

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ARCTIC POLICY,
ECONOMIC DEVELOPMENT, AND TOURISM**

March 14, 2019

11:02 a.m.

MEMBERS PRESENT

Representative Sara Hannan, Chair
Representative Zack Fields
Representative Jonathan Kreiss-Tomkins
Representative Chris Tuck
Representative Josh Revak
Representative Sara Rasmussen

MEMBERS ABSENT

Representative John Lincoln

COMMITTEE CALENDAR

CONFIRMATION HEARING(S) :

Commissioner, Alaska Department of Commerce, Community, and
Economic Development

Julie Anderson - Anchorage

- CONFIRMATION(S) ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JULIE ANDERSON, Commissioner-Designee
Department of Commerce, Community, and Economic Development
(DCCED)

Juneau, Alaska

POSITION STATEMENT: Testified as appointee to the position of
Commissioner of the Department of Commerce, Community, and
Economic Development.

ACTION NARRATIVE

[11:02:20 AM](#)

CHAIR SARA HANNAN called the House Special Committee On Arctic Policy, Economic Development, and Tourism meeting to order at 11:02 a.m. Representatives Revak, Rasmussen, Tuck, and Hannan were present at the call to order. Representatives Kreiss-Tomkins and Fields arrived as the meeting was in progress.

Department of Commerce, Community, and Economic Development

[11:03:29 AM](#)

CHAIR HANNAN announced that the only order of business would be a confirmation hearing for Julie Anderson, the governor's appointment to Commissioner of the Department of Commerce, Community, and Economic Development (DCCED).

[11:04:02 AM](#)

JULIE ANDERSON, Commissioner-Designee, Department of Commerce, Community, and Economic Development (DCCED) read the following prepared testimony [original punctuation provided]:

Good morning! Madame Chairman and members of the Committee, my name is Julie Anderson, Commissioner-Designee for the Department of Commerce, Community and Economic Development.

I want to thank the Committee for your time in visiting with me individually and for this hearing today. I also want to express my appreciation to Governor Dunleavy for his confidence in choosing me for this position.

Since we have met individually and and spent time with together, I will abbreviate my personal history but put just a few details on the record:

- I am of Athabaskan descent on my father's side and my mother's grandparents moved to in Eagle in 1898, where she resides today.
- I grew up all over the Interior, worked pipeline construction out of high school, later went to college
- Beyond my life experiences, my education includes a bachelor's in business from UAF and a master's from the Thunderbird School of Global Management. I also

obtained Certification as an Economic Development Professional.

- As to my career, in the mid-90's I worked to implement the Community Development Quota (CDQ) Program. I also worked for Alyeska Pipeline Service Company managing a team of employees and contractors to successfully deliver contractor management, HSE and supply chain functions, facilities, aviation and crisis management operations. Following my time there, I worked for AEA on the Susitna-Watana hydro project. Having worked both in DCRA and AEA, and worked with a variety of economic development efforts, I have a good working knowledge of the department, its divisions and programs, with much more to learn.

I care deeply about the future of the state and look forward to working with administration to create economic opportunity for future generations. The Governor has assembled an outstanding, diverse cabinet, and I am honored to be a part of it.

Which brings me to my vision for our Department. To create economic opportunity requires bringing fresh ideas and new perspectives to both our role in economic development and in administering the statutes that the Legislature has given us to implement.

One of our top goals is to encourage new investment in the state and grow our economy by repealing unnecessary regulatory burdens, by not increasing taxes, and by creating stability. We intend to strengthen key industries while supporting the free enterprise system, building a diverse economy through business assistance, financing, promotion, and public policy. At DCCED, we are working aggressively to break out of government silos and make sure our employees and divisions are pulling together for Alaskans.

We are looking at opportunities to modernize, use existing data and work smarter. An example is an effort underway to link the new Community Database Online (CDO) in the Division of Community and Regional Affairs with a whole host of other data on business licensing, land ownership, resources and economic development, to help provide region specific information for those looking to invest in Alaska.

There is a presentation on the CDO in House Community and Regional Affairs scheduled for Tuesday, March 26th at 8:00 AM

We are also intensely focused on jobs and capital - it takes investment to generate jobs, and jobs are what generate healthy people and healthy communities. We are taking a deep look at what helps or hinders investment that creates jobs, across everything we do. We need to focus on Alaska's competitive advantages, reduce barriers, and let industry know that Alaska is open for business.

We've already met with dozens of local venture capital experts, business owners and industry leaders to explore ways in which the department can help foster Alaska's growth. We are listening to suggestions and seeking their valuable ideas to implement as quickly as possible.

Additionally, our Department is committed to doing a better job administering the statutes that the Legislature has given us to implement, we've reviewed thousands of pages of statutes and regulations with an eye to reducing burdens on citizens and businesses

We realize that a healthy regulatory environment is necessary for a strong economy. Regulation that is reasonable, balanced and efficient is my solution. We must strike the proper balance between economic development and public safety and protection. We are actively reviewing professional licensing requirements and the best way to fulfill our duty to protect Alaskans while trying to lighten requirements that are barriers to growth.

We continue to work to find this kind of balance across our programs, and are critically looking at licensing to see if any of them have outlived their usefulness, and for ways to modernize, digitize and streamline to make licensing easier to do here than anywhere else.

We are at a point where it is imperative that we focus on our core services at the same time we grow the economy. I am excited to have the opportunity to help

improve how the government encourages business development and delivers high quality services more efficiently to Alaska's citizens and businesses.

As I said in my opening, my background includes fifteen years with Alyeska Pipeline, running my own business, time working on the Susitna-Watana Hydro Project, and working to get the CDQ program in place for communities in Western Alaska. I know what Alaskans can do when they put their mind to it.

Let me close with this: we all share those visuals - the world's fascination with Alaska, our wild and scenic brand, our unparalleled beauty, our extensive coastline, our vast stores of natural resources, our fish, our native cultures and corporations, and our center in trans-pacific trade. Our airport is the fourth busiest cargo hub in the world, our place as America's entry in the arctic, our robust public and private corporations, and our millions of acres of land.

Visualize all that, and then our people, and ask yourself what is holding us back. It is truly our ability to visualize and build a better future, for ourselves, our kids, and our grandkids. I believe Alaskan are up to the challenge!

I am looking forward to helping in this effort to provide efficient services to the residents and businesses in the state and doing what we can to improve our economy for future generations.

Thank you for your time today.

[11:10:46 AM](#)

REPRESENTATIVE FIELDS praised Commissioner Anderson's experience and thanked her for bringing that experience to state service. He noted that there are national groups that lobby to eliminate licensing requirements. He shared an anecdote about a constituent who requested new licensing requirements for interior designers. He recalled the previous legislature working with massage therapy establishments to strengthen licensing requirements in order to protect against human trafficking and illicit massage parlors. He asked that Commissioner Anderson consider the many cases in which

businesses have supported licensing requirements for consumer transparency, to ensure quality, and to address underlying issues. He asked for her thoughts on the unintended consequences of any proposed deregulation of licensure.

COMMISSIONER ANDERSON said DCCED would review regulations through a risk-based lens to determine if they are protecting consumers as intended or impeding business with no real effect on protecting the consumer.

[11:12:43 AM](#)

REPRESENTATIVE FIELDS asked her to consider the impact [of licensure] on wages. He noted that plumbing and electrical jobs are "strong, middle-class jobs" in part due to licensing regulations. He asked her to consider whether changing licensing requirements might unintentionally change the marketplace for given occupations and prevent workers with those occupations from supporting a family.

COMMISSIONER ANDERSON stated that DCCED would definitely consider those impacts. She noted that this is the first time she has heard someone bring up plumbing and electrical licenses. She said she would look into those.

REPRESENTATIVE FIELDS reiterated the importance of those licensure programs.

[11:13:30 AM](#)

REPRESENTATIVE RASMUSSEN stated for the record that she is a professional license holder. She asked for information about current licensing requirements for pull-tab operators and bingo operators, and "what kind of economic drivers those currently are."

COMMISSIONER ANDERSON said she did not have that information off the top of her head. She added that this is the first time that topic has been brought to her attentions. She said she would look into it. She noted that pull-tabs are pervasive throughout Alaska.

[11:14:19 AM](#)

REPRESENTATIVE KREISS-TOMKINS asked her to share her vision for the future of the Commercial Fishing Revolving Loan Fund.

COMMISSIONER ANDERSON said she believes it is a very important program that serves many rural Alaskans. She stated that DCCED intends to continue operating it. She praised the team charged with managing it.

REPRESENTATIVE KREISS-TOMKINS asked for confirmation that the fund would continue to be managed within the Division of Investments.

COMMISSIONER ANDERSON answered "no." She said she is evaluating all divisions in DCCED to identify efficiencies. She noted that process is currently in the analysis stage.

REPRESENTATIVE KREISS-TOMKINS noted that he misstated the division that manages the fund and said it actually falls under the Division of Economic Development. He asked what other options are on the table for managing the fund.

COMMISSIONER ANDERSON said the department is currently in the evaluation phase and has not come to any decision. She noted that the fund presents some difficulties because "they're the only ones that can actually use the permits as collateral for a loan, so that creates some barriers."

REPRESENTATIVE KREISS-TOMKINS asked that he remain apprised of the department's conclusions and the direction it elects to go with the fund.

COMMISSIONER ANDERSON said she would keep him apprised.

[11:17:02 AM](#)

REPRESENTATIVE TUCK asked her to repeat a question posed in her opening statement.

COMMISSIONER ANDERSON said she wants everyone to consider the question, "What can we do across the state ... [to] envision a new future and put our efforts toward developing new ideas and new opportunities?"

REPRESENTATIVE TUCK asked her to share her economic vision for Alaska.

COMMISSIONER ANDERSON said she wants to continue to support industries within the state. She cited a need to diversify the state's economy and bring in new industries. She claimed that there are untapped areas such as agriculture and new technology.

She said one major impediment she would like to address is the lack of broadband internet access across the state. She noted that Apple recently came to Alaska to run coding academies in three different communities. She said that she would like to see individual clusters of coding communities across the state and stressed that they would need access to high-speed internet. She stated that she has put a team together to assess the challenges in diversifying the whole state's economy.

[11:19:12 AM](#)

REPRESENTATIVE RASMUSSEN said she is working on an E-rate bill to raise the minimum megabyte-per-second speed of internet in the state from 10 to 25. She added that it would bring more federal dollars to Alaska and increase internet speeds in rural Alaska. She said she agrees with Commissioner Anderson regarding the expansion of agriculture to generate new revenue. She noted that, at the beginning of statehood, 60 percent or more of Alaska's food was grown in-state. She added that the state now imports over 95 percent of its food. She shared her concern that Governor Michael J. Dunleavy's fiscal year 2020 budget proposal drastically cuts the [Division of] Agriculture and some of the state's key programs for promoting agriculture. She asked if DCCED could absorb some of those losses.

COMMISSIONER ANDERSON said it is a good idea and that she would look into it. She recalled years ago seeing large gardens in villages and communities. She said she no longer sees that. She added that she worries about food security.

[11:20:51 AM](#)

REPRESENTATIVE REVAK asked to what extent Commissioner Anderson sees the cost of energy as a barrier to entry for economic diversification and value-added manufacturing. He asked what she intends to do about the cost of energy.

COMMISSIONER ANDERSON stated that the cost of energy is a critical component to attracting industry. She said the Alaska Energy Authority continues to look at ideas to reduce high energy costs. She referenced different ideas submitted to DCCED on how to implement new technology in rural areas to reduce the cost of energy. She stated that DCCED is evaluating those ideas. She said there is not yet a "magic bullet" solution.

[11:22:15 AM](#)

REPRESENTATIVE TUCK said a previous legislature passed legislation to allow spouses of military members to have their licenses reciprocated for a short period to enable them to obtain Alaska licenses. He stated that SOA is behind on implementing this. He recalled a past hearing in the House Special Committee on Military and Veterans' Affairs during which DCCED officials said they were trying to work on it. He asked for verification that, within Governor Dunleavy's proposed budget, DCCED would be able to ensure military families are taken care of regarding licensing and helping discharged members find work.

COMMISSIONER ANDERSON said it is a high priority and that the Division of Corporations, Business and Professional Licensing is looking to allow for universal temporary licensing. She noted that the current [statutory] language reads "the board may issue a temporary license." She said she wants the language changed to "the board shall" to remove ambiguity.

REPRESENTATIVE TUCK noted that the previous administration felt restricted by a lack of resources. He said he wants to ensure that, under the governor's proposed budget, DCCED would have the necessary resources to focus on the issue.

COMMISSIONER ANDERSON said the department feels it has the necessary resources.

[11:24:53 AM](#)

CHAIR HANNAN noted that proposed cuts to the Department of Natural Resources would not only cut the Division of Agriculture but also a pilot project to develop industrial hemp in Alaska. She asked if Commissioner Anderson sees that as something DCCED can take on. She said many people speculate industrial hemp could be a multimillion-dollar industry.

COMMISSIONER ANDERSON answered that she sees it as an opportunity. She said there are some rich agriculture grants in the state that should be utilized. She conceded that she does not know anything about growing industrial hemp but stated that it appears there are not high barriers to entry. She said the department would look into it.

CHAIR HANNAN referenced Senate Bill 6 [passed in the Thirtieth Alaska State Legislature] that established a \$10,000 pilot project to develop pilot regulations and to sanction one pilot program. She said that project has been zeroed out in the

governor's proposed budget. She added that it is the view of many that \$10,000 is a very small investment that could potentially lead to substantial returns. She noted that, without the pilot project and initial regulations, the opportunity is at a standoff. She said it was encouraging to hear that Commissioner Anderson understands the potential economic return to SOA.

[11:27:08 AM](#)

The committee took a brief at-ease at 11:27 a.m.

[11:27:24 AM](#)

CHAIR HANNAN opened public testimony on Commissioner Anderson's appointment. After ascertaining no one wished to testify, Chair Hannan closed public testimony.

[11:27:45 AM](#)

COMMISSIONER ANDERSON thanked the committee. She welcomed ideas from the committee members and their constituents.

[11:28:35 AM](#)

REPRESENTATIVE TUCK stated that the House Special Committee On Arctic Policy, Economic Development, and Tourism has reviewed the qualifications of the governor's appointee and recommends Julie Anderson's name be forwarded to a joint session of the House and Senate for consideration for Commissioner of the Department of Commerce, Community, and Economic Development. He said signing the committee report does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purpose of confirmation.

CHAIR HANNAN said Commissioner Anderson's name would be forwarded to other committees and to the joint session.

[11:29:44 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee On Arctic Policy, Economic Development, and Tourism meeting was adjourned at 11:30 a.m.