

SENATE FINANCE COMMITTEE

April 17, 2017

9:33 a.m.

9:33:09 AM

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:33 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Shelley Hughes
Senator Peter Micciche
Senator Donny Olson
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Jane Conway, Staff, Senator Cathy Giessel; Senator Cathy Giessel, Sponsor; Scott Watts, Pharmacist, Juneau; Representative Dan Ortiz, Sponsor; Britteny Cioni-Haywood, Director, Division of Economic Development, Department of Commerce, Community and Economic Development; Benjamin Brown, Commercial Fisheries Entry Commission, Juneau; Rachel Hanke, Staff, Senator Peter Micciche.

PRESENT VIA TELECONFERENCE

Leif Holm, Chair, Board of Pharmacy, Fairbanks; Richard Holt, Vice Chair, Board of Pharmacy, Wasilla; Barry Christiansen, Alaska Pharmacist Association, Ketchikan; Gerald Brown, Self, Fairbanks; Dirk White, Pharmacist, Sitka.

SUMMARY

SB 4 NON-CHEMICAL BARBERING;HAIR BRAIDING

SB 4 was HEARD and HELD in committee for further consideration.

SB 37 PHARMA BD & EMPLOYEES;DRUG DIST/MANUFAC

SB 37 was HEARD and HELD in committee for further consideration.

HB 56 COMMERCIAL FISHING LOANS

HB 56 was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon remarked that it was the 91st day of session.

#sb37

SENATE BILL NO. 37

"An Act relating to the Board of Pharmacy; relating to the licensing and inspection of certain facilities located outside the state; relating to drug supply chain security; and creating a position of executive administrator for the Board of Pharmacy."

9:33:55 AM

Vice-Chair Bishop MOVED to ADOPT proposed committee substitute (CS) for SB 37, Work Draft 30-LS0191\R (Bruce, 4/15/17).

Co-Chair MacKinnon OBJECTED for discussion.

JANE CONWAY, STAFF, SENATOR CATHY GIESSEL, discussed the document "Sectional Analysis CS for Senate Bill 37(FIN) - Version R" (copy on file):

Section 1: Amends AS 08.80.030(b) by adding a new subsection:

(14): Establishes qualifications and duties of executive administrator. Executive administrator is delegated authority in order to conduct board business.

Section 2: Amends AS 08.80.030(b) by adding a new subsection:

(15): Amends and allows licensing and inspection for out-of-state drug distributors, third-party logistics providers and outsourcing facilities;

Section 3: Amends AS 08.80.030 by adding a new subsection:

AS 08.80.030(c): Specifications for facilities, equipment, personnel, and procedures for control of drugs in compliance with the federal Drug Supply Chain Security Act.

Section 4: Amends AS 08.80.157 by adding a new subsection:

(k): Requires wholesale drug distributors, third-party logistics providers, and outsourcing facilities outside the state under AS 08.80.159, to be licensed.

Section 5: Amends AS 08.80 by adding a new section:

Sec. 08.80.159: Requires that a wholesale drug distributor, third party logistics provider, or outsourcing facility have a license in Alaska before shipping, mailing, or delivering prescription drugs to a licensee in the state or before advertising in the state, an agent must be appointed in the state, and a designee of the board must authorize inspection of the facility. An outsourcing facility, in addition, must comply with the federal Drug Quality and Security Act of 2013. The board may require an inspection of facilities located outside of the state, approve a designee to inspect. The board shall adopt regulations to implement this section.

Section 6: Amends AS 08.80 by adding new section to Article 2:

Sec. 08.80.270: Allows the Board to create an executive administrator position. Defines the role and salary range of the executive administrator.

Section 7: Amends AS 08.80.480 by adding a new paragraph:

AS 08.80.480(37): Defines "outsourcing facility"

AS 08.80.480(38): Defines "third party logistics provider"

Section 8: Amends AS 39.25.120(c)(7) by adding
(Q) Board of Pharmacy

Sections 9, 10, 11:

Provides transition language and effective date clause

Ms. Conway noted that Sections 1, 6, 8, and 9 had immediate effective dates. Sections 2, 3, 4, 5, and 7 had an effective date of July 2018; which gave the department time to set up the licensing program. The department had recommended the time frame.

Co-Chair MacKinnon asked if Ms. Conway could point out the difference between the CS from the Senate Labor & Commerce Committee, and the CS being considered by the committee.

[9:38:55 AM](#)

AT EASE

[9:39:48 AM](#)

RECONVENED

Ms. Conway related that the Senate Labor and Commerce Committee had removed two lines that had stated the executive administrator shall serve as a liaison to the legislative and executive branches of state government and the media, and other state pharmacy boards. She added that there had been other changes in the current CS to reflect the companion bill HB 9. She asserted that the companion bill stated the full intent of the legislation. Additionally, the companion bill established the range and partially-exempt status of the executive administrator position, which had not been in the Senate Labor and Commerce Committee version of the bill. She informed that various effective dates had been added to the CS being considered.

Co-Chair MacKinnon WITHDREW her OBJECTION. There being NO further OBJECTION, it was so ordered. The CS for SB 37(FIN) was ADOPTED.

[9:41:14 AM](#)

SENATOR CATHY GIESSEL, SPONSOR, referenced the end of the bill. She noted that the bill was by request of pharmacists, and authorized an executive administrator position for the Board of Pharmacy. She discussed Medicaid reform and the focus on the opioid crisis in the state. She stated that there had been many new duties delegated to the Board of Pharmacy. Heretofore the board had relied on

licensing division staff to perform the administrative duties of the board. Considering the additional responsibilities, she emphasized that the board needed a designated executive to oversee functions. She added that establishment of the position was one of the key pieces of the proposed legislation.

Senator Giessel stated that the bill addressed where prescriptions came from. She discussed the origin of prescription medications, and informed that there were manufacturers in the Lower 48 that distributed medications to various pharmacies in the country. She informed that Alaska was one of only two states that did not license the medication distributors. She mentioned the Drug Quality Security Act of 2013, which was a federal law that required a license for distributors, and would ensure that medications shipped to Alaskan pharmacies were safe. She referred to adulterated/contaminated medications that had caused deaths in the past. She detailed that individuals had died of meningitis as a result of the contaminated medications. The bill would establish the ability for the Board of Pharmacy to license the outsourcing facilities and drug distributors, and would authorize an inspection. The board would delegate an individual to do the inspection or accept another pharmacy board's authorization by reciprocity. She confirmed that the bill would not result in more travel expenses for the board.

Senator Giessel emphasized the SB 37 was a public safety bill, and that it would help the Board of Pharmacy execute all the duties that the legislature asked them to do. She relayed that there were six pharmacists that could provide information on the bill with great detail.

Senator Hughes thanked the sponsor for bringing the bill forward. She asked if other states that had enacted such licensure had seen any reduction in access to medications.

Ms. Conway thought the pharmacy board might better answer the question.

[9:45:32 AM](#)

Senator Olson asked about the reported deaths from adulterated medications, and wondered if they were outside of Alaska.

Senator Giessel confirmed that the deaths had not been in the State of Alaska.

Senator Olson asked if the states in which the deaths occurred had the legislation in place.

Senator Giessel relayed that a nationwide fungal meningitis outbreak had occurred in 20 states in 2012, and occurred in Massachusetts at a compounding pharmacy. She clarified that compounding pharmacies were included in the bill. She was not sure if the establishment had been licensed and inspected or not.

Ms. Conway thought that the State of Massachusetts did not have licensing like what was proposed in the bill.

Senator Olson asked theoretically if the legislation had been in place in Massachusetts, if people would have been protected.

Ms. Conway answered in the affirmative.

Senator von Imhof understood that the fiscal note stated that the total amount of revenue collected approximately equalled the occupation's actual regulatory cost. She asked if the sponsor had completed an analysis as to a potential increase in license fee to support the additional fiscal note.

Senator Giessel advised that the Board of Pharmacy had suggested a licensing fee of about \$500 per wholesale distributor or outsourcing facility. She relayed that there was a very large number of such facilities, therefore it was ultimately believed to be a zero fiscal note.

[9:48:23 AM](#)

Co-Chair MacKinnon OPENED public testimony.

SCOTT WATTS, PHARMACIST, JUNEAU, spoke in support of the bill. He stated that he had been a local pharmacist for the previous 27 years, and owned and operated two retail pharmacies in Juneau. He reasoned that the legislation would create a secure drug supply chain by allowing the licensing and inspection (if needed) for wholesalers outside the state. He stated that all his purchases of medication occurred outside of Alaska, most of which came

from one of three major wholesalers. He relayed that his business received many calls from smaller distributors claiming to have lower prices. He wanted assurance that any distributor to the State of Alaska would have unadulterated medications that had been stored properly. He discussed the opportunity to pursue lower cost products if the facilities were vetted properly. He thought the bill would allow the Board of Pharmacy to ensure that medications were safe for Alaskan residents.

[9:51:52 AM](#)

Senator Hughes asked if there was a national certification for facilities, or if the state would be responsible to inspect facilities or obtain proxy verification.

Mr. Watts stated that there were national certifications, and many wholesalers could be certified or licensed through the State of Alaska by reciprocity without duplicating the licensures.

Senator Hughes asked if it was anticipated that in order for a facility to be licensed, it would need a national certification.

Mr. Watts was not aware of the details, and thought the board might be able to provide more information.

Senator Hughes thought that a national certification would provide a level of assurance for the state.

Senator Olson asked how the bill would impact the cost of medication for patients.

Mr. Watts did not expect there would be any difference to the cost of medication as a result of the bill.

Senator Olson suggested that someone had to pay for the inspection of facilities.

Mr. Watts thought that the cost would not get passed on from the pharmacy.

[9:55:22 AM](#)

LEIF HOLM, CHAIR, BOARD OF PHARMACY, FAIRBANKS (via teleconference), testified in support of the bill. He

stated he was the owner of three independent pharmacies. He echoed the comments of the previous testifier. He thought the bill would hold entities accountable to the same standards of practice as those doing business from within the state. He thought the proposed requirements were no different from most professional licensees wishing to do business in the state from outside. He relayed that the board felt the proposed position was long overdue, and was a necessity as the board continued to fall behind with regard to timely licensing. The board felt the position would greatly increase efficiency in licensing, as well as the ability to stay up-to-date on statutes and regulation changes. He stated that it was the intention of the board that the funding for the position would rest solely with the board, and would be easily attainable through new licensing fees. The position would not require an increase in fees to those already licensed by the board.

Co-Chair MacKinnon asked why the board chose the name "administrator" rather than "director" for the proposed position. She asserted that other boards had commonly used the title of executive director.

Mr. Holm stated that he only became familiar with the term after serving on the board.

[9:58:05 AM](#)

RICHARD HOLT, VICE CHAIR, BOARD OF PHARMACY, WASILLA (via teleconference), spoke in support of the bill. He stated that he was the Vice-Chair of the Board of Pharmacy. He thought the sponsor had done a superlative job of presenting the details of the bill. He thought the sponsor had provided clarity around the issue of patient safety and understanding where medications came from out of state. He discussed the complexity and degree of medication regulation in the bill, and through other legislation. He addressed the question of reducing the number of sources for medication distribution. He recalled that previous testimony had indicated there were over 1,200 wholesale medication distributors in the country. He thought the State of Oregon had about 400 or 500 distributors. He did not think the licensure would decrease the number of sources for patients in Alaska, but thought it would increase safety.

Mr. Holt referred to the executive administrator position and the fiscal note, and clarified that the bill proposed to create three additional licensing categories. He did not anticipate seeing any license fee increases for existing licensees, but the proposed position would be funded through the licensing category created through the bill. He thought the bill was needed to ensure the safety of patients and assist the board with its administrative function.

Co-Chair Hoffman asked Mr. Holt if the bill would have an impact on Alaska Native health corporations.

Mr. Holt was not sure of any impact to Alaska Native health corporations, as he did not know the source of the corporation's medications.

[10:01:10 AM](#)

Senator Hughes asked if Mr. Holt could speak to her earlier question about national certification for facilities. She thought the requirement for all distributors to be inspected was putting a lot of pressure on the board, and on the executive administrator.

Mr. Holt was not aware of the state requiring a national certification. He informed that each state had regulation governing its own practice. The board had discussed a Verified Accredited Wholesale Distributors (VAWD) designation which was an inspection through the National Board of Pharmacy; but he did not know if it was required in every state. He stated that the board would discuss the matter when it was creating regulations, so that there would be standardized approach.

[10:03:06 AM](#)

BARRY CHRISTIANSEN, ALASKA PHARMACIST ASSOCIATION, KETCHIKAN (via teleconference), testified in support of the bill. He relayed that he was a practicing pharmacist, and served as Co-chair of the Alaska Pharmacists Association Legislative Committee. He informed that the association was made up of pharmacies, pharmacists, and pharmacy technicians throughout the state. He thought the bill was very necessary. He spoke in support of previous testimony, and stated that the association was in full support of the legislation.

10:04:11 AM

GERALD BROWN, SELF, FAIRBANKS (via teleconference), spoke in support of the bill. He relayed that he was a pharmacist and an independent pharmacy owner. He thought the sponsor had done an excellent job of presenting the bill. He thought the legislation was needed, and without it there was no way of knowing the origin of medications. He asked for the support of the committee.

10:05:30 AM

DIRK WHITE, PHARMACIST, SITKA (via teleconference), testified in support of the bill. He relayed that he was a past board member of the Board of Pharmacy. He referred to the Drug Quality Security Act. He stated that there was federal legislation moving forward to allow broad drug importation to the United States. He thought it was more important than ever to have assurance that medications were safe. He addressed the VAWD, which he likened to a Good Housekeeping Seal of Approval for a wholesaler. He thought many states would use the designation as verification. He described the designation as a "very thorough top to bottom inspection" of how drugs were handled.

10:08:24 AM

Senator Olson considered the levels of existing inspection, and thought there was an implication that the 2013 Drug Quality Security Act had not been adequate. He wondered what added benefit the proposed legislation would provide.

Mr. White discussed existing medication quality control, including inspections by the United States Food and Drug Administration. He thought any increase in cost as a result of the bill would be absorbed by wholesalers.

Senator Hughes asked if the state was currently bringing in medication from wholesalers or suppliers outside of the United States. She wondered if the bill would give authority to require licensure for entities out of the country.

Mr. White stated that currently pharmacists were not legally allowed to import medications from outside the country for resale. He stated that there were many

companies that manufactured drugs outside the United States (U.S.). He believed that there had been legislation to allow for the import of drugs (during the Clinton administration), but it had been struck down by the U.S. Department of Justice. He added that it was possible to purchase personal medications outside the country.

[10:12:56 AM](#)

Co-Chair MacKinnon CLOSED public testimony.

Vice-Chair Bishop discussed FN1(CED), OMB Component number 2360. He detailed that there was an initial cost of \$184,200 in FY 18; and \$157,500 annual cost from FY 19 through FY 23. There would be a cost of \$136,500 for one permanent full-time executive administrator at range 23. There was a travel cost of \$6,000 for the administrator to attend four board meetings per year. There was a legal cost for \$16,700 to help amend regulation, and to include printing and postage. There was a \$15,200 cost in reimbursable service agreements; and \$10,000 in commodities. He read the last paragraph from the analysis on the second page of the fiscal note:

Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.

Co-Chair MacKinnon set the bill aside.

SB 37 was HEARD and HELD in committee for further consideration.

#hb56

HOUSE BILL NO. 56

"An Act relating to limitations on certain commercial fishing loans made by the Department of Commerce, Community, and Economic Development."

[10:15:22 AM](#)

REPRESENTATIVE DAN ORTIZ, SPONSOR, discussed HB 56. He detailed that the bill addressed the Fisherman's Revolving Loan Fund; and would allow borrowers of Section D of the fund to apply for the same loan amount as the borrowers of all other sections of the fund. He informed that the fund was created in 1972 to promote predominantly resident fisheries, and support continued maintenance of gear and vessels.

Representative Ortiz continued discussing the bill. He elaborated that borrowers must be Alaska residents for two years prior to the loan application date. To be eligible, Alaskans must document that they had attempted to find private sector financing, and produce a letter of rejection from a private lender. He pointed out that many harvesters did not meet typical private sector financing because they are from rural cash economies, or were young and had no credit history. Over the life of the program, there had been 8,400 loans. The fund was completely self-sufficient. There had been over \$125 million appropriated out of the fund to other state programs or to the GF. At the end of FY16, the program had 1,728 loans. The interest rate was 5.5 percent. The delinquency rate of 2.2 percent, which was well below the industry standard of 5 percent. He informed that the bill had a zero fiscal note, as the proposed legislation did not affect the solvency of the fund.

[10:17:52 AM](#)

Senator von Imhof asked the sponsor to repeat the statistics related to the loan fund.

Representative Ortiz reiterated that at the end of FY 16, the program had 1,728 loans. The interest rate on the loans was 5.5 percent. The delinquency rate on the loans was 2.2 percent, which was well below the industry standard of 5 percent.

Senator von Imhof asked about the total amount of the outstanding 1,728 loans.

Representative Ortiz thought that the Division of Economic Development staff would have the figures available.

Senator Micciche asked why the increase from \$300,000 to \$400,000 was important, and what was meant by his statement

that the bill did not raise the aggregate amount a borrower may hold unpaid.

Representative specified that the bill would not raise the total loan limit of the program. The borrowers limit was set at \$400,000, and the limit would not be changed by the bill. Rather, within Section D the bill would raise the amount a person could borrow (from \$200,000 to \$300,000) from a specific category.

[10:20:40 AM](#)

AT EASE

[10:20:54 AM](#)

RECONVENED

Representative Ortiz clarified that the bill would raise the amount from \$100,000 to \$200,000 within the Section D loan category. The bill expanded the categories from which a fisherman could borrow money to improve gear, or to finance the boat. He referred to increased costs for boats and gear. He noted that the borrowing category limits had not changed since the fund was established in 1972. If the bill were to change the total amount that a person could borrow, it would have to be close to \$700,000 to adjust to inflation. He restated that the bill did not propose to raise the total loan limit per borrower.

Senator Olson asked about the default rate and delinquency rate on the loans.

Representative Ortiz was not sure of the distinction between default and delinquency rates.

Senator Olson asked about residency requirements.

Representative Ortiz specified that the program was for in-state fisherman with at least two years of residency.

[10:23:03 AM](#)

BRITTENY CIONI-HAYWOOD, DIRECTOR, DIVISION OF ECONOMIC DEVELOPMENT, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, stated that the outstanding principle on the loans was just over \$95 million at the end of FY 16. She relayed that as of the beginning of April 2017, the interest rate changed from 5.5 percent to 5.75 percent.

Ms. Cioni-Haywood informed that the delinquency rate was 2.2 percent, and the default rate was approximately 1.1 percent.

Senator von Imhof referred to the loan requirement of a letter of rejection from a bank.

Ms. Cioni-Haywood stated that the requirement was not necessary for permits, because there were only two entities in the state that could lien on permits.

Senator von Imhof considered that an individual that did not qualify for traditional bank financing would generally be a higher risk. She considered various loan rates as compared to the rate offered by the fund. She thought a higher-risk borrower would receive a rate of prime plus 3 or 4 percent; whereas the current fund rate was prime plus 2 percent.

Ms. Cioni-Haywood stated that the fund loan rates were not risk-based like a private sector lender, but rather were set in statute to be prime plus one or two percent.

[10:26:17 AM](#)

AT EASE

[10:27:01 AM](#)

RECONVENED

Ms. Cioni-Haywood stated that the interest rate was prime plus two percent.

Co-Chair MacKinnon asked if loan default disqualified borrowers for further loans.

Ms. Cioni-Haywood answered in the affirmative.

Co-Chair MacKinnon OPENED public testimony.

[10:28:18 AM](#)

BENJAMIN BROWN, COMMERCIAL FISHERIES ENTRY COMMISSION, JUNEAU, testified in support of the bill. He relayed that the Commercial Fisheries Entry Commission (CFEC) issued permits and oversaw transfer of limited entry permits that were often the objects that were purchased with the loans.

Additionally, permit holders were often the borrowers that used the loans for other purposes such as new vessels, or vessel and gear maintenance. He had observed over his 6 years on the commission that the program had been an excellent partner that strove to ensure resources were available, so Alaskans could have successful careers as commercial fisherman. He recalled communicating with fishers that called with concerns about loan applications, and testified to the praiseworthy response of the loan fund staff.

Mr. Brown continued his testimony, stating that the "graying of the fleet" had been a source of concern to many Alaskans and members of the legislature. He thought that the loan fund was making things as good as possible for commercial fishers in Alaska. He thought the legislation would achieve its stated objectives.

[10:30:06 AM](#)

Co-Chair MacKinnon CLOSED public testimony.

Vice-Chair Bishop discussed the zero fiscal note from the Department of Commerce, Community and Economic Development (FN1).

Co-Chair MacKinnon informed that any proposed amendments were due by noon the following day. She set the bill aside.

HB 56 was HEARD and HELD in committee for further consideration.

[10:31:02 AM](#)

AT EASE

[10:33:43 AM](#)

RECONVENED

#sb4

SENATE BILL NO. 4

"An Act relating to the Board of Barbers and Hairdressers; and relating to a limited license to practice non-chemical barbering."

[10:33:47 AM](#)

Co-Chair MacKinnon read the title of the bill.

Senator Micciche stated that he was the sponsor of the bill, and clarified that the bill was different than what he had sponsored on the same topic the previous session. He had realized during the interim that there was undue burden on licensees, over and above what was required to operate. He thought that the state had hindered commerce and the ability for Alaskans to earn a living. He relayed that currently, professionals must work in a licensed shop, as well as have their own license, which must be conspicuously displayed. He informed that employees were being fined after shop owner's licenses had lapsed.

Senator Micciche continued discussing the effects of the bill. He stated that Department of Environmental Conservation (DEC) was no longer certifying barber and hairdresser shops, and the bill would allow for the Board of Barbers and Hairdressers to create a self-certification process using DEC standards. The bill created two new license types. One new license type was a non-chemical barbers license, which would allow barbers to forgo parts of the training on practices normally performed by hairdressers. The bill would allow barbers to use scissors and clippers to obtain a license and reduce the burden on the individuals. The bill would establish a special license for hair braiding, which currently required the same amount of training (1650 hours in practical training) in addition to a written exam. The new license would have dramatically reduced number of hours of training. He thought the bill matched what professionals were doing with reasonable training requirements. He discussed the inordinate length of training time needed for some existing licenses.

[10:37:04 AM](#)

RACHEL HANKE, STAFF, SENATOR PETER MICCICHE, read from the Sectional Analysis for SB 4 (copy on file):

Section 1 - AS 08.01.065(h) removes the requirement that the Department of Environmental Conservation inspect or regulate barbering, hairdressing, manicuring, or esthetics establishments.

Section 2, 5, 10-11, 13, 16-18, 20, 22-24
Add the term "hair braiding" or "hair braider" to statute.

Section 3 - AS 08.13.030(c) removes the ability of the DEC to investigate the practices of a person, shop or school in the fields of barbering, hairdressing, manicuring or esthetics, it also adds hair braiding to this list. Adds new subsection that will continue to allow the DEC to investigate practices for body piercing, tattooing, and permanent cosmetic coloring.

Section 4 - AS 08.13.040 adds a new subsection that will not allow the board to administer an exam to an individual applying for a limited non-chemical barber's license that tests a person's knowledge in the areas of chemical processes such as permanent waving, bleaching, coloring, or chemical straightening.

Section 6

AS 08.13.080(a) specifies that courses and curriculum required for a barber's examination may be limited to non-chemical barbering.

Section 7

AS 08.13.080 adds a new subsection (e) that establishes the application requirements for a hair braiding license.

Section 8

AS 08.13.082(a) removes the ability of the board to require a person applying for a limited non-chemical barber's license to have practical hours or training in chemical processes, which includes permanent waving, bleaching, coloring or chemical straightening.

Section 9

AS 08.13.100(a) adds a sentence that requires the board to issue a hair braiding license to each applicant who satisfied all requirements under AS 08.13.080(d).

Section 12

AS 08.13.100 adds new subsection (f) that directs the board to adopt regulations allowing for the practice of non-chemical barbering and requires that the limitation be stated on the license.

Section 14

AS 08.13.120 adds new subsection instructs the board to adopt regulations for standards of cleanliness for licensed establishments, not including tattooing, piercing or permanent cosmetic coloring.

Section 15

AS 08.13.130(a) is amended to state that a shop owner is responsible for conspicuous display of the shop's license, as well as employees' and booth renters' licenses.

Section 19

AS 08.13.185(a) requires that the board set fees for initial hair braiding licenses and renewals.

Section 21

AS 08.13.210(a) establishes that the board will supervise health and sanitary conditions in barbering, hairdressing, hair braiding, manicuring and esthetics shops, maintains that DEC will supervise the tattoo, piercing and cosmetic coloring shops.

Section 25

AS 44.46.020(a) removes the requirement that DEC regulate the standards of cleanliness and sanitation in barbering, hairdressing, manicuring or esthetics shops.

Section 26

Uncodified law directs the board to adopt necessary regulations to implement these changes but not before the effective date.

Section 27

Uncodified law - provides that section 26 will take effect immediately.

Section 28

Uncodified law - provides that all other sections take effect January 1, 2018.

[10:39:56 AM](#)

Co-Chair MacKinnon OPENED public testimony.

Co-Chair MacKinnon CLOSED public testimony.

Vice-Chair Bishop discussed two previously published fiscal notes that applied to the bill. He addressed FN1, from the Department of Commerce, Community and Economic Development. He read from the analysis on page 2 of the fiscal note:

If the bill passes, the division will require \$6.3 to cover legal costs to amend regulations, printing, and postage in the first year. Professional licensing programs within the Division of Corporations, Business and Professional Licensing are funded by Receipt Supported Services, fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.

Vice-Chair Bishop discussed FN2 from the Department of Environmental Conservation, which was a zero fiscal note. He elaborated that the technical analysis indicated that the bill would edit existing regulations as time allowed with the existing resources.

Vice-Chair Bishop asked about Section 7 of the bill, and wondered how the amount of 35 hours of instruction was chosen.

Senator Micciche stated that he had researched other areas of the United States as well as examined the information that needed to be delivered for hair braiding; then had estimated how much training was needed.

[10:43:10 AM](#)

Co-Chair MacKinnon was concerned that the Department of Environmental Conservation was not involved on the issue of sanitation. She relayed that the committee had been shown horrific examples of fungus and other disease associated with nail services. She wondered if the topic was affected as part of the proposed legislation.

Senator Micciche stated that DEC had stopped certifying barber and hairdresser shops a year and a half previously. He wanted to give the board the authority to certify and regulate shops using DEC codes, which was not currently happening.

Vice-Chair Bishop asked if DEC regulations were still in place, but not enforced.

Senator Micciche answered in the affirmative.

Vice-Chair Bishop asked if there was a problem with an infection if a service provider could be held to the DEC regulations in a court of law.

Senator Micciche stated that technicians would be held to the same regulation, but by the board rather than DEC.

Co-Chair MacKinnon wanted the committee to hear from DEC on the issue. She believed that the department would be re-writing regulations, and wondered if it would keep the regulations that Senator Micciche was speaking to, or eliminate them for lack of jurisdiction.

Senator Micciche stated that the matter had been of concern for some time. He wanted there to be an entity regulating cleanliness to DEC standards, and it was not currently occurring. The bill was attempting to ensure of method of public safety that did not currently exist.

Co-Chair MacKinnon stated that the committee needed to hear from DEC to get confirmation that health and safety standards would stay in existence. She thought Senator Micciche was suggesting that the standards would be monitored through a licensing structure.

Senator Micciche answered in the affirmative.

Senator von Imhof asked the sponsor if it was a good idea to hear from a board member about the responsibility of employing and implementing DEC standards.

Senator Micciche thought it was a good idea to hear from a board member. He stated that board members would be available to testify. He encouraged the committee to consider the bill's supporting documents, which would inform on the problems faced in the business. He confirmed that the board had requested that the bill be changed due to the concern that DEC was no longer regulating the standards; and pointed out that the bill being considered was a sponsor substitute.

Co-Chair MacKinnon set the bill aside.

SB 4 was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon stated that proposed amendments were due by noon the following day.

#

ADJOURNMENT

10:47:56 AM

The meeting was adjourned at 10:47 a.m.