

**ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE**

April 3, 2017

1:02 p.m.

MEMBERS PRESENT

Representative Matt Claman, Chair
Representative Zach Fansler, Vice Chair
Representative Jonathan Kreiss-Tomkins
Representative Gabrielle LeDoux
Representative David Eastman
Representative Chuck Kopp
Representative Lora Reinbold

MEMBERS ABSENT

Representative Charisse Millett (alternate)
Representative Louise Stutes (alternate)

COMMITTEE CALENDAR

HOUSE BILL NO. 172

"An Act relating to the regulation and production of industrial hemp; relating to industrial hemp pilot programs; providing that industrial hemp is not included in the definition of 'marijuana'; and clarifying that adding industrial hemp to food does not create an adulterated food product."

- MOVED CSHB 172(JUD) OUT OF COMMITTEE

HOUSE BILL NO. 43

"An Act relating to prescribing, dispensing, and administering an investigational drug, biological product, or device by physicians for patients who are terminally ill; providing immunity related to manufacturing, distributing, or providing investigational drugs, biological products, or devices; and relating to licensed health care facility requirements."

- MOVED CSHB 43(JUD) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 172

SHORT TITLE: INDUSTRIAL HEMP PRODUCTION LICENSES

SPONSOR(S): REPRESENTATIVE(S) DRUMMOND

03/10/17 (H) READ THE FIRST TIME - REFERRALS
 03/10/17 (H) RES, JUD
 03/15/17 (H) RES AT 1:00 PM BARNES 124
 03/15/17 (H) Heard & Held
 03/15/17 (H) MINUTE(RES)
 03/15/17 (H) RES AT 6:00 PM BARNES 124
 03/15/17 (H) -- MEETING CANCELED --
 03/17/17 (H) RES AT 1:00 PM GRUENBERG 120
 03/17/17 (H) Heard & Held
 03/17/17 (H) MINUTE(RES)
 03/20/17 (H) RES AT 7:00 PM BARNES 124
 03/20/17 (H) Scheduled but Not Heard
 03/22/17 (H) RES AT 1:00 PM BARNES 124
 03/22/17 (H) Scheduled but Not Heard
 03/22/17 (H) RES AT 6:00 PM BARNES 124
 03/22/17 (H) Moved HB 172 Out of Committee
 03/22/17 (H) MINUTE(RES)
 03/24/17 (H) RES RPT 5DP 3NR
 03/24/17 (H) DP: PARISH, DRUMMOND, WESTLAKE, TARR,
 JOSEPHSON
 03/24/17 (H) NR: BIRCH, RAUSCHER, JOHNSON
 04/03/17 (H) JUD AT 1:00 PM GRUENBERG 120

BILL: HB 43

SHORT TITLE: NEW DRUGS FOR THE TERMINALLY ILL

SPONSOR(s): REPRESENTATIVE(s) GRENN

01/18/17 (H) PREFILE RELEASED 1/13/17
 01/18/17 (H) READ THE FIRST TIME - REFERRALS
 01/18/17 (H) HSS, JUD
 02/28/17 (H) HSS AT 3:00 PM CAPITOL 106
 02/28/17 (H) Heard & Held
 02/28/17 (H) MINUTE(HSS)
 03/02/17 (H) HSS AT 3:00 PM CAPITOL 106
 03/02/17 (H) Heard & Held
 03/02/17 (H) MINUTE(HSS)
 03/07/17 (H) HSS AT 3:00 PM CAPITOL 106
 03/07/17 (H) Moved HB 43 Out of Committee
 03/07/17 (H) MINUTE(HSS)
 03/08/17 (H) HSS RPT 5DP 1NR 1AM
 03/08/17 (H) DP: JOHNSTON, TARR, EDGMON, SULLIVAN-
 LEONARD, SPOHNHOLZ
 03/08/17 (H) NR: KITO
 03/08/17 (H) AM: EASTMAN
 03/29/17 (H) JUD AT 1:00 PM GRUENBERG 120
 03/29/17 (H) Heard & Held
 03/29/17 (H) MINUTE(JUD)

04/03/17

(H)

JUD AT 1:00 PM GRUENBERG 120

WITNESS REGISTER

PATRICK FITZGERALD, Staff
Representative Harriet Drummond
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 172, on behalf of Representative Drummond.

REPRESENTATIVE HARRIET DRUMMOND
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing of HB 172, explained intent and answered questions.

STEVE ALBERS
Kenai, Alaska

POSITION STATEMENT: During the hearing of HB 172, offered support for the legislation.

GEORGE PIERCE
Kasilof, Alaska

POSITION STATEMENT: During the hearing of HB 172, offered support for the legislation.

STEVE ST. CLAIR
Wasilla, Alaska

POSITION STATEMENT: During the hearing of HB 172, stated opposition for the legislation.

COURTNEY MORAN, Attorney
Earth Law, LLC.
Portland, Oregon

POSITION STATEMENT: During the hearing of HB 172, offered support for the legislation.

ARTHUR KEYES

Director
Division of Agriculture
Department of Natural Resources, Palmer, Alaska

POSITION STATEMENT: During the hearing of HB 172, answered questions.

ROB CARTER, Manager
Plant Materials Center

Division of Agriculture
Department of Natural Resources
Palmer, Alaska

POSITION STATEMENT: During the hearing of HB 172, answered questions.

BROOKE IVY, Staff
Representative Jason Grenn
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing of HB 43, answered questions.

ACTION NARRATIVE

[1:02:13 PM](#)

CHAIR MATT CLAMAN called the House Judiciary Standing Committee meeting to order at 1:02 p.m. Representatives Claman, Kopp, LeDoux, Eastman were present at the call to order. Representatives Kreiss-Tomkins, Fansler, and Reinbold arrived as the meeting was in progress.

HB 172-INDUSTRIAL HEMP PRODUCTION LICENSES

[1:02:51 PM](#)

CHAIR CLAMAN announced that the first order of business would be HOUSE BILL NO. 172, "An Act relating to the regulation and production of industrial hemp; relating to industrial hemp pilot programs; providing that industrial hemp is not included in the definition of 'marijuana'; and clarifying that adding industrial hemp to food does not create an adulterated food product."

[1:03:23 PM](#)

PATRICK FITZGERALD, Staff, Representative Harriet Drummond, Alaska State Legislature, presented the legislation as follows [original punctuation provided]:

Good afternoon chairman Claman and members of the Judiciary committee. My name is Patrick Fitzgerald Staff for Representative Harriet Drummond and I wanted to thank you for the opportunity to present House Bill 172 An Act relating to the classification of

industrial hemp from a controlled substance to an agricultural crop.

Section 7606 of the 2014 Farm bill designates the approval of industrial hemp to be grown through a pilot program to monitor the growth, cultivation, and marketing of industrial hemp. Over 30 states have taken advantage of the pilot program and have expanded both domestic and international markets.

HB172 would define industrial hemp under Alaska Statute 03.05.100 section (5) as "all parts and varieties of the plants cannabis sativa L containing no more than 0.3 percent delta-9 tetrahydrocannabinol." Setting hemp under this classification will move industrial hemp from a controlled substance with the Alcohol and Marijuana Control Board to the Division of Agriculture with the Department of Natural Resources.

One of the most common "taboos" with hemp are the many similarities it shares with marijuana. Marijuana is the flower of Cannabis sativa L that is used medically/recreationally because it produces high concentration of Delta-9 THC (tetrahydrocannabinol). Hemp under the classification in HB 172, the must have 0.3% or less of delta-9 tetrahydrocannabinol.

HB 172 classifies industrial hemp as a crop with the division of agriculture meaning it will be planted, cultivated, and harvested much like how wheat or barley is processed. Hemp grown out doors in large scale crops will have low THC concentration which is why HB 172 stipulates that the THC content must be below 0.3%.

Hemp has proved to perform well in Alaskan conditions and was grown with success in the early 20th century. The toughness of hemp is also what serves as one of the largest distinctions between itself and marijuana. Industrial hemp is grown for the stock, seeds, roots, and cell fluid all for industrial use.

Passing HB172 will incorporate a hemp crop into the state's economy will expand local markets in multiple industries, create a new pool of job creation, and will create a new spur of revenue for the Alaska.

1:06:02 PM

REPRESENTATIVE HARRIET DRUMMOND, Alaska State Legislature, commented that the business of legalized marijuana is off the ground and it is now time to recognize that industrial hemp, marijuana's sister product, does not have a psycho-active component, but it does have enormous marketable value. She related that Alaska's farmers want to produce industrial hemp, and HB 172 recognizes the value of this product and offers the return of this industry.

1:06:47 PM

MR. FITZGERALD, in response to Chair Claman, advised that he would not offer the PowerPoint presentation because his opening remarks covered its content.

CHAIR CLAMAN asked the committee whether it would prefer a more detailed account within the PowerPoint presentation, or whether the opening remarks would suffice. There being no hands raised Mr. Fitzgerald's opening remarks sufficed.

1:07:28 PM

REPRESENTATIVE LEDOUX asked that if hemp is illegal why she is allowed to buy those creams, and where hemp products are produced, she asked.

MR. FITZGERALD answered that those products are produced outside of the state and imported into Alaska through the same pilot program being discussed. The State of Kentucky has taken the most advantage of this through the pilot program designated in Sec. 7606 of the Agricultural Act of 2014 (Farm Bill), and many products are exported from other states or imported from Canada, which is a large hemp producer.

REPRESENTATIVE LEDOUX asked whether the State of Alaska allows the importation of hemp, but it does not allow its own farmers to grow hemp.

MR. FITZGERALD answered no, because Section 7606 of the Agricultural Act of 2014 (Farm Bill) designates that each state must enact the hemp pilot program before producing and cultivating hemp.

1:08:38 PM

REPRESENTATIVE LEDOUX asked whether the Farm Bill requires that states allow hemp to be imported in from other states.

MR. FITZGERALD responded that that is not specified.

[1:08:51 PM](#)

REPRESENTATIVE LEDOUX stated that in other words, somehow the state decided it would allow other states to import hemp into Alaska, and not allow hemp to be grown in Alaska.

MR. FITZGERALD explained that hemp is still classified as a controlled substance under the Alcohol and Marijuana Control Board, so the farmers have not had the opportunity to cultivate and produce hemp as an industrial crop.

CHAIR CLAMAN opened public testimony on HB 172.

[1:09:26 PM](#)

STEVE ALBERS advised that he works with the Kenai Soil and Water Board and expressed interest in the growing of industrial hemp because its advantages far outweigh any limitations, and it allows the individual homeowner to grow this crop for their own use, such as poultry litter and cat litter. The potential for fodder for the state's agricultural community is quite large with research rolling in daily, he described, and said he is emphatically in favor of its use.

[1:11:42 PM](#)

GEORGE PIERCE said he represents himself and many Alaskans as hemp is an excellent source of revenue for the state. He then referred to the site, "Information Distillery, The Many Uses of Hemp," and paraphrased as follows:

For thousands of years, humans have used parts of the hemp plant for food, textiles, paper, fabric, and fuel oil. Today, modern processing technologies have made it possible to create alternatives to gasoline, plastic, and other petroleum products that can help the human race lessen its reliance on polluting and expensive fossil fuels.

MR. PIERCE commented that hemp will save the nation's trees, it is a highly nutritious and delicious food, and is the only plant that contains all of the essential fatty acids and amino acids

required by the human body. He recommended that the committee educate itself about hemp because it is nothing like marijuana, a person doesn't get high, it is good for clothing and animals, and commented that the constitution and the flag were made out of hemp, and it is an \$80 billion worldwide industry. Mr. Pierce continued as follows:

The only thing I want you to do is pass this bill and let the Alaskans invest in this. And, make it to where the Alaskans only can create this industry. We're not stupid, it's a weed, I know we can grow weeds without having outside interests and non-residents coming up here to exploit our money and our resources.

MR. PIERCE asked the committee to pass this bill allowing Alaskans an opportunity to invest in this industry.

[1:15:37 PM](#)

STEVE ST.CLAIR said he represents himself, and he opposes this bill for a myriad of reasons, including the government does not need to be involved in the growing of a weed, and constitutionally, where is it mandated that the government needs to monitor this resource. Additionally, he argued, possibly a draft of the constitution was written on hemp paper, but the constitution was not written on hemp paper. He noted that his research found as follows: the State of Colorado legalized hemp in 2014, the first year it cost the state \$272,000 and it has not been self-sustaining since enactment; the State of Washington's program coordinator advised that the state is allocating \$145,000 for the program startup and hiring one employee; the State of Colorado has cultivated hemp for three years and it now has to increase its fees because it is not self-sustaining; and, the State of Kentucky started in 2014, with zero dollars allocated, and the Department of Agriculture absorbed the cost and personnel [resources] and it has to hire three full-time employees. None of these programs are self-sustaining and if the Alaska Division of Agriculture said it has the personnel and resources to absorb the inspections and regulations, he commented, "Well they haven't been cut enough then. You got too many people with too much free time." He pointed out that the Division of Agriculture is being cut by \$2 million this year, and this is not a self-sustaining program - it is a money pit. The bottom line is that the government will end up subsidizing this program for an industry that may only be used to feed cattle, or whatever. He commented that testimony

indicated 25 people are interested, and he would like to see how many will actually pay the registration fees.

[1:18:48 PM](#)

REPRESENTATIVE LEDOUX asked whether Mr. St. Clair has a problem with the legalization of hemp other than his concern the government might initiate a program to help the hemp farmers.

MR. ST. CLAIR answered that he has no problem whatsoever with the legalization of hemp, his problem is the government's involvement in the hemp industry.

REPRESENTATIVE REINBOLD asked that Mr. St. Clair forward his research to Chair Claman's office.

MR. ST. CLAIR answered in the affirmative.

REPRESENTATIVE EASTMAN asked how current his statistics were regarding those other states.

MR. ST. CLAIR answered that the information is relevant within the last two to three weeks, and he has the points of contact.

[1:20:46 PM](#)

COURTNEY MORAN, Attorney, Earth Law, LLC, offered testimony as follows:

I am available for any questions, but I am also testifying today in support of HB 172. It has been my honor and pleasure to work with Representative Drummond's office, Patrick Fitzgerald, and the Division of Agriculture in drafting legislation that complies with federal law. And, also sets up a regulatory framework that will provide very successful and sustainable industrial hemp programs for farmers and manufacturers throughout Alaska.

First, I wanted to follow up from the question asked earlier about industrial hemp products. Industrial hemp products themselves are legal and always have been, that was clarified in the Ninth Circuit in 2004 in H.A. v. DEA case. It's the only -- the cultivation of industrial hemp that has that issue federally, which is why you are able to see industrial hemp products on store shelves today. It's just that, as

Patrick mentioned, most these products are imported from around the world.

Sec. 7606 of the Agricultural Act of 2014, Congress not only defined industrial hemp, notwithstanding a Controlled Substances Act, but also gave authority for state departments of agriculture and institutions of higher education in states that have legalized industrial hemp to research the growth, cultivation, and marketing of industrial hemp. So, this is what provides the clear federal authority for the implementation of state programs and, in fact, 15 --15 states actually cultivated hemp in 2016. And, HB 172 will create that state legal authority for Alaska farmers, which upon passage and implementation will allow Alaska consumers to purchase and domestically produce hemp rather than imported hemp.

House Bill 172 defines industrial hemp in compliance with the definition provided by Congress in the Agricultural Act of 2014. And, removes industrial hemp from the definition of marijuana, which is what is provided for in Sec. 3. Most importantly, HB 172 clarified that industrial hemp is an agricultural product and subject to regulation and registration by the Department of Natural Resources, Division of Agriculture. Authority is established for the department or institution of higher education to administer an agricultural pilot program and rule making authority is established for the department to implement that program. As well as, they are given authority to establish annual renewable fees for the application, registration, and renewal of application fees to pay for the regulatory costs associated with regulating and implementing industrial hemp program. So, the budget concerns that were outlined by that gentleman that just testified can be cured by this authority for the department

[Technical difficulties at timestamps 1:23:21 - 1:23:33.] Ms. Moran continued as follows:

[1:23:33 PM](#)

or viable [technical difficulties] notices to those who produced industrial hemp without a current

registration, so this will, again, ensure that anyone cultivating is registered and paying into the program.

Another important provision of HB 172 is that it provides that food is not adulterated solely because it contains industrial hemp which will alleviate any issue as the program is developing.

So, I hope this committee provides a unanimous "do pass" motion for HB 172, and I thank you for your support and encouragement for agricultural industrial hemp development in Alaska.

[1:24:29 PM](#)

CHAIR CLAMAN closed public testimony on HB 172 after ascertaining no one further wished to testify.

[1:24:35 PM](#)

REPRESENTATIVE REINBOLD asked Ms. Moran to explain current federal law with regard to marijuana and hemp.

MS. MORAN responded that marijuana is federally defined under the Controlled Substances Act as any part of the plant cannabis sativa, and it goes into specific details of what that does, and does not entail. However, in 2014 under the Agricultural Act of 2014, more commonly known as the federal Farm Bill, Congress included Sec. 7606 which not only defined industrial hemp as any part of the plant cannabis sativa with not more than 0.3 percent tetrahydrocannabinol (THC) concentration, but also established authority for state departments of agriculture and institutions of higher education in states that have already legalized industrial hemp, the authority to establish agricultural pilot programs to research the cultivation growth and marketing of industrial hemp. She explained, that is the clear authority from Congress for a bill such as HB 172 to be implemented in a state, and almost 30 states have legalized industrial hemp, and 15 of those states are currently cultivating.

[1:26:34 PM](#)

REPRESENTATIVE LEDOUX inquired as to the problem with Alaska legalizing hemp, the need for a pilot program, and whether there are similar programs for wheat, alfalfa, or barley, for example.

MR. FITZGERALD answered that hemp is defined as a controlled substance and is not specifically a crop. The pilot program, he explained, initiates the allowance of the study, whether it yields positive revenue such as cultivation, and [allows] the entire process.

[1:27:44 PM](#)

REPRESENTATIVE LEDOUX argued that if the federal government allows the Alaska legislature to pass a law allowing people to grow industrial hemp, why Alaska would have to study it rather than give people the opportunity to make money in the industry, or lose money. She then referred to Sec. 03.05.079 of the bill, and asked whether the federal government requires that language as opposed to allowing the legislature to simply legalize hemp.

MR. FITZGERALD deferred to Ms. Moran.

[1:29:00 PM](#)

MS. MORAN responded that in strict compliance with the provisions provided in Sec. 7606, the federal government does require the implementation of a pilot program to study the growth, cultivation, and marketing of industrial hemp. She related that several states have gone beyond that and established full legalization programs for full commercial cultivation, such as in the State of Colorado and the option to perform research, participate, or engage in commercial cultivation. In the event this legislature elects to go for full commercial cultivation, it definitely can do so, but in order to comply with Sec. 7606 of the Agricultural Act of 2014, this section of HB 172 should be maintained.

[1:29:52 PM](#)

REPRESENTATIVE LEDOUX asked that in the event the legislature chose full legalization of hemp, could the study be deleted, thereby, giving people the opportunity to either make money on the industry, or lose money, because she was still unsure why this legislature must study hemp.

MS. MORAN answered that Congress has not defined, specifically, what is and is not required for research, so the department could require as much or as little information and research as it felt comfortable while implementing the program.

With regard to sales, she explained that [the issue of the] marketing of industrial hemp is included within research, which is how many folks are engaging and making sales of their products.

[1:31:24 PM](#)

REPRESENTATIVE LEDOUX asked whether it has to be the government performing the market research.

MS. MORAN responded no, the registered farmers themselves perform the research, and the department can require that farmers turn in their research, similar to what is being done in the State of Kentucky.

[1:31:50 PM](#)

REPRESENTATIVE LEDOUX surmised that the farmers in the State of Kentucky perform the research and send that information into the state.

MS. MORAN agreed, and she said there are universities in Kentucky actively engaged in the research program. Kentucky farmers are required to submit a research plan, and those with viable plans are selected, issued licenses, and are able to cultivate and conduct those research studies throughout that production season.

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REPRESENTATIVE LEDOUX asked the least the legislature could do to meet the federal requirements and still not ask hemp farmers do anything more than that of a barley farmer, for example.

MS. MORAN answered that this bill is exactly regarding that issue because it creates registration authority for the department, it sets up the establishment of an agricultural pilot program, and it establishes rule making authority for the department for its required research standards for the farmers to provide, without any overly burdensome regulation.

REPRESENTATIVE LEDOUX asked whether Ms. Moran said that HB 172 was the absolute minimal in meeting the federal requirements.

MS. MORAN answered in the affirmative.

[1:33:43 PM](#)

CHAIR CLAMAN asked whether the states she described as having a more robust hemp production program than the pilot program, had a pilot program before moving onto the more robust structure.

MS. MORAN responded that they did not, some states have implemented full commercial programs and whether or not they are compliant with federal law is up for debate. She referred to the new national administration and recommended establishing legislation in compliance with the Farm Bill, thereby allowing farmers to engage in a sustainable program long term. In the event it becomes necessary in the future to change a few words wherein the pilot program becomes a full program, that can definitely be accomplished, she offered.

[1:34:44 PM](#)

REPRESENTATIVE KREISS-TOMKINS asked the names of the states that have gone full bore on commercial production bypassing the pilot program phase.

MS. MORAN replied that the states of Colorado and Oregon are the two leading states.

[1:35:28 PM](#)

REPRESENTATIVE KREISS-TOMKINS asked Ms. Moran to speak to the gross revenue of industrial hemp in the various states pursuing hemp agriculture, and the pilot programs in Colorado and Oregon.

MS. MORAN asked Representative Kreiss-Tomkins to clarify his request.

REPRESENTATIVE KREISS-TOMKINS clarified that he requests specific figures, or the order of magnitude, in order to obtain a sense of the economic scope and scale of the nascent industry in these various states because he is interested in the economic potential for Alaska.

MS. MORAN answered that she does not have specific figures, although, she could say that the amount of cultivation increased significantly in each state. She continued that with regard to the State of Oregon, during its first production season of 2015, only 9 farmers actually cultivated, during the 2016 production season 77 farmers cultivated, and already in 2017, 118 farmers are registered with the Oregon Department of Agriculture. She explained that 2015 was Oregon's first successful production

season, and its first products are being produced with the first sales being made right now so she doesn't have those figures. She suggested reaching out to the Colorado Department of Agriculture for specific figures.

REPRESENTATIVE KREISS-TOMKINS asked the same question of the Alaska Division of Agriculture and the gross revenue figures...

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CHAIR CLAMAN interjected that he received a note from a member requesting that Ms. Moran explain her organization.

[1:38:30 PM](#)

MS. MORAN responded that she is an industrial hemp attorney with her law firm, Earth Law, LLC, she is an Oregon registered lobbyist for the Industrial Hemp Farmers Association, and she has been advocating nationally and internationally for industrial hemp law reform.

CHAIR CLAMAN surmised that Ms. Moran's client is the Industrial Hemp Farmers Association.

MS. MORAN advised that she is not being paid to work on this legislation, she is doing it to provide an opportunity for Alaska farmers, and a return to all of the United States farmers their right to freely cultivate industrial hemp which was outlawed in 1937.

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REPRESENTATIVE LEDOUX asked whether the State of Oregon went to simply legalizing the "whole shebang."

MS. MORAN answered that within the State of Oregon there was full legalization of cannabis, similar to Alaska except industrial hemp. The state legalized medical marijuana in 1998, legalized industrial hemp in 2009, and legalize recreational cannabis in 2014. In 2016, she said she lobbied on behalf of the Oregon Industrial Hemp Farmers Association wherein the Oregon legislature passed HB 4060, a law that revitalized the state's industrial hemp program and set up a program that has been continually sustainable and successful for the farmers. The Oregon Industrial Hemp Farmers Association is currently working on specific legislation to provide specific language calling the program an "agricultural research pilot program" and

giving additional regulatory authority to the Oregon Department of Agriculture.

[1:40:36 PM](#)

REPRESENTATIVE LEDOUX asked whether the Oregon government was actually studying the growth, cultivation, and marketing of industrial hemp, or letting people go off on their own to grow industrial hemp.

MS. MORAN explained that currently farmers perform the research on their own as the government is not requiring or performing its own research. Currently, she offered, legislation is moving through the Oregon legislature that will provide authority for the department to require additional record keeping and research by the farmers, and that the Oregon State University, and other universities, engage in research with the registered farmers.

[1:41:32 PM](#)

REPRESENTATIVE LEDOUX noted that Ms. Moran continues to say, "Your farmers are the ones who are researching the growth," and she imagined that most farmers would say they are just growing hemp. Representative LeDoux asked whether Ms. Moran was using the term "research" in conjunction with what the farmers are actually doing to stay in compliance with the Farm Bill.

MS. MORAN explained that "Everyone is doing research," because even though this crop has been cultivated over 12,000 years and the history of the United States cultivating industrial hemp is rich, farmers have not cultivated this plant for the past 80 years and it is a learning process. She explained that farmers are studying the various types of irrigation, how much fertilizer to use, plant spacing, what to put into their soils; therefore, no matter what anyone is doing, it truly is research at this stage.

[1:42:45 PM](#)

REPRESENTATIVE LEDOUX asked whether farmers are reporting this information to the government, or [keeping records] just for themselves.

MS. MORAN answered that some farmers are Ph.D. farmers performing their own research and submitting it to the government, and some farmers are keeping their own records.

[1:43:24 PM](#)

REPRESENTATIVE KREISS-TOMKINS asked whether Mr. Keyes had a sense of the gross revenue from industrial hemp production in the states with the more full-fledged approach, and states with pilot programs. He requested a ballpark figure as to his sense of the size of this emerging agricultural sector in other states.

[1:44:07 PM](#)

ARTHUR KEYES, Director, Division of Agriculture, answered that other state programs are not far enough along to determine values. He advised that while attending the Hemp Regulatory Meeting in Colorado last year, Kentucky was a big presenter and some of their numbers are as follows: 2015 Kentucky had 1,742 acres in hemp production, and in 2016 that number jumped to 4,600 acres. The representatives from Kentucky also advised that they imported 60,000 pounds of hemp seeds from nine different countries for these hemp farm activities. That being said, he opined that 4,600 acres was a substantial amount of acreage and he imagined there was a significant economic benefit for this kind of growth to take place.

REPRESENTATIVE KREISS-TOMKINS asked the Division of Agriculture or the sponsor to track down economic data as to how large these sectors are in other states to determine the upside potential in Alaska. He then asked Mr. Keyes to speak to the climatic advantages or disadvantages Alaska farmers will have in cultivating industrial hemp.

MR. KEYES pointed out that the intention of the pilot program in Alaska is to determine whether Alaska has climatic advantages or disadvantages, and those questions cannot be answered until the farmers are allowed to grow hemp. He commented, that some of those questions would be answered after the opportunity to actually determine what can be done, and he then deferred to Rob Carter, the state agronomist.

REPRESENTATIVE KREISS-TOMKINS asked Rob Carter whether Alaska would have climatic advantages or disadvantages in the growing industrial hemp.

[1:47:50 PM](#)

ROB CARTER, Manager, Plant Materials Center, Division of Agriculture, Department of Natural Resources, described that

when considering whether Alaska has a climatic advantage is a "two-edged sword" given that it is a rather large state and the difference between the Southeast Panhandle and north of the Alaska Range is dramatic. He offered that from a general agronomics viewpoint, Alaska has the potential to utilize industrial hemp for a multitude of reasons, even beyond harvesting it as a traditional agricultural crop. Extensive research was conducted in bio-remediation wherein hemp could be used in the far north where the intent might not be to harvest a crop, but to improve soils, and research in Sweden found that it reduces cadmium in soil levels in some of its regions. He suggested there could be seed production in the Southeast used for cannabidiol (CBD), and noted that research in 1916, and again in the 1950s, showed that it produced hemp in the Fairbanks region. That, he said, together with the changes in Alaska's climate and longer growing seasons coupled with modern technology should produce a significant advantage. Also, he pointed out Alaska provides isolation as it is remote from other large macro-agricultural production, including cannabis production, which may offer Alaska the opportunity to be a relatively clean seed source for these low tetrahydrocannabinol (THC) industrial hemp seeds.

[1:49:31 PM](#)

MR. FITZGERALD pointed to the news clip contained within the members' packets from the Alaska Agricultural Experiment Stations of 1916, U.S. Department of Agriculture, and he paraphrased as follows [original punctuation provided]:

A small plat of 4 drill rows seeded May 21 began to bloom June 30 and was harvested September 14. The best plants were 40 inches tall, the poorest 12 inches. The plants fruited abundantly, about 75 per cent of the crop ripening.

MR. FITZGERALD reiterated that hemp has had successes growing in Alaska in the past.

[1:50:26 PM](#)

REPRESENTATIVE EASTMAN asked Ms. Moran to explain whether there is legal significance to the phrase "pilot program" in HB 172 or in [Sec. 7606 of the Agricultural Act (Farm Bill)].

MS. MORAN responded that the language is directly from the Farm Bill, and it is reflected within the provisions of HB 172.

[1:51:27 PM](#)

REPRESENTATIVE EASTMAN asked whether the definition of pilot program means that he can do anything and call it a pilot program, and whether there was anything to say that "he was not doing a pilot program."

MS. MORAN answered that within the Farm Bill, an agricultural pilot program means a pilot program to study the growth, cultivation, and marketing of industrial hemp. She paraphrased the section as follows:

Subsection (a), in states that permit the growth or cultivation of industrial hemp under the laws of the state, and sub (b) in a manner that, sub (i) inserts that only institutions of higher education and state departments of agriculture are used to grow or cultivate industrial hemp, sub Q requires that sites used for growing or cultivating industrial hemp in a state be certified by and registered with the state department of agriculture, and sub (3) authorizes state departments of agriculture to promulgate regulations to carry out the pilot program in states in accordance with the purposes of this section.

[1:52:37 PM](#)

REPRESENTATIVE EASTMAN advised that "all of that simply spells new program to me, whether it's a pilot or otherwise" because he looks at it as synonymous with creating a new hemp agricultural program. He asked whether there was any legal difference between what is offered in HB 172, and what Ms. Moran described as a more aggressive full program pursued in Colorado, for example.

MS. MORAN explained that the language in HB 172 is directly compliant with the definition provided for agricultural pilot program in the Farm Bill. The bill language sets up the pilot program to study growth, cultivation, and marketing of industrial hemp, it is regulated by the state Division of Agriculture, and all sites certified and registered by the division, and this language provides direct compliance with Sec. 7606. She offered that the Drug Enforcement Administration (DEA) put out a statement after the enactment [of the Farm Bill] and pointed out that it is specifically looking for research to be performed in compliance with Sec. 7606 of the Agriculture

Act, and not necessarily general commercial cultivation in the [hemp] program.

[1:54:21 PM](#)

REPRESENTATIVE REINBOLD asked Ms. Moran the amount of money lobbyists are paid in Oregon, while noting that lobbyist's fees are posted in Alaska.

CHAIR CLAMAN pointed out that, previously, Ms. Moran testified she was not testifying on behalf of the Industrial Hemp Farmers Association.

REPRESENTATIVE REINBOLD argued that her question was how much Ms. Moran was paid to lobby for the Industrial Hemp Farmers Association.

MS. MORAN responded that an Oregon lobbyist's specific figures are listed under the Government Ethics Commission, and she was paid just over \$5,000. Ms. Moran reiterated that this is her passion as she believes in industrial hemp as it provides incredible opportunities for [the nation's] environment, public health, and general economy, and "I'm doing this because it's the right thing to do." She reiterated that she is not being paid by anyone in Alaska to "do this, I just do it because I believe in this."

CHAIR CLAMAN surmised that in 2016, she was paid \$5,000 from the industrial hemp growers in Oregon.

MS. Moran clarified that it was just over \$5,000.

[1:56:08 PM](#)

REPRESENTATIVE REINBOLD referred to growing hemp and asked whether Ms. Moran believes it was the state's business to know how much fertilizer was used, and whether it was the government's business to have more proprietary information. She further asked whether farmers receive any form of subsidy from the government for that type of information.

MS. MORAN stressed that the industrial hemp industry is not subsidized in any manner, and that the information is beneficial to the industry as a whole. Over the years, she expressed, the industrial hemp industry she has seen develop is collaborative and communicative and everyone wants to work together. This legislation's intent, she pointed out, is to return the same

right to the farmers they had prior to 1937, and to provide a renewable, sustainable crop for everyone. The information is to help the industry get up off the ground and truly establish best practices, she said.

[1:57:22 PM](#)

REPRESENTATIVE REINBOLD asked whether she was aware of negative or positive impacts in Oregon with the hemp industry.

MS. MORAN stated that she had not seen specific negatives, other than trying to develop an industrial hemp industry in Oregon by working on obtaining seeds and genetics so the farmers can get their plants into the ground, developing proper harvesting techniques, developing processing facilities, and developing the infrastructure to actually establish these products and truly have a program and an industry in Oregon. She related that getting the industry off the ground has been incredible because she has seen new farmers become educated about a new crop, folks that wanted to grow crops actually being able to fulfill that dream and grow those crops and provide rotation for the other crops that they are growing. She added that there are fiber remediation studies involving the ability of a plant to cleanup toxins in soils. She related that she has seen a lot of potential in developing the hemp industry, such that local governments are engaged in working with different state and county agencies, people are visiting the Oregon House of Representatives and those people are working with legislators and governors' offices, and people are involved in Oregon's legal system.

[1:59:12 PM](#)

REPRESENTATIVE REINBOLD noted that Alaska legalized marijuana and it was estimated that Alaska coffers would receive \$5 million in revenue a year, except the state has only collected approximately \$472,000. She asked whether hemp is taxed in Oregon, and if so, how much money had gone into the state coffers.

MS. MORAN answered that hemp is not taxed in Oregon.

[1:59:56 PM](#)

REPRESENTATIVE LEDOUX asked Mr. Keyes whether his intention was to allow anyone desiring to grow hemp to obtain a [license].

MR. KEYES responded that the intent of the division, initially, was to develop a pilot program as a learning process while not anticipating many growers would apply. He related that "as this has developed momentum," the division has been contacted by so many people that it would need to limit the number of growers because it did not anticipate hiring new staff. He offered that its vision was to create a simple program to understand how this crop grows and its agronomics principles. Currently, he related, the division will probably have to limit the number of growers.

2:01:40 PM

REPRESENTATIVE LEDOUX stated that she would like to see the greatest number of people being allowed to participate in this program, with the least amount of involvement from the division. While she understands the pilot program language is necessary in order to comply with federal law and to not go over what was required, she asked exactly what the division had in mind.

MR. KEYES explained that, initially, the division anticipated a simple program to get the [growing of industrial hemp] off the ground. He related that even if the state makes hemp legal, one of the challenges is obtaining seed because it is classified as a Schedule 1 drug. Therefore, he explained, the only manner in which to obtain seed must be through the Plant Material Center because it would be in charge of the procuring and importing of the seeds, and commented that that is probably the biggest involvement the division would have. He reiterated, it would be illegal for a farmer to import hemp seed into Alaska so division would obtain that seed and, with an absolutely minimal amount of paperwork, register the farmers and provide them with seed to grow this crop. In the event the program became more complicated, it could be difficult for the division to administer.

2:04:01 PM

REPRESENTATIVE LEDOUX referred to the division solely providing the hemp seed, and asked the reason for not allowing everyone to grow hemp crops.

MR. KEYES deferred to Rob Carter.

2:04:45 PM

MR. CARTER opined that after seeing what is happening around the states and Canada with its large scale production since approximately 1998, the registration process, with the division as the sole source of seeds, is the basis of a simple pilot program that may have unlimited membership as an opportunity to use what is needed in Alaska and export the rest. He opined that following those true federal guidelines in the Farm Bill and creating a pilot program that follows those guidelines will provide sustainability and integrity to Alaska's industrial hemp program and industry. Although, it may be a little more onerous than just a simple registration and here's your seeds, he said.

[2:06:33 PM](#)

REPRESENTATIVE LEDOUX noted her surprise regarding the difficulty in obtaining seeds because a person can go to various websites and order marijuana seeds, and asked why not industrial hemp seeds.

MR. CARTER answered that she was correct, cannabis seeds and cannabis seeds deemed inviable - consumed in protein products and so forth - can be purchased on the internet. He explained that the division is not looking for three cannabis seeds shipped in illegally, but rather it is looking for 1.2 million live seeds per acre when considering the principles behind the agronomy of growing industrial hemp.

[2:08:25 PM](#)

REPRESENTATIVE EASTMAN asked the reason he couldn't order a semi-truck full of seeds.

MR. CARTER responded that currently the DEA would shut that down quickly, and most industrial hemp seed farmers around the states and within Canada, work hard to follow federal guidelines to make certain their business model is sound. He said he heard that in Kentucky, during the implementation of its first program, proper forms were not in place and the DEA seized its first semi-truck of seed shipment.

[2:09:48 PM](#)

CHAIR CLAMAN surmised there is an effort on the part of the division to have a large enough program to bring in the seeds that only the state can bring in legally under the federal restrictions, which is why the pilot program becomes important for the state to bring in the seeds. He suggested that the

pilot program will assist the division in determining the correct number of seeds to bring in because it doesn't want to end up with five or six truckloads of seeds that no one wants. He explained that finding the correct balance is the intent of the pilot program, under the recognition the state has budget challenges and it can't buy tens of thousands of truckloads of hemp seeds.

MR. CARTER answered that Chair Claman was correct. Creating this pilot program will take a bit of time to implement with the drafting of regulations, identifying seed sources, and getting best management practices set in place for Alaska's agricultural industry, but in that manner the division will know the intent of folks and how many acres would be produced. By no means is the state looking to become the hemp store seed house for the State of Alaska, he stressed, and the division wants to make certain that the viable seed coming to Alaska is planted in the ground through a registrant of the pilot program.

[2:11:29 PM](#)

REPRESENTATIVE REINBOLD asked Mr. Carter whether the government was subsidizing agriculture in any manner, and whether the farmers are actually making money "growing this."

MR. CARTER asked Representative Reinbold to repeat her question.

CHAIR CLAMAN advised Representative Reinbold to only ask questions with regard to the hemp industry.

REPRESENTATIVE REINBOLD asked whether there were any government subsidies with regard to hemp, and whether it was fruitful for the farmers.

MR. CARTER explained that he doesn't work with any industrial hemp grower in Alaska because it is not legal, but through his counterparts in Kentucky, Colorado, and Oregon, revenue has been generated. He offered that Colorado had approximately 89 acres in production last year and those farmers were successful with a good generation of revenue on their farms, plus revenue then went back into the community with the production of oils from the crops.

[2:13:06 PM](#)

REPRESENTATIVE REINBOLD asked why marijuana and hemp were illegal, its biggest concerns, why it took Alaska this long to

consider hemp production, and whether there were any unintended consequences.

MR. CARTER responded that to the best of his knowledge, recreational cannabis was outlawed for multiple reasons, including its psychoactive effects. Industrial hemp was federally outlawed in 1932 because it was very successful in building rope and cordage for our servicemen in the war. He opined that it was strictly a business decision because farmers liked to produce hemp and cotton, and hemp was a competitor. It was easy to cull hemp out of the system because it was guilty by association being in the same genus and species as recreational marijuana, he explained.

[2:14:40 PM](#)

REPRESENTATIVE REINBOLD noted that marijuana growers couldn't use federal banks, regarding sales, due to federal banking laws, and asked whether hemp was under the same regulations.

MR. CARTER opined no, once the State of Alaska deems it is an agricultural crop and follows those strict federal guidelines in creating a pilot program with the growers being registrants, there should be no difference in growing hemp as when growing potatoes, barley, or wheat, for example.

[2:15:38 PM](#)

REPRESENTATIVE KOPP opined that in looking at this bill, "0.3 percent THC, it has to be regulated and tested. In Alaska, we're doing 10 percent THC, 35 times more, there are more than five strains of marijuana now that are over 20 percent THC, which is 70 times more. So, this is not -- it's not even the same thing, you don't get high off this, you don't get ..." He commented that as a mariner, nearly every single ship's hawser rope is a hemp rope, and it is common in the marine industry because it works. Currently, he pointed out, twine, nets, ropes, and all kinds of cosmetic are made out of hemp and he believes this is a good bill.

[2:18:12 PM](#)

REPRESENTATIVE LEDOUX referred to [Section 1, AS 03.05.05(d), page 2, line 3, and offered language which would read as follows:

(d) Registration under this section is valid for one year **and shall not be limited in the number of registrants**. A registrant may renew registration in the form and manner prescribed by the department.

REPRESENTATIVE LEDOUX asked Representative Drummond whether she would consider that as a friendly amendment.

[2:19:15 PM](#)

REPRESENTATIVE DRUMMOND responded that she does not have a problem with that friendly amendment, other than the Division of Agriculture's ability to handle that number of registrants. Initially, she pointed out, Mr. Keyes advised that the division would limit the number of registrants and to be certain a fee structure was in place to cover the work, so the government was not subsidizing this industry and it paid its own way. Initially, she imagined the division would collect fees and order seeds based upon those fees and the acreage intended to be planted so the first crop could get off the ground. Subsequently, she opined, the Division of Agriculture could decide how many registrants it would want to license.

[2:20:28 PM](#)

REPRESENTATIVE LEDOUX argued that the division could order a semi-truck and simply charge the registrant the cost of shipping and handling. She stressed that she does not like to see the government choose "winners and losers" and if someone wants to grow hemp, let them do it.

REPRESENTATIVE DRUMMOND related that she does not have a problem with inserting that language because the bill does not limit the number of registrants. She then referred to AS 03.05.05(e) which read as follows:

(e) The department shall establish fee levels for application, registration, and renewal of registration so that the total amount of fees collected under this section approximately equals the regulatory costs for regulating the industrial hemp industry. ...

[2:21:40 PM](#)

REPRESENTATIVE LEDOUX moved to adopt Conceptual Amendment 1 to HB 172, page 2, line 3, and said, after the word "year" insert "and shall not be limited in number of registrants."

REPRESENTATIVE REINBOLD objected for purposes of discussion.

2:22:15 PM

REPRESENTATIVE LEDOUX explained that the conceptual amendment does not allow the government to decide who can, and cannot, grow hemp.

REPRESENTATIVE REINBOLD surmised that Representative LeDoux was saying that [the bill allows the government the] right to pick and choose who grows hemp, except she did not believe that was an issue in the bill.

REPRESENTATIVE LEDOUX referred to a statement made by the Division of Agriculture that, initially, the number of registrants would be limited. She stressed her belief there should not be a limit because that would put the government in the position of choosing "winners and losers," and the conceptual amendment prevents that from happening.

REPRESENTATIVE REINBOLD asked Mr. Carter to speak to Conceptual Amendment 1.

2:23:53 PM

MR. CARTER advised that during the last few minutes, the director and he had a discussion and, while noting that the division looks forward to building the pilot program, it is not the division's intent to limit who can produce hemp. He explained that its goal is to be certain it can cover the work and help grow this industry, giving everyone an equal opportunity. There is no intent by the division to determine who can and cannot grow hemp if it is a seed source and a registration simple process. In the event a person files an application within the deadline to be set forth, follows the registration process, and pays for the seeds at the cost the state paid including shipping, the division will not limit these people, he advised.

2:25:11 PM

REPRESENTATIVE REINBOLD asked whether Conceptual Amendment 1 was duplicative and unnecessary.

MR. CARTER related that, at this point, changing the language was unnecessary because the general intent of the division is to

support Alaska's agricultural industries, and this is a new industry.

REPRESENTATIVE REINBOLD offered that she does not believe the conceptual amendment was necessary and does not support its adoption.

[2:26:24 PM](#)

REPRESENTATIVE EASTMAN commented that the conceptual amendment can do no harm, and it is good to have it out there to the public that this isn't another example of government bureaucracy limiting things through regulations unnecessarily. He opined that the desire of this committee is to help get this industry get off the ground as quickly as possible, and a person should not be estopped from joining this program just because someone else submitted their application five minutes earlier.

CHAIR CLAMAN noted that due to Representative Reinbold's comments, he assumed she maintains her objection.

[2:27:35 PM](#)

A roll call vote was taken. Representatives Kopp, Kreiss-Tomkins, LeDoux, Fansler, Eastman, and Claman voted in favor of adopting Conceptual Amendment 1. Representative Reinbold voted against it. Therefore, Conceptual Amendment 1 was adopted by a vote of 6-1.

[2:28:45 PM](#)

REPRESENTATIVE REINBOLD asked the bill sponsor to explain Sec. 3 and Sec. 5, and further asked whether hemp could be added to different foods and not be considered adulterated.

REPRESENTATIVE DRUMMOND responded that she purchases Costco bags of hemp seeds to add to her cereal, or to use with any food products, because hemp is an accepted healthy grain containing many types of important nutrients, plus all of the essential fatty acids a grain provides.

[2:30:19 PM](#)

REPRESENTATIVE REINBOLD commented that she has not studied the impacts of hemp, but has seen lotions and clothing, and such, but food was a little different. She asked the sponsor's intention in not making it adulterated food, and whether in the

past, [manufacturers had to label] that it had added hemp and was, therefore, adulterated.

MR. FITZGERALD responded that this provision specifically states that, included with the separation of industrial hemp fitting the 0.3 percent THS mark from marijuana distinction, it does not contaminate foods that goes with animal feed, or anything used in foods, such as granola bars.

[2:31:07 PM](#)

REPRESENTATIVE REINBOLD offered concern as to allergens and impacts to people, and commented that while there had been positive testimony, it didn't necessarily satisfy her curiosity because when "people digest stuff it is a big deal." She asked whether the purpose was to not require a disclaimer advising hemp seed was in foods, such as genetically modified labels, or whether it was the sponsor's intention that it is just like any other grain.

MR. FITZGERALD answered in the affirmative in that it would be included with foods such as, any oats, grains and such, which would be the idea of the person cultivating the hemp.

[2:32:02 PM](#)

REPRESENTATIVE REINBOLD inquired as to whether this is similar to other states that have legalized hemp, had there been any reports or medical reports, or was it the standard practice that once it's legalized it can be put in any food.

MR. FITZGERALD deferred to Ms. Moran.

CHAIR CLAMAN noted that he did not believe this exempts them from listing the ingredient in the food.

[2:32:40 PM](#)

MS. MORAN answered that last year in Oregon, she specifically put "similar language in" clarifying that industrial hemp food is unadulterated specifically because it contains industrial hemp. Similar legislation is currently being put forward in Colorado, prompted because foods were being called adulterated simply because industrial hemp was included, such as industrial hemp grain. She explained that industrial hemp grain has been consumed for thousands of years, and there is incredible nutritional value with plenty of research out there verifying

her testimony. Canada, she offered, is the largest exporter of industrial hemp grain in the world, and the United States is the largest importer of those products with industrial hemp food products on store shelves everywhere. There should be no concern regarding this provision, she said.

[2:33:38 PM](#)

REPRESENTATIVE REINBOLD surmised there are no known allergies or interactions with foods, or known effects to hamper any hemp products.

MS. MORAN answered, "Not that I'm aware of."

[2:34:04 PM](#)

REPRESENTATIVE EASTMAN commented the only thing he might add to the bill is simply that by virtue of the state starting this pilot program, the state was not giving away its rights to deal with agriculture in the manner it deems fit. He opined that this is probably the most classic special interest example in the history of the United States because the cotton industry and its allies deprived citizens of the United States of reasonable economic freedom with this product. This is a fine time to reverse that trend, he described, and he was hopeful the pilot project did not become a study in bureaucracy. He advised that he looks at every agricultural exercise as a study in trying to determine how best to grow something, and whether a person has a degree or is tied to a university was beside the point.

[2:36:13 PM](#)

REPRESENTATIVE KREISS-TOMKINS commented that he wanted to associate himself with the comments of Representatives Eastman and Kopp.

[2:36:25 PM](#)

REPRESENTATIVE FANSLER moved to report HB 172, Version 30-LS0707\A, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 172(JUD) was moved from the House Judiciary Standing Committee.

HB 43-NEW DRUGS FOR THE TERMINALLY ILL

[2:36:50 PM](#)

CHAIR CLAMAN announced that the final order of business would be HOUSE BILL NO. 43, "An Act relating to prescribing, dispensing, and administering an investigational drug, biological product, or device by physicians for patients who are terminally ill; providing immunity related to manufacturing, distributing, or providing investigational drugs, biological products, or devices; and relating to licensed health care facility requirements."

[2:37:38 PM](#)

REPRESENTATIVE EASTMAN moved to adopt Amendment 1, Version 30-LS0207\D.2, which read as follows:

Page 1, line 2, following "ill":

Insert "for the purpose of sustaining the patient's life"

Page 1, line 10, following the first occurrence of "patient":

Insert "for the purpose of sustaining the patient's life"

Page 2, line 19, following "device":

Insert "for the purpose of sustaining the patient's life"

REPRESENTATIVE FANSLER objected for purposes of discussion.

[2:37:48 PM](#)

REPRESENTATIVE EASTMAN offered that the bill sponsor was supportive of Amendment 1, as it was introduced for the sake of clarity, to be certain there was no confusion about how this bill would be used in the future.

[2:38:22 PM](#)

BROOKE IVY, Staff, Representative Jason Grenn, Alaska State Legislature, advised that the bill sponsor is supportive of Amendment 1, and thanked the sponsor of the amendment for bringing it forward.

REPRESENTATIVE REINBOLD said she supports Amendment 1.

[2:39:04 PM](#)

REPRESENTATIVE FANSLER removed his objection. There being no objection, Amendment 1 was adopted.

[2:39:14 PM](#)

REPRESENTATIVE FANSLER moved to adopt Amendment 2, Version 30-LS0207\D.3, which read as follows:

Page 2, line 10, following "Phase 3":

Insert "or is in the new drug application process following Phase 3 of clinical trials"

CHAIR CLAMAN objected for purposes of discussion.

[2:39:20 PM](#)

REPRESENTATIVE FANSLER offered that the bill sponsor supports Amendment 2, as it allows folks to use experimental drugs that have followed Phase 3, but have not yet been approved, and it extends the ability to use these drugs.

[2:39:57 PM](#)

MS. IVY said that the bill sponsor supports Amendment 2.

REPRESENTATIVE EASTMAN commented to the maker of the amendment, "good job."

[2:40:20 PM](#)

CHAIR CLAMAN removed his objection. There being no objection, Amendment 2 was adopted.

[2:40:49 PM](#)

REPRESENTATIVE EASTMAN commented that he supports this bill as it can only do good things for Alaskans.

REPRESENTATIVE REINBOLD asked the sponsor of the bill to respond to Premera Blue Cross's request to add Section 5 due to the fear that a new product may cost \$100,000, and Blue Cross had to pay the bill.

[2:41:47 PM](#)

MS. IVY responded that Section 5, as suggested by Premera Blue Cross would essentially codify that an insurer or a patient's health care insurance plan would not be responsible for covering the costs of an investigational drugs or the effects that may occur from these drugs. Currently, she said, that is not a requirement under state or federal statute, and at this time it is not something the sponsor necessarily opposes but it may be somewhat redundant.

[2:42:36 PM](#)

REPRESENTATIVE REINBOLD asked whether she believes this could create conflict between the patient and the insurance company if the insurance company denied [coverage], whether it was setting unrealistic expectations or whether she believes this is not part of state law so the company can, but is not required to, provide this product for insurance coverage.

MS. IVY related that the sponsor spoke with Premera and its intention was to create clarifying language in the statute. She opined that, per FDA guidelines, regarding the written informed consent form, that conversation would take place between the doctor and the patient regarding coverage, or lack of coverage, as part of the process.

[2:43:53 PM](#)

REPRESENTATIVE REINBOLD advised she was speaking to the insurance company and the patient [relationship], and asked whether it was the intention of the bill sponsor to mandate that insurance companies pick up the costs for these experimental drugs, or to leave it as an option.

MS. IVY explained that she couldn't speak to conversations between an individual and their insurance company, but the sponsor's intent and understanding was to not require an insurance company to cover the investigational drugs at this time. Thus, it was not referenced in the bill and the sponsor did not broaden that scope into the insurance section of statute for that reason. The sponsor realizes, she said, this doesn't solve everyone's problem in attempting to access this medication, but the sponsor was not ready to ask an insurance company to cover an unapproved drug, and it is not currently required under statute.

[2:45:00 PM](#)

REPRESENTATIVE REINBOLD surmised that the intention of the bill was to allow [patients] the opportunity and [insurance companies] the option.

MS. IVY answered in the affirmative, and pointed out that it would be under the purview of the insurance company and that individual's health care plan as to what was covered.

[2:45:30 PM](#)

REPRESENTATIVE FANSLER moved to report HB 40, Version 30-LS0207\D, as amended, from the committee with individual recommendations and the accompanying zero fiscal notes. There being no objection, HB 43(JUD) was moved from the House Judiciary Standing Committee.

[2:46:56 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 2:46 p.m.