

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 2, 2018

3:17 p.m.

MEMBERS PRESENT

Representative Sam Kito, Chair
Representative Adam Wool, Vice Chair
Representative Andy Josephson
Representative Louise Stutes
Representative Chris Birch
Representative Gary Knopp
Representative Colleen Sullivan-Leonard

MEMBERS ABSENT

Representative Mike Chenault (alternate)
Representative Bryce Edgmon (alternate)

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 155 (FIN)

"An Act relating to the registration and regulation of real estate appraisal management companies; relating to the establishment of fees by the Department of Commerce, Community, and Economic Development; relating to the Board of Certified Real Estate Appraisers; relating to real estate appraisers; and providing for an effective date."

- MOVED HCS CSSB 155(L&C) OUT OF COMMITTEE

CS FOR SS FOR SENATE BILL NO. 108 (FIN)

"An Act relating to the State Medical Board; relating to the licensing of physicians, osteopaths, and podiatrists; relating to the certification of medical assistants; relating to the practice of medicine; relating to the practice of podiatry; relating to the practice of osteopathy; relating to assault of a medical professional; and providing for an effective date."

- HEARD & HELD

CS FOR HOUSE BILL NO. 136 (TRA)

"An Act relating to motor vehicle franchises, motor vehicle dealers, motor vehicle manufacturers, and motor vehicle distributors."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 155

SHORT TITLE: REAL ESTATE APPRAISAL MNGMT. COMPANIES

SPONSOR(s): SENATOR(s) MEYER

01/24/18 (S) READ THE FIRST TIME - REFERRALS
01/24/18 (S) L&C, FIN
02/08/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/08/18 (S) Moved SB 155 Out of Committee
02/08/18 (S) MINUTE(L&C)
02/09/18 (S) L&C RPT 1DP 2NR 2AM
02/09/18 (S) AM: COSTELLO, MICCICHE
02/09/18 (S) DP: MEYER
02/09/18 (S) NR: STEVENS, GARDNER
02/21/18 (S) FIN AT 9:00 AM SENATE FINANCE 532
02/21/18 (S) Heard & Held
02/21/18 (S) MINUTE(FIN)
03/06/18 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/06/18 (S) Heard & Held
03/06/18 (S) MINUTE(FIN)
03/20/18 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/20/18 (S) Moved CSSB 155(FIN) Out of Committee
03/20/18 (S) MINUTE(FIN)
03/21/18 (S) FIN RPT CS 6DP NEW TITLE
03/21/18 (S) DP: HOFFMAN, MACKINNON, BISHOP, VON
IMHOF, STEVENS, MICCICHE
03/23/18 (S) TRANSMITTED TO (H)
03/23/18 (S) VERSION: CSSB 155(FIN)
03/26/18 (H) READ THE FIRST TIME - REFERRALS
03/26/18 (H) L&C, FIN
04/02/18 (H) L&C AT 3:15 PM BARNES 124

BILL: SB 108

SHORT TITLE: MEDICAL CARE/LICENSING/MEDICAL BOARD

SPONSOR(s): SENATOR(s) GIESSEL

04/07/17 (S) READ THE FIRST TIME - REFERRALS
04/07/17 (S) L&C, FIN
01/18/18 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
01/18/18 (S) L&C, FIN
02/13/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/13/18 (S) Moved SSSB 108 Out of Committee
02/13/18 (S) MINUTE(L&C)

02/14/18 (S) L&C RPT 5DP
 02/14/18 (S) DP: COSTELLO, STEVENS, MICCICHE, MEYER,
 GARDNER
 02/27/18 (S) FIN AT 9:00 AM SENATE FINANCE 532
 02/27/18 (S) Heard & Held
 02/27/18 (S) MINUTE(FIN)
 03/13/18 (S) FIN AT 9:00 AM SENATE FINANCE 532
 03/13/18 (S) Moved CSSSSB 108 Out of Committee
 03/13/18 (S) MINUTE(FIN)
 03/14/18 (S) FIN RPT CS 5DP 1NR SAME TITLE
 03/14/18 (S) DP: HOFFMAN, MACKINNON, BISHOP, VON
 IMHOF, STEVENS
 03/14/18 (S) NR: OLSON
 03/21/18 (S) TRANSMITTED TO (H)
 03/21/18 (S) VERSION: CSSSSB 108(FIN)
 03/22/18 (H) READ THE FIRST TIME - REFERRALS
 03/22/18 (H) HSS, L&C, FIN
 03/27/18 (H) HSS AT 3:00 PM CAPITOL 106
 03/27/18 (H) -- MEETING CANCELED --
 03/29/18 (H) HSS AT 3:00 PM CAPITOL 106
 03/29/18 (H) Moved CSSSSB 108(FIN) Out of Committee
 03/29/18 (H) MINUTE(HSS)
 03/30/18 (H) HSS RPT 4DP 2NR 1AM
 03/30/18 (H) DP: JOHNSTON, TARR, SULLIVAN-LEONARD,
 SPOHNHOLZ
 03/30/18 (H) NR: ZULKOSKY, KITO
 03/30/18 (H) AM: EASTMAN
 04/02/18 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 136

SHORT TITLE: MOTOR VEHICLE DEALER FRANCHISES
 SPONSOR(S): REPRESENTATIVE(S) CLAMAN

02/20/17 (H) READ THE FIRST TIME - REFERRALS
 02/20/17 (H) TRA, L&C
 03/16/17 (H) TRA AT 1:00 PM CAPITOL 17
 03/16/17 (H) <Bill Hearing Canceled>
 03/21/17 (H) TRA AT 1:00 PM BARNES 124
 03/21/17 (H) Heard & Held
 03/21/17 (H) MINUTE(TRA)
 04/13/17 (H) TRA AT 1:00 PM BARNES 124
 04/13/17 (H) -- MEETING CANCELED --
 03/27/18 (H) TRA AT 1:15 PM BARNES 124
 03/27/18 (H) Heard & Held
 03/27/18 (H) MINUTE(TRA)
 03/29/18 (H) TRA AT 1:15 PM BARNES 124
 03/29/18 (H) Moved CSHB 136(TRA) Out of Committee

03/29/18 (H) MINUTE (TRA)
03/30/18 (H) TRA RPT CS (TRA) NT 5DP
03/30/18 (H) DP: SULLIVAN-LEONARD, DRUMMOND, CLAMAN,
KOPP, WOOL
04/02/18 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

SENATOR KEVIN MEYER

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 115 as prime sponsor.

DAVID DERRY, Chair

Alaska Board of Real Estate Appraisers
Soldotna, Alaska

POSITION STATEMENT: Testified in support of SB 155.

MARK SCHIFFMAN

Real Estate Valuation Advocacy Association (REVAA)
Minneapolis, Minnesota

POSITION STATEMENT: Testified in support of SB 155.

SARA CHAMBERS, Deputy Director

Division of Insurance

Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on SB 155.

THOMAS ATKINSON, Staff

Representative Andy Josephson
Alaska State Legislature

POSITION STATEMENT: Presented Amendments 1, 2, and 3 on behalf of Representative Josephson.

EDRA MORLEDGE, Staff

Senator Kevin Meyer
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on SB 155.

SENATOR CATHY GIESSEL

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 108 as prime sponsor.

FRED PARADY, Deputy Commissioner
Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Answered questions in the hearing on SB 108.

DEBORA STOVERN, Executive Secretary
State Medical Board
Division of Corporations, Businesses, and Profession Licensing (DCBPL)

Department of Commerce, Community & Economic Development (DCCED)
POSITION STATEMENT: Answered questions in the hearing on SB 108.

JEANNIE MONK
Alaska State Hospital and Nursing Home Association (ASHNA)
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 108.

REPRESENTATIVE MATT CLAMAN
Alaska State Legislation
Juneau, Alaska

POSITION STATEMENT: Presented HB 136 as prime sponsor.

GARY SLEEPER, Attorney
Alaska Auto Dealer Association

POSITION STATEMENT: Testified in support of HB 136.

ACTION NARRATIVE

[3:17:46 PM](#)

CHAIR SAM KITO called the House Labor and Commerce Standing Committee meeting to order at 3:17 p.m. All members were present at the call to order.

SB 155-REAL ESTATE APPRAISAL MNGMT. COMPANIES

[3:18:58 PM](#)

CHAIR KITO announced that the first order of business would be CS FOR SENATE BILL NO. 155(FIN), "An Act relating to the registration and regulation of real estate appraisal management companies; relating to the establishment of fees by the Department of Commerce, Community, and Economic Development; relating to the Board of Certified Real Estate Appraisers;

relating to real estate appraisers; and providing for an effective date."

[3:19:17 PM](#)

SENATOR KEVIN MEYER, Alaska State Legislature, presented SB 155 as prime sponsor. He paraphrased the sponsor statement [included in committee packet], which reads as follows [original punctuation provided]:

An Appraisal Management Company, or AMC, is an independent entity through which mortgage lenders order residential real estate valuation services for properties on which they are considering extending loans to homebuyers. AMCs fulfill an administrative function in the appraisal process, including selecting an appraiser and delivering the appraisal report to the lender. Individual appraisers who work for AMCs provide the actual property valuation services.

AMCs existed well before the 2008 global financial crisis, and today they play an increasingly important role as a third-party service provider in the consumer mortgage process. AMCs have become increasingly popular by lenders across the country to ensure federal and state regulatory compliance and independence between lenders and appraisers as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Dodd-Frank requires that states that choose to regulate this sector of industry enact comprehensive AMC oversight and registration programs with an August 10, 2018, deadline.

SB 155 aims to promote public trust and consumer protection and establish oversight and enforcement where there is none today.

SENATOR MEYER added that Alaska is one of only four states without the legislation in place. He said that states vary regarding the surety bond. He added that due to the deadline, the department requested a waiver. The original version of the proposed bill contains contingency language in the event that the waiver was not granted. He stated the version would establish a firm effective date on 1 January 2019, and a registration date of 1 March 2019.

[3:24:11 PM](#)

REPRESENTATIVE STUTES stated there is confusion over whether the state will be able to transact with "Freddie May and Fannie Mac" without the proposed legislation in place.

SENATOR MEYER said there is some concern that it would impact some of the loans.

[3:25:00 PM](#)

CHAIR KITO stated the difference in the CS is only to update the effective date.

[3:25:13 PM](#)

REPRESENTATIVE WOOL moved to adopt House committee substitute (HCS) for CSSB 155(FIN), Version R as the working document. There being no objection, Version R was adopted as the working document.

[3:25:52 PM](#)

DAVID DERRY, Chair, Alaska Board of Real Estate Appraisers, testified in support of SB 155. He said the board thinks it is a key to have the maximum available mortgage for residents in Alaska, and it provides a basis for oversight of AMCs operating in Alaska. He said the board requests a change on page 5 line 25 about the control person is effectively established as the responsible person. The board requesting it be changed to a certified appraiser in the state of Alaska. He indicated the original bill version had contained the detail, but it had been changed. He said the objection to the change is that other states don't make that requirement. He suggested the mortgage meltdown 2010 had created problems in other states, while Alaska wasn't hit with the meltdown. He added it may be why there was no AMC legislation enacted in the state previously.

REPRESENTATIVE JOSEPHSON asked whether the federal subcommittee expressed a preference that the designated controlling person be in Alaska.

MR. DERRY answered that the term controlling person is not even addressed by the federal subcommittee, so there was no preference expressed.

REPRESENTATIVE JOSEPHSON asked for confirmation that the federal subcommittee could not take a position on it in any case.

MR DERRY answered that is correct.

[3:32:18 PM](#)

MARK SCHIFFMAN, Real Estate Valuation Advocacy Association (REVAA), testified in support of SB 155. He stated that there is not a uniqueness to Alaska that would require that the designated person be in Alaska.

REPRESENTATIVE WOOL mentioned hiring an extra person and asked for confirmation that the cost would be spread around programs.

[3:34:47 PM](#)

SARA CHAMBERS, Deputy Director, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED), answered questions in the hearing on SB 155. She stated there would be a new person required, but their time would be charged on a 15-minute increments to this program. She added that they may work part-time on another program, and that program would cover those costs.

[3:35:42 PM](#)

CHAIR KITO opened public testimony on SB 155. Upon ascertaining that no one was available to testify, he closed public testimony.

[3:36:20 PM](#)

REPRESENTATIVE STUTES asked whether not enacting the proposed legislation would prohibit all institution from giving FHA loans or prohibit only certain institutions from providing federal loans to Alaskans.

MR. DERRY answered the loans could still be carried out by lenders. He named banks that don't use AMCs. He said there would be complications with handling federally related transactions.

REPRESENTATIVE STUTES asked whether not enacting the proposed legislation would prohibit certain lending institutes from lending Freddie Mac, Fannie May, and FHA funds to buyers.

MR. DERRY said the question is what a federally related transaction is. He said that without AMC legislation, a lender would not be prohibited from working through a federal loan.

[3:40:08 PM](#)

REPRESENTATIVE WOOL asked whether it is up to the bank whether to use AMCs or not. He asked whether an appraiser can work independently and for an AMC at the same time.

MR. DERRY answered in the affirmative. He said it is more a matter of convenience. He said an appraiser could sign up with an AMC and also serve as an independent appraiser.

[3:41:46 PM](#)

REPRESENTATIVE JOSEPHSON moved Amendment 1.

Page 5, line 25:

Delete "a state"

Insert "the state under this chapter"

[3:42:45 PM](#)

THOMAS ATKINSON, Staff, Representative Andy Josephson, presented Amendment 1 on behalf of Representative Josephson. He stated there are no homegrown AMCs. He said the suggestion is to support small Alaska businesses rather than larger national businesses.

CHAIR KITO asked whether the amendment would prohibit national businesses from using their AMC in Alaska.

MR. ATKINSON answered that it would not. He underlined that the provision would not require that the designated person be in Alaska, only that they be certified as an appraiser in Alaska. He added this could be done through reciprocity.

CHAIR KITO suggested if someone is working on a lending project and the appraiser does not meet the licensure requirements, the loan would be on hold until the appraiser met those requirements.

MR. ATKINSON answered in the affirmative. He deferred to the invited testimony.

[3:45:47 PM](#)

CHAIR KITO asked whether passing the amendment would impede the ability of the state to allow appraiser to provide services in the state.

MS. CHAMBERS answered that the amendment would require the controlling person - the person the board would work with that is in a management roll - to have understanding and awareness of Alaska. She explained that person would have decision-making authority, but that person may or may not be the "boots on the ground" appraiser. She said the board stated it was important to them because of Alaska's unique geography. She clarified that, should this amendment be adopted, it wouldn't change anything for the "boots on the ground" appraiser.

CHAIR KITO asked whether it is anticipated that a large number of individuals would want licensure through reciprocity.

MS. CHAMBERS said it was estimated about 200 AMCs and it is expected the controlling person for each of them would be seeking licensure to operate in the state.

[3:50:06 PM](#)

EDRA MORLEDGE, Staff, Senator Kevin Meyer, Alaska State Legislature, answered questions in the hearing on SB 155 on behalf of Senator Meyer, prime sponsor. She stated the sponsor was not supportive of the amendment.

[3:51:10 PM](#)

A roll call vote was taken. Representatives Stutes, Josephson, and Knopp voted in favor of Amendment 1. Representatives Wool, Birch, Kito, and Sullivan-Leonard voted against it. Therefore, Amendment 1 failed by a vote of 4-3.

[3:52:02 PM](#)

REPRESENTATIVE JOSEPHSON offered Amendment 2.

Page 9, line 31:
Delete "includes"
Insert "means"

Page 10, lines 2 - 3:
Delete "or an officer or director of a real estate appraisal management company"

Page 10, following line 3:
Insert a new subparagraph to read:
"(B) is an officer or director of a real estate appraisal management company;"

Reletter the following subparagraphs accordingly.

Page 10, line 7:
Delete "and"
Insert "or"

[3:52:12 PM](#)

MR. ATKINSON explained Amendment 2 on behalf of Representative Josephson. He said without the amendment, a controlling person would have to meet all three definitions. He said, "It would be a strange arrangement to be both the owner and employee."

[3:53:47 PM](#)

MS. MORLEGE stated the sponsor had no opposition to the proposed amendment.

[3:53:58 PM](#)

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

[3:54:09 PM](#)

REPRESENTATIVE JOSEPHSON moved to adopt Amendment 3.

Page 3, line 29, following "chapter":
Insert "
(4) conduct background investigations as provided in AS 08.87.135(c) "

Page 5, line 21:
Delete "and"

Page 5, line 23, following "\$50,000":
Insert "; and
(9) is owned by persons who meet the requirements under (c) of this section"

Page 5, following line 31:

Insert a new subsection to read:

"(c) A person who owns at least 10 percent of a real estate appraisal management company required to be registered under this chapter must be of good moral character as determined by the board and shall submit to a background investigation conducted by the board."

Reletter the following subsections accordingly.

Page 6, line 5:

Delete "of (a) and (b) "

Insert "under (a) - (c) "

[3:54:13 PM](#)

MR. ATKINSON explained Amendment 3 on behalf of Representative Josephson. He said it is clear that if a person owns more than ten percent of an AMC, they would need a state background check. He said he had confirmation that it is required in statute.

REPRESENTATIVE WOOL asked about background investigations.

MR. ATKINSON answered that the details of what constitutes background checks are not stipulated by the state.

REPRESENTATIVE WOOL asked what the state would plan on doing if it were left to the states.

MR. ATKINSON answered that he thinks they would run the same background check that they run on appraisers.

[3:56:12 PM](#)

MS. MORLEDGE stated that the sponsor is in support of the amendment.

[3:56:29 PM](#)

REPRESENTATIVE WOOL suggested if there were 200 AMCs who wanted to do business in Alaska, all would have to submit fingerprints to the state.

MR. ATKINSON answered that he did not know the answer.

[3:57:32 PM](#)

MS. CHAMBERS answered that currently for real estate appraisers the department does not have the authority to require fingerprints. She said the supposition that those owners of ten percent or more of an AMC would have to submit an application is correct.

REPRESENTATIVE WOOL spoke to the fiscal note. He asked whether the one person to be hired would be able to handle 500 applications with background checks.

MS. CHAMBERS answered that, should this amendment become a part of the bill, the department may allocate more of that person's time to the program.

[3:59:32 PM](#)

REPRESENTATIVE WOOL objected to Amendment 3.

A roll call vote was taken. Representatives Sullivan-Leonard, Stutes, Josephson, Birch, and Knopp voted in favor of Amendment 3. Representatives Wool and Kito voted against it. Therefore, Amendment 3 passed by a vote of 5-2.

[4:00:27 PM](#)

REPRESENTATIVE STUTES expressed her concerns about increased costs as a result of the proposed bill.

[4:01:23 PM](#)

REPRESENTATIVE BIRCH stated he supports the proposal.

[4:01:53 PM](#)

REPRESENTATIVE WOOL moved to report HCS CSSB 155(FIN), Version R, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, it was so ordered.

[4:02:10 PM](#)

The committee took an at-ease from 4:02 p.m. to 4:05 p.m.

[CHAIR KITO passed the gavel to Vice Chair Wool.]

SB 108-MEDICAL CARE/LICENSING/MEDICAL BOARD

[4:05:27 PM](#)

VICE CHAIR WOOL announced that the next order of business would be CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 108(FIN), "An Act relating to the State Medical Board; relating to the licensing of physicians, osteopaths, and podiatrists; relating to the certification of medical assistants; relating to the practice of medicine; relating to the practice of podiatry; relating to the practice of osteopathy; relating to assault of a medical professional; and providing for an effective date."

[4:05:43 PM](#)

SENATOR CATHY GIESSEL, Alaska State Legislature, presented SB 108 as prime sponsor. She indicated her PowerPoint presentation would also serve a sectional analysis of the proposed bill.

[4:06:58 PM](#)

SENATOR GIESSEL pointed to slide 2, "Purpose":

1. Streamline Physician Licensing
2. Need for office assistants
 - a. Unlicensed
 - b. Licensed

1. Streamline MD licensing
 - Section 1, 2, 8, 9, 10
 - State Medical Board to write regulations to delegate to EXECUTIVE SECRETARY:
 1. review applications and grant license if requirements are met
 2. review applications and issue temporary license if requirements are met
 3. grant certification if requirements are met
 4. spells out prohibitions to this delegate authority

SENATOR GIESSEL explained that the documentation is maintained until the state Medical Board meets, but the board only meets four times per year. She said this creates a backlog. She said that one the examiner looks at the documentation, it would be forwarded to the executive secretary who would review the applications and make appropriate action.

[4:09:09 PM](#)

REPRESENTATIVE KNOPP asked why it is not the responsibility of the executive secretary to prepare the documentation for the board.

SENATOR GIESSEL reviewed the application process. She stated the applications could be approved immediately or go to the board if there were issues with an application.

SENATOR GIESSEL continued to slide 4, "Streamline MD Licensing":

Section 10, 11

1. Allows another person, designated by the board, to help the Executive Secretary to issue temporary license.
2. Outlines when this could happen

SENATOR GIESSEL shared that the process is used by the largest licensing board in the state.

[4:14:29 PM](#)

SENATOR GIESSEL moved to slide 5-6, "2.a. Unlicensed Assistive Personnel":

Unlicensed personnel trained in "routine medical tasks"

Section 3 Regulations will

- o authorize delegation to unlicensed person
- o prohibit delegation of pain management or opioid related activities
- o define "routine medical tasks"

Section 6

adds person, performing delegated "routine medical duties" to exception under "License to practice medicine, podiatry, or osteopathy"

Section 12

Adds "medical assistant" to list to practice medicine

Section 14

adds "medical assistants" to definition of "medical professional" under Title 12 Criminal

Procedure

SENATOR GIESSEL said the bill would correct a gap in the board's laws.

[4:17:00 PM](#)

REPRESENTATIVE JOSEPHSON asked whether there would be a need to ensure that the unlicensed people have specific training.

SENATOR GIESSEL answered that initially all that was required was a high school diploma but now there was some education available. She added there would be a higher level of education required.

REPRESENTATIVE WOOL asked for confirmation that this first group of medical assistants won't need a license in the future, but the physician will be able to delegate to them.

SENATOR GIESSEL answered in the affirmative.

SENATOR GIESSEL progressed to slide 7-8, "2.b. medical Assistants - license/certification":

Why?

- Prescription Drug Monitoring Program (PDMP)
- ~prohibits access by any unlicensed person
- ~envisioned clinician delegates "look up" before prescribing

Problem

- ~No licensed people in MD clinic, other than the MD
- ~Frequent need to check PDMP (AS 17.30.200 requires license).

Solution - recognize training and certification

Training programs accredited by

- o Commission on Accreditation of Allied Health Education Programs (CAAHEP)
- o Accrediting Bureau of Health Education Schools (ABHES)

National exams for Certification

Alaska's community colleges training programs

Recognized in many other states/territories.

WA, CA, TX, FL, PA, OH, IL, MT, MS, ND, SD, WY

[4:21:17 PM](#)

SENATOR GIESSEL addressed slide 9, "2.b. Medical assistant with certification process":

Section 4
Certifying process defined in regulation by Board
Section 5
Limits use of term "certified"
Section 13
Certification is equivalent to a license

[4:22:41 PM](#)

VICE CHAIR WOOL suggested the licensure is simply to check the PDMP and maybe enters the new data. He suggested this would be creating another licensed person who would need training, licensure, and a background check.

SENATOR GIESSEL corrected that the pharmacist enters the data into the PDMP. She said the other statement was correct.

VICE CHAIR WOOL suggested a physician could remove themselves from vulnerability to revocation of their license by having another licensed person in the office.

SENATOR GIESSEL answered that each licensed person is accountable for their actions under their license.

[4:25:09 PM](#)

REPRESENTATIVE JOSEPHSON suggested that the physician would still be held responsible [from a legal standpoint].

[4:25:43 PM](#)

REPRESENTATIVE BIRCH asked how many applications are rejected a year.

SENATOR GIESSEL deferred to the department and to the executive secretary of the state medical board.

REPRESENTATIVE BIRCH said there are a lot of confidentiality issues in a medical office. He asked whether the proposal was to certify everyone in a medical office.

SENATOR GIESSEL answered that the provision would not include the bookkeepers.

[4:28:12 PM](#)

SENATOR GIESSEL briefly addressed "Urgent need for SB 108" on slide 10-11.

Efficient, expeditious and effective licensing of MDs
Legal clarity for delegation of "routine medical duties" to unlicensed personnel (medical assistants)
More legally stringent delegated activities to licensed entity, a medical assistant who has achieved certification

These changes needed this session

SUPPORT:

State Medical Board (requested)

Dept of Commerce

Alaska State Hospital and Nursing Home Association

Alaska State Medical Association

Foundation Health Partners (Fairbanks)

No opposition

[4:30:35 PM](#)

FRED PARADY, Deputy Commissioner, Department of Commerce, Community & Economic Development (DCCED), answered questions in the hearing on SB 108. He said his department had seen an increase in requests for licensure. He said the department had an initiative to streamline the application process. He indicated the issues that slowed the process had been identified. He added that only around ten percent of the applications were complete when they were sent it. He described changes to the online process that would be implemented.

[4:34:41 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD shared her understanding that the aim was to streamline the process. She asked whether licensure could be invoked when the coursework is completed.

MR. PARADY said he had not heard that suggestion before but that it seemed interesting.

REPRESENTATIVE SULLIVAN-LEONARD shared that her hesitation to fully support the proposal was due to the apparent "double duty" in the process.

MR. PARADY answered that he thought the school would be quite a logical location for the online process.

[4:36:26 PM](#)

VICE CHAIR WOOL asked whether the licensure was a statutory responsibility of the state licensing board.

MR. PARADY deferred to the sponsor. He said he thinks it recognizes the limited board meeting schedule and ability to address problem-free applications.

[4:37:33 PM](#)

DEBORA STOVERN, Executive Secretary, State Medical Board, Division of Corporations, Businesses, and Profession Licensing (DCBPL), answered questions in the hearing on SB 108. She said it is important to note that the board is allowed to grant that limited authority to the executive secretary under specific conditions. She added the any application with adverse information would still require the board to review for approval of temporary or permanent licenses. She said it would continue to require specific delegation by the board on an annual basis.

REPRESENTATIVE BIRCH asked how many applicants are rejected.

MS. STOVERN answered that the board actually denies only a couple of applications per year as an outright denial. She said other applications that have adverse information or information of concern would be asked to come into an in-person interview.

REPRESENTATIVE BIRCH said it seemed like a low-risk proposal.

[4:42:43 PM](#)

REPRESENTATIVE JOSEPHSON asked what is being licensed. He asked if someone has done an internship and a residency, what is being granted with licensure.

MS. STOVERN answered the board issues licenses to practice medicine in the state.

[4:43:45 PM](#)

JEANNIE MONK, Alaska State Hospital and Nursing Home Association (ASHNA), testified in support of SB 108. She said ASHNA is in support of fixing the statutory deficiency to allow physicians to delegate the tasks.

VICE CHAIR WOOL asked about the Certified Medical Assistant license.

MS. MONK answered there are some concerns about creating new certified personnel, but it was not enough to avoid supporting the proposed bill.

VICE CHAIR WOOL asked whether the medical assistant would have to acquire a new range of skills.

MS. MONK answered that would be left to the board. She added that she thinks other states do have certified medical assistants.

[4:46:38 PM](#)

VICE CHAIR WOOL opened public testimony on SB 108.

[4:46:52 PM](#)

VICE CHAIR WOOL asked whether Certified Medical Assistant is a one-off certification.

SENATOR GIESSEL answered that the position requirement may expand. She suggested that if a person is going to pay for the licensing exam and fees, they may cost more to hire.

VICE CHAIR WOOL held over SB 108.

HB 136-MOTOR VEHICLE DEALER FRANCHISES

[4:50:01 PM](#)

VICE CHAIR WOOL announced that the final order of business would be HOUSE BILL NO. 136, "An Act relating to motor vehicle franchises, motor vehicle transactions, motor vehicle dealers, motor vehicle manufacturers, and motor vehicle distributors."

[4:50:27 PM](#)

REPRESENTATIVE MATT CLAMAN, Alaska State Legislation, presented HB 136 as prime sponsor. He paraphrased the sponsor statement to the CS to HB 136, Version R, [included on committee packet] which reads as follows [original punctuation provided]:

House Bill 136 updates Alaska statutes dealing with franchise agreements between Alaska's auto-dealers and the automobile manufacturers and distributors. The need for a change in franchise agreements became apparent after the 2008 market crash when General Motors and Chrysler terminated roughly 2,000 dealerships. As of 2016, Alaska dealerships directly or indirectly employed 6,876 people. In the same year, car sales accounted for 14.1% of total retail sales in Alaska. House Bill 136 recognizes the contributions of auto-dealers and manufacturers to Alaska's economy and updates Alaska statute to update protections for both.

The work draft - CS HB 136 Version R - is a product of extensive negotiations between the Alaska Automobile Dealers Association and the Alliance of Automobile Manufacturers. Both groups have worked together to find solutions that protect the consumer, protect the investments of Alaska's auto-dealers, and maintain the brands of the manufacturers.

House Bill 136 updates statutes relating to warranty repair work, requiring a manufacture to pay for warranty work at a competitive rate that is consistent with the retail rate for non-warranty work. It also outlines the requirements for warranty repairs for consumers who are 100 miles or more away from a dealership. The bill expands upon dealership terminations. It sets out good cause for terminations and sets out the manufacturers and auto-dealers' financial responsibilities during terminations. The bill also updates the provisions and terms for transferring or selling a dealership. Manufactures may not unreasonably prevent the transfer of a dealership to someone who meets their standards. Manufacturers may use the right of first refusal except in circumstances involving the transfer of a dealership to family members or managing employees owning more than 15% of the dealership. Lastly, the bill defines certain unfair practices.

House Bill 136 brings the auto dealer franchise agreements in-line with similar laws in other states. It is the intent that with this legislation, we may provide support for an industry that services and employs thousands of Alaskans.

[4:52:41 PM](#)

REPRESENTATIVE CLAMAN addressed the sectional analysis, which reads as follows:

Section 1

Adds legislative intent language to uncodified law:

It is in the public interest to protect have warranty service for new motor vehicles and maintain fair competition among auto manufacturers and auto dealers.

Section 2

Amends AS 45.25.010:

Applicability: AS 45.25.020 -045.25.310 apply to franchise agreements between manufacturers and Alaska auto dealers.

Section 3

Amends AS 45.25.110(a):

Manufacturers may not terminate an auto dealer unless they have complied with notice requirements and shown good cause for termination. Auto dealers have up to 120 days to correct areas out of compliance with the franchise agreement. The manufacturer may terminate a franchise if the dealer has systemically engaged in fraud.

Section 4

Adds new subsection to AS 45.25.110:

Good cause to terminate a franchise does not include the failure of an auto dealer to meet sales or service goals due to factors beyond the control of the dealer including market conditions or insufficient supply of new motor vehicles.

Section 5

Amends AS 45.25.140(a):

Updates and amends the manufacturers repurchase requirements upon termination of a franchise agreement. The manufacturer must repurchase current year models of new motor vehicles, certain new motor

vehicle models from the prior year, parts, trademark signs and equipment, special tools, computer, printers, and electronic hardware.

Section 6

Amends AS 45.25.150(b)

If a franchise termination occurs, auto dealers have an obligation to mitigate damages under a lease and mitigate the costs of facility relocations, alterations or remodels.

Section 7

Adds new subsection to AS 45.25.150:

If a franchise termination occurs, manufacturers must pay the costs of relocation, alteration or remodeling of an auto dealers facilities if they were required by the manufacturer and were completed within three years of termination.

Section 8

Repeals and reenacts AS 45.25.160:

This section establishes a procedure for the proposed transfer of a dealership.

- Manufacturers may not prevent the sale of a franchise to a potential buyer who is capable of being licensed as an auto dealer and who meets the manufacturers' standards.
- Upon receipt of the notice to transfer the franchise, manufacturers have 30 days to request supplemental information after which the manufacturer has 75 days to give notice of rejection of the transfer.
- The manufacturer has the right of first refusal to a transfer with limitations. The manufacturer has the same notice requirements for the right of first refusal as they have for rejecting the transfer outright. A manufacturer may not exercise the right of first refusal if the transfer of the franchise is to a family member or a managerial employee owning 15% or more of the dealership. If a manufacturer exercises the right of first refusal, then the manufacturer must provide the auto dealer with the same compensation as offered by the proposed buyer. The manufacturers must also pay the legal fees incurred for the preparation of the void transfer agreement.

Section 9

Amends AS 45.25.180(d)

Expands the factors that the superior court must consider in a lawsuit addressing whether good cause exists to establish or relocate a dealership.

Section 10

Adds new subsection to AS 45.25.180

Establishes the burden of proof in a franchise lawsuit. A manufacturer has the burden of proof to establish good cause for establishing or relocating a dealership that the manufacturer has proposed. An auto dealer must establish good cause for any establishment or relocation that the auto dealer proposes.

Section 11

Amends AS 45.25.190

This section updates the statutory references in the arbitration section.

Section 12

Adds new sections to article 2 of AS 45.25

This section addresses warranty work and pay rates for warranty work:

Sec 45.25.200: A manufacturer must pay an auto dealer for all warranty work if the auto dealer provides documentation of the need for the repairs. The auto dealer must submit the claim within 90 days of the completed warranty work, and a manufacturer must approve the claim within 30 days of receipt. If the manufacturer rejects the claim they must provide notice of their reasons to the auto dealers, who may correct the issues within 30 days of receipt of the rejection. A manufacturer may conduct an audit of warranty repairs performed, which must be done within a year of the claim. Only one audit can be performed per year.

Sec 45.25.210: A manufacturer must provide auto dealers with a schedule of compensation for warranty work. The rates may not be less than the rates that the auto dealer charges customers for similar retail work. To establish this warranty rate, auto dealers shall submit 100 sequentially ordered claims. Rates for special events and

manufacturer specials are not considered in this calculation.

Sec 45.25.220: If a vehicle needs warranty repairs and is located in a remote location, the manufacturer shall make reasonable efforts to repair the vehicle in the remote location. If the repairs cannot be made on site, the manufacturer may arrange, at no cost to the owner, to ship the vehicle to a location where repairs can be completed. The manufacturer is responsible for returning the repaired vehicle to the remote location. The manufacturer may direct auto dealers to refer customers in remote locations to the manufacturer. Auto dealers may subcontract warranty work in a remote location. 'Remote location' refers to a location that is not accessible by road or is 100 road miles or more from an auto dealer.

Sec 45.25.230: Manufacturers shall provide auto dealers with specific instructions for the preparation of new vehicles before delivery to buyers, compensation for the preparation, and the amount of time allowed for preparation.

Section 13

Repeals and reenacts AS 45.25.300

Regarding unfair practices, manufacturers may not:

- Require or coerce auto dealers to relocate or remodel their facilities if the changes are unreasonable.
- Require auto dealers to purchase a set number of certified pre-owned vehicles or lease return vehicles
- Refuse to deliver for sale a line or make of vehicles that manufacturer makes.
- Require auto dealers to purchase unreasonable advertising displays or an unreasonable number of signs.
- Require auto dealers to accept vehicles, parts, accessories or equipment they did not voluntarily order.
- Increase the price of a vehicle ordered by the auto dealer between the time of order and the time of payment.

- Require or coerce auto dealers to join an advertising association or contribute to an advertising campaign.

Section 14

Repeals and reenacts AS 45.25.990(19)
Defines "terminate" for this chapter.

Section 15

Adds new paragraph to AS 45.25.990
Defines "schedule of compensation" and "warranty work"
for this chapter.

Section 16

Repeals AS 45.25.320

[4:58:33 PM](#)

REPRESENTATIVE JOSEPHSON asked whether the bill represents an agreement between the two sides.

REPRESENTATIVE CLAMAN said the dealers would present what they like about the proposed bill and the manufacturers would do the same.

[4:59:46 PM](#)

GARY SLEEPER, Attorney, testified in support of HB 136. He said the automobile manufacturers present franchise agreements on a "take it or leave it" basis. He mentioned requirements for remodeling dealership premises, payment for warranty repairs on manufacturing defects at 70 percent or less, or termination due to a failure to meet sales goals. He explained that in Alaska, the law governing automobile franchises was adopted in 2002 and has not been updated. He highlighted Section 12 of the proposed bill, which provides for manufactures to pay for warranty repairs at the same rate as paid by consumers for similar non-warranty work.

[5:07:51 PM](#)

MR. SLEEPER shared his appreciation for Representative Claman's work on the proposed bill.

[5:09:08 PM](#)

VICE CHAIR WOOL opened public testimony on HB 136.

VICE CHAIR WOOL held over HB 136.

[5:09:39 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:10 p.m.