

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 29, 2018

1:33 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Berta Gardner
Senator Peter Micciche

MEMBERS ABSENT

Senator Kevin Meyer, Vice Chair
Senator Gary Stevens

COMMITTEE CALENDAR

SENATE BILL NO. 110

"An Act establishing the Travel Alaska Board; relating to a tourism marketing assessment; and establishing a tourism marketing fund."

- MOVED CSSB 110(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 273

"An Act extending the termination date of the Marijuana Control Board; and providing for an effective date."

- MOVED HB 273 OUT OF COMMITTEE

HOUSE BILL NO. 274

"An Act extending the termination date of the Board of Psychologist and Psychological Associate Examiners; and providing for an effective date."

- MOVED HB 274 OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 275(FIN)

"An Act extending the termination date of the Board of Massage Therapists; relating to license renewal and criminal history record checks for massage therapists; and providing for an effective date."

- MOVED CSHB 275(FIN) OUT OF COMMITTEE

HOUSE BILL NO. 278

"An Act extending the termination date of the Board of Certified Real Estate Appraisers; and providing for an effective date."

- MOVED HB 278 OUT OF COMMITTEE

HOUSE BILL NO. 279

"An Act extending the termination date of the Real Estate Commission; and providing for an effective date."

- MOVED HB 279 OUT OF COMMITTEE

HOUSE BILL NO. 280

"An Act extending the termination date of the Board of Marital and Family Therapy; and providing for an effective date."

- MOVED HB 280 OUT OF COMMITTEE

HOUSE BILL NO. 302

"An Act extending the termination date of the Board of Professional Counselors; and providing for an effective date."

- MOVED HB 302 OUT OF COMMITTEE

CONFIRMATION HEARINGS

RESCHEDULED TO APRIL 5

PREVIOUS COMMITTEE ACTION

BILL: SB 110

SHORT TITLE: TOURISM MARKETING:BOARD;ASSESSMENT;FUND

SPONSOR(s): LABOR & COMMERCE

04/07/17	(S)	READ THE FIRST TIME - REFERRALS
04/07/17	(S)	L&C, FIN
03/01/18	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/01/18	(S)	Heard & Held
03/01/18	(S)	MINUTE(L&C)
03/29/18	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 273

SHORT TITLE: EXTEND: MARIJUANA CONTROL BOARD

SPONSOR(s): REPRESENTATIVE(s) KITO

01/12/18 (H) PREFILE RELEASED 1/12/18
 01/16/18 (H) READ THE FIRST TIME - REFERRALS
 01/16/18 (H) L&C, FIN
 01/22/18 (H) L&C AT 3:15 PM BARNES 124
 01/22/18 (H) Heard & Held
 01/22/18 (H) MINUTE(L&C)
 01/26/18 (H) L&C AT 3:15 PM BARNES 124
 01/26/18 (H) Moved HB 273 Out of Committee
 01/26/18 (H) MINUTE(L&C)
 01/31/18 (H) L&C RPT 6DP 1NR
 01/31/18 (H) DP: SULLIVAN-LEONARD, STUTES, WOOL,
 BIRCH, KNOPP, KITO

 01/31/18 (H) NR: JOSEPHSON
 02/06/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/06/18 (H) Heard & Held
 02/06/18 (H) MINUTE(FIN)
 02/13/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/13/18 (H) Heard & Held
 02/13/18 (H) MINUTE(FIN)
 02/20/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/20/18 (H) Heard & Held
 02/20/18 (H) MINUTE(FIN)
 02/27/18 (H) FIN AT 9:00 AM ADAMS ROOM 519
 02/27/18 (H) Moved HB 273 Out of Committee
 02/27/18 (H) MINUTE(FIN)
 02/28/18 (H) FIN RPT 6DP 5NR
 02/28/18 (H) DP: GARA, KAWASAKI, THOMPSON,
 GUTTENBERG, SEATON, FOSTER

 02/28/18 (H) NR: WILSON, GRENN, PRUITT, ORTIZ,
 TILTON

 03/14/18 (H) TRANSMITTED TO (S)
 03/14/18 (H) VERSION: HB 273
 03/16/18 (S) READ THE FIRST TIME - REFERRALS
 03/16/18 (S) L&C, FIN
 03/29/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 274

SHORT TITLE: EXTEND: BD OF PSYCHOLOGISTS/PSYCH ASSOC.
 SPONSOR(S): REPRESENTATIVE(S) KITO

01/12/18 (H) PREFILE RELEASED 1/12/18
 01/16/18 (H) READ THE FIRST TIME - REFERRALS
 01/16/18 (H) L&C, FIN
 01/22/18 (H) L&C AT 3:15 PM BARNES 124
 01/22/18 (H) Heard & Held
 01/22/18 (H) MINUTE(L&C)

01/26/18 (H) L&C AT 3:15 PM BARNES 124
 01/26/18 (H) Moved HB 274 Out of Committee
 01/26/18 (H) MINUTE(L&C)
 01/31/18 (H) L&C RPT 7DP
 01/31/18 (H) DP: SULLIVAN-LEONARD, STUTES, WOOL,
 JOSEPHSON, BIRCH, KNOPP, KITO
 02/06/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/06/18 (H) Heard & Held
 02/06/18 (H) MINUTE(FIN)
 02/13/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/13/18 (H) Moved HB 274 Out of Committee
 02/13/18 (H) MINUTE(FIN)
 02/14/18 (H) FIN RPT 7DP 3NR
 02/14/18 (H) DP: GARA, WILSON, KAWASAKI, ORTIZ,
 THOMPSON, SEATON, FOSTER
 02/14/18 (H) NR: PRUITT, GUTTENBERG, TILTON
 03/07/18 (H) TRANSMITTED TO (S)
 03/07/18 (H) VERSION: HB 274
 03/08/18 (S) READ THE FIRST TIME - REFERRALS
 03/08/18 (S) L&C, FIN
 03/29/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 275

SHORT TITLE: EXTEND: BOARD OF MASSAGE THERAPISTS

SPONSOR(S): REPRESENTATIVE(S) KITO

01/12/18 (H) PREFILE RELEASED 1/12/18
 01/16/18 (H) READ THE FIRST TIME - REFERRALS
 01/16/18 (H) L&C, FIN
 01/22/18 (H) L&C AT 3:15 PM BARNES 124
 01/22/18 (H) Heard & Held
 01/22/18 (H) MINUTE(L&C)
 01/26/18 (H) L&C AT 3:15 PM BARNES 124
 01/26/18 (H) Moved HB 275 Out of Committee
 01/26/18 (H) MINUTE(L&C)
 01/31/18 (H) L&C RPT 5DP 2NR
 01/31/18 (H) DP: SULLIVAN-LEONARD, STUTES, WOOL,
 KNOPP, KITO
 01/31/18 (H) NR: JOSEPHSON, BIRCH
 02/06/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/06/18 (H) Heard & Held
 02/06/18 (H) MINUTE(FIN)
 02/13/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/13/18 (H) Moved CSHB 275(FIN) Out of Committee
 02/13/18 (H) MINUTE(FIN)
 02/14/18 (H) FIN RPT CS(FIN) NT 6DP 4NR

02/14/18 (H) DP: GARA, WILSON, KAWASAKI, THOMPSON,
SEATON, FOSTER
02/14/18 (H) NR: PRUITT, ORTIZ, GUTTENBERG, TILTON
03/05/18 (H) TRANSMITTED TO (S)
03/05/18 (H) VERSION: CSHB 275 (FIN)
03/07/18 (S) READ THE FIRST TIME - REFERRALS
03/07/18 (S) L&C, FIN
03/29/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 278

SHORT TITLE: EXTEND: CERT. REAL ESTATE APPRAISERS BOARD
SPONSOR(S): REPRESENTATIVE(S) JOSEPHSON

01/16/18 (H) READ THE FIRST TIME - REFERRALS
01/16/18 (H) L&C, FIN
01/29/18 (H) L&C AT 3:15 PM BARNES 124
01/29/18 (H) Heard & Held
01/29/18 (H) MINUTE(L&C)
02/05/18 (H) L&C AT 3:15 PM BARNES 124
02/05/18 (H) Scheduled but Not Heard
02/10/18 (H) L&C AT 1:00 PM BARNES 124
02/10/18 (H) Moved HB 278 Out of Committee
02/10/18 (H) MINUTE(L&C)
02/12/18 (H) L&C RPT 5DP
02/12/18 (H) DP: EDGMON, STUTES, BIRCH, JOSEPHSON,
KITO
02/13/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/13/18 (H) Moved HB 278 Out of Committee
02/13/18 (H) MINUTE(FIN)
02/14/18 (H) FIN RPT 6DP 3NR
02/14/18 (H) DP: WILSON, KAWASAKI, ORTIZ, THOMPSON,
SEATON, FOSTER
02/14/18 (H) NR: PRUITT, GUTTENBERG, TILTON
03/05/18 (H) TRANSMITTED TO (S)
03/05/18 (H) VERSION: HB 278
03/07/18 (S) READ THE FIRST TIME - REFERRALS
03/07/18 (S) L&C, FIN
03/29/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 279

SHORT TITLE: EXTEND: REAL ESTATE COMMISSION
SPONSOR(S): REPRESENTATIVE(S) JOSEPHSON

01/16/18 (H) READ THE FIRST TIME - REFERRALS
01/16/18 (H) L&C, FIN
01/29/18 (H) L&C AT 3:15 PM BARNES 124
01/29/18 (H) Heard & Held

01/29/18 (H) MINUTE (L&C)
 02/05/18 (H) L&C AT 3:15 PM BARNES 124
 02/05/18 (H) Scheduled but Not Heard
 02/10/18 (H) L&C AT 1:00 PM BARNES 124
 02/10/18 (H) Moved HB 279 Out of Committee
 02/10/18 (H) MINUTE (L&C)
 02/12/18 (H) L&C RPT 5DP
 02/12/18 (H) DP: STUTES, EDGMON, JOSEPHSON, BIRCH,
 KITO
 02/13/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/13/18 (H) Heard & Held
 02/13/18 (H) MINUTE (FIN)
 02/14/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/14/18 (H) Moved HB 279 Out of Committee
 02/14/18 (H) MINUTE (FIN)
 02/16/18 (H) FIN RPT 7DP 4NR
 02/16/18 (H) DP: WILSON, GARA, KAWASAKI, ORTIZ,
 THOMPSON, SEATON, FOSTER
 02/16/18 (H) NR: PRUITT, GRENN, TILTON, GUTTENBERG
 03/05/18 (H) TRANSMITTED TO (S)
 03/05/18 (H) VERSION: HB 279
 03/07/18 (S) READ THE FIRST TIME - REFERRALS
 03/07/18 (S) L&C, FIN
 03/29/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 280

SHORT TITLE: EXTEND: BOARD OF MARITAL & FAMILY THERAPY

SPONSOR (s): REPRESENTATIVE (s) JOSEPHSON

01/16/18 (H) READ THE FIRST TIME - REFERRALS
 01/16/18 (H) L&C, FIN
 01/29/18 (H) L&C AT 3:15 PM BARNES 124
 01/29/18 (H) Heard & Held
 01/29/18 (H) MINUTE (L&C)
 02/05/18 (H) L&C AT 3:15 PM BARNES 124
 02/05/18 (H) Scheduled but Not Heard
 02/10/18 (H) L&C AT 1:00 PM BARNES 124
 02/10/18 (H) Moved HB 280 Out of Committee
 02/10/18 (H) MINUTE (L&C)
 02/12/18 (H) L&C RPT 5DP
 02/12/18 (H) DP: STUTES, EDGMON, JOSEPHSON, BIRCH,
 KITO
 02/13/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/13/18 (H) Moved HB 280 Out of Committee
 02/13/18 (H) MINUTE (FIN)
 02/14/18 (H) FIN RPT 6DP 3NR

02/14/18 (H) DP: GARA, WILSON, KAWASAKI, THOMPSON,
SEATON, FOSTER
02/14/18 (H) NR: PRUITT, TILTON, GUTTENBERG
03/05/18 (H) TRANSMITTED TO (S)
03/05/18 (H) VERSION: HB 280
03/07/18 (S) READ THE FIRST TIME - REFERRALS
03/07/18 (S) L&C, FIN
03/29/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 302

SHORT TITLE: EXTEND: BOARD OF PROFESSIONAL COUNSELORS
SPONSOR(S): REPRESENTATIVE(S) WOOL

01/24/18 (H) READ THE FIRST TIME - REFERRALS
01/24/18 (H) L&C, FIN
02/02/18 (H) L&C AT 3:15 PM BARNES 124
02/02/18 (H) Heard & Held
02/02/18 (H) MINUTE(L&C)
02/10/18 (H) L&C AT 1:00 PM BARNES 124
02/10/18 (H) Moved HB 302 Out of Committee
02/10/18 (H) MINUTE(L&C)
02/12/18 (H) L&C RPT 5DP
02/12/18 (H) DP: STUTES, EDGMON, JOSEPHSON, BIRCH,
KITO
02/12/18 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/12/18 (H) Moved HB 302 Out of Committee
02/12/18 (H) MINUTE(FIN)
02/14/18 (H) FIN RPT 6DP 4NR
02/14/18 (H) DP: GARA, WILSON, ORTIZ, THOMPSON,
SEATON, FOSTER
02/14/18 (H) NR: KAWASAKI, PRUITT, GUTTENBERG,
TILTON
02/26/18 (H) TRANSMITTED TO (S)
02/26/18 (H) VERSION: HB 302
02/28/18 (S) READ THE FIRST TIME - REFERRALS
02/28/18 (S) L&C, FIN
03/29/18 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

CRYSTAL KOENEMAN, Staff
Representative Sam Kito III
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided introductory remarks for HB 273 and
HB 275 on behalf of the sponsor.

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Reviewed the audit findings related to HB 273, HB 274, HB 275, HB 278, HB 279, HB 280, and HB 302.

CAITLYN ELLIS, Staff
Representative Sam Kito III
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided introductory remarks for HB 274 on behalf of the sponsor.

ALLEN LEVY, Chair
Psychology Board
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 274.

VOLKER HRUBY, President
American Massage Therapy Association of Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 275.

DAVID EDWARDS-SMITH, Chair
Board of Massage Therapists
Kenai, Alaska

POSITION STATEMENT: Provided information on HB 275.

MEGAN HOLLAND, Staff
Representative Andy Josephson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 278, HB 279, and HB 280 on behalf of the sponsor.

DAVID DERRY, Chair
Board of Certified Real Estate Appraisers
Homer, Alaska

POSITION STATEMENT: Provided information related to HB 278.

WILLIAM BARNES, President
Alaska Chapter of Appraisal Institute
Palmer, Alaska

POSITION STATEMENT: Testified in support of HB 278.

JOANNE BLACKBURN, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 278.

TRACI BARICKMAN, Chair
Alaska Real Estate Commission
Palmer, Alaska

POSITION STATEMENT: Testified in support of HB 279.

KAREN CUNNINGHAM, Vice Chair
Board of Marital and Family Therapy
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 280.

ASHLEY STRAUCH, Staff
Representative Adam Wool
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 302 on behalf of the sponsor.

ACTION NARRATIVE

[1:33:06 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Gardner, Micciche, and Chair Costello.

SB 110-TOURISM MARKETING:BOARD;ASSESSMENT;FUND

[1:33:27 PM](#)

CHAIR COSTELLO announced the consideration of SB 110. She said it is a tourism marketing bill. Tourism has a phenomenal return on investment. For every dollar the state spends on marketing the state as a whole gets \$35 back. She hopes that Senate Finance will address the concerns that have been articulated. [The committee adopted CSSB 110, version R, on 3/1/18.]

[1:34:14 PM](#)

SENATOR MICCICHE moved to report the CS for SB 110, version 30-LS0434\R, from committee with individual recommendations and attached fiscal note(s).

[1:34:33 PM](#)

CHAIR COSTELLO announced that without objection, CSSB 110(L&C) moves from the Senate Labor and Commerce Standing Committee.

[1:34:41 PM](#)

At ease

HB 273-EXTEND: MARIJUANA CONTROL BOARD

[1:35:42 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 273. She stated the intent is to hold public testimony and move the bill.

[1:36:17 PM](#)

CRYSTAL KOENEMAN, Staff, Representative Sam Kito III, Alaska State Legislature, Juneau, Alaska, said Legislative Audit recommended a six-year extension for the new Marijuana Control Board to the year 2024. Voters legalized marijuana in November 2014. The board has met 24 times since July 2015. This is a new industry and is bringing in revenue to the state. The audit had four recommendations.

[1:37:31 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, Juneau, Alaska, reviewed the October 2017 audit findings related to HB 273. She said that since the board is new, this is its first sunset audit. The purpose of a sunset audit is to determine whether a board or commission is serving the public's interest and whether it should be extended. She directed the committee's attention to the conclusions on page 5 of the audit:

Overall, the audit concludes the board is serving the public's interest by effectively licensing marijuana establishments and developing and adopting regulations necessary to implement statutes that allow for the cultivation, manufacture, and sale of marijuana in Alaska. The audit makes four recommendations for operational improvements.

In accordance with AS 44.66.010(a)(13), the board is scheduled to terminate on June 30, 2018. We recommend the legislature extend the board's termination date to June 30, 2024.

MS. CURTIS said the audit conducted a survey of licensees and had a 70 percent response rate and a survey of local governments and had an 88 percent response. The responses were fairly positive overall. One hundred percent of local government survey respondents and 75 percent of licensee respondents rated the

board's overall effectiveness at serving the public interests as excellent.

MS. CURTIS said Exhibit 2 on page 8 shows the board issued 122 licenses from July 2016 through April 2017. Eighty percent of licensee respondents rated their license process as good or excellent.

MS. CURTIS said page 8 explains that for FY2017 "it is the intent of the legislature that application and licensing fees cover the cost of regulation and recover unrestricted general fund appropriations made while the program was being established." The audit team looked at the process the Alcohol and Marijuana Control Office (AMCO) uses for tracking revenue. Processes are in place, but management reported that it is too early to determine if fees are sufficient to cover regulation. They do expect to be fully funded by fees by FY2020.

MS. CURTIS reviewed the first recommendation beginning on page 11:

Recommendation 1: The board members, the Alcohol and Marijuana Control Office (AMCO or control office) director, and enforcement supervisor should work together to formally establish an enforcement plan to direct limited enforcement resources.

MS. CURTIS explained that without a formal enforcement plan, the enforcement section had no guidance for prioritizing their limited resources and runs the risk of not protecting the public.

MS. CURTIS reviewed the second recommendation:

Recommendation 2: The board and the AMCO director should implement a process to monitor and track complaints to ensure they are assessed for follow up action and investigated in a timely manner.

MS. CURTIS said they have a process to receive complaints, but they are only tracked if the complaint results in an inspection or investigation. The basis for not inspecting or not investigating is not documented.

MS. CURTIS reviewed the third recommendation:

Recommendation 3: The AMCO director should develop written procedures for establishing the expiration dates of marijuana handler permits and ensure staff receive the appropriate training.

MS. CURTIS said they tested 53 permits and found 47 had incorrect expiration dates. This was because of lack of written procedures and insufficient training. They believe this is an easy fix.

MS. CURTIS reviewed the fourth recommendation:

Recommendation 4: The AMCO director should develop and implement procedures to segregate the duties for calculating and remitting fees to local governments.

MS. CURTIS explained that upon receipt of a new or renewal application, the statute requires the board to immediately forward a copy of each application and half of the registration application fee to the local regulatory authority for the local government in which the applicant desires to operate. In FY2017 the board remitted \$113,000 of fees to local governments. The audit found only one employee responsible for calculating the amount and approving the payments out. Those duties should be segregated, which is an easy administrative fix.

MS. CURTIS said both the board and department concurred with all four recommendations.

[1:42:24 PM](#)

SENATOR MICCICHE asked why a six-year extension was recommended.

MS. CURTIS replied that the board is operating well. It is too early in the process to look at enforcement of marijuana laws and the renewal process, so they weren't comfortable with eight years. They decided on six years because of how well the board is operating right out of the gate.

SENATOR MICCICHE wondered if it shouldn't be shorter, saying it might not be living in the right place. He said he doesn't know if the ABC [Alcoholic Beverage Control] Board and AMCO are overloaded. He supposed future legislation could split those into two entities.

MS. CURTIS said the ABC Board has a recommended extension of four years. There are efficiencies in auditing both at the same time because they share the same staff but because the Marijuana

Control Board is operating so well, they did not recommend less than six years.

[1:44:14 PM](#)

SENATOR MICCICHE said they have been doing a good job.

[1:44:35 PM](#)

CHAIR COSTELLO found no one who wished to testify on HB 273.

[1:44:54 PM](#)

SENATOR MICCICHE moved to report HB 273, 30-LS1183\D, from committee with individual recommendations and attached fiscal note(s).

[1:45:13 PM](#)

SENATOR MICCICHE rescinded the previous motion.

CHAIR COSTELLO closed public testimony on HB 273.

SENATOR MICCICHE moved to report HB 273, 30-LS1183\D, from committee with individual recommendations and attached fiscal note(s).

[1:45:44 PM](#)

CHAIR COSTELLO announced that without objection, HB 273 moves from the Senate Labor and Commerce Standing Committee.

[1:45:47 PM](#)

At ease

HB 274-EXTEND: BD OF PSYCHOLOGISTS/PSYCH ASSOC.

[1:47:39 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 274.

[1:48:08 PM](#)

CAITLYN ELLIS, Staff, Representative Sam Kito III, Alaska State Legislature, Juneau, Alaska, said the bill extends the Board of Psychologist and Psychological Associate Examiners for the full eight-year extension. The board regulates 285 licensees and is due to sunset this year. The board meets quarterly. The audit had two recommendations. The board should reduce fees and procedures should be implemented to ensure that courtesy licenses comply with monthly reporting requirements. The board and department agree with both, and steps have been taken to implement them.

[1:49:06 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, Juneau, Alaska, reviewed the October 2017 audit findings related to HB 274. She said overall, the audit concludes the board served the public's interest by effectively licensing and regulating psychologists and psychological associates. The board monitored licensees and worked to ensure only qualified individuals practice in Alaska. They recommend the maximum eight-year extension allowed for in statute.

MS. CURTIS directed the committee's attention to Exhibit 2, a schedule of licensing activity, on page 5 of the audit. As of March 2017 there were 285 licensees, which represents a 174 percent increase from 2009.

MS. CURTIS noted the schedule of revenues and expenditures on page 7. She said the board had a surplus of almost \$400,000 at the end of FY2017. The audit noted that the board increased the licensing fees in FY2017 despite the large surplus. The surplus was not considered with the fee analysis. The audit recommends reducing fees and enforcing reporting requirements for the curtesy licenses. Both the department and the board concurred with the recommendations.

CHAIR COSTELLO noted who was available to answer questions.

[1:51:01 PM](#)

SENATOR MICCICHE asked if the audit fees are covered by the boards and commissions they audit.

MS. CURTIS said no. The cost for their office and personnel are appropriated directly to Legislative Audit. They do have interagency receipts for the single audit, which is the federal compliance audit, and the financial statement audit, which is required by statute.

SENATOR MICCICHE asked what an audit like this would cost the division and if that should be added to future renewals.

MS CURTIS said the hourly rate is calculated every year. A clean audit would be 400-500 hours at more than \$70 per hour. A new board like the Marijuana Control Board can take 900 hours to conduct surveys and do large-scale testing.

[1:52:56 PM](#)

CHAIR COSTELLO opened public testimony on HB 274.

[1:53:21 PM](#)

ALLEN LEVY, Chair, Psychology Board, Anchorage, Alaska, testified in support of HB 274. He said he was prepared to answer questions related to HB 274. The board is dedicated, and he was pleased with the outcome of the audit. The board looks forward to continuing to serve Alaska.

[1:54:06 PM](#)

CHAIR COSTELLO closed public testimony on HB 274.

[1:54:17 PM](#)

SENATOR MICCICHE moved to report HB 274, 30-LS1184\D, from committee with individual recommendations and attached fiscal note(s).

[1:54:32 PM](#)

CHAIR COSTELLO announced that without objection, HB 274 moved from the Senate Labor and Commerce Standing Committee.

HB 275-EXTEND: BOARD OF MASSAGE THERAPISTS

[1:54:40 PM](#)

CHAIR COSTELLO announced the consideration of HB 275. [CSHB 275(FIN) was before the committee.]

[1:54:47 PM](#)

CRYSTAL KOENEMAN, Staff, Representative Sam Kito III, Alaska State Legislature, Juneau, Alaska, said Legislative Audit recommends a four-year extension for the Board of Massage Therapists. It was created in 2015. The original estimate was that it would license 600 massage therapists, but from 2015 to 2017 the board issued 1,186 licenses. There are always growing pains with a new board. The audit found the annual fingerprinting in statute may be too burdensome to the licensees and the department in processing those. HB 275 not only includes the board extension but also changes the fingerprint requirement from biannual to once every six years. The audit had three recommendations, which Kris Curtis will cover. She noted who was available for questions.

[1:56:38 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, Juneau, Alaska, reviewed the October 2017 audit findings of the Board of Massage Therapists. This is its first sunset review since the board was created in 2015. The

audit found the board was meeting the public interest in all areas except licensing. In general, meetings were conducted effectively, investigations were appropriately processed, and the board actively issued or changed regulations to improve the industry. In regard to licensing, testing found that applicants were not consistently issued licenses in accordance with statutes, regulations, and/or procedures.

MS. CURTIS said additionally, an FBI audit was conducted that found that improvements are needed to comply with the federal standards for criminal history record information obtained as part of the licensing process. Legislative Audit recommends extending the board for four years.

MS. CURTIS pointed out the licensing activity on page 11 of the audit. As Ms. Koeneman said, the board has issued double the number of licenses from what was expected.

MS. CURTIS said the schedule of revenues and expenditures on page 14 shows the board has a surplus of \$265,000 at the end of FY2017. License fees were lowered for FY2018 to address the surplus.

MS. CURTIS went over the first recommendation, beginning on page 17:

Recommendation 1: Division of Corporations, Business, and Professional Licensing's (DCBPL) director, in consultation with the Board of Massage Therapists (board), should take action to improve procedures to ensure licensure requirements are met.

MS. CURTIS said they found three errors in the 31 license applications tested. In one case, a background check report for one initial applicant was not completed and the applicant operated for two years without a background check. Second, one applicant answered "yes" to a professional fitness question and no evidence showed the applicant provided an explanation. Third, one applicant answered "yes" to a professional fitness question and provided an explanation which included evidence of a permanent revocation of a national board certification for violating the respective code of ethics and standards of practice. The applicant was awarded a license on the requirement that the applicant take a two-hours ethics course. Standard procedures called for the application to be forwarded to investigations for further review. The lack of thorough and timely evaluation does increase the risk to public safety.

MS. CURTIS reviewed the second recommendation.

Recommendation 2: DCBPL's director should address the Federal Bureau of Investigations (FBI) audit findings and concerns.

MS. CURTIS said the FBI audit conducted in April 2017 found DCBPL used an unsecured website to route confidential criminal history. Applicants were not notified in writing that their fingerprints were to be used for an FBI background check. The federal audit found an inadequate chain of custody over fingerprint cards, which is important because it ensures the integrity of the applicant/fingerprint process. As of October 2017, the division application informs applicants that fingerprints will be sent to the FBI for a federal background check, but the other issues were still outstanding.

MS. CURTIS reviewed the third recommendation:

Recommendation 3: The director of the Office of the Governor, Boards and Commissions should work to fill the public member position.

MS. CURTIS said the public member position became vacant in March of 2017. Statute requires that the public member may not be a licensed health care provider, employee of the state, or a current or former member of another occupation licensing board. The director said these requirements are too stringent to find interested applicants. The response from the Office of the Governor is on page 29 of the audit. The audit does agree with the recommendation regarding the vacancy and believes a statutory fix is necessary.

MS. CURTIS said the Department of Commerce, Community and Economic Development response is on page 31. The department agrees that checks are needed to ensure the administrative record is complete, but they believe additional supervisory resources are needed to meet that standard. The department considered the April 2017 FBI audit to be new information and believes that they are responding quickly to address the recommendations. The board's response is on page 33 and it agrees with the audit's conclusions and recommendations.

[2:02:31 PM](#)

SENATOR GARDNER said she had been contacted by a constituent who was concerned about the background check process. She asked if a

person discloses a prior problem or the FBI reports that they have something on their record, what would disqualify someone from getting a license.

MS. CURTIS said that on page 6 of the audit they go through professional fitness questions and provide some background information. Statute guides the fitness conditions and requires the following of an applicant:

Has not been convicted of, or pled guilty or no contest to, a crime involving moral turpitude, or who has been convicted of, or pled guilty or no contest to, a crime involving moral turpitude if the board finds that the conviction does not affect the person's ability to practice competently and safely

MS. CURTIS said it is the board's evaluation of the support an applicant provides that would dictate the board's decision. The auditor just looks at whether they have considered it and the adequacy of their consideration. The audit found no evidence of whether the applicant provided additional information, but the board did not follow internal procedures to ensure a thorough review of the information.

[2:04:35 PM](#)

CHAIR COSTELLO listed the individuals available to answer questions.

[2:05:10 PM](#)

VOLKER HRUBY, President, American Massage Therapy Association of Alaska, Anchorage, Alaska, testified in support of HB 275. He said it makes sense to continue this board.

CHAIR COSTELLO asked the board chair, Mr. Smith, if he sees challenges implementing the recommendations.

[2:05:48 PM](#)

DAVID EDWARDS-SMITH, Chair, Board of Massage Therapists, Kenai, Alaska, said no, but the chain of custody for the fingerprint cards is beyond the control of the board or division. It is a national issue for anyone not using a Rap Back [Record of Arrest and Prosecution Background] program for fingerprints.

SENATOR GARDNER asked about the program.

MR. SMITH said Rap Back is a program that allows a division to retain single fingerprints on file and update them. This would

require authorization by statute. Alaska currently does not have the ability to request an FBI background check without initiating a background check without a fingerprint card.

SENATOR GARDNER asked for clarification of the name of the program.

MR. SMITH replied the name is Rap Back.

[2:07:50 PM](#)

CHAIR COSTELLO opened and closed public testimony on HB 275.

[2:08:20 PM](#)

SENATOR MICCICHE moved to report HB 275, 30-LS1185\J, from committee with individual recommendations and attached fiscal note(s).

[2:08:38 PM](#)

CHAIR COSTELLO announced that without objection, CSHB 275(FIN) moves from the Senate Labor and Commerce Standing Committee.

[2:08:45 PM](#)

At ease

HB 278-EXTEND:CERT. REAL ESTATE APPRAISERS BOARD

[2:10:34 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 278.

[2:10:55 PM](#)

MEGAN HOLLAND, Staff, Representative Andy Josephson, Alaska State Legislature, Juneau, Alaska, said the Board of Certified Real Estate Appraisers came to be in the early 2000s after the housing market crash, which resulted in a federal mandate that states control and regulate real estate appraisers. The board is responsible for licensing, training, regulating, and licensing enforcement of real estate appraisers in Alaska. Legislative Audit recommends an extension for the full eight years. The board received good federal audits in 2005 and 2007. The chair of the board and the president of the Alaska chapter of the Appraisal Institute are available to answer questions.

[2:12:25 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, Juneau, Alaska, reviewed the June 2017 audit findings related to HB 278. She directed the committee's

attention to the background information beginning on page 3 of the audit that explains the regulatory oversight structure for the appraisal industry, which has been established by the federal government. She said it is important to understand that this board is subject to external oversight outside of the sunset process. That oversight does factor into their term of extension.

MS. CURTIS said the audit concluded that the board is serving the public interest by monitoring certificate holders and licensees and working to ensure only qualified individuals were issued certificates and licenses in Alaska. The board developed and adopted regulations to comply with federal requirements, improve the real estate appraisal industry, and better protect the public.

MS. CURTIS reviewed the first of two recommendations on page 16 of the audit:

Recommendation 1: DCBPL's director should continue to improve administrative support to the board.

MS. CURTIS said three problems indicate improvement needed. First, three certificate holders were incorrectly reported in the Appraisal Subcommittee national registry. Second, auditors reviewed five investigative cases and identified three cases with periods of inactivity without justification ranging from 130 to 203 days. Third, due to staff turnover, DCBPL management could not provide evidence that three of 11 board meetings held between July 1, 2014, and March 31, 2017, were publicly noticed.

MS. CURTIS reviewed the second recommendation:

Recommendation 2 DCBPL's director, in consultation with the board, should reduce fees to address the surplus.

MS. CURTIS said that as of March 2017 the board had a surplus of \$165,000. Board members had requested a fee analysis on multiple occasions, so they could look at reducing fees. DCBPL did not conduct a fee analysis, so licensees were paying higher than justified fees.

MS. CURTIS noted the schedule of licenses on page 11, the schedule of revenues and expenditures on page 12, and the summary of license fees on page 13.

MS. CURTIS said the audit notes on page 14 than the board plans to move forward to regulate appraisal management companies. This will significantly expand the duties. They are still recommending eight years extension in recognition of the federal oversight of the board.

MS. CURTIS said the department concurs with the findings and recommendations. The board's response is on page 29. The board also agrees. The board's response also discusses an Attorney General's opinion that they received that they would need a statutory change in order to move ahead with regulating appraisal management companies. Legislative Audit does not agree with that conclusion. The auditor's comments that explain the basis for the disagreement are on page 33. Legislative Audit believes that current Alaska statutes and federal law are sufficient to allow for that activity.

CHAIR COSTELLO asked if there was a response to that letter from the board.

MS CURTIS said there is no opportunity for the auditee to respond to Legislative Audit's additional comments.

CHAIR COSTELLO opened public testimony on HB 278.

[2:18:03 PM](#)

DAVID DERRY, Chair, Board of Certified Real Estate Appraisers, Homer, Alaska, said the board met with the division director and agreed to a reduction of fees in 2019. He noted that the Attorney General did not think the board had the authority to regulate appraisal management companies (AMC), but the Senate passed an AMC bill that would allow that and moved it on to the House. The board is willing to take that on. The board works hard, specifically regarding the federal audits it is subject to. Their goal is to make an excellent rating as opposed to good.

[2:20:06 PM](#)

WILLIAM BARNES, President, Alaska Chapter of Appraisal Institute, Palmer, Alaska, testified in support of HB 278. He said the Appraisal Institute has 111 members of the 261 Alaska certified appraisers or 43 percent. The organization supports the extension for eight years. The board is performing its mission of protecting the public and the banking system.

CHAIR COSTELLO asked if the issue regarding public notice can be easily rectified.

MR. BARNES asked if the question was directed to him.

[Note: Joanne Blackburn gave the following testimony at 2:33:42 PM, during the hearing on HB 279.]

JOANNE BLACKBURN, representing self, Anchorage, Alaska, testified in support of HB 278. She said it is important to have a strong appraisal industry. She has seen varying quality of appraisals for federal projects. As the state hopes to have more federally-funded projects, an excellent appraisal industry is needed for both private and public interests. She warned legislators against becoming involved in situations based on hearsay information about private families' property interest. She concluded by saying let the boards be strong.

[2:21:40 PM](#)

CHAIR COSTELLO closed public testimony on HB 278.

[2:21:46 PM](#)

SENATOR MICCICHE moved to report HB 278, version 30-LS1160\D, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO announced that without objection, HB 278 moved from the Senate Labor and Commerce Standing Committee.

HB 279-EXTEND: REAL ESTATE COMMISSION

[2:22:10 PM](#)

CHAIR COSTELLO announced the consideration of HB 279.

[2:22:16 PM](#)

MEGAN HOLLAND, Staff, Representative Andy Josephson, Alaska State Legislature, Juneau, Alaska, said the Real Estate Commission received an eight-year extension recommendation from Legislative Audit. The commission oversees brokers, associate brokers, and sales licensees. The commission is responsible for regulating supervisors of licensees and enforcing their requirements through their investigations unit. The commission oversees [2,510] licensees. There was one letter of opposition to the extension. It was determined that the complaint was not within the purview of the commission because the expectations of the author of the letter did not align with the functions of the commission.

[2:23:59 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, Juneau, Alaska, reviewed the June 2017 audit findings related to HB 279. She said the audit concludes the commission is serving the public's interest by effectively licensing and regulating real estate licensees and offices. The commission monitored licensees and worked to ensure only qualified individuals practice in Alaska. Furthermore, the commission developed and adopted regulations to improve the real estate industry and better protect the public. Legislative Audit recommends the full eight-year extension.

MS. CURTIS said the committee might have noticed that the audit covers less than two years. That is because the prior sunset was dated July of 2015. That audit noted that the commission had failed to obtain a master insurance policy. A 2008 law required that the commission obtain an errors and omissions master insurance policy and make it available to licensees. Licensees were required either to obtain the insurance through an independent policy or through the master policy made available. Statute stated that if there was no master policy, then no licensee needed to obtain the insurance. Subsequently, the legislature gave the commission a two-year extension and changed the statute to require all licensees to obtain the insurance regardless of whether a master policy was available. The commission worked with the Division of Corporations, Business, and Professional Licensing (DCBPL) to change regulation that facilitated a successful procurement and a contract for the insurance policy was signed in June 2017. Consequently, Legislative Audit is recommending an eight-year extension.

MS. CURTIS said there is one repeat recommendation on page 17 of the audit:

Recommendation 1: DCBPL's chief investigator should continue to improve oversight to ensure cases are actively investigated and completed timely.

MS. CURTIS said management had introduced a dashboard to monitor case resolution and internal benchmarks to create timeliness goals for investigators, but they tested seven cases and three had periods of inactivity. The periods were shorter and the percentage of errors was smaller, but improvements still need to be made. The department, board, and governor concurred with the recommendations.

[2:26:51 PM](#)

SENATOR GARDNER recalled receiving comments that the E&O [errors and omissions] insurance was onerously expensive. Since she hasn't heard any complaints for a while, she assumes that having the master policy solves that.

MS. CURTIS said they found no complaints about the cost of the insurance. The intent was to find a cost-effective way for all licensees to obtain the insurance.

SENATOR MICCICHE referenced the letter of complaint that Ms. Holland described in her introduction. He said he is aware of the struggles of the property owner and asked why the situation wasn't a responsibility of the Real Estate Commission.

MS. CURTIS deferred to the chair of the commission.

[2:28:21 PM](#)

TRACI BARICKMAN, Chair, Alaska Real Estate Commission, Palmer, Alaska, said complaints go through the division's investigative process where jurisdiction is first determined. This was not jurisdictional to the Real Estate Commission, and the individual was notified. Public commission meetings are not the appropriate forum for hearing complaints.

SENATOR MICCICHE asked if there is a clear path to jurisdiction for this case if it is not the Real Estate Commission.

MS. BARICKMAN said it's in the statute.

CHAIR COSTELLO asked if the individual was pointed in the right direction.

MS. BARICKMAN said that would be a division question.

MS. BARICKMAN testified in support of HB 279 on behalf of the commission. She said the Real Estate Commission operates well within its budget provided by licensing fees. As a commissioner, she works with the state investigator to review complaints that are a result of a real estate transaction or licensee's interaction with the public. Most complaints have a legitimate foundation, and in many cases, licensees are disciplined through education, fines, and sometimes revocation of their license. Without this process the only recourse for the public would be litigation. By modifying and adopting regulations, the commission constantly improves industry practices in a changing industry. The commission is an important guard for consumer protection.

[Note: At 2:33:42 PM Joanne Blackburn gave testimony on HB 278 and Chair Costello directed that it be placed in the minutes with the proceedings for HB 278.]

[2:37:03 PM](#)

CHAIR COSTELLO closed public testimony on HB 279.

[2:37:15 PM](#)

SENATOR MICCICHE moved to report HB 279, version 30-LS1161\D, from committee with individual recommendations and attached fiscal note(s).

[2:37:29 PM](#)

CHAIR COSTELLO announced that without objection, HB 279 moved from the Senate Labor and Commerce Standing Committee.

HB 280-EXTEND: BOARD OF MARITAL & FAMILY THERAPY

[2:37:38 PM](#)

CHAIR COSTELLO announced the consideration of HB 280.

[2:37:47 PM](#)

MEGAN HOLLAND, Staff, Representative Andy Josephson, Alaska State Legislature, Juneau, Alaska, said the Board of Marital and Family Therapy regulates and licenses therapists and approves supervisors, establishes and enforces training, education, and continuing education required of their licensees. The board oversees 85 licensees. Legislative Audit recommended a full eight-year extension for this board.

[2:38:34 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, Juneau, Alaska, reviewed the May 2017 audit findings related to HB 280. She said the board is serving the public's interest by effectively licensing and regulating marital and family therapists and approving marital and family therapist supervisors. The board monitors licensees and works to ensure only qualified individuals practice in Alaska. Furthermore, the board develops and adopts regulations to improve the marital and family therapist occupation.

MS. CURTIS said no recommendations were made as part of the audit.

MS. CURTIS pointed out that license activity on page 6 of the audit shows the board has 85 active licensees as of January 31,

2017. She noted that this is a 7 percent decrease from the 2013 sunset audit. The schedule of revenues and expenditures on page 8 shows the board had a surplus of just over \$68,000 and has operated with a surplus over the past several years despite the low number of licenses.

MS. CURTIS said the department, board, and governor agree with the extension.

[2:40:18 PM](#)

CHAIR COSTELLO asked about the additional regulations for telemedicine or distance delivery of marital and family therapy.

[2:40:39 PM](#)

KAREN CUNNINGHAM, Vice Chair, Board of Marital and Family Therapy, Anchorage, Alaska, said there is a need for additional regulations for telehealth and telesupervision. They are waiting for language and approval from the American Association of Family Therapy regulatory board. The information is out there and filtering down to them.

CHAIR COSTELLO opened public testimony on HB 280.

[2:41:55 PM](#)

MS. CUNNINGHAM said the board supports the extension of the termination date. She said the practice of marital and family therapy includes the diagnosis and treatment of mental and emotional disorders referenced in standard diagnostic nomenclature. This covers all disorders, whether cognitive, affective, or behavioral within the context of human relationships. Marital and family therapy is one of the core mental health disciplines. Research shows that marital and family interventions are often more effective than individual therapy to treat a wide range of disorders. Research also shows that human connection is linked to better physical health. For these reasons and many more marital and family therapy should continue to be regulated. she reviewed the responsibilities and actions of the board and noted it met more often than required by statute.

CHAIR COSTELLO suggested that she send her prepared comments to the committee.

[2:47:24 PM](#)

CHAIR COSTELLO closed public testimony on HB 280.

[2:47:29 PM](#)

SENATOR MICCICHE moved to report HB 280, version 30-LS1162\D, from committee with individual recommendations and attached fiscal note(s).

[2:47:46 PM](#)

CHAIR COSTELLO announced that without objection, HB 280 moves from the Senate Labor and Commerce Standing Committee.

[2:47:50 PM](#)

At ease

HB 302-EXTEND: BOARD OF PROFESSIONAL COUNSELORS

[2:50:24 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of HB 302.

[2:50:47 PM](#)

ASHLEY STRAUCH, Staff, Representative Adam Wool, Alaska State Legislature Juneau, Alaska, said Legislative Audit recommends the full eight-year extension for the Board of Professional Counselors. The board's primary function is to license professional counselors and issue supervisor certificates. It oversees 657 professional counselors and 73 supervisor certificates. Between FY2014 and FY2016 the board issued 190 new licenses, which is a 46 percent increase.

[2:51:53 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, Juneau, Alaska, reviewed the April 2017 audit findings related to HB 302. She said the board is serving the public's interest by effectively licensing and regulating professional counselors and certified counselor supervisors. The board monitors licensees and works to ensure only qualified individuals practice in Alaska. Furthermore, the board develops and adopts regulations to improve the profession. Legislative Audit recommends an eight-year extension for the board and had no recommendations.

MS. CURTIS said it's a growing profession. The schedule of revenues and expenditures on page 6 of the audit shows the board had a surplus of just over \$70,000 in March 2017. The board and management expect to decrease fees in FY2018. All parties agree with the extension.

[2:53:34 PM](#)

CHAIR COSTELLO found no public testimony on HB 302 and closed it.

[2:53:50 PM](#)

SENATOR MICCICHE moved to report HB 302, version 30-LS1302\A, from committee with individual recommendations and attached fiscal note(s).

[2:54:05 PM](#)

CHAIR COSTELLO announced that without objection, HB 302 moves from the Senate Labor and Commerce Standing Committee.

[2:54:27 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee at 2:54 p.m.