 1970s and the Supreme Court case was in 1980 which did not allow the review committee to act. He reminded committee members that the legislature acting together or either body individually can form a committee via resolution and if sentiment among lawmakers was in favor of a special committee action was possible. He agreed that the committee did not function in the way it was intended. He opined that the idea of the committee was a good one, but he thought it was time to "shut the books" on it in an effort to eliminate unnecessary statute.

[10:20:02 AM](#)

Representative Wilson asked about the regulation regarding the aircraft registration fee. She asked whether the AARC had met on the issue. Representative Chenault answered that the committee was currently not in operation. Representative Wilson opined that the public got involved in the recent DOT regulation proposal and the regulation was changed during the public comment period. The standing committees were inherently involved, had a better understanding of proposed regulations, and could inform the public of the regulatory comment period. She agreed with Co-Chair Seaton that standing committees had the expertise and were best suited to monitor regulations. She emphasized the importance of regulation review.

Co-Chair Foster asked whether the will of the committee was to move the bill out of committee.

Representative Wilson believed the bills should report out.

Co-Chair Seaton MOVED to report HB 168 out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

HB 168 was REPORTED out of committee with a "do pass" recommendation and with a zero fiscal note by the Legislature.

Representative Wilson MOVED to report HCR 10 out of Committee with individual recommendations and the accompanying fiscal note.

Representative Pruitt OBJECTED for discussion.

Representative Pruitt spoke to his objection. He wanted to briefly describe what the resolution accomplished. He explained that the resolution assigned the jurisdiction over monitoring regulations to the standing committees. He opined that the resolution "maintained" the legislature's "vigilance" in ensuring that regulations would be analyzed.

Representative Chenault commented that Representative Pruitt was correct about what the resolution did. He added that the resolution changed Uniform Rules to ensure the standing committees were aware of their jurisdiction.

Representative Kawasaki maintained his objection to the legislation. He believed that the AARC had a definitive purpose as a permanent interim committee. The legislature was never intended to operate full-time. He felt that the committee was appropriate and should be enhanced. He pointed to the state of Idaho that had an active regulatory review committee. He strongly supported the AARC. He opposed the bills but was in favor of moving them from committee.

Co-Chair Seaton appreciated the resolution that would place the language in the Uniform Rules. The uniform rule would specify that regulation review was the responsibility of standing committees "in black and white." The committee chair would task the committee aide with the review duty during the interim. He believed the resolution clearly established that the authority of the duty was assigned by the legislature. He was supportive of the resolution.

Co-Chair Foster noted that the previous public testimony period was for both bills.

Representative Pruitt WITHDREW his OBJECTION.

HCR 10 was REPORTED out of committee with a "do pass" recommendation and with a zero fiscal note by the Legislature.

[10:30:23 AM](#)

AT EASE

[10:33:50 AM](#)

RECONVENED

#hb110

HOUSE BILL NO. 110

"An Act relating to the practice of massage therapy; relating to the Board of Massage Therapists; and providing for an effective date."

[10:34:25 AM](#)

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE KITO, introduced the bill. She characterized the HB 110 as a "clean-up bill". The massage board was recently established, and the

bill addressed licensure issues that became apparent over the few years of board operation. The board had requested several changes to their statutes to help ease the licensure process for licensees and the Department of Commerce, Community and Economic Development (DCCED). She explained the provisions in the bill. She spoke to the difficulty in finding members to serve on the board. The bill eased the restrictions for those who wish to be public members of the board by allowing a former member of a board to become a member of the massage board and removed the original prohibition. In addition, HB 110 added language for the board to adopt regulations governing massage therapy establishments; increased the number of hours of in-class supervised instruction and clinical work from an approved massage school from 500 hours to 625 hours; changes the annual fingerprint requirement to every six (6) years; and reduces the number of hours of safety education covering blood-borne pathogens from four hours to two hours. The effective date was July 1, 2019.

[10:37:17 AM](#)

Representative Kawasaki asked why the blood-borne pathogens hour requirement was decreasing to 2 hours from 4 hours.

DAVE EDWARDS-SMITH, CHAIR, BOARD OF MASSAGE (via teleconference), replied that there was only two-hour blood borne pathogen classes available because the national standard was set at two hours. Currently, to comply with statute, massage therapists were taking two of the same classes. He further explained that an entry level analysis project completed by 7 different national massage agencies concluded that the educational standard should be 625 hours. He stated that most schools offered the higher number of hours and he did not anticipate an impact to schools located within the state or on reciprocity with other states licensure.

[10:40:11 AM](#)

Co-Chair Seaton OPENED Public Testimony.

[10:40:26 AM](#)

VOLKER RUBY, PRESIDENT, AMERICAN MASSAGE THERAPY ASSOCIATION ALASKA CHAPTER, ANCHORAGE (via teleconference), supported HB 110. He related that he was a practicing

massage therapist for 13 years. He indicated that the added language for the board to adopt regulations governing massage therapy establishments granted enforcement authority to shut down human trafficking operations using massage therapy as a front. He noted the other "modifications" in the bill and stated that the proposed changes from the original statute were discovered through the initial few years of licensing. He urged members to move the bill from committee.

Co-Chair Seaton asked if the bill contained all the necessary changes to current statute. Mr. Ruby responded affirmatively.

Co-Chair Seaton asked Mr. Edwards-Smith if he wanted to provide further testimony.

Mr. Edwards-Smith indicated the board's support for HB 110. He elaborated that the board considered the bill necessary for "statutory house cleaning". He restated the provisions in the bill. He emphasized that the previous public member of the board played a "valuable" role and he felt the board was weakened while the seat was vacant. He strongly favored loosening the requirements for the public member.

[10:44:49 AM](#)

JILL MOTZ, SELF, WASILLA (via teleconference), spoke in support of the legislation. She was a licensed massage therapist and practiced massage since 2003 and sat on the massage board. She qualified that her testimony was on behalf of herself. She voiced that state licensure created a cohesive and stable environment for the profession and practitioners and HB 110 further enhanced the licensure. She listed the provisions in the bill. She spoke to issues of human trafficking and illicit massage businesses and favored the licensing of establishments to hold the owners legally accountable. She believed the bill changes were reasonable and necessary. She thanked the committee for supporting the legislation.

[10:47:34 AM](#)

Co-Chair Foster CLOSED Public Testimony.

Representative Wilson asked about a comment in the fiscal note. She read the specific language on page 2 from the fiscal note analysis:

The potential number of establishments affected by this bill is unknown at this time. Future costs for legal and hearing service expenses in out years are unknown.

Representative Wilson requested clarity.

[10:48:18 AM](#)

JANEY MCCULLOUGH, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, explained that the division was uncertain of the number of massage therapy establishments.

Representative Wilson asked whether the licenses would be charged to the establishment. Ms. McCullough responded in the affirmative.

Representative Kawasaki asked about a massage therapist that travelled to the client to perform the service. He wondered how the establishment license applied to the scenario. Ms. McCullough stated that the provision applied to brick and mortar establishments and the definition would be clarified in regulation. Representative Kawasaki wanted to be clear that the bill only applied to brick and mortar establishments. Ms. McCullough deferred comment to the board chair. Representative Kawasaki commented that the committee added a provision lessening the fingerprinting requirements to once every three renewal cycles to the board sunset bill HB 275 (Extend: Board of Massage Therapists). He commented that HB 110 included the language "once every 6 years". He asked whether there was a difference between the language in both bills. Ms. McCullough stated that the more accurate language was in HB 110. The goal was to require fingerprinting for every third renewal but the language once every 6 years provided more flexibility.

[10:52:16 AM](#)

Co-Chair Seaton did not want to place undue restrictions on "mobile" massage. He did not want establishment licensure

requirements placed on any place a massage therapist travelled to perform massage. He emphasized that he wanted the statement on the record.

Representative Wilson favored moving the bill from committee. She wondered whether the sponsor supported the 2019 effective date. Ms. Koeneman reported that the sponsor supported the effective date.

Representative Wilson MOVED to report CSHB 110 (L&C) out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

CSHB110 (L&C) was REPORTED out of committee with a "do pass" recommendation and with a fiscal impact note by the Department of Commerce, Community and Economic Development.

[10:55:00 AM](#)

AT EASE

[10:55:47 AM](#)

RECONVENED

Co-Chair Foster reviewed the agenda for the following meeting.

#

ADJOURNMENT

[10:59:08 AM](#)

The meeting was adjourned at 10:59 a.m.