

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 15, 2019

3:20 p.m.

MEMBERS PRESENT

Representative Gabrielle LeDoux, Co-Chair
Representative Adam Wool, Co-Chair
Representative Sara Hannan
Representative Louise Stutes

MEMBERS ABSENT

Representative Zack Fields
Representative Josh Revak
Representative Dave Talerico

COMMITTEE CALENDAR

CONFIRMATION HEARING(S) :

Commissioner, Department of Commerce, Community & 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)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during her confirmation hearing.

FRED PARADY, Legislative Liaison
Department of Commerce, Community, and Economic Development
(DCCED)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the confirmation hearing for Julie Anderson.

SARA CHAMBERS, Division Director
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community, & Economic Development
(DCCED)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the confirmation hearing of Julie Anderson.

VIKKI JO KENNEDY
Kodiak, Alaska

POSITION STATEMENT: Offered comments on the confirmation of Julie Anderson.

ACTION NARRATIVE

[3:20:14 PM](#)

CO-CHAIR GABRIELLE LEDOUX called the House Labor and Commerce Standing Committee meeting to order at 3:20 p.m. Representatives Stutes, Hannan, Wool, and LeDoux were present at the call to order.

CONFIRMATION HEARING(S):
Commissioner Department of Commerce, Community, and Economic Development,

[3:20:46 PM](#)

CO-CHAIR LEDOUX 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).

[3:21:43 PM](#)

JULIE ANDERSON, Commissioner-Designee, Department of Commerce, Community, and Economic Development (DCCED), read from the following prepared statement [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 spent time with together, I will abbreviate my personal history and 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.

[3:28:07 PM](#)

CO-CHAIR WOOL thanked Commissioner Anderson for calling in and asked if professions, in general, were over-licensed and if the licensing trend had gone too far.

COMMISSIONER ANDERSON agreed, and explained that DCCED was looking into improving licensing requirements and figuring out ways to streamline different boards and commissions, adding that the department was also developing a comprehensive professional licensing reform bill that would streamline the process and make it easier to get licenses, as well as looking at professions that might not require licenses.

CO-CHAIR WOOL addressed the governor's statements on eliminating both the Marijuana Control Board (MCB), Alcohol and Marijuana Control Office, DCCED, and the Alcohol Beverage Control Board (ABC Board), Alcohol and Marijuana Control Office, DCCED. He asked if Commissioner Anderson was in support of this idea.

COMMISSIONER ANDERSON offered her belief that the intent was to merge those boards into the Division of Corporations, Business and Professional Licensing (the division), and have them operate like other boards within the state. She noted that the boards would still have participation while being administered more efficiently through the division as opposed to a standalone board.

CO-CHAIR WOOL surmised that the MCB and ABC Board would not be eliminated, but their oversight would be like other boards under the division.

COMMISSIONER ANDERSON affirmed that.

[3:30:34 PM](#)

CO-CHAIR LEDOUX asked which boards were currently within the division.

COMMISSIONER ANDERSON shared that there are 21 different boards, including the Board of Pharmacy, the Board of Nursing, the Big Game Commercial Services Board, and others. She noted that the list was quite diverse.

CO-CHAIR LEDOUX sought clarification as to how boards are organized within DCCED.

COMMISSIONER ANDERSON offered her understanding that the MCB and ABC Board were the only two boards within her department that were outside the division.

[3:31:51 PM](#)

CO-CHAIR WOOL, in response to Commissioner Anderson, clarified that both the MCB and ABC Board were within DCCED; however, they have their own director and limited oversight from the department.

CO-CHAIR LEDOUX asked if the MCB and ABC Board are the only boards that have their own executive director.

COMMISSIONER ANDERSON reiterated that the MCB and ABC Board were the only two boards within DCCED but outside the Division of Corporations, Business and Professional Licensing.

[3:32:50 PM](#)

REPRESENTATIVE STUTES asked if DCCED were to absorb the MCB and ABC Board, would the department assume enforcement of the businesses as well.

COMMISSIONER ANDERSON acknowledged that if the MCB and ABC Board were merged into the division they would be managed like the other boards. She added that there would be an executive assistant there to work with them, as well as support staff which included enforcement officers.

[3:33:50 PM](#)

REPRESENTATIVE HANNAN inquired as to the "investigatory and, I guess, judiciary-in-nature differences" between the alcohol and marijuana boards and, for example, the Board of Pharmacy, where "one looks exclusively at just the professional standards of licensure and the other has a broader investigatory and potentially judiciary penalty authority versus 'I just have the authority to sanction.'" She asked if this was true.

COMMISSIONER ANDERSON deferred to Fred Parady.

[3:35:24 PM](#)

FRED PARADY, Legislative Liaison, Department of Commerce, Community, and Economic Development (DCCED), explained that Sara Chambers was the "subject matter expert" and would be calling in momentarily to answer Representative Hannan's question.

[3:35:56 PM](#)

The committee took an at-ease from 3:36 p.m. to 3:38 p.m.

[3:38:35 PM](#)

CO-CHAIR LEDOUX asked if Representative Hannan would restate her question.

REPRESENTATIVE HANNAN inquired as to the difference between how the MCB or ABC Board functioned compared to the 21 other boards.

SARA CHAMBERS, Division Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community & Economic Development (DCCED), offered her understanding that if any of the boards were dissolved the licensing functions would fall exclusively under DCCED, giving the commissioner the ability to control the regulations "as authorized under statute." She added that the commissioner would essentially have the same level of governance that the boards currently have. She concluded by pointing out that 22 of the licensing programs that don't have boards function in that way.

[3:40:38 PM](#)

MR. PARADY stated that the question was not whether the alcohol and marijuana boards should be dissolved, it was how best to fit them within the department's mission and whether they should be moved into the Division of Corporations, Business and Professional Licensing where there are 43 programs and 21 boards, with 6 of them having an executive director in their own right. He noted that if they were merged into the division, the regulatory function of the boards would be retained and there would be more "direct accountability of them and for them."

[3:42:00 PM](#)

REPRESENTATIVE HANNAN asked Ms. Chambers to describe the 6 boards [with executive directors] that currently exist within the division and how they function differently than the MCB.

MS. CHAMBERS explained that, currently, the 6 boards within the division that have an executive administrator function the same way as the remainder of the boards, but with additional administrative assistance in order to function at a higher policy level. She noted that the executive administrators have no additional authority among the 6 boards, which is different than the MCB because their executive director, who is also a division director, Erika McConnell, has greater authority.

[3:44:09 PM](#)

REPRESENTATIVE STUTES questioned whether Erika McConnell would be merged along with the MCB and ABC Board if the division were to absorb them, or if her position would no longer be needed.

MS. CHAMBERS stated that the intent was to keep her position, adding that she would report to the department's commissioner instead of the two different boards.

REPRESENTATIVE STUTES inquired as to the benefit of merging the ABC Board and MCB into the division.

MS. CHAMBERS opined that it would align the administration of the MCB and ABC Board with the other boards within the division. She added that it would also give them more insight into any regulation changes they make. Currently, the division is courtesy copied on any proposed changes, she said, but "it doesn't come through the department." She pointed out that it would also allow more consistent management and give the department more control.

[3:45:40 PM](#)

MR. PARADY pointed out that the ideas being considered were part of an ongoing discussion that would come before the legislature in due time.

CO-CHAIR LEDOUX questioned the advantages of merging the executive director into the department. She asked why fix something that wasn't broken.

MR. PARADY explained that the marijuana initiative [Alaska Marijuana Legalization, Ballot Measure 2 (2014)] added a second board, the MCB, to the ABC Board. This made the director of the ABC Board accountable for two boards instead of just one, which has "become complicated in some ways." He added that he was unsure what the solution was.

CO-CHAIR LEDOUX asked if adding the MCB to the ABC Board was a decision made by the legislature. She wondered if it would make sense to create an entirely new board for the MCB and let both boards continue to function the same way they do now, instead of merging them into the division.

MR. PARADY stated that it would be up to the legislature to make that policy call.

[3:48:18 PM](#)

REPRESENTATIVE STUTES failed to see uniformity among boards as a good reason to merge all of them together. She explained that the ABC Board, for example, was more specified and had its own section of statute. She added that, unless they were downsizing, merging seemed like a moot point.

MR. PARADY countered that, from the department's perspective, there are great similarities across the boards because each one has sections of statute that apply to them. He further noted that "as we look at any range of issues - board training, board travel, board support - we have a home for that. So, it's possible there are efficiencies."

[3:49:54 PM](#)

COMMISSIONER ANDERSON, in response to Representative Stutes, remarked that the intent was not to merge them, but separately include them within the division.

[3:50:23 PM](#)

CO-CHAIR WOOL applauded Commissioner Anderson's sentiments regarding her intent to streamline processes and make it easier to do business and less bureaucratic. He expressed hope that her efforts would be successful while still being able to "maintain law and order."

[3:51:08 PM](#)

REPRESENTATIVE HANNAN addressed agriculture in Alaska, pointing out that it primarily consists of small businesses. She expressed concern that the current structure of regulatory oversight did not support business growth, particularly with the Department of Environmental Conservation (DEC) regulating dairy inspections and the Department of Natural Resources (DNR) providing phytosanitary inspections for flowers and potato seeds. She inquired as to how Commissioner Anderson's vision of streamlining business development could help revive agriculture in the state and generate more than a modicum of potential growth for that sector of the economy.

COMMISSIONER ANDERSON acknowledged that she had given "quite a bit" of thought to that and received a fair amount of input from legislators and businesses. Her goal, she said, was to "understand what the current state is, see where the barriers are expanding our current agricultural efforts, and then where are there new opportunities to bring in new industries - new agricultural industries into the state." Alaska's "rich land" also provided opportunity to use new technology to improve the state's [crop] yield. Commissioner Anderson concluded by saying that she would be working across departments with DEC and DNR to help facilitate the industry.

CO-CHAIR LEDOUX opened public testimony.

[3:54:03 PM](#)

VIKKI JO KENNEDY, in reference to Commissioner Anderson's resume, asked for clarification as to which Alyeska she worked for. She stated that she was leery of economic development, adding that there were "enough boards in this house to build a lodge." She opined that "we need to get rid of some boards" rather than creating more.

CO-CHAIR LEDOUX, in response to Ms. Kennedy, clarified that the Alyeska referenced in Commissioner Anderson's resume is Alyeska Pipeline Service Company.

CO-CHAIR LEDOUX closed public testimony.

[3:56:36 PM](#)

CO-CHAIR WOOL made a motion to advance the confirmation of Julie Anderson, commissioner-designee to the Department of Commerce, Community & Economic Development, to the joint session for consideration. He reminded members that signing the reports

regarding appointments in no way reflects individual members' approval or disapproval of the appointees, and that the nominations are merely forwarded to the full legislature for confirmation or rejection.

Co-CHAIR LEDOUX announced that Commissioner Anderson's name would be forwarded to the joint session.

[3:57:38 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [3:57] p.m.