

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

January 30, 2018
1:02 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Kevin Meyer
Senator Berta Gardner
Senator Peter Micciche

MEMBERS ABSENT

Senator Gary Stevens

COMMITTEE CALENDAR

SENATE BILL NO. 126

"An Act providing for an exception to the regulation of the practice of medicine for a physician who provides medical services to an athletic team from another state."

- MOVED SB 126 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 124(FIN)

"An Act relating to corporations, including benefit corporations, and other entities; and providing for an effective date."

- MOVED CSHB 124(FIN) OUT OF COMMITTEE

HOUSE BILL NO. 208

"An Act relating to trusts and powers of appointment; and providing for an effective date."

- MOVED HB 208 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 102(EDC)

"An Act relating to instruction in a language other than English; and relating to limited teacher certificates."

- MOVED CSHB 102(EDC) OUT OF COMMITTEE

HOUSE BILL NO. 114

"An Act relating to boiler and unfired pressure vessel inspection reports and fees."

- MOVED HB 114 OUT OF COMMITTEE

HOUSE BILL NO. 121

"An Act relating to occupational safety and health enforcement penalties; and providing for an effective date."

- MOVED HB 121 OUT OF COMMITTEE

HOUSE BILL NO. 86

"An Act relating to nonrenewal of occupational licenses for default on a student loan."

- HEARD & HELD

HOUSE CONCURRENT RESOLUTION NO. 8 AM

Expressing the strong support of the Alaska State Legislature for the Kodiak Seafood and Marine Science Center; and urging the University of Alaska to find a solution to keep the Kodiak Seafood and Marine Science Center operating as a stable resource in the state.

- MOVED HCR 8 AM OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 126

SHORT TITLE: VISITING PHYSICIANS WITH SPORTS TEAMS

SPONSOR(S): SENATOR(S) MACKINNON

01/16/18	(S)	PREFILE RELEASED 1/8/18
01/16/18	(S)	READ THE FIRST TIME - REFERRALS
01/16/18	(S)	L&C
01/30/18	(S)	L&C AT 1:00 PM BELTZ 105 (TSBldg)

BILL: HB 208

SHORT TITLE: TRUSTS; COMM PROP TRUSTS; POWERS OF APPT

SPONSOR(S): REPRESENTATIVE(S) JOHNSON

03/31/17	(H)	READ THE FIRST TIME - REFERRALS
03/31/17	(H)	JUD
04/10/17	(H)	JUD AT 1:00 PM GRUENBERG 120
04/10/17	(H)	Scheduled but Not Heard
04/12/17	(H)	JUD AT 1:00 PM GRUENBERG 120
04/12/17	(H)	Heard & Held

04/12/17 (H) MINUTE (JUD)
 04/14/17 (H) JUD AT 1:00 PM GRUENBERG 120
 04/14/17 (H) Moved HB 208 Out of Committee
 04/14/17 (H) MINUTE (JUD)
 04/15/17 (H) JUD RPT 2DP 5NR
 04/15/17 (H) DP: KOPP, CLAMAN
 04/15/17 (H) NR: EASTMAN, FANSLER, KREISS-TOMKINS,
 LEDOUX, REINBOLD
 05/10/17 (H) TRANSMITTED TO (S)
 05/10/17 (H) VERSION: HB 208
 05/11/17 (S) READ THE FIRST TIME - REFERRALS
 05/11/17 (S) L&C, JUD
 01/30/18 (S) L&C AT 1:00 PM BELTZ 105 (TSBldg)

BILL: HB 102

SHORT TITLE: LIMITED TEACHER CERTIFICATES; LANGUAGES
 SPONSOR(s): REPRESENTATIVE(s) KREISS-TOMKINS

02/03/17 (H) READ THE FIRST TIME - REFERRALS
 02/03/17 (H) EDC
 03/01/17 (H) EDC AT 8:00 AM CAPITOL 106
 03/01/17 (H) Heard & Held
 03/01/17 (H) MINUTE (EDC)
 03/15/17 (H) EDC AT 8:00 AM CAPITOL 106
 03/15/17 (H) <Bill Hearing Canceled>
 03/20/17 (H) EDC AT 8:00 AM CAPITOL 106
 03/20/17 (H) Heard & Held
 03/20/17 (H) MINUTE (EDC)
 03/27/17 (H) EDC RPT CS (EDC) 4DP 1NR 1AM
 03/27/17 (H) DP: TALERICO, PARISH, SPOHNHOLZ, KOPP
 03/27/17 (H) NR: DRUMMOND
 03/27/17 (H) AM: FANSLER
 03/27/17 (H) EDC AT 8:00 AM CAPITOL 106
 03/27/17 (H) Moved CSHB 102 (EDC) Out of Committee
 03/27/17 (H) MINUTE (EDC)
 04/05/17 (H) TRANSMITTED TO (S)
 04/05/17 (H) VERSION: CSHB 102 (EDC)
 04/06/17 (S) READ THE FIRST TIME - REFERRALS
 04/06/17 (S) L&C, EDC
 04/11/17 (S) L&C AT 9:00 AM BELTZ 105 (TSBldg)
 04/11/17 (S) Heard & Held
 04/11/17 (S) MINUTE (L&C)
 01/30/18 (S) L&C AT 1:00 PM BELTZ 105 (TSBldg)

BILL: HB 114

SHORT TITLE: BOILER/PRESSURE VESSEL INSPECTION REPORTS
 SPONSOR(s): LABOR & COMMERCE

02/10/17 (H) READ THE FIRST TIME - REFERRALS
 02/10/17 (H) L&C, FIN
 02/27/17 (H) L&C AT 3:15 PM BARNES 124
 02/27/17 (H) Heard & Held
 02/27/17 (H) MINUTE(L&C)
 03/01/17 (H) L&C AT 3:15 PM BARNES 124
 03/01/17 (H) Moved HB 114 Out of Committee
 03/01/17 (H) MINUTE(L&C)
 03/03/17 (H) L&C RPT 4DP 1NR
 03/03/17 (H) DP: STUTES, WOOL, JOSEPHSON, KITO
 03/03/17 (H) NR: KNOPP
 04/06/17 (H) FIN AT 9:00 AM HOUSE FINANCE 519
 04/06/17 (H) Moved HB 114 Out of Committee
 04/06/17 (H) MINUTE(FIN)
 04/07/17 (H) FIN RPT 9DP 1NR
 04/07/17 (H) DP: WILSON, GARA, ORTIZ, THOMPSON,
 GUTTENBERG, GRENN, TILTON, SEATON,
 FOSTER
 04/07/17 (H) NR: KAWASAKI
 04/08/17 (H) TRANSMITTED TO (S)
 04/08/17 (H) VERSION: HB 114
 04/10/17 (S) READ THE FIRST TIME - REFERRALS
 04/10/17 (S) L&C, FIN
 01/30/18 (S) L&C AT 1:00 PM BELTZ 105 (TSBldg)

BILL: HB 121

SHORT TITLE: OCC. HEALTH AND SAFETY CIVIL PENALTIES

SPONSOR(s): LABOR & COMMERCE

02/13/17 (H) READ THE FIRST TIME - REFERRALS
 02/13/17 (H) L&C, JUD
 02/27/17 (H) L&C AT 3:15 PM BARNES 124
 02/27/17 (H) Heard & Held
 02/27/17 (H) MINUTE(L&C)
 03/01/17 (H) L&C AT 3:15 PM BARNES 124
 03/01/17 (H) Moved HB 121 Out of Committee
 03/01/17 (H) MINUTE(L&C)
 03/03/17 (H) L&C RPT 4DP
 03/03/17 (H) DP: STUTES, WOOL, JOSEPHSON, KITO
 03/08/17 (H) JUD AT 1:00 PM GRUENBERG 120
 03/08/17 (H) Heard & Held
 03/08/17 (H) MINUTE(JUD)
 03/13/17 (H) JUD AT 1:00 PM GRUENBERG 120
 03/13/17 (H) Moved HB 121 Out of Committee
 03/13/17 (H) MINUTE(JUD)
 03/15/17 (H) JUD RPT 3DP 2NR

03/15/17 (H) DP: KOPP, FANSLER, CLAMAN
 03/15/17 (H) NR: EASTMAN, LEDOUX
 03/15/17 (H) FIN REFERRAL ADDED AFTER JUD
 04/06/17 (H) FIN AT 9:00 AM HOUSE FINANCE 519
 04/06/17 (H) Moved HB 121 Out of Committee
 04/06/17 (H) MINUTE(FIN)
 04/07/17 (H) FIN RPT 7DP 2NR 1AM
 04/07/17 (H) DP: GARA, ORTIZ, THOMPSON, GUTTENBERG,
 GRENN, SEATON, FOSTER
 04/07/17 (H) NR: WILSON, TILTON
 04/07/17 (H) AM: KAWASAKI
 04/08/17 (H) NOT TAKEN UP 4/8 - ON 4/9 CALENDAR
 04/10/17 (H) TRANSMITTED TO (S)
 04/10/17 (H) VERSION: HB 121
 04/11/17 (S) READ THE FIRST TIME - REFERRALS
 04/11/17 (S) L&C, FIN
 01/30/18 (S) L&C AT 1:00 PM BELTZ 105 (TSBldg)

BILL: HB 124

SHORT TITLE: BENEFIT CORPORATIONS

SPONSOR(s): KITO

02/15/17 (H) READ THE FIRST TIME - REFERRALS
 02/15/17 (H) L&C, FIN
 04/01/17 (H) L&C AT 1:00 PM BARNES 124
 04/01/17 (H) Heard & Held
 04/01/17 (H) MINUTE(L&C)
 04/07/17 (H) L&C AT 3:15 PM BARNES 124
 04/07/17 (H) Scheduled but Not Heard
 04/10/17 (H) L&C AT 3:15 PM BARNES 124
 04/10/17 (H) Moved CSHB 124(L&C) Out of Committee
 04/10/17 (H) MINUTE(L&C)
 04/11/17 (H) L&C RPT CS(L&C) 1DP 5NR
 04/11/17 (H) DP: KITO
 04/11/17 (H) NR: SULLIVAN-LEONARD, WOOL, JOSEPHSON,
 BIRCH, KNOPP
 04/17/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 04/17/17 (H) Heard & Held
 04/17/17 (H) MINUTE(FIN)
 04/26/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 04/26/17 (H) Heard & Held
 04/26/17 (H) MINUTE(FIN)
 05/09/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 05/09/17 (H) Moved CSHB 124(FIN) Out of Committee
 05/09/17 (H) MINUTE(FIN)
 05/10/17 (H) FIN RPT CS(FIN) 5DP 3DNP 2NR 1AM

05/10/17 (H) DP: THOMPSON, GRENN, GARA, SEATON,
FOSTER
05/10/17 (H) DNP: TILTON, PRUITT, WILSON
05/10/17 (H) NR: ORTIZ, STUTES
05/10/17 (H) AM: KAWASAKI
05/17/17 (H) TRANSMITTED TO (S)
05/17/17 (H) VERSION: CSHB 124 (FIN)
01/18/18 (S) READ THE FIRST TIME - REFERRALS
01/18/18 (S) L&C, FIN
01/30/18 (S) L&C AT 1:00 PM BELTZ 105 (TSBldg)

BILL: HB 86

SHORT TITLE: STUDENT LOAN DEFAULT/OCC. LICENSE RENEWAL

SPONSOR(s): CLAMAN

01/27/17 (H) READ THE FIRST TIME - REFERRALS
01/27/17 (H) EDC, L&C
03/01/17 (H) EDC RPT 7DP
03/01/17 (H) DP: TALERICO, PARISH, KOPP, SPOHNHOLZ,
JOHNSTON, FANSLER, DRUMMOND
03/01/17 (H) EDC AT 8:00 AM CAPITOL 106
03/01/17 (H) Moved HB 86 Out of Committee
03/01/17 (H) MINUTE(EDC)
03/22/17 (H) L&C AT 3:15 PM BARNES 124
03/22/17 (H) Heard & Held
03/22/17 (H) MINUTE(L&C)
03/24/17 (H) L&C AT 3:15 PM BARNES 124
03/24/17 (H) Moved HB 86 Out of Committee
03/24/17 (H) MINUTE(L&C)
03/27/17 (H) L&C RPT 6DP 1NR
03/27/17 (H) DP: SULLIVAN-LEONARD, STUTES, WOOL,
JOSEPHSON, BIRCH, KITO
03/27/17 (H) NR: KNOPP
03/29/17 (H) TRANSMITTED TO (S)
03/29/17 (H) VERSION: HB 86
03/31/17 (S) READ THE FIRST TIME - REFERRALS
03/31/17 (S) EDC, L&C
04/12/17 (S) EDC AT 8:00 AM BUTROVICH 205
04/12/17 (S) Heard & Held
04/12/17 (S) MINUTE(EDC)
04/14/17 (S) EDC RPT 4DP
04/14/17 (S) DP: STEVENS, BEGICH, COGHILL, HUGHES
04/14/17 (S) EDC AT 8:30 AM BUTROVICH 205
04/14/17 (S) Moved HB 86 Out of Committee
04/14/17 (S) MINUTE(EDC)
01/30/18 (S) L&C AT 1:00 PM BELTZ 105 (TSBldg)

BILL: HCR 8

SHORT TITLE: KODIAK SEAFOOD & MARINE SCIENCE CENTER

SPONSOR(S): FISHERIES

03/01/17 (H) READ THE FIRST TIME - REFERRALS
03/01/17 (H) FSH
03/14/17 (H) FSH AT 10:00 AM GRUENBERG 120
03/14/17 (H) -- MEETING CANCELED --
03/28/17 (H) FSH AT 10:00 AM GRUENBERG 120
03/28/17 (H) Moved HCR 8 Out of Committee
03/28/17 (H) MINUTE(FSH)
03/29/17 (H) FSH RPT 4DP 1NR
03/29/17 (H) DP: TARR, FANSLER, KREISS-TOMKINS,
STUTES
03/29/17 (H) NR: NEUMAN
04/07/17 (H) TRANSMITTED TO (S)
04/07/17 (H) VERSION: HCR 8 AM
04/10/17 (S) READ THE FIRST TIME - REFERRALS
04/10/17 (S) EDC, L&C
04/14/17 (S) EDC REFERRAL WAIVED UC
04/14/17 (S) EDC AT 8:30 AM BUTROVICH 205
04/14/17 (S) Heard & Held
04/14/17 (S) MINUTE(EDC)
04/15/17 (S) EDC AT 1:00 PM BUTROVICH 205
04/15/17 (S) -- MEETING CANCELED --
01/30/18 (S) L&C AT 1:00 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR ANNA MACKINNON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 126.

DR. JEFF MOORE, Orthopedic Physician and
National Delegate
American Orthopedic Society for Sports Medicine
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 126.

DEBORA STOVERN, Executive Administrator
State Medical Board
Division of Corporations, Business & Professional Licensing
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to SB 126.

REPRESENTATIVE SAM KITO III
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of HB 124.

CATLYN ELLIS, Staff
Representative Sam Kito III
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HB 124 on behalf of the sponsor.

REPRESENTATIVE DELENA JOHNSON
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of HB 208.

ANDREW EVENS, Staff
Representative DeLena Johnson
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented HB 208 on behalf of the sponsor.

JONATHAN BLATTMACHR, representing self
Long Island, New York
POSITION STATEMENT: Testified in support of HB 208.

MATHEW BLATTMACHR, Vice President
Peak Trust Company
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 208.

ABIGAIL O'CONNOR, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 208.

DOUGLAS BLATTMACHR, President and CEO
Peak Trust Company
Anchorage, Alaska
POSITION STATEMENT: Stated wholehearted support for HB 208.

RICH HOMPESCH, representing self
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of HB 208.

REPRESENTATIVE KREISS-TOMKINS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 102

REID MAGDANZ, Staff
Representative Kreiss-Tomkins
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 102 on behalf of the sponsor.

BRANDON LOCKE, Director
World Languages
Anchorage School District (ASD)
Anchorage, Alaska

POSITION STATEMENT: Stated support for HB 102

SONDRA MEREDITH, Education Administrator II
Teaching and Learning Support
Department of Education and Early Development (DEED)
Juneau, Alaska

POSITION STATEMENT: Answered questions related to HB 102.

REPRESENTATIVE SAM KITO III
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 114 as chair of the House Labor and Commerce Committee.

DEBORA KELLY, Director
Division of Labor Standards & Safety
Department of Labor and Workforce Development (DOLWD)
Juneau, Alaska

POSITION STATEMENT: Answered questions related to HB 114.

REPRESENTATIVE SAM KITO III
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 121 as chair of the House Labor and Commerce Committee.

DEBORA KELLY, Director
Division of Labor Standards & Safety
Department of Labor and Workforce Development (DOLWD)
Juneau, Alaska

POSITION STATEMENT: Provided supporting information on HB 121.

REPRESENTATIVE MATT CLAMAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 86.

CERI GODINEZ, Staff
Representative Matt Claman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 86 on behalf of the sponsor.

STEPHANIE BUTLER, Executive Director
Alaska Commission on Postsecondary Education
Department of Education and Early Development (DEED)
Juneau, AK

POSITION STATEMENT: Provided supporting testimony for HB 86.

AMBER MICHAIS, Registered Nurse
Alaska Nurses Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 86.

MATT GRUENING, Staff
Representative Louise Stutes and aide
House Fisheries Committee

POSITION STATEMENT: Introduced HCR 8 on behalf of the House Fisheries Committee.

ACTION NARRATIVE

[1:02:26 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:02 p.m. Present at the call to order were Senators Gardner, Micciche, Meyer, and Chair Costello. She noted that Senator Stevens would not be present.

SB 126-VISITING PHYSICIANS WITH SPORTS TEAMS

[1:03:15 PM](#)

CHAIR COSTELLO announced the consideration of SB 126.

[1:03:36 PM](#)

SENATOR ANNA MACKINNON, Alaska State Legislature, Juneau, Alaska, sponsor of SB 126, introduced the legislation speaking to the following sponsor statement:

Competitive sports teams typically have a team physician who provides care for the athletes. When the

team travels out of state, the physician often accompanies them. However, if an athlete is injured or needs a prescription filled while traveling in Alaska, the team physician would not be able to provide care without being licensed here.

Senate Bill 126 would provide an exemption for state licensure for this narrow circumstance. The physician would have to be licensed to practice medicine in another state, under a written contract to provide care to an athletic team in that state and would be limited to providing services to members of the team while they are traveling or participating in a sporting event in Alaska.

The bill is a narrow solution to a specific problem. Thirty-five other states have passed similar legislation to ensure that the doctors who know their patients best can continue to treat them.

SENATOR MACKINNON summarized that this is a simple policy decision to allow sports team members from out of state to be treated by their team physician when they're traveling in Alaska.

[1:04:49 PM](#)

SENATOR GARDNER asked if she'd heard any opposition to the bill.

SENATOR MACKINNON answered no and noted a new letter of support in the packets.

SENATOR MICCICHE pointed out that the physician must have a written agreement with the team.

SENATOR MACKINNON agreed.

[1:05:41 PM](#)

CHAIR COSTELLO opened public testimony on SB 126.

[1:05:58 PM](#)

DR. JEFF MOORE, Orthopedic Physician and National Delegate, American Orthopedic Society for Sports Medicine, Anchorage, Alaska, testified in support of SB 126. He reported that 35 states have passed similar legislation and 13 states, including Alaska, have it under consideration. He opined that it would be

very beneficial if team physicians could take care of their own athletes when they visit Alaska.

CHAIR COSTELLO asked, should the bill pass, if the Department of Commerce, Community and Economic Development would have any involvement with the visiting physician.

[1:07:17 PM](#)

DEBORA STOVERN, Executive Administrator, State Medical Board, Division of Corporations, Business & Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, replied the State Medical Board may need to adopt regulations to implement the bill and the department supports the board in those endeavors.

SENATOR MICCICHE observed that the fiscal note reflects that this is a receipt supported service and therefore a net zero to the state.

CHAIR COSTELLO asked Senator MacKinnon if she wished to comment on the fiscal note that reflects \$2,500 for a regulations project.

SENATOR MACKINNON expressed appreciation that DCCED submitted a fiscal note after multiple requests. She agreed that the fiscal impact is net zero and opined that the bill could be referred to finance.

[1:10:00 PM](#)

CHAIR COSTELLO closed public testimony on SB 126.

SENATOR MEYER asked if one team doctor is prohibited from helping another team doctor in the event of injury.

DR MOORE said local doctors would be available to help visiting team doctors.

[1:11:41 PM](#)

SENATOR MICCICHE moved to report SB 126 from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO stated that without objection, SB 126 moved from the Senate Labor and Commerce Standing Committee.

HB 124-BENEFIT CORPORATIONS

[1:12:03 PM](#)

CHAIR COSTELLO announced the consideration of HB 124. [CSHB 124(FIN) was before the committee.]

[1:12:22 PM](#)

REPRESENTATIVE SAM KITO III, Alaska State Legislature, Juneau, Alaska, sponsor of HB 124, stated that the purpose of the legislation is to modify Alaska's corporation structure to allow a corporation to add a beneficial component to its business. This allows owners and boards to take actions that positively impact their communities and business without fear of violating their fiduciary responsibility to shareholders.

[1:15:10 PM](#)

CATLYN ELLIS, Staff, Representative Sam Kito III, Alaska State Legislature, Juneau, Alaska, explained that benefit corporations work towards two goals. They have the fiduciary responsibility to achieve the best profits for their shareholders while they incorporate public benefits and community improvement into their day-to-day business practices. A benefit corporation is protected by its legal framework and is taxed the same as other corporations. The business develops its own articles of incorporation and is held accountable through biannual reports to shareholders, the state, and the public. Failure to produce these reports could result in the Department of Commerce, Community and Economic Development (DCCED) dissolving the corporation.

MS. ELLIS reported that 31 states have a similar designation for benefit corporations. She noted that a few Alaskan businesses have gone through the process of becoming certified through the international benefit corporation structure. This would work in tandem and provide statewide legal protection.

[1:18:49 PM](#)

CHAIR COSTELLO asked if a business could form solely as a benefit corporation.

MS. ELLIS answered yes, and an existing corporation could vote to convert to a benefit corporation

SENATOR GARDNER asked 1) the genesis of the bill and if a business could form as a benefit corporation if the state doesn't participate by licensure, and 2) if a benefit corporation is subject to penalty if it fails to meet its beneficial goal but does meet its fiduciary responsibility to shareholders.

REPRESENTATIVE KITO explained that the bill was originally requested by Alaskan businesses because state law prohibits a corporation from using the beneficial component without violating its fiduciary responsibility to shareholders. A benefit corporation must identify its beneficial use in the articles of incorporation and biannually report on its beneficial and fiduciary responsibility. The department will review the reports and he imagined the corporation would have the flexibility to scale up or down its beneficial use.

MS. ELLIS cited Patagonia as an example of a beneficial corporation; the bylaws direct the corporation to deliver products that don't impact the community, but it isn't specific. She confirmed that Alaska businesses could form as a beneficial corporation, but they wouldn't have legal protection if shareholders said the corporation failed to meet its fiduciary responsibilities.

CHAIR COSTELLO noted the individuals available to answer questions.

[1:24:28 PM](#)

SENATOR MEYER asked for an example of an Alaska business that has formed as a beneficial corporation.

MS. ELLIS said Arctic Solar Ventures in Anchorage is one of three businesses that have gone through the international certification process.

SENATOR MEYER asked if the social benefit would be the solar panels.

MS. ELLIS replied they listed environmental and social benefits in the bylaws.

SENATOR MEYER asked how social benefit is defined and who makes the determination.

MS. ELLIS replied the corporation makes the determination in its bylaws.

SENATOR MICCICHE commented that citing Patagonia as an example isn't a good lead-off since it opposes many of the important industries in Alaska. He acknowledged the bottom-line benefit of the legislation was that the corporation identifies itself as a socially responsible entity.

[1:26:22 PM](#)

CHAIR COSTELLO opened public testimony on HB 124 and closed it after ascertaining that no one wished to testify.

[1:26:57 PM](#)

At ease

[1:27:15 PM](#)

CHAIR COSTELLO reconvened the meeting and again opened public testimony on HB 124. Finding none, she closed it.

SENATOR GARDNER pointed out that the supporting documents include a letter from a coffee company that talks about the social value of empowering indigenous farmers and helping them earn up to 50 percent more of the specialty coffee dollars.

SENATOR MICCICHE reviewed the \$22,500 DCCED fiscal note that does not have a negative impact to the state. He paraphrased the last paragraph of the analysis. "Corporation filing fees are General Fund/Program Receipts fund source 1005 GF/Prgm (DGF). Corporation filing fees are set in regulation per AS 10 and 32, and revenue in excess of authorized budgeted expenses reverts to the State of Alaska general fund."

[1:29:39 PM](#)

SENATOR MICCICHE moved to report HB 124 from committee with individual recommendations and attached fiscal note(s).

[1:29:52 PM](#)

CHAIR COSTELLO announced that without objection, CSHB 124(FIN) moved from the Senate Labor and Commerce Standing Committee.

HB 208-TRUSTS; COMM PROP TRUSTS; POWERS OF APPT

[1:30:06 PM](#)

CHAIR COSTELLO announced the consideration of HB 208. She reminded members that the committee heard the Senate version of the bill last session.

[1:30:31 PM](#)

At ease

[1:34:08 PM](#)

CHAIR COSTELLO reconvened the meeting and invited Representative Johnson to present HB 208.

[1:34:29 PM](#)

REPRESENTATIVE DELENA JOHNSON, Alaska State Legislature, Juneau, Alaska, sponsor of HB 208, stated that this legislation amends trust law by making it more responsive to current market conditions. Should it pass, Alaska will return to its premiere position of being among the best jurisdictions in the country to hold trusts. This legislation will create jobs and help diversify the economy.

[1:36:15 PM](#)

ANDREW EVENS, Staff, Representative DeLena Johnson, Alaska State Legislature, Juneau, Alaska, introduced HB 208 speaking to the following sponsor statement:

Alaska has always sought be a leader in adopting laws to improve estate and tax planning options for Alaskans as well as non-resident trust holders. As a result, by 1998 Alaska ranked among the top three favorable environments to place trusts.

Since the end of the 1990s however, states such as Nevada, New York, South Dakota, and others have passed newer laws expanding the flexibilities available to trusts. As a result, Alaska is now trailing much of the nation in evolving our trust related statutes to meet current market realities and demands. According to a leading index, Alaska's ranking has fallen to eighth place as an increasing number of states become superior trust-favorable environments.

This bill seeks to reverse this trend by updating and increasing flexibility in trust-related regulation, while maintaining the protections already codified in existing statutes.

This bill will stimulate increased investment in our economy through the creation of more opportunities for Alaskan banks, trust companies, and other financial institutions. It will help to create higher paying jobs in the financial services sector. It will help to diversify Alaska's economy by expanding an industry that is not 'resource economy' dependent, and it will add a source of fee-based income for state government.

House Bill 208 will bring Alaska trust related law into the 21st century, restore the state's ranking among trust-friendly states, stimulate stable economic

growth and employment, and bring in additional state revenue.

I respectfully ask for your support of House Bill 208.

[1:40:47 PM](#)

SENATOR GARDNER asked if the trust professionals are required to be Alaska residents.

MR. EVENS deferred the question to Mr. Blattmachr.

[1:41:16 PM](#)

MATHEW BLATTMACHR, Vice President, Peak Trust Company, Anchorage, Alaska, explained that to be deemed a valid Alaska trust some administration must occur within the state and the trust must have a resident Alaskan trustee. The drafting attorney does not have to be a resident, but it is advisable that the trust is "blessed by Alaska counsel." Likewise, an accountant for a trust is not required to reside or operate in Alaska.

MR. BLATTMACHR added that most of the provisions in the bill simply clarify and enhance the flexibility of existing statute. He cited the changes to the decanting statute as an example. Alaska passed its decanting statute 20 years ago and several states have more modern decanting laws. HB 208 seeks to update the statute and put Alaska back on par.

CHAIR COSTELLO asked for an explanation of decanting.

MR. BLATTMACHR explained that decanting in the trust industry is similar to decanting wine. It is the gradual pouring of the contents of one container into another vehicle. In the trust context, the assets stay the same, but the container is changed. Decanting is a process that might be used to make a change when there is a scrivener's error in an irrevocable trust document, when there is an unexpected tax law change, or when there is a substantial change in beneficiary circumstances.

SENATOR MEYER asked if a nonresident who doesn't have assets in Alaska can set up an Alaska trust.

[1:44:29 PM](#)

MR. BLATTMACHR answered no; one of the safe harbor provisions is that some of the assets of the trust must be in Alaska.

SENATOR MEYER asked if an Alaskan resident could engage an Alaskan attorney to place both their Alaska assets and their Washington state assets in a single trust.

MR. BLATTMACHR said yes, but he and other trust professionals would recommend engaging an attorney who is either licensed in both states or who works with an organization that has the capability to offer advice on the laws of both states.

SENATOR MEYER commented that hiring an attorney in each state would be an additional expense.

MR. BLATTMACHR agreed and added that individuals have been willing to pay that cost, so they can accomplish the planning under Alaska's flexible trust laws.

SENATOR MICCICHE asked if the taxable value of the trust is the ultimate value to the state.

MR. BLATTMACHR answered yes.

SENATOR MICCICHE observed that the bill primarily deals with powers of appointment. He asked if other issues have made Alaska trust law less competitive.

MR. BLATTMACHR clarified that the decanting statute is the greatest factor for Alaska being a less competitive trust landscape. Powers of appointment is a smaller piece that clarifies when those powers are triggered.

SENATOR MICCICHE asked if he agrees that the benefits of a trust vary depending on the individual.

MR. BLATTMACHR agreed that the best trust jurisdiction depends on the planning scenario.

[1:49:15 PM](#)

CHAIR COSTELLO opened public testimony on HB 208.

[1:49:41 PM](#)

ABIGAIL O'CONNOR, representing self, Anchorage, Alaska, said she is a trust and estate attorney testifying in support of HB 208. She referenced the question about trust decanting and explained that this is a very important feature to "fix" a broken trust without going to court. Many states have greatly expanded their rules on perpetuity which means that trusts can exist longer than estate planning attorneys can envision in terms of the

interests of the beneficiaries. Decanting allows the assets from the current trust to be placed in a new trust. She cited an example of a trust with mandatory distributions that are no longer appropriate because the beneficiary is disabled and needs protection. The decanting provision in HB 208 will make Alaska a more flexible jurisdiction and may bring more trust business to the state.

[1:53:32 PM](#)

JONATHAN BLATTMACHR, representing self, Long Island, New York, stated that he was the original drafter of the Alaska Trust Act that passed in 1997, and he wrote the first decanting statute in the nation. It was for New York and the second was for Alaska. He said his goal has been to make Alaska the premier financial capital in the country. He agreed with Mr. Evens that Alaska has seen tremendous competition from other jurisdictions. He opined that HB 208 will help return Alaska to the front of the line thereby attracting more business and bringing in new revenue.

[1:55:23 PM](#)

DOUGLAS BLATTMACHR, President and CEO, Peak Trust Company, Anchorage, Alaska, stated wholehearted support for HB 208. It is advantageous for Alaskans and the state.

[1:56:01 PM](#)

RICH HOMPESCH, representing self, Fairbanks, Alaska, stated that he is an attorney in private practice and would like to respond to earlier questions related to HB 208. Senator Meyer asked how assets from other states end up in an Alaska trust. He said his experience is that the nonresident client forms an Alaska limited liability company (LLC), transfers the assets to that LLC, and then transfers the membership interest in the LLC to the Alaska trust. The state benefits because those entities pay a \$250 fee to form an LLC and a \$100 biannual tax. He added that the decanting provision will be particularly valuable to trusts that Alaska attorneys prepared 25 years ago that need updating.

[1:58:11 PM](#)

CHAIR COSTELLO closed public testimony on HB 208 and said she would look to the will of the committee.

[1:58:23 PM](#)

SENATOR GARDNER asked what proportion of Alaskans use Alaska trusts. She posited that only a handful of people are following the bill.

DOUGLAS BLATTMACHR said Peak Trust Company sees a fair number of Alaskans who use this type of planning, and they aren't necessarily high net worth individuals. He noted that trust planning is also used for special needs beneficiaries.

SENATOR MEYER asked if there is any protection of assets that the settlor neglected to add to or include to the trust.

DOUGLAS BLATTMACHR said an asset purchased in an individual's name would not have the protection of the trust. However, the individual could transfer the asset to the LLC and have it placed inside the trust.

SENATOR MICCICHE asked him to clarify that individuals may have different trusts for different purposes and they may choose to hold certain assets outside the trust.

MR. BLATTMACHR confirmed that individuals may have more than one trust and that it's not necessarily an all or none scenario.

CHAIR COSTELLO found no further questions and solicited a motion.

[2:02:23 PM](#)

SENATOR MICCICHE moved to report HB 208 from committee with individual recommendations and attached fiscal note(s).

[2:02:38 PM](#)

CHAIR COSTELLO found no objection and stated that HB 208 moves from the Senate Labor and Commerce Standing Committee.

HB 102-LIMITED TEACHER CERTIFICATES; LANGUAGES

[2:03:35 PM](#)

CHAIR COSTELLO announced the consideration of HB 102. [CSHB 102(EDC) was before the committee.] She asked the sponsor to refresh members' recollections; the companion bill was in the committee last year. She related the intention to take public testimony and look to the will of the committee.

REPRESENTATIVE KREISS-TOMKINS, Alaska State Legislature Juneau, Alaska, sponsor of HB 102, said this legislation seeks to support the growth of immersion language education programs in Alaska schools. This would include both world and Native languages and draw on the success and national recognition of the programs in Anchorage, Wasilla, and Bethel. He highlighted

that his office received additional support for HB 102 and the Senate companion during the interim.

[2:05:16 PM](#)

REID MAGDANZ, Staff, Representative Kreiss-Tomkins, Alaska State Legislature, Juneau, Alaska, stated that the language in HB 102 is the same that the committee saw when it considered the Senate companion bill. He asked the chair how she would like him to proceed.

CHAIR COSTELLO asked Mr. Magdanz to walk through a sectional analysis.

[2:05:50 PM](#)

MR. MAGDANZ directed attention to the document titled "HB 102, Limited Teacher Certificates - Comparison to Current Law." He highlighted the following in the single section bill:

- Page 1, line 4, identifies the legislation as repeal and reenactment of AS 14.20.025.
- Subsection (a) on page 1 gives school districts the flexibility to hire teachers on limited certificates for language immersion programs.
- Paragraph (4) on page 1, line 12, is new language. It authorizes the department to issue a limited teacher certificate to a person qualified under (b) to teach "any subject if the language of instruction is not English".
- Subsection (b) on page 1, lines 13-14 through page 2, line 5, is drawn from current law. It states that the limited certificate can only be issued to a person the school board specifically requests. It also empowers the state board of education to write regulations ensuring the person who holds a limited certificate has "instructional skills and subject matter expertise sufficient to assure the public that the person is competent as a teacher." It also allows the state board to require a person to undertake additional academic training and university classes.
- Subsection (c) clarifies that limited certificates are issued on a case-by-case basis and that the certificate is only valid within that school district. This provides local control and case-by-case flexibility.
- Subsection (d) requires the board of education to give an applicant the option of demonstrating competency in the instructional language for which the limited certificate is valid.

- Subsection (e) provides that a limited certificate is initially valid for one year. Subsequent extensions are guided by regulation.

CHAIR COSTELLO opened public testimony on HB 102.

[2:10:34 PM](#)

BRANDON LOCKE, Director, World Languages, Anchorage School District (ASD), Anchorage, Alaska, stated that HB 102 would support filling language immersion positions that are typically very difficult to fill. ASD has been offering language immersion programs since 1989 and it is always a challenge to find qualified, fully certificated teachers who are native or near native speakers. He reported that ASD has about 3,000 students in K-12 immersion programs and will add Yupik immersion this fall through a federal grant. A French immersion program may be added next. He said the provision in subsection (d) would be particularly helpful to ASD because applicants whose first language is not English generally have difficulty passing a practice test that is administered in English. He acknowledged that the school district would be ultimately responsible for the person and they would have to go through the appropriate vetting procedures in the district. He opined that this would not open the floodgates; it would be used for those unique situations where there is no workaround. The worst-case scenario is to put a non-immersion language speaker in the classroom. That defeats the purpose of the program.

[2:14:46 PM](#)

SENATOR MICCICHE asked if background checks are addressed elsewhere in state law, because it's not in the bill

MR. LOCKE replied the bill doesn't eliminate the background check requirement.

MR. MAGDANZ added, "This is repeal and reenactment of an existing portion of law. That existing portion of law doesn't specifically require background checks but the regulations implementing that section do."

[2:17:26 PM](#)

At ease

[2:17:55 PM](#)

CHAIR COSTELLO reconvened the meeting and asked Ms. Meredith how background checks would apply to HB 102.

[2:17:58 PM](#)

SONDRA MEREDITH, Education Administrator II, Teaching and Learning Support, Department of Education and Early Development (DEED), Juneau, Alaska, clarified that AS 14.20 contains the statutory reference that covers certification. A separate section speaks to the background requirements for all teacher certifications that DEED issues.

CHAIR COSTELLO closed public testimony on HB 102 and looked to the will of the committee.

[2:19:08 PM](#)

SENATOR MICCICHE moved to report HB 102 from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO stated that without objection, CSHB 102(EDC) moves from the Senate Labor and Commerce Standing Committee.

HB 114-BOILER/PRESSURE VESSEL INSPECTION REPORTS

[2:19:41 PM](#)

CHAIR COSTELLO announced the consideration of HB 114.

[2:20:12 PM](#)

REPRESENTATIVE SAM KITO III, Alaska State Legislature, Juneau, Alaska, stated that HB 114 is a House Labor and Commerce Committee bill that was introduced at the request of the Department of Labor and Workforce Development (DOLWD). It does two things. First, it establishes a \$10 fee for each boiler and pressure vessel inspection report that is filed without using the online system. Second, it reduces the time allowed to submit the report following an inspection from the current 30 days to 15 days. The bill seeks to encourage people to use the online system. The nominal fee for those who do not use the online system helps cover the department's costs for manually entering the information. He listed the individuals available to answer questions.

SENATOR MICCICHE asked if the bill provides any accommodation for a small business owner in rural Alaska who has not transitioned to using technology.

REPRESENTATIVE KITO deferred the question to the department.

[2:22:07 PM](#)

DEBORA KELLY, Director, Division of Labor Standards & Safety, Department of Labor and Workforce Development (DOLWD), Juneau,

Alaska, explained that these inspections are generally done by insurance companies or state inspectors, not small business owners. The inspector is still free to submit the inspection report by mail, and the impact would be a \$10 fee every two to five years. She noted that most of the inspection reports already come through the online system.

[2:23:12 PM](#)

CHAIR COSTELLO found no one who wanted to testimony on HB 114. Finding no questions, she solicited a motion.

[2:23:36 PM](#)

SENATOR MICCICHE moved to report HB 114 from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO stated that without objection, HB 114 moves from the Senate Labor and Commerce Standing Committee.

HB 121-OCC. HEALTH AND SAFETY CIVIL PENALTIES

[2:24:38 PM](#)

CHAIR COSTELLO announced the consideration of HB 121.

[2:24:41 PM](#)

REPRESENTATIVE SAM KITO III Alaska State Legislature, Juneau, Alaska, stated that HB 121 is a House Labor and Commerce Committee bill that was introduced at the request of the Department of Labor and Workforce Development (DOLWD). He spoke to the following sponsor statement:

House Bill 121 brings Alaska's Occupational Safety and Health (AKOSH) state plan into compliance with federal requirements, ensuring continued eligibility for federal grant funds and helping to protect workers from workplace injuries, illnesses, and fatalities.

In 2015, Congress passed the Federal Civil Penalties Inflation Adjustment Act Improvements Act, requiring many federal agencies to adjust penalties for inflation going back to 1990, and requiring subsequent yearly adjustments according to changes in the Consumer Price Index. Occupational Safety and Health Administration complied by adjusting their maximum penalties in July 2016, including a six-month grace period for states to comply. In order to comply with federal program requirements, AKOSH must have at least equivalent maximum and minimum penalties. AKOSH fell

out of compliance with this requirement on January 1, 2017, when the six-month buffer period expired.

Maximum and minimum penalties for violations of Alaska's occupational safety and health laws are specified in AS 18.60.095, the Penalties section of Prevention of Accident and Health Hazards. House Bill 121 allows the Department of Labor and Workforce Development to set penalty amounts by regulation and limits the penalties to corresponding federal maximums for each violation type. This enables the department to adjust to federally required changes while placing a cap on increases.

Please join me in supporting House Bill 121 to maintain over \$2 million in yearly federal grant funds that serve working Alaskans by reducing workplace injuries, illnesses, and fatalities.

[2:25:45 PM](#)

DEBORA KELLY, Director, Division of Labor Standards & Safety, Department of Labor and Workforce Development (DOLWD), Juneau, explained that AKOSH is Alaska's state plan through which it receives federal grants and ensures the safety and health standards that protect most Alaskan workers. She listed the following benefits of having a state plan:

- Industries have direct input into developing safety and health standards.
- State and municipal employees gain safety and health protections.
- Citation appeals go through a local administrative process.

To maintain the state plan, AKOSH must be at least as effective as federal OSHA. That includes statutory maximum penalties.

In 2015, Congress passed legislation that caused a lot of federal agencies to inflation adjust their penalties. OSHA did so in 2016 and required all state plans to follow suit. Alaska fell out of compliance January 1, 2017 and HB 121 is the remedy. It requires DOLWD to adopt maximum penalty amounts by regulation and limits the amounts to the corresponding federal amounts for each violation type.

CHAIR COSTELLO asked when the department became aware that it was out of compliance.

MS. KELLY replied it was when OSHA inflation-adjusted its penalties and required state plans like AKOSH to do the same. That is when DOLWD began working to develop the bill

CHAIR COSTELLO commented on the effective date of the Act.

MS. KELLY directed attention to Section 9 on page 3. It states that Section 8 of the Act takes effect immediately.

[2:29:06 PM](#)

At ease

[2:29:10 PM](#)

CHAIR COSTELLO reconvened the meeting.

SENATOR GARDNER requested clarification that the bill does not change the health and safety standards. It simply changes the penalty for being in violation of the inspection requirements.

MS. KELLY agreed.

SENATOR MICCICHE observed that Sections 1, 3, and 4 use the term "may" and Section 2 uses the term "shall." He asked what is different in Section 2 that would require a "shall."

REPRESENTATIVE KITO said he didn't know the reason that "shall" was used in Section 2.

CHAIR COSTELLO asked Ms. Kelly if she could respond.

MS. KELLY offered to do follow-up research on the history of the statutory language.

SENATOR MICCICHE said he'd like to know if it was a mistake. He also expressed concern that the legislature has no control over the amount of the maximum civil penalties if it is determined by regulation.

CHAIR COSTELLO asked the sponsor if someone from the department could respond.

REPRESENTATIVE KITO deferred to the department. He returned to the question about the use of "shall" versus "may" and advised that it is existing law that HB 121 does not change.

CHAIR COSTELLO asked Senator Micciche if he wanted to hold the bill or pass it along to finance and get the answer there.

SENATOR MICCICHE said he'll see it in finance.

[2:33:40 PM](#)

SENATOR MICCICHE moved to report HB 121 from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO stated that without objection, HB 121 moves from Senate Labor and Commerce Standing Committee.

HB 86-STUDENT LOAN DEFAULT/OCC. LICENSE RENEWAL

[2:34:23 PM](#)

CHAIR COSTELLO announced the consideration of HB 86.

[2:34:38 PM](#)

REPRESENTATIVE MATT CLAMAN, Alaska State Legislature, Juneau, Alaska, sponsor of HB 86, quoted Thomas Jefferson who said, "Government is best which governs least." He said the goal of HB 86 is to revoke the Alaska Commission on Postsecondary Education's authority to use the nonrenewal of occupational licenses as an incentive to ensure the payment of student loans that are in default. The commission has not exercised this authority since 2010 and has found that garnishing wages is a more effective tool. In the past, those who had their licenses revoked left the state and established practice elsewhere. In those instances, the state not only lost the ability to collect but also a skilled member of the Alaskan workforce. Thus, it makes sense to ensure that this sort of government overreach cannot occur.

[2:35:56 PM](#)

CERI GODINEZ, Staff, Representative Matt Claman, Alaska State Legislature, Juneau, Alaska, presented HB 86, reading from the following prepared statement:

House Bill 86 repeals current statutes that allow the Alaska Commission on Postsecondary Education (ACPE) to threaten nonrenewal of occupational licenses for individuals who have defaulted on their student loans. Repealing this authority will allow licensed individuals to continue their work in order to earn an income and pay back their defaulted loans without fear of losing their license.

There are already many difficulties that one faces if they default on their student loans, not limited to

late fees, court costs, liens on property, and adverse reports to consumer reporting agencies.

The current statute states that the commission has the authority to provide notice to a licensing authority for nonrenewal of a license upon default. If the ACPE posts such notice, the licensing entity may not renew said license during the next renewal cycle. Many of these laws were passed in the 1990s and early 2000s, when student aid was often provided by states. Now, however, most loans are federal.

In 2016, Montana became the first state to repeal similar statutes and now only 20 states remain. This bill allows us to follow Montana's example and reduce that number to 19 states and protect our licensed nurses, pharmacists, social workers, teachers, correctional officers, and many others.

I'll now provide a brief sectional analysis of the bill.

Section One deletes language that is no longer necessary after the repeals mentioned in section two.

Section Two repeals the following statutes:

AS 14.43.145(a)(4) which gives authority to the commission to provide notice of default to a licensing entity for nonrenewal of a license.

AS 14.43.148 which indicates that a licensing entity may not renew a license if they have received notice from the commission that the licensee has defaulted on a loan issued by the commission.

AS 21.27.390(d) which references temporary licenses.

CHAIR COSTELLO asked Ms. Butler if the department had a position on the bill.

[2:38:26 PM](#)

STEPHANIE BUTLER, Executive Director, Alaska Commission on Postsecondary Education, Department of Education and Early Development (DEED), Juneau, Alaska, stated that the

commission is not currently using its authority to threaten nonrenewal of an occupational license for individuals who have defaulted on their student loans. It has not been an effective tool and therefore the commission has no concerns with HB 86.

CHAIR COSTELLO asked her to comment on the March 20, 2017 memo in which Representative Birch asked if she had a sense of the magnitude of the debt and number of recipients who would be impacted by the bill.

MS. BUTLER said at that time there was about \$240 million in outstanding state loans. The value of that portfolio currently is slightly less than \$200 million. She reiterated that the commission has found it is most effective to collect on defaulted loans by garnishing either wages or the permanent fund dividend PFD.

CHAIR COSTELLO noted that the memo identified 46 defaulted borrowers with outstanding loans, none of whom are employed in Alaska.

MS. BUTLER said that's correct and the commission has released the holds on those licenses.

CHAIR COSTELLO asked if the comment about garnishing a permanent fund dividend was hypothetical.

MS. BUTLER answered yes.

SENATOR MICCICHE asked if the commission is powerless to collect on those 46 defaulted loans.

MS. BUTLER replied there are nationwide tools such as credit reporting, but the ability to collect is less when the defaulted borrower is out of state.

SENATOR MICCICHE asked if garnishing wages is an option, although more difficult, when the defaulted borrower is out of state.

MS. BUTLER answered yes.

SENATOR MICCICHE asked, "It's not something you use, and you have no concern about eliminating the potential to revoke licensing?"

MS. BUTLER replied that's correct; it wasn't an effective tool.

[2:42:52 PM](#)

SENATOR GARDNER asked if [\$200] million was the total outstanding, not the amount in default.

MS. BUTLER replied that's correct.

SENATOR MEYER summarized that nonrenewal has not been used since 2010, and the best tool is to garnish the PFD or wages.

MS. BUTLER said that's correct.

SENATOR MICCICHE expressed interest in looking at the data on the average amounts of the defaulted loans.

MS. BUTLER agreed to follow up with the information.

CHAIR COSTELLO asked the sponsor to comment on the perception that it's a lose-lose situation if a defaulted borrower leaves the state. The state doesn't collect, and it also loses that worker.

REPRESENTATIVE CLAMAN said his office found that having the authority to exercise this power was a double negative.

CHAIR COSTELLO said she would hold the bill awaiting the information on the 46 borrowers with outstanding occupational license holds.

SENATOR MEYER asked if licensing entities check on outstanding loans in other states.

MS. BUTLER said she was unaware of any state reciprocity specific to defaulted student loans.

SENATOR MEYER asked if they were talking about state or federal loans.

MS. BUTLER replied only state loans.

SENATOR MEYER commented on the need to keep students in Alaska.

SENATOR MICCICHE clarified that his request was on the outstanding state loans. He added that he is inclined to forgive loans to encourage Alaskans to stay here as opposed to eliminating a collection tool.

[2:49:54 PM](#)

CHAIR COSTELLO opened public testimony on HB 86.

[2:50:06 PM](#)

AMBER MICHAIS, Registered Nurse, Alaska Nurses Association, Anchorage, Alaska, stated support for HB 86 and described it as student debt relief. She said student debt is a significant issue and it makes sense to keep someone who has student debt working. Preventing them from working by nonrenewal of their professional license makes it difficult to impossible to pay back their loan. HB 86 will ensure that Alaska nurses are able to continue their profession so that Alaskans receive care when it's needed.

She shared that she has high balance loans and the current law could cripple her ability to support her family should she find herself in default.

SENATOR GARDNER pointed out that debt relief is not the focus of the bill. It's about how to best protect the state's interest in collecting where appropriate.

[2:53:29 PM](#)

CHAIR COSTELLO closed public testimony on HB 86 and held the bill in committee.

HCR 8-KODIAK SEAFOOD & MARINE SCIENCE CENTER

[2:53:58 PM](#)

CHAIR COSTELLO announced the consideration of HCR 8. [HCR 8 AM was before the committee.]

[2:54:13 PM](#)

MATT GRUENING, Staff, Representative Louise Stutes and aide to the House Fisheries Committee, Alaska State Legislature, Juneau,

Alaska, introduced HCR 8 on behalf of the House Fisheries Committee. He summarized that the resolution expresses the legislature's support for the Kodiak Seafood and Marine Science Center (KSMSC) and urges the University of Alaska to find a solution to keep it operating.

He explained that early in 2016 the University of Alaska Fairbanks notified KSMSC that due to budget cuts, it was considering transferring ownership of the center to the University of Alaska Anchorage for repurposing or possibly closing the center altogether.

The City and Borough of Kodiak and industry groups such as Trident Seafoods, Alaska Pacific Seafoods, Alaska Seafood Marketing Institute, Seafood Processors Association, Icicle Seafoods, and others sent letters protesting the proposed closure. U.S. Senator Lisa Murkowski met with KSMSC's policy group to express concern and support of the center. In response, the 501(c)(3) nonprofit Alaska Research Consortium was formed to act as the operating body for the center. UAF is currently looking at the possibility of a public/private partnership to keep the center open.

SENATOR MICCICHE asked if the resolution is trying to manage the university's decisions about how to handle the significant cuts it has seen in the last few years

MR. GRUENING clarified that the intent is not to manage what the Board of Regents does. The university itself has reached out and is trying to work with the sponsor's office and the City of Kodiak to find a solution to keep the center open. It is the state's only pilot processing plant that does significant research and is of great value to the seafood industry.

He noted that part of the difficulty came about when an agricultural grant that partially funded the center was no longer offered.

[2:59:18 PM](#)

SENATOR MEYER asked if processors donate to the program because they make money off it.

MR. GRUENING said he didn't know.

SENATOR MEYER said that would be good to know.

SENATOR MICCICHE stated support for finding creative ways like a public/private partnership to keep the center open.

[3:01:26 PM](#)

CHAIR COSTELLO closed public testimony on HCR 8.

[3:01:42 PM](#)

SENATOR MICCICHE moved to report HCR 8 from committee with individual recommendations and attached fiscal note(s).

[3:02:06 PM](#)

SENATOR MEYER objected to request the information about the industry participation.

MR. GRUENING said he would provide the information to the chair as soon as possible.

SENATOR MEYER removed his objection.

[3:02:44 PM](#)

SENATOR MICCICHE restated the motion to report HCR 8 from committee with individual recommendations and attached zero fiscal note(s).

CHAIR COSTELLO stated that without objection, HCR 8 AM moves from the Senate Labor and Commerce Standing Committee.

[3:03:29 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:03 p.m.