

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 21, 2019

1:30 p.m.

MEMBERS PRESENT

Senator Lora Reinbold, Chair
Senator Mia Costello, Vice Chair
Senator Click Bishop
Senator Chris Birch
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CONFIRMATION HEARING:

Board of Physical Therapy
Dr. Enlow Walker - North Pole

CONFIRMATION ADVANCED

SENATE BILL NO. 65

"An Act relating to the duties of the Department of Labor and Workforce Development; and providing for an effective date."

- MOVED SB 65 OUT OF COMMITTEE

SENATE BILL NO. 66

"An Act relating to the division of labor standards and safety; relating to the division of workers' compensation; establishing the division of workers' safety and compensation; and providing for an effective date."

- MOVED SB 66 OUT OF COMMITTEE

SENATE BILL NO. 69

"An Act establishing an exception from permit and fee requirements for certain charitable gaming activities; relating to fees for applicants for a charitable gaming permit; amending the definition of 'permittee'; and providing for an effective date."

- HEARD & HELD

CONFIRMATION HEARING:

Workers' Compensation Board

Chuck Collins - Juneau

Sarah LeFebvre - Fairbanks

CONFIRMATIONS ADVANCED

SENATE JOINT RESOLUTION NO. 8

Supporting the ratification of the United States-Mexico-Canada Agreement on trade; encouraging the federal Administration to remove the steel and aluminum tariffs on imports from Canada and Mexico; and urging the United States Congress and the federal Administration to call on Canada and Mexico to remove retaliatory tariffs on all goods and services exported from the United States.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 65

SHORT TITLE: DEPT. OF LABOR: TECHNICAL ED. PROGRAMS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/20/19	(S)	READ THE FIRST TIME - REFERRALS
02/20/19	(S)	L&C, FIN
03/19/19	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/19/19	(S)	Heard & Held
03/19/19	(S)	MINUTE(L&C)
03/21/19	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 66

SHORT TITLE: LABOR STANDARDS/SAFETY; WORKER COMP.

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/20/19	(S)	READ THE FIRST TIME - REFERRALS
02/20/19	(S)	L&C, FIN
03/19/19	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/19/19	(S)	Heard & Held
03/19/19	(S)	MINUTE(L&C)
03/21/19	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 69

SHORT TITLE: EXEMPT CHARITABLE GAMING FROM PERMIT/FEES
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/22/19 (S) READ THE FIRST TIME - REFERRALS
02/22/19 (S) L&C, FIN
03/21/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SJR 8

SHORT TITLE: U.S.-MEXICO-CANADA AGREEMENT ON TRADE
SPONSOR(s): SENATOR(s) COSTELLO

03/01/19 (S) READ THE FIRST TIME - REFERRALS
03/01/19 (S) L&C
03/21/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

ENLOW WALKER, M.D., Appointee
Board of Physical Therapy
Division of Corporations, Business & Professional Licensing
Department of Commerce, Community and Economic Development
Fairbanks, Alaska
POSITION STATEMENT: Testified as appointee to the Board of
Physical Therapy.

TAMIKA LEDBETTER, Ph.D., Commissioner Designee
Department of Labor and Workforce Development (DOLWD)
Anchorage, Alaska
POSITION STATEMENT: Testified during the discussion of SB 65.

GREY MITCHELL, Director
Division of Workers' Compensation
Central office
Department of Labor and Workforce Development (DOLWD)
Juneau, Alaska
POSITION STATEMENT: Answered questions during the discussion of
SB 66.

BRUCE TANGEMAN, Commissioner Designee
Department of Revenue
Anchorage, Alaska
POSITION STATEMENT: Testified on behalf of the administration on
SB 69.

COLLEEN GLOVER, Director
Tax Division
Department of Revenue

Anchorage, Alaska

POSITION STATEMENT: Presented a sectional analysis for SB 69.

SARAH OATES, President

Alaska Cabaret, Hotel, Restaurant and Retail Association
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 69.

STEVEN BORCHERDING, Manager

Gold Cache Bingo

Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to SB 69.

KATRINA MITCHELL, Gaming Group Manager

Tax Division

Department of Revenue

Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of SB 69.

CHUCK COLLINS, JR., Appointee

Workers' Compensation Board

Department of Labor and Workforce Development (DOLWD)

Juneau, Alaska

POSITION STATEMENT: Testified as appointee to the Workers' Compensation Board,

SARAH LEFEBVRE, Appointee

Workers' Compensation Board

Department of Labor and Workforce Development (DOLWD)

Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the Workers' Compensation Board.

ERIN MCLAUGHLIN, Intern

Senator Mia Costello

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Testified on behalf of the sponsor of SJR 8, Senator Mia Costello.

MATTHEW MORRISON, Chief Executive Officer (CEO)

Pacific NorthWest Economic Region (PNWER)

Seattle, Alaska

POSITION STATEMENT: Testified in support of SJR 8.

ACTION NARRATIVE

[1:30:10 PM](#)

CHAIR LORA REINBOLD called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Costello, Gray-Jackson, Birch, Bishop, and Chair Reinbold.

CONFIRMATION HEARING(S) : **Board of Physical Therapy**

[1:31:58 PM](#)

CHAIR REINBOLD announced that the first order of business would be confirmation hearings for the Board of Physical Therapy.

[1:32:23 PM](#)

ENLOW WALKER, M.D., Appointee, Board of Physical Therapy, Division of Corporations, Business & Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), North Pole, said he has been serving on the Board of Physical Therapy since July 2018. He retired from active medical practice in 2016. He still fills in at the Fairbanks Clinic for his previous partners. He served on active duty as a family practice physician in the U.S. Air Force for seven years, with five years at Eielson Air Force Base (EAFB). He also served four years in the Alaska Air National Guard. He then practiced medicine at the Fairbanks Clinic for 30 years. Since 2011 he has served as the physician member on the Advisory Board on Alcoholism and Drug Abuse, and as chair in 2018. He also serves as a member of the Fairbanks North Star Borough Commission on Health and Social Services, and the Golden Valley Electric Association Member Advisory Committee.

He said he used physical therapists for several months after his knee replacement surgery and as a physician he referred patients to physical and occupational therapy. Several of his grandchildren have received extensive occupational therapy, he said. He expressed interest in serving on the board to give back to his community and the state.

[1:35:04 PM](#)

SENATOR BISHOP said that Dr. Walker's resume is impressive, and he appreciates his willingness to serve. He remarked that with his distinguished career he will be an asset to the State of Alaska.

CHAIR REINBOLD said that she was impressed that he has served on the Advisory Board on Alcoholism and Drug Abuse since 2011. Alaska currently faces a crisis in drug and alcohol abuse, she said. She thanked Dr. Walker for making Alaska a better place.

[1:35:52 PM](#)

CHAIR REINBOLD opened public testimony, and after ascertaining no one wished to testify, closed public testimony on the confirmation hearing for Enlow Walker, M.D., appointee to the Board of Physical Therapy.

SB 65-DEPT. OF LABOR: TECHNICAL ED. PROGRAMS

[1:36:15 PM](#)

CHAIR REINBOLD announced that the next order of business would be SENATE BILL NO. 65, "An Act relating to the duties of the Department of Labor and Workforce Development; and providing for an effective date."

[1:37:09 PM](#)

TAMIKA LEDBETTER, Ph.D., Commissioner Designee, Department of Labor and Workforce Development (DOLWD), Anchorage, said she is very excited about the process and interested in leading and monitoring the career and technical education (CTE) programs in Alaska. She expressed interest in the opportunity to partner with the Department of Education and Early Development (DEED) and the University of Alaska in this effort.

[1:38:41 PM](#)

SENATOR BISHOP reviewed the Department of Labor & Workforce Development fiscal note for an appropriation of \$140,100 in FY 2020 to the Commissioner and Administrative Services. The allocation is the Workforce Investment Board, and the OMB component is 2659. There is no fiscal impact to the department as a result of this legislation, because this does not significantly change the department's programs. This legislation simply formalizes the department's role in the coordination of the state's CTE programs.

SENATOR BISHOP reviewed the Department of Education and Early Development (DEED), zero fiscal note. The allocation is Student and School Achievement and the OMB component is 2796. This legislation amends AS 44.31.020, requiring the Department of Labor and Workforce Development to coordinate and monitor state career and technical education programs by cooperating with the Department of Education and Early Development, the University of Alaska, and any other entities that provide or fund these

programs. This legislation would become effective immediately. There is no fiscal impact to the department.

[1:40:54 PM](#)

SENATOR COSTELLO moved to report SB 65, work order 31-GS1139\A, from committee with individual recommendations and attached fiscal note(s). There being no objection, SB 65 was reported from the Senate Labor and Commerce Standing Committee.

SB 66-LABOR STANDARDS/SAFETY; WORKER COMP.

[1:41:35 PM](#)

CHAIR REINBOLD announced that the next order of business would be SENATE BILL NO. 66, "An Act relating to the division of labor standards and safety; relating to the division of workers' compensation; establishing the division of workers' safety and compensation; and providing for an effective date."

[1:42:35 PM](#)

GREY MITCHELL, Director, Division of Workers' Compensation, Central Office, Department of Labor and Workforce Development (DOLWD), Juneau, briefly reviewed SB 66. As stated during the previous hearing, SB 66 would combine the Division of Labor Standards and Safety (DLSS) with the Division of Workers' Compensation. The department does not intend to change any of the programs, but to create opportunities for efficiencies and remove silos between the two divisions. The department hopes to capture some immediate savings by flattening the management structure in the Occupational Safety and Health component and taking advantage of a vacancy in an administrative position in Fairbanks. The department would combine the administrative functions in the two divisions. One provision in the fiscal note is related to reclassification of the director's position to a deputy director, who would work in tandem with the director of the Division of Workers' Compensation in the newly formed Division of Worker Safety and Compensation. The administrative officer II position that is currently in DLSS would be reclassified to an administrative officer I position. This position would be part of the team for the combined division to more effectively manage the administrative operations. It would help create a safety net and career pathway within the division. Currently, when one position becomes vacant, it means the department must train a new person. This would help ensure that someone is trained and ready to step in at the same time it would create efficiencies and better overall management.

[1:44:16 PM](#)

SENATOR BISHOP reviewed the zero-fiscal note for the Department of Labor and Workforce, Workers' Compensation. The appropriation and allocation are both Workers' Compensation and the OMB component is 344. He read the fiscal note commentary: This merger will not result in an immediate cost savings within Workers' Compensation. Potential future year cost savings will have to be determined as position responsibilities and lease space needs are evaluated moving forward.

SENATOR BISHOP said the second fiscal note for the Department of Labor & Workforce Development shows the potential savings. The appropriation is Labor Standards and Safety, the allocation is Occupational Safety and Health, and the OMB component is 970. He said there would be a general fund reduction of \$71,400 and designated general fund savings of \$211,600 for a total savings of \$283,000. He read the following fiscal note analysis:

This legislation merges the Division of Labor Standards and Safety and the Division of Workers' Compensation into the Division of Workers' Safety and Compensation. The new division would administer the same programs as are currently administered by the two separate divisions. The department's regulations need to be updated to reflect the division name change.

This merger would result in immediate administrative efficiencies resulting in position reductions and personal services savings. The estimated cost savings is based on the reclassification of the Labor Standards and Safety Director (range 27) to a Deputy Director (range 25) position, the elimination of the Occupational Safety and Health Chief (range 23) position with those duties assumed by the Deputy Director, the elimination of a vacant office assistant II (range 10) position, and the reclassification of a vacant Administrative Officer II (range 19) position to an Administrative Officer I (range 17) position.

[1:46:45 PM](#)

CHAIR REINBOLD expressed appreciation for the fiscal note analysis.

[1:47:06 PM](#)

SENATOR BISHOP removed his objection. He said that he has workload concerns about the director position and he would offer an amendment in the Senate Finance Committee. He said he has previously held discussions with Mr. Mitchell. During his tenure

as commissioner of the Department of Labor and Workforce Development (DOLWD), he considered collapsing the division. He said he would err on the side of worker safety for working people. He expressed concern that the director would suffer burnout.

[1:48:34 PM](#)

SENATOR COSTELLO moved to report SB 66, work order 31-GS1049\A, from committee with individual recommendations and attached fiscal note(s). There being no objection, SB 66 was reported from the Senate Labor and Commerce Standing Committee.

[1:48:54 PM](#)

At-ease.

SB 69-EXEMPT CHARITABLE GAMING FROM PERMIT/FEEES

[1:53:44 PM](#)

CHAIR REINBOLD reconvened the meeting and announced that the next order of business would be SENATE BILL NO. 69, "An Act establishing an exception from permit and fee requirements for certain charitable gaming activities; relating to fees for applicants for a charitable gaming permit; amending the definition of 'permittee'; and providing for an effective date."

[1:54:00 PM](#)

BRUCE TANGEMAN, Commissioner Designee, Department of Revenue, Anchorage, stated that the Department of Revenue issues charitable gaming permits and licenses and collects fees and taxes. Municipalities and qualified organizations that hold a permit are authorized to conduct gaming activities. The annual permit is based on a tiered fee structure. The department would charge a \$20 fee for an applicant with gross receipts of less than \$20,000, a \$50 fee for an applicant with gross receipts greater than \$20,000 but less than \$100,000, and a \$100 fee for an applicant with gross receipts greater than \$100,000.

He said that SB 69 would eliminate the permit and fee requirement for small charitable organizations with annual gross receipts of less than \$20,000. The bill would reduce costs and workload for small charitable organizations to conduct these activities. This reduction of regulation on small charitable organizations is part of the governor's pledge to reduce regulations, he said.

COMMISSIONER DESIGNEE TANGEMAN said this would result in the lack of regulation for small charitable organizations, but the department requires an annual certification of these

organizations that would serve as a quality check. Only those that qualify for regulatory relief would benefit. He reported that in 2017, of the 1,071 reports that were filed by permit holders, 403 or approximately 38 percent reported gross receipts of less than \$20,000. He reported that of the \$61,400 in permit fees, \$8,000 was from those organizations with less than \$20,000 in gross receipts.

He summarized that SB 69 would provide an exemption from annual permits and fees for qualified organizations with less than \$20,000 in annual gross receipts. Exempt organizations must file an annual certification, under penalty of perjury, to certify that the organization qualifies for the exemption. The bill would take effect January 2020, so it would not have any effect in calendar year 2019.

[1:57:26 PM](#)

COLLEEN GLOVER, Director, Tax Division, Department of Revenue, Anchorage, reviewed the sectional analysis for SB 69. She read Sections 1-4.

Section 1: Amends AS 05.15 to add a new section, AS 05.15.055, to allow a municipality or qualified organization to conduct charitable gaming activity without a permit and without paying a fee, if the annual gross receipts from charitable gaming activity are less than \$20,000. Provides that a municipality or qualified organization conducting limited charitable gaming does not need to file a report or apply for registration but must file an annual certification of compliance. (Page 1, beginning on line 5)

Section 2: Amends AS 05.15.115(a) to use the words "a permittee" rather than "a municipality or qualified organization holding a permit to conduct an activity under this chapter." (Page 2, beginning on line 3)

Section 3: Amends AS 05.15.185 to use the words "a permittee" rather than "a municipality or qualified organization holding a permit to conduct an activity under this chapter." (Page 2, lines 9-18)

Section 4: Amends the definition of "permittee" in AS 05.15.690(35) to include a municipality or qualified organization conducting limited charitable gaming activity without a permit and without paying a fee. (Page 2, lines 19-23)

[1:59:12 PM](#)

MS. GLOVER read Sections 5-8:

Section 5: This section repeals AS 05.15.020(c)(1) and 05.15.020(c)(2). (Page 2, line 24)

Section 6: Allows the Department of Revenue to adopt transition regulations. (Page 2, lines 25-30)

Section 7: Provides an immediate effective date for Section 6. (Page 2, line 31)

Section 8: Provides for an effective date of January 1, 2020, for Sections 1-5. (Page 3, line 1)

[1:59:44 PM](#)

MS. GLOVER said that the bill would replace the terms "municipality or qualified organization holding a permit" with the term "permittee" since smaller organizations would not hold a permit. It also would define "permittee."

[2:00:17 PM](#)

SENATOR GRAY-JACKSON asked whether the fees were the same for every organization.

MS. GLOVER answered that the fees were tiered based on the amount of gross receipts.

SENATOR GRAY-JACKSON asked whether some organizations bring in less than \$20,000.

COMMISSIONER DESIGNEE TANGEMAN answered that the total fees for all permittees was \$61,400 and \$8,000 of that was derived from those organizations with gross receipts of less than \$20,000.

[2:01:37 PM](#)

SENATOR GRAY-JACKSON asked for confirmation that the total was \$8,000.

COMMISSIONER DESIGNEE TANGEMAN answered yes.

[2:01:47 PM](#)

SENATOR BIRCH remarked that hockey teams from all over the state are likely rejoicing that they do not have to dive into the regulatory morass for modest fundraising for their kids. He expressed gratitude for the bill.

2:02:09 PM

SENATOR BISHOP asked whether the organizations would be totally unregulated.

COMMISSIONER DESIGNEE TANGEMAN answered that they would provide a year-end report to prove they qualify for the exemption.

SENATOR BISHOP said he wanted to avoid fraud.

2:02:50 PM

SENATOR COSTELLO said she appreciates the comment about the hockey organizations. She referred to an email that voiced concern that it might be confusing to the public as to who would need a permit. She asked how that would be addressed.

COMMISSIONER DESIGNEE TANGEMAN deferred to Ms. Glover.

MS. GLOVER answered that the division was currently discussing this. She said that it would be part of the regulation packet. She assured members that the department wants people to be informed.

2:03:57 PM

SENATOR COSTELLO related another concern about criminal activity such as altering pull tabs to resemble winning tickets. She asked whether the department considered that the bill might potentially increase illegal activity or if the department could provide assurances that this will not happen.

MS. GLOVER answered that this bill does not affect pull tab regulations. This bill only affects charitable organizations that need a permit.

SENATOR COSTELLO requested the answer in writing for clarity.

MS. GLOVER agreed to provide a written answer to the committee.

2:06:12 PM

CHAIR REINBOLD opened public testimony on SB 69.

2:06:45 PM

SARAH OATES, President and CEO, Alaska Cabaret, Hotel, Restaurant and Retail Association (CHARR), Anchorage, stated her opposition to SB 69. She expressed concern that it would create a massive loophole with no means of enforcement. Although CHARR would not currently qualify for an exemption, nothing would

prevent them from creating new corporations that individually would gross less than \$20,000 per year. She said that the department would not know whether an organization exceeded \$20,000 since it would only file a simple affidavit. If a violation did occur, there would not be any means to impose a civil penalty, suspend, or revoke a permit. She asked whether an entity would have to retroactively file a report if they exceeded the threshold or how the department would know about new entities who anticipated they would gross less than \$20,000 per year. She offered her belief that the \$50 cost and supposed regulatory burden was minimal at best. She urged members to oppose the bill.

[2:08:59 PM](#)

STEVEN BORCHERDING, Manager, Gold Cache Bingo, Wasilla, stated he has bingo operations in Wasilla and Anchorage. He reviewed his background to show that he had considerable experience in the industry and as a distributor. He said he has also served on task force and regulatory committees.

He stated his opposition to SB 69. He said that the bingo and pull tab industries are highly regulated ones. They require substantial oversight similar to alcohol, tobacco, and marijuana, he said. SB 69 would remove this oversight for the smaller groups that likely need it because they probably lack the knowledge and experience in the industry. He expressed concern that this lack of knowledge would lead to problems. In fact, it has already led to problems with smaller groups, he said. The permit process ensures a certain level of oversight and a basic knowledge of statutes and regulations, he said. Members in charge and gaming managers must take a test to receive a permit.

MR. BORCHERDING said that the permit and regulatory process currently requires businesses to provide proof of insurance, payroll submissions, tax documentation, manager contracts, and various other requirements. The state oversees these operations through the permitting process and applicants prove legitimacy, in part, by providing a physical address where gaming operations will occur. The state can revoke permits, but without a permit, these businesses would have no reason to comply. For example, the bill does not have any reporting requirements, even though previous testimony indicated an annual report would be required. He said that he has taught several courses at AFN {Alaska Federation of Natives} conventions on gaming. Just because an operation is a small one does not mean that it should not be

regulated in this highly regulated industry. He urged members not to pass the bill.

[2:13:22 PM](#)

CHAIR REINBOLD asked him to submit written testimony to senate.labor.and.commerce@akleg.gov.

[2:14:03 PM](#)

SENATOR BIRCH asked what percentage of net revenues from bingo are given to charities. He recalled that it was substantial.

MR. BORCHERDING answered that it was over \$20 million. This year Gold Cache Bingo donated about \$2.2 million to charities. He offered his belief that the gross revenue for charitable gaming was about \$300 million.

CHAIR REINBOLD asked Commissioner Designee Tangeman to respond to Mr. Borcharding's testimony.

[2:15:29 PM](#)

COMMISSIONER DESIGNEE TANGEMAN deferred to Ms. Glover.

[2:15:44 PM](#)

MS. GLOVER responded that the bill would require an annual certification for small charitable organizations that would be exempt from the permit application process and fees. They would not be required to submit an annual report of revenues, but they must certify their gross revenues, she said.

She explained this permit process would apply to charitable organizations with less than \$20,000 in gross receipts that often contract with operators, such as a bingo parlor or pull tab operators. Bingo and pull tab entities would not be affected by this bill. Regulations for pull tab operators, manufacturers, or distributors would not change.

MS. GLOVER said the division was still considering how to handle retroactive permits for entities who exceeded the \$20,000 gross receipts limit but had not applied for a permit. The department planned to address the issue of identifying small organizations by regulation, likely by requiring an initial certification at the beginning of the year rather than the end of the year.

[2:18:41 PM](#)

SENATOR BISHOP asked whether the 38 percent of organizations in the category of small organizations would fall under the realm of raffle tickets.

MS. GLOVER said she did not have that information.

[2:19:23 PM](#)

KATRINA MITCHELL, Gaming Group Manager, Tax Division, Department of Revenue, Juneau, said she thought that the primary organizations with \$20,000 or less in gross receipts would conduct raffles. She said that organizations involved in bingo or pull tabs would easily and quickly surpass the \$20,000 threshold.

[2:20:01 PM](#)

SENATOR BIRCH recalled earlier testimony with concern that an unscrupulous operator might try to keep the operation's gross receipts under \$20,000. He asked her to address the concern.

MS. GLOVER replied that the question related to operators, but they will not be impacted by this bill. This bill would only affect small charitable organizations or municipalities. She said she did not see any risk.

[2:21:18 PM](#)

SENATOR COSTELLO asked for the difference between a permit and a certification, whether a permit must be displayed publicly, whether operators are regulated, and if operators are required to pay corporate income tax to the state.

MS. GLOVER answered that when an organization applies for a permit, the division would approve or disapprove the permit. The required annual certification includes a report, under penalty of perjury, on the gross annual receipts. She deferred the next three questions to Ms. Mitchell.

MS. MITCHELL confirmed that the gaming permit must be publicly displayed where the activity occurs. The operators are regulated. They must obtain a license, post a bond depending on the number of permittees they game for, and file quarterly and annual reports with the division. In response to whether operators must pay state corporate income tax, she explained that an applicant must be a natural person in order to obtain an operator's license. She did not think that operators would be required to pay state corporate taxes unless they have a subsidiary.

[2:24:33 PM](#)

SENATOR COSTELLO asked what purpose is the statute requiring the applicant to be "a natural person" as opposed to a business or corporation.

MS. MITCHELL answered that she was unsure of the reason.

CHAIR REINBOLD stated that she would hold SB 69 in committee.

CONFIRMATION HEARING(S) :
Workers' Compensation Board

[2:25:32 PM](#)

CHAIR REINBOLD returned to the confirmation hearings for the Workers' Compensation Board.

[2:26:09 PM](#)

CHUCK COLLINS, JR., Appointee, Workers' Compensation Board, Department of Labor and Workforce Development (DOLWD), Juneau, said that he has served on the Workers' Compensation Board for a number of years and currently serves in an industry seat. He said that he was initially appointed when he was self-employed and owned a few stores. Although he sold his stores, he currently operates a small business. In 2010, the NFIB [National Federation of Independent Businesses] asked him to serve as an industry representative on the Worker's Compensation Board.

MR. COLLINS said that he takes the role of representing small businesses seriously. The last few administrations have made significant changes related to labor, such as workers' compensation and labor safety issues. He said that he has tried to hold the line for small businesses in Alaska.

[2:27:53 PM](#)

SENATOR BISHOP asked how he values the worker.

MR. COLLINS said he works right alongside his workers and would not ask them to do anything he would not do. He provided an anecdote to illustrate his family-friendly style of management. He said he currently runs a hotel in Juneau and hires Alaskans. He said he attended Kansas State University and moved to Juneau 30 years ago. He said that Alaskans are willing to adapt and overcome obstacles.

[2:30:14 PM](#)

CHAIR REINBOLD said she was glad he represented small businesses on the Workers' Compensation Board. She said it was important to do something for small businesses.

[2:30:56 PM](#)

MR. COLLINS said he does not have a view on SB 66 yet, but he would be watching it very closely. He echoed Senator Bishop's concerns related to potential director burnout.

[2:31:39 PM](#)

SENATOR COSTELLO asked the record to reflect that board appointees were not appointed based on their support or non-support of legislation. Instead, appointees to boards and commissions were appointed based on their qualifications. She said that the process is clear that the legislature handles legislation.

[2:32:43 PM](#)

MR. COLLINS thanked members for serving the state.

CHAIR REINBOLD offered her belief that board members should be aware of legislation since the laws and subsequent regulations would affect them. She echoed Senator Costello's remarks.

[2:33:38 PM](#)

SARAH LEFEBVRE, Appointee, Workers' Compensation Board, Department of Labor and Workforce Development (DOLWD), Fairbanks, said she has served on this board for five or six years. She said that she has participated in workers' compensation claims from the employer's perspective for about 20 years. One strength and focus she brings to the board is to keep the pendulum in the middle with no big swings to the employer or the employee. The state cannot be fair and impartial at the extreme ends, she said. She said she finds it gratifying to help injured workers and to work as part of a team to ensure good outcomes for everyone involved, including employers, providers, and employees.

[2:35:10 PM](#)

SENATOR BISHOP thanked her for her willingness to continue to serve on the board. He said he appreciated her comments, especially coming from the owner's perspective. He said that she brings a fair and balanced approach to the process and he would hate to see her experience lost.

[2:35:40 PM](#)

CHAIR REINBOLD opened public testimony and after determining no one wished to testify, closed public testimony on the confirmation hearing for Chuck Collins, Jr. and Sarah LeFebvre, appointees to the Workers' Compensation Board.

MS. LEFEBRVE said that she appreciates the process the legislature uses to ensure that the board is balanced and she appreciates the opportunity to serve.

[2:36:32 PM](#)

CHAIR REINBOLD stated that in accordance with AS 39.05.080, the Senate Labor and Commerce Standing Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Board of Physical Therapy
Enlow Walker, M.D. - North Pole

Workers' Compensation Board
Sarah LeFebvre - Fairbanks
Chuck Collins - Juneau

Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.

[2:37:07 PM](#)

At-ease.

SJR 8-U.S.-MEXICO-CANADA AGREEMENT ON TRADE

[2:39:06 PM](#)

CHAIR REINBOLD reconvened the meeting. She announced that the final order of business would be SJR 8-U.S.-MEXICO-CANADA AGREEMENT ON TRADE.

[2:39:36 PM](#)

ERIN MCLAUGHLIN, Intern, Senator Mia Costello, Alaska State Legislature, Juneau, said that she is an intern in the Senator Ted Stevens Legislative Internship Program working for Senator Costello. She introduced SJR 8 speaking to the following prepared statement.

- Thank you, Madam Chair and Labor and Commerce Committee members
- For the record name
- I am here today to present Senator Costello's Senate Joint Resolution No. 8

- Two goals to the resolution
 1. to encourage the federal gov. to ratify the New North American Free Trade Agreement, New NAFTA, or the United States Mexico Canada Agreement, USMCA. For the purpose of this hearing I will refer to the agreement as the New NAFTA.
 2. While the resolution does support the New NAFTA, it is against the 25 percent tariffs on steel and 10 percent tariff on aluminum

[2:40:30 PM](#)

MS. MCLAUGHLIN continued.

- In November after more than a year of negotiations, the United States, Canada and Mexico [reached an agreement](#) to update the North American Free Trade Agreement
- which governs more than \$1.2 trillion worth of trade among the three nations
- The new deal won't go into effect right away. Most of the key provisions don't start until 2020
- This is because leaders from the three countries have to sign it
- then Congress and the legislatures in Canada and Mexico have to approve it, a process that is expected to take months.

[2:41:03 PM](#)

MS. MCLAUGHLIN emphasized that the agreement was not yet ratified. She continued:

- Madam Chair let me illustrate the vital importance of Senator Costello's Joint Resolution today
- The New NAFTA would play an important role on a growing part of Alaska's economy
- While there are numerous provisions to the 1994 NAFTA there is one area of the New NAFTA that supports a growing sector in Alaska
 - o Intellectual property

- Senate Joint Resolution No. 8 supports the New NAFTA since it brings the trade agreement into the modern era
- It brings protections for patents and trademarks, which includes biotech, financial services and even domain names
- Alaska hosts a variety of programs and institutions that enable the growth of innovation and entrepreneurship, which positions the state to compete in the global economy.
- One of those institutions is the Office of Intellectual Property and Commercialization which is one of the University of Alaska Research Centers.
- dedicated to the development and commercialization of intellectual property, research and development, ability to conduct sponsored research

[2:42:26 PM](#)

MS. MCLAUGHLIN continued:

- Madam Chair while the resolution does support the New NAFTA it is against the tariffs on steel and aluminum
- On March 1, 2018 the federal administration announced that the US would be imposing 25 percent tariff on steel and a 10 percent tariff on aluminum, which Mexico and Canada would be granted waivers for
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- However, they were later imposed on Canada and Mexico
- This resulted in retaliatory tariffs, which would be lifted as soon as the US removes their imposed tariffs
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[2:43:19 PM](#)

MS. MCLAUGHLIN continued.

- The United States relationship with Canada is vital to the Alaskan economy
- According to a study commissioned by the Embassy of Canada, 21,300 Alaskan jobs depend on trade and investment with Canada

- In 2017, Alaska exported \$707 million dollars to Canada, \$331 million of which was metal, according to the office of United States Trade Representative
- The trade Representative also reports that Canada imports \$16 million in Iron and steel tubes, pipes, and sheets from Alaska.
- The tariffs on steel and aluminum harm the industry and workers on both sides of the Canada- US border by disrupting supply chains
- Senator Costello has reached out to the Alaskan Congressional Delegation. U.S. Senator Sullivan said that he supports the ratification of the New NAFTA and he also is against the tariffs on steel and aluminum.
- Once again Madam Chair thank you for the opportunity to present Senator Costello's Senate Joint Resolution No. 8 to the Labor and Commerce Committee

[2:44:35 PM](#)

SENATOR BISHOP complimented her on the excellent delivery. He said he was proud of her.

SENATOR GRAY-JACKSON echoed Senator Bishop's comments.

[2:45:38 PM](#)

CHAIR REINBOLD opened public testimony on SJR 8.

CHAIR REINBOLD reviewed committee announcements.

[2:46:59 PM](#)

MATTHEW MORRISON, Chief Executive Officer (CEO), Pacific NorthWest Economic Region, Seattle, stated that Senator Murkowski estimated that the aluminum and steel tariffs would increase the proposed natural gas pipeline by \$500 million. He urged members to support SJR 8. He commended Ms. McLaughlin's testimony.

[2:47:51 PM](#)

SENATOR COSTELLO commended Ms. McLaughlin's presentation. She said her performance is a testament to the value of the intern program, in which university students have the opportunity to serve as full-fledged staffers in the legislature. She said she strongly supports the program.

CHAIR REINBOLD held SJR 8 in committee with public testimony open.

2:48:45 PM

There being no further business to come before the committee, Chair Reinbold adjourned the Senate Labor and Commerce Standing Committee meeting at 2:48 p.m.