

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 21, 2017

9:33 a.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Shelley Hughes, Vice Chair
Senator Kevin Meyer
Senator Berta Gardner

MEMBERS ABSENT

Senator Gary Stevens

COMMITTEE CALENDAR

CONFIRMATION HEARINGS

Board of Dental Examiners

Dr. Michael P. Moriarty - Seward
Gail Walden - Wasilla

CONFIRMATIONS HEARD AND HELD

Board of Barbers & Hairdressers

Terriann Shell - Big Lake

CONFIRMATION HEARD AND HELD

State Physical & Occupational Therapy Board

Jennifer Carlton - Fairbanks

CONFIRMATION HEARD AND HELD

Board of Professional Counselors

HAROLD HENDERSON - HEARD AND Wasilla

CONFIRMATION HEARD AND HELD

Board of Certified Real Estate Appraisers

Renee Piszczek - Fairbanks

CONFIRMATION HEARD AND HELD

State Board of Registration for Architects Engineers & Land Surveyors

SCHEDULED BUT NOT HEARD AND HELD

SENATE BILL NO. 71

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

- HEARD & HELD

SENATE BILL NO. 79

"An Act relating to the prescription of opioids; establishing the Voluntary Nonopioid Directive Act; relating to the controlled substance prescription database; relating to the practice of dentistry; relating to the practice of medicine; relating to the practice of podiatry; relating to the practice of osteopathy; relating to the practice of nursing; relating to the practice of optometry; relating to the practice of veterinary medicine; related to the duties of the Board of Pharmacy; and providing for an effective date."

- BILL HEARING POSTPONED TO 1:30 PM 3/21/17 MEETING

PREVIOUS COMMITTEE ACTION

BILL: SB 71

SHORT TITLE: COMMERCIAL FISHING LOANS

SPONSOR(S): SENATOR(S) STEVENS

02/27/17	(S)	READ THE FIRST TIME - REFERRALS
02/27/17	(S)	L&C, FIN
03/16/17	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/16/17	(S)	Heard & Held
03/16/17	(S)	MINUTE(L&C)
03/21/17	(S)	L&C AT 9:30 AM BELTZ 105 (TSBldg)

WITNESS REGISTER

DR. MICHAEL P. MORIARTY, Appointee
Board of Dental Examiners
Seward, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Dental Examiners.

TERRIANN SHELL, Appointee

Board of Barbers and Hairdressers
Big Lake, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Barbers and Hairdressers.

JENNIFER CARLTON, Appointee
State Physical Therapy and Occupational Therapy Board
Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the State Physical Therapy and Occupational Therapy Board.

HAROLD HENDERSON, Appointee
Board of Professional Counselors
Wasilla, Alaska,

POSITION STATEMENT: Testified as appointee to the Board of Professional Counselors.

RENEE PISZCZEK, Appointee
Board of Real Estate Appraisers
Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Real Estate Appraisers.

TIM LAMKIN, Staff
Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information related to SB 71.

BRITTENY CIONI-HAYWOOD, Director
Division of Economic Development
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Provided supporting testimony related to SB 71.

JERRY MCCUNE, President
United Fishermen of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 71.

GAIL WALDEN, Appointee
Board of Dental Examiners
Wasilla, Alaska

POSITION STATEMENT: Testified as appointee to the Board of Dental Examiners.

ACTION NARRATIVE

[9:33:16 AM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 9:33 a.m. Present at the call to order were Senators Gardner, Meyer, Hughes, and Chair Costello.

CONFIRMATION HEARINGS

Board of Dental Examiners
Board of Barbers & Hairdressers
State Physical & Occupational Therapy Board
Board of Professional Counselors
Board of Certified Real Estate Appraisers

[9:34:20 AM](#)

CHAIR COSTELLO announced the first order of business would be confirmation hearings of governor appointees for boards and commissions.

She asked Dr. Michael P. Moriarty of Seward to share his interest in serving on the Board of Dental Examiners in a dentist seat.

[9:35:14 AM](#)

DR. MICHAEL P. MORIARTY, Appointee, Board of Dental Examiners, Seward, Alaska, said he has been a dentist in Seward since 1991 and has served on a number of professional boards both statewide and nationally. Challenges the board faces going forward include the regulations on sedation, the opioid epidemic, and care for the underserved in the state.

[9:37:04 AM](#)

SENATOR GARDNER highlighted the numerous awards and honors Dr. Moriarty has received.

CHAIR COSTELLO found no questions or public testimony and thanked Dr. Moriarty for being willing to serve.

CHAIR COSTELLO asked Terriann Shell of Big Lake to share her interest in serving on the Board of Barbers & Hairdressers in the public seat.

[9:38:35 AM](#)

TERRIANN SHELL, Appointee, Board of Barbers and Hairdressers Appointee, Big Lake, Alaska, said she is a 20-year resident of Alaska. She received her cosmetology license while in high

school and used it to work her way through college. She has degrees in chemistry, nursing, and health education, all of which fit with this board. She recently completed an internship that included inspection of some tattoo shops and has served on a regulatory board for certification. These experiences are similar to what she would do on this board.

CHAIR COSTELLO noted that she applied to serve on several other boards as well.

SENATOR GARDNER asked if she is familiar with the bill that addresses the hours of training required to do hair braiding.

MS. SHELL said she is somewhat familiar with that bill and the one that increases the number of hours of training for nail technicians.

SENATOR GARDNER asked what she thinks about the hour requirement.

MS. SHELL said she didn't have a feel for that, but more hours of training is always preferable.

[9:41:27 AM](#)

CHAIR COSTELLO found no further questions or public testimony and thanked Ms. Shell for being willing to serve.

CHAIR COSTELLO asked Jennifer Carlton of Fairbanks to share her interest in serving on the State Physical Therapy and Occupational Therapy Board in the physical therapist seat.

[9:42:15 AM](#)

JENNIFER CARLTON, Appointee, State Physical Therapy and Occupational Therapy Board, Fairbanks, Alaska, said she is a lifelong Alaskan who has been a physical therapist for about 20 years. She is interested in serving on the board because she knows there is a need for it. One of the most challenging aspects of physical therapy in Alaska is the licensing process. She wants to do what she can to streamline the process.

SENATOR HUGHES asked how long the licensing process takes.

MS. CARLTON replied it takes from six to eight weeks if the application is filled out correctly the first time.

SENATOR HUGHES asked if all the licenses expire at the same time.

MS. CARLTON clarified that the renewal process is not a problem. The problem relates to the fact that there is a shortage of PTs in the state. She said she has been trying to hire two fulltime PTs for close to three years and has to rely on contract labor in the meantime. Those therapists can only work in Alaska if they are licensed and that usually takes six to eight weeks.

[9:45:32 AM](#)

CHAIR COSTELLO found no questions or public testimony and thanked Ms. Carlton for being willing to serve.

CHAIR COSTELLO asked Harold Henderson of Wasilla to share his interest in serving on the Board of Professional Counselors in a licensed professional counselor seat.

HAROLD HENDERSON, Appointee, Board of Professional Counselors, Wasilla, Alaska, said he has been a licensed professional counselor in private practice for about 15 years and a school counselor for 24 years. He is eager to be a part of the licensure board because it gets him in touch with the people who are applying and to learn about the different backgrounds and training of the people entering the field. He has attended one meeting so far and feels fortunate to be on the board.

SENATOR HUGHES asked if school counselors and LPCs are two different career tracks and require different licenses.

MR. HENDERSON explained that they are significantly different; school counselors typically hold type C certificate, whereas the LPC holds a clinical license.

SENATOR HUGHES expressed appreciation that he is continuing to use both certifications.

[9:49:10 AM](#)

SENATOR GARDNER asked if he sees a shortage of licensed professional counselors in Alaska and if it is widespread or in certain specialized areas of practice.

MR. HENDERSON confirmed there is a shortage. He related an anecdote and said, "I'm finding a significant shortage in people willing to work with kids...13 and under." He expressed optimism that new applicants for licenses will help lessen the shortfall.

SENATOR GARDNER asked if he has suggestions for what the legislature can do to help solve the problem.

MR. HENDERSON opined that students need to know what they want and have the ability to plan ahead. For example, a student who is on the track to become a school counselor could also qualify to sit for the LPC exam if he/she is aware of and completes the LPC core classes in addition to those for the type C certificate.

9:52:00 AM

CHAIR COSTELLO found no further questions or public testimony and thanked Mr. Henderson for being willing to serve.

CHAIR COSTELLO asked Renee Piszczek of Fairbanks to share her interest in serving on the Board of Certified Real Estate Appraisers in the mortgage banking executive seat. She also asked if she sees any challenges that the board faces moving forward.

9:53:08 AM

RENEE PISZCZEK, Appointee, Board of Real Estate Appraisers, Fairbanks, Alaska, said she has lived in Fairbanks since 1985 and has worked as a community banker most of that time. She explained that she has been on this board for several years and has been surprised at her personal growth serving in this position. She expressed appreciation for the support and training she has gotten from the state and the others sitting on the board. She described the service as a way to give back to the state. Some of the challenges the board has been addressing include setting up an appraisal management company (AMC) and changing the regulations to recognize that a degree is now required to become an appraiser.

SENATOR GARDNER asked what an appraisal management company is.

MS. PISZCZEK explained that it is an independent entity through which mortgage lenders order a residential real estate valuation when they are considering extending a loan to a homebuyer. It's a way of approving the appraisal.

CHAIR COSTELLO noted that Ms. Piszczek also serves on a housing board in Fairbanks and helps with training for first-time homeowners for the Alaska Housing Finance Corporation.

SENATOR HUGHES asked if the board deals with appraisers in local municipalities.

MS. PISZCZEK answered no, just private appraisers.

[9:58:15 AM](#)

CHAIR COSTELLO thanked Ms. Piszczek for being willing to serve.

CHAIR COSTELLO stated that public testimony would remain open on all nominees for boards and commissions and the names would be forwarded in a single batch at a later date.

[9:58:37 AM](#)

At ease

SB 71-COMMERCIAL FISHING LOANS

[9:59:57 AM](#)

CHAIR COSTELLO reconvened the meeting and announced the second hearing for SB 71. She asked Mr. Lamkin to provide an explanation of the handout he had distributed to committee members.

[10:00:16 AM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, said the handout is a visual that helps explain how SB 71 will encourage Alaskans to enter the fishing industry. Loans [from the Commercial Fishing Revolving Loan Fund] are still capped at \$400,000 but it adjusts the amounts for certain expenditures in four different categories. Responding to a question, he confirmed that the numbers to the left of the arrow represent current category limits and the ones to the right represent limits the bill proposes.

CHAIR COSTELLO stated that the visual would be posted to BASIS as soon as possible.

[10:02:26 AM](#)

SENATOR GARDNER commented that the visual is helpful but Mr. Lamkin provided a good explanation when he introduced the bill.

CHAIR COSTELLO noted that Britteny Cioni-Haywood was available to answer questions.

SENATOR MEYER asked what the interest rate is for these loans.

MR. LAMKIN replied the rate is set in regulation. He deferred further explanation to Ms. Cioni-Haywood.

[10:03:25 AM](#)

BRITTENY CIONI-HAYWOOD, Director, Division of Economic Development, Department of Commerce, Community and Economic Development (DCCED), explained that the interest rate currently is 5.5 percent. The rate is fixed to the prime rate plus 2 percent. There is a 10.5 percent cap and the floor is no lower than cost of funds, which tends to be between 3 percent and 4 percent.

SENATOR MEYER asked if that is less than a bank loan.

MS. HAYWOOD replied the structures are different. The CFRLF has a set interest rate, whereas banks often base the interest rate on risk. The riskier the loan the higher the rate.

SENATOR MEYER commented on risk and asked if the state is making money on these loans.

MS. CIONI-HAYWOOD said the program is very successful. It has been in existence since 1972 and the portfolio is very balanced in terms of risk. The delinquency rate is low, which also speaks to the success of the program.

SENATOR MEYER commented on the fund balance and again asked if the state is making money on the loans.

MS. CIONI-HAYWOOD clarified that about \$90 million has been loaned and the cash balance is about \$20 million. The program is self-sustaining and has not taken any general fund support since 1985. The fund has paid for the cost of operations and has returned more to the general fund than the initial capitalization.

SENATOR MEYER asked if this program gives a dividend back to the state like AIDEA.

MS. CIONI-HAYWOOD said no; the money that comes back and isn't used remains in the fund and is available to grow economic development through additional loans.

[10:06:46 AM](#)

CHAIR COSTELLO asked how this loan program differs from the Alaska Commercial Fishing and Agriculture Bank (CFAB).

MS. CIONI-HAYWOOD described them as "two sides of the same coin." Both programs were established at about the same time and were for the purpose of financing limited entry permits. CFRLF tends to do smaller loans to less affluent borrowers.

CHAIR COSTELLO asked if this program competes with CFAB.

MS. CIONI-HAYWOOD replied there is probably a little competition because both entities lien on limited entry permits, but the clientele is different. Borrowers tend to work themselves out of this program and into CFAB or private lending as they become more affluent.

SENATOR GARDNER summarized that CFAB borrowers tend to qualify conventionally, whereas the people who receive a CFRLF loan might not qualify for a conventional loan and tend to have fewer assets.

MS. CIONI-HAYWOOD agreed with the summary and added that the average age of borrowers for the CFRLF loans is younger than the average age of permit holders. "We do see this as a program that helps combat, to a certain extent, the graying of the fleet."

[10:09:15 AM](#)

CHAIR COSTELLO opened public testimony on SB 71.

[10:09:45 AM](#)

JERRY MCCUNE, President, United Fishermen of Alaska, Juneau, Alaska, stated that this program, which was created to help residents, has put a lot of young people in the fishery. It is particularly helpful for someone who is buying a vessel. The bill proposes to raise the limit that can be loaned on the purchase or construction of a vessel from \$100,000 to \$200,000. A new gillnetter costs up to \$400,000 so that modest raise would certainly help get some safe boats into the fleet. He highlighted that the loan gives preference to residents; it helps people out in the four categories described in the handout. [Mr. Lamkin described the categories during the introduction on 3/16/17.]

SENATOR GARDNER asked if these loans are available to non-residents.

MR. MCCUNE said no, the program was created for residents.

SENATOR MEYER asked what happens when a resident gets a loan and then moves to Seattle.

MR. MCCUNE replied the person would still have the loan, but the state would not be as accommodating if the person had a bad season [and had difficulty meeting their loan obligation.]

SENATOR MEYER expressed frustration that the same thing happens on the North Slope. Companies hire locally and then the employees move out of state and continue to work here.

[10:13:27 AM](#)

MS. CIONI-HAYWOOD stated that a very small percentage of CFRLF loans are held by people who have moved out of state. There is a residency requirement to qualify for a loan initially, but there isn't much that can be done if the person subsequently leaves Alaska. That person would not qualify for another loan or a loan modification. "We're much more cooperative with our resident fleet."

[10:14:25 AM](#)

CHAIR COSTELLO closed public testimony on SB 71 and held the bill in committee for further review.

[10:14:35 AM](#)

At ease

CONFIRMATION HEARING

Board of Dental Examiners

[10:14:55 AM](#)

CHAIR COSTELLO reconvened the meeting and returned to consideration of governor appointees to boards and commissions. She asked Gail Walden of Wasilla to share her interest in serving on the Board of Dental Examiners in the hygienist seat.

[10:15:22 AM](#)

GAIL WALDEN, Appointee, Board of Dental Examiners* Wasilla, Alaska, said this will be her second term should she be confirmed. She stated that she is a clinical hygienist who has been working in the field since 2003 and has worked in the same practice in Wasilla since 2005. She is active in the state hygiene association and is a clinical grading examiner for licensees. She said she is an active participant on the board and most recently has been working on regulations.

CHAIR COSTELLO asked what regulations the board is working on.

MS. WALDEN explained that the board has spent the last 3-4 years working on regulations governing sedation and general anesthesia.

10:17:34 AM

CHAIR COSTELLO found no questions or public testimony and thanked Ms. Walden for being willing to serve.

She stated that she would forward the names of all nominees to boards and commissions in one batch at a later date. Public testimony would stay open throughout the process.

10:18:08 AM

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 10:18 a.m.