

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

April 25, 2019

3:37 p.m.

**MEMBERS PRESENT**

Senator John Coghill, Vice Chair  
Senator Lora Reinbold  
Senator Peter Micciche

**MEMBERS ABSENT**

Senator Mike Shower, Chair  
Senator Scott Kawasaki

**COMMITTEE CALENDAR**

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 48 (FIN) AM

"An Act removing from the exempt service of the state persons who are employed in a professional capacity to make a temporary or special inquiry, study, or examination as authorized by the governor and including those persons in the partially exempt service of the state; repealing the authority of the governor or a designee of the governor to authorize higher pay than is otherwise allowable for certain partially exempt employees in the executive branch; requiring the commissioner of administration to submit a report to the legislature; and providing for an effective date."

- MOVED CSHB 48 (FIN) AM OUT OF COMMITTEE

SENATE BILL NO. 75

"An Act relating to a license to drive a commercial motor vehicle."

- MOVED SB 75 OUT OF COMMITTEE

SENATE BILL 73

"An Act relating to succession to the offices of governor and lieutenant governor in case of vacancy; and providing for an effective date."

- BILL HEARING CANCELED

**PREVIOUS COMMITTEE ACTION**

BILL: HB 48

SHORT TITLE: TEMP STATE EMPLOYEES IN PART EXEMPT SVCE

SPONSOR(s): REPRESENTATIVE(s) WILSON

02/20/19 (H) READ THE FIRST TIME - REFERRALS  
02/20/19 (H) L&C, FIN  
03/18/19 (H) L&C AT 3:15 PM BARNES 124  
03/18/19 (H) Heard & Held  
03/18/19 (H) MINUTE(L&C)  
03/20/19 (H) L&C AT 3:15 PM BARNES 124  
03/20/19 (H) Moved HB 48 Out of Committee  
03/20/19 (H) MINUTE(L&C)  
03/22/19 (H) L&C AT 3:15 PM BARNES 124  
03/22/19 (H) Moved HB 48 Out of Committee  
03/22/19 (H) MINUTE(L&C)  
03/25/19 (H) L&C RPT 3DP 1NR  
03/25/19 (H) DP: HANNAN, TALERICO, LEDOUX  
03/25/19 (H) NR: WOOL  
03/26/19 (H) FIN AT 9:00 AM ADAMS ROOM 519  
03/26/19 (H) Heard & Held  
03/26/19 (H) MINUTE(FIN)  
03/28/19 (H) FIN AT 9:00 AM ADAMS ROOM 519  
03/28/19 (H) Moved CSHB 48(FIN) Out of Committee  
03/28/19 (H) MINUTE(FIN)  
03/29/19 (H) FIN RPT CS(FIN) NT 7DP 4NR  
03/29/19 (H) DP: JOHNSTON, LEBON, KNOPP, JOSEPHSON,  
ORTIZ, WILSON, FOSTER  
03/29/19 (H) NR: CARPENTER, TILTON, MERRICK,  
SULLIVAN-LEONARD  
04/08/19 (H) BEFORE HOUSE IN SECOND READING  
04/09/19 (H) NOT TAKEN UP 4/9 - ON 4/10 CALENDAR  
04/10/19 (H) NOT TAKEN UP 4/10 - ON 4/11 CALENDAR  
04/12/19 (H) TRANSMITTED TO (S)  
04/12/19 (H) VERSION: CSHB 48(FIN) AM  
04/15/19 (S) READ THE FIRST TIME - REFERRALS  
04/15/19 (S) STA  
04/23/19 (S) STA AT 3:30 PM BUTROVICH 205  
04/23/19 (S) Heard & Held  
04/23/19 (S) MINUTE(STA)  
04/25/19 (S) STA AT 3:30 PM BUTROVICH 205

BILL: SB 75

SHORT TITLE: COMMERCIAL VEHICLE LICENSING REQ'S

SPONSOR(s): SENATOR(s) COSTELLO

03/06/19 (S) READ THE FIRST TIME - REFERRALS  
03/06/19 (S) TRA, STA  
03/19/19 (S) TRA AT 1:30 PM BUTROVICH 205  
03/19/19 (S) Heard & Held  
03/19/19 (S) MINUTE(TRA)  
03/28/19 (S) TRA AT 1:30 PM BUTROVICH 205  
03/28/19 (S) Moved SB 75 Out of Committee  
03/28/19 (S) MINUTE(TRA)  
03/29/19 (S) TRA RPT 3DP 1NR  
03/29/19 (S) DP: HUGHES, SHOWER, KIEHL  
03/29/19 (S) NR: WILSON  
04/18/19 (S) STA AT 1:30 PM BUTROVICH 205  
04/18/19 (S) Scheduled but Not Heard  
04/25/19 (S) STA AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

REPRESENTATIVE TAMMIE WILSON

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 48.

REMOND HENDERSON, Staff

Senator Tammie Wilson

Alaska State Legislature

Juneau

**POSITION STATEMENT:** Answered questions and provided information related to HB 48.

KATE SHEEHAN, Director

Division of Personnel and Labor Relations

Department of Administration

Juneau, Alaska

**POSITION STATEMENT:** Answered questions and provided information related to HB 48.

CHARLES MCKEE, representing self

Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 48.

JOE PLESHA, Staff

Senator Mia Costello

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Introduced SB 75 on behalf of the sponsor.

AVES THOMPSON, Executive Director

Alaska Trucking Association  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 75.

DON ETHERIDGE, Lobbyist

AFL-CIO

Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 75.

#### **ACTION NARRATIVE**

[3:37:19 PM](#)

**VICE CHAIR JOHN COGHILL** called the Senate State Affairs Standing Committee meeting to order at 3:37 p.m. Present at the call to order were Senators Reinbold, Micciche, and Vice Chair Coghill.

#### **HB 48- TEMP STATE EMPLOYEES IN PART EXEMPT SVCE**

[3:38:18 PM](#)

**VICE CHAIR COGHILL** announced the consideration of CS FOR HOUSE BILL NO. 48 (FIN) am, "An Act removing from the exempt service of the state persons who are employed in a professional capacity to make a temporary or special inquiry, study, or examination as authorized by the governor and including those persons in the partially exempt service of the state; repealing the authority of the governor or a designee of the governor to authorize higher pay than is otherwise allowable for certain partially exempt employees in the executive branch; requiring the commissioner of administration to submit a report to the legislature; and providing for an effective date."

He asked the sponsor to respond to the questions that were raised during the previous hearing.

[3:39:19 PM](#)

**REPRESENTATIVE TAMMIE WILSON**, Alaska State Legislature, Juneau, sponsor of HB 48, said she'd like Mr. Henderson to respond to Senator Micciche's question about whether the bill would affect the governor's ability to hire somebody who commands a higher salary to work on a specialized project.

[3:39:43 PM](#)

**REMOND HENDERSON**, Staff, Senator Tammie Wilson, Alaska State Legislature, Juneau, explained that the governor would still have the authority to hire somebody under AS 39.25.110, which exempts the Office of the Governor from the Personnel Act.

VICE CHAIR COGHILL offered his understanding that this would be under the governor's broad authority to hire and the position may or may not be temporary.

MR. HENDERSON said that's correct.

REPRESENTATIVE T. WILSON referenced the list of exempt service PCNs the Department of Administration provided and explained that it focuses on when these supposedly temporary positions were established. The earliest is 1989 and several others were established in 2003 and 2010, none of which are temporary. She also pointed out that some of these positions have been filled more than once, which doesn't seem very temporary. If the position isn't temporary it should be classified differently, she said. She described the bill as being about transparency and ensuring that fulltime employees are treated equitably.

[3:42:03 PM](#)

SENATOR MICCICHE commented that the list the department provided does not include those highly specialized and highly compensated positions he talked about during the last hearing. He said the people on this list probably should not have been hired as exempts so there is abuse of the system, but the salaries aren't out of line. He assured the public that if they were out of line, the committee would jump on that immediately. He agreed with the sponsor that this brings the issue out into the open and lets this and future administrations know the expectation is that hiring will be done correctly, employees will all be treated fairly, and the process will be transparent.

[3:44:11 PM](#)

REPRESENTATIVE T. WILSON remarked that this is just one of the issues that needs to be addressed. She's identified others that she'll also look into.

VICE CHAIR COGHILL commented on the lengthy list of exempt positions in the statute.

SENATOR REINBOLD asked if the department's list reflects bimonthly pay.

MR. HENDERSON answered yes; the compensation that's listed is paid twice a month. He also clarified that salaries for some of the positions on the list are up to \$120,000 per year and that some exempt positions that clearly are temporary and not highly compensated, such as elections workers, are not on the list.

SENATOR MICCICHE asked if all the larger numbers on the list reflect the bimonthly base rate.

REPRESENTATIVE WILSON deferred the question to Ms. Sheehan.

3:46:29 PM

KATE SHEEHAN, Director, Division of Personnel and Labor Relations, Department of Administration, Juneau, confirmed that most of the numbers are semimonthly base rates and some are hourly rates.

VICE CHAIR COGHILL asked if this exemption provides a special and helpful tool.

MS. SHEEHAN replied it depends on the position. She noted that when the statute was changed in 1982 to "temporary or special inquiry" instead of "and," it started being used for more permanent projects like the gas pipeline. Other options are available such that an exempt agency or the governor's office could employ an exempt employee. She said it would be limiting in the partially exempt services where there are classified nonpermanent employees. She said she doesn't know why things are set up a certain way but she is aware that it has helped DOA set up new divisions fairly quickly.

VICE CHAIR COGHILL offered his understanding that those people could be hired fairly quickly under the governor's authority.

MS. SHEEHAN confirmed that a position for a high-level project that is set up by the governor's office would be exempt right away.

VICE CHAIR COGHILL asked what caused hiring under this section of the statute to be less transparent.

MS. SHEEHAN said she didn't know.

SENATOR REINBOLD asked what the Position Time Class "ltexe" refers to.

MS. SHEEHAN replied that is long term exempt.

SENATOR MICCICHE asked if some of the people on the list are employed under AS 39.25.110(9) and AS 39.27.011(k), which Section 2 repeals. He also recalled that petroleum employees generally work under a different statute.

MS. SHEEHAN replied the list has only the temporary exempt positions under paragraph (9). It does not capture every state employee who is paid at a higher rate under the subsection (k) exception. She noted that some of the petroleum positions that are listed as temporary exempt are actually exempt under statute but they were never updated in the system. She reiterated that the list

SENATOR MICCICHE asked why the list includes some petroleum professionals, the highest of which is paid \$168,000, when AS 39.25.110(14) provides the following specific exemption:

(14) petroleum engineers and petroleum geologists employed in a professional capacity by the Department of Natural Resources and by the Alaska Oil and Gas Conservation Commission;

[3:52:53 PM](#)

MS. SHEEHAN explained that the positions were established years ago and subsequent legislation placed them in exempt service. For some reason they were never updated in the system so they come up as temporary exempt when a report is run. She said her office did send the report to all agency HR managers asking what the duties are for these positions and hopefully that will help get the positions appropriately categorized as exempt if they are exempt under current statute.

SENATOR MICCICHE asked if the professionals in those necessary, high-cost positions could be hired under AS 39.25.110(14).

MS. SHEEHAN said yes.

VICE CHAIR COGHILL asked if repealing AS 39.27.011(k) will result in those positions being hired under AS 29.25.110.

MS. SHEEHAN explained that the subsection (k) exception was put in statute in 2013 and it applies to partially exempt employees. The testimony at the time was that it would be a tool to hire partially exempt people at a pay increment that is higher than the highest merit step F. Those positions are separate from the truly exempt positions that are not confined by the state pay plan in the Personnel Act.

VICE CHAIR COGHILL offered his understanding that repealing subsection (k) narrows the ability to pay beyond a certain step.

MS. SHEEHAN said yes, step F would be the highest without setting up an exempt position.

SENATOR MICCICHE said he believes that a number of the positions that will disappear are needed. He asked if it would be possible to fill those needed positions with highly skilled people that come at a certain cost.

MS. SHEEHAN said it would depend on the position.

[3:57:51 PM](#)

SENATOR REINBOLD said she likes the bill and is ready to vote.

VICE CHAIR COGHILL observed that the administration will still be able to hire the talent it needs, although repealing subsection (k) may change how a director is hired.

SENATOR MICCICHE asked if step F is bimonthly.

MS. SHEEHAN answered yes; partially exempt employees and most exempt employees are paid semimonthly.

SENATOR MICCICHE asked if the monthly salary for step F is double what's shown on the list.

MS. SHEEHAN answered yes.

VICE CHAIR COGHILL offered his understanding that the difference between the exemption under AS 39.27.011(k) and the exemption under AS 39.25.110(9) is that one requires justification and the other does not.

MS. SHEEHAN confirmed that there must be written justification by the governor or their designee under the subsection (k) exception.

SENATOR MICCICHE responded, "Mr. Chairman, right where you are right there. If that's the case that completely eliminates my concern on the bill."

[3:59:36 PM](#)

VICE CHAIR COGHILL opened public testimony on HB 48.

[4:00:23 PM](#)

CHARLES MCKEE, representing self, Anchorage, testified that his account was subjugated and the state corporation defrauded him

in 1983 because the Anchorage Times lied about him. He's never recovered.

VICE CHAIR COGHILL advised that testimony must be germane to HB 48.

MR. MCKEE said he sent information to his representative's staff member.

VICE CHAIR COGHILL asked if he had testimony on HB 48.

MR. MCKEE said his testimony does pertain to HB 48 because he sent the information to a temporary employee.

VICE CHAIR COGHILL suggested he submit written testimony to senate.state.affairs@akleg.gov

[4:03:31 PM](#)

VICE CHAIR COGHILL found no further testifiers and closed public testimony on HB 48.

SENATOR REINBOLD stated particular support for Section 5.

SENATOR MICCICHE recapped that this bill takes care of a problem but allows the same businesses to continue in a different way and with more transparency.

[4:04:49 PM](#)

SENATOR MICCICHE moved to report HB 48, work order 31-LS0346\U.A, from committee [with individual recommendations] and attached fiscal note(s).

[4:05:25 PM](#)

VICE CHAIR COGHILL found no objection and CSHB 48(FIN)am was reported from the Senate State Affairs Standing Committee.

[4:05:32 PM](#)

At ease

**SB 75-COMMERCIAL VEHICLE LICENSING REQ'S**

[4:07:06 PM](#)

VICE CHAIR COGHILL reconvened the meeting and announced the consideration of SENATE BILL NO. 75, "An Act relating to a license to drive a commercial motor vehicle."

[4:07:45 PM](#)

JOE PLESHA, Staff, Senator Mia Costello, Juneau, stated that the sponsor has identified two problems the trucking industry faces. One is that the demand for drivers in Alaska exceeds the available workforce. The second problem relates to the federal statute on interstate freight that requires drivers to be 21 or older to carry any freight that originated outside the state. SB 75 addresses these issues. First, it changes the minimum age to obtain a commercial driver's license (CDL) from 19 years of age to 18 years of age, which will increase the pool of available drivers. This change will make it possible to recruit young people as they graduate high school.

SB 75 also authorizes a person who is at least 18 years of age but under 21 years of age to operate a commercial vehicle in interstate commerce. This new subsection anticipates a change in federal law that prohibits drivers under 21 years of age from carrying interstate freight. This is particularly cumbersome in Alaska. The hope is that the federal law will change if enough states pass legislation similar to SB 75. Alaska will be ready when that happens.

MR. PLESHA described SB 75 as a proactive potential jobs bill.

[4:11:02 PM](#)

AVES THOMPSON, Executive Director, Alaska Trucking Association (ATA), Anchorage, reported that ATA is a statewide organization representing nearly 200 member companies. He described freight moving as an essential element of the economy that impacts people every day. He said that ATA believes that lowering the eligibility age for an intrastate CDL will provide a path for young people to start a truck-driving career. He said that both intrastate and interstate drivers are subject to the same qualifications and rules and Alaska adopts the federal rules by reference in AAC 17.25.210. He pointed out that an 18 year old can qualify for a commercial pilot's license. Lowering the intrastate license requirement to age 18 allows young men and women who have graduated high school to immediately begin a career as a truck driver. This is a good opportunity for young people and it will build a larger driver pool to help satisfy the demand for commercial vehicle drivers. He warned that the current driver shortage will only get worse if a major project starts. SB 75 will help solve this problem in Alaska and when Congress changes the law to lower the interstate driving age, Alaska will be ready.

VICE CHAIR COGHILL asked if he anticipates insurance costs will go up if the age to receive a CDL goes down.

MS. THOMPSON said ATA does not believe that insurance rates will spike, but there may be some increase. The market will determine whether companies can afford to pay for those drivers.

VICE CHAIR COGHILL asked how long it takes to go through the CDL training.

MR. THOMPSON explained that there is a 5-6 week training course for novice drivers. The new driver then has to find a carrier that will hire them and go through that training program. "Clearly a prudent motor carrier is not going to turn over a \$.5 million rig to someone they don't have confidence in their ability to drive," he said.

[4:16:38 PM](#)

SENATOR MICCICHE said he heard the bill in another committee and he supports it as a win-win for young people in the state. Those training programs are strict so it's not as though unqualified 18 year olds will be driving, he said.

MR. Thompson reiterated that an 18 year old can qualify for a commercial pilot's license.

[4:17:59 PM](#)

DON ETHERIDGE, Lobbyist, AFL-CIO, Juneau, stated that the union supports SB 75. He said that when young people enter their apprenticeship programs, they are required to have a CDL within the first 2,000 hours to advance to the next step. If the young person is just out of high school and 18, they have to wait until they turn 19. The union sees this bill as helpful for apprenticeship programs to get these young people trained and working. He listed the union jobs that require a CDL and noted that some years ago he chaired a board that helped at-risk youth stay out of trouble and find work. He said some went into apprenticeship programs and he believes this bill would help that program as well. He described the CDL test as rigorous saying that it takes study and effort to pass. He also highlighted that someone who has a CDL is subject to random drug testing.

[4:20:39 PM](#)

SENATOR REINBOLD said she supports random drug testing which is one reason she supports the bill. She asked if he could take a position on random drug testing for the employees of all three branches of government.

MR. ETHRIDGE responded that he is subject to drug testing and he doesn't have a problem with it, but as a lobbyist for the AFL-CIO he can't take a position because they haven't discussed it. However, the union does take drug testing seriously.

SENATOR REINBOLD asked what the consequence is for a positive drug test for someone who holds a CDL.

MR. ETHRIDGE replied they lose their license for a period of time and it could be a firing offense.

SENATOR REINBOLD asked what the blood alcohol content (BAC) limit is for alcohol.

MR. ETHRIDGE said alcohol is .04 and the drug prohibitions follow federal law so marijuana is prohibited.

SENATOR REINBOLD said, "Excellent."

[4:24:30 PM](#)

At ease

[4:25:06 PM](#)

VICE CHAIR COGHILL reconvened the meeting.

[4:25:21 PM](#)

SENATOR MICCICHE moved to report SB 75, work order 31-LS0610\A, from committee with individual recommendations and attached fiscal note(s).

VICE CHAIR COGHILL found no objection and SB 75 moved from the Senate State Affairs Standing Committee.

[4:26:12 PM](#)

There being no further business to come before the committee, Vice Chair Coghill adjourned the Senate State Affairs Standing Committee meeting at 4:26 pm.