

HOUSE FINANCE COMMITTEE
April 13, 2021
1:33 p.m.

1:33:25 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Kelly Merrick, Co-Chair
Representative Dan Ortiz, Vice-Chair
Representative Ben Carpenter
Representative Bryce Edgmon
Representative DeLena Johnson
Representative Andy Josephson
Representative Bart LeBon
Representative Sara Rasmussen
Representative Steve Thompson
Representative Adam Wool

MEMBERS ABSENT

None

ALSO PRESENT

Senator Josh Revak, Sponsor; Emma Torkelson, Staff, Senator Josh Revak; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Representative Mike Cronk; Representative John McCabe; Representative George Rauscher.

PRESENT VIA TELECONFERENCE

Dick Rohrer, Self, Kodiak; Ron Carmon, Self, Kenai; Ben Mohr, Executive Director, Kenai River Sport Fishing Association, Soldotna; Ron Somerville, Territorial Sportsmen, Juneau; David Landis, General Manager, Southern Southeast Regional Aquaculture Association, Ketchikan; Susanne Doherty, Executive Director, Southeast Alaska Seiners Association, Ketchikan; Rod Arno, Policy Director, Alaska Outdoor Council, Palmer; Katie Harms, Douglas Island

Pink and Chum (DIPAC), Juneau; Doug Vincent-Lang, Commissioner, Department of Fish and Game; Mark Richards, Executive Director, Resident Hunters of Alaska, Fairbanks; John Sturgeon, Director, Safari Club International, Alaska Chapter, Anchorage; Rachel Hanke, Legislative Liaison, Department of Fish and Game; Sara Chambers, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Leslie Schmitz, Chair, Alaska Board of Public Accountancy, Anchorage; Don Rulien, Past Member, State Board of Public Accountancy and Current Member, Alaska Society of CPAs, Anchorage; Crista Burson, President and CEO, Alaska Society of CPAs, Anchorage.

SUMMARY

HB 79 SALTWATER SPORTFISHING OPERATORS/GUIDES

HB 79 was HEARD and HELD in committee for further consideration.

HB 80 SPT FSH HATCHERY FACIL ACCT; SURCHARGE

HB 80 was HEARD and HELD in committee for further consideration.

HB 126 EXTEND BOARD OF PUBLIC ACCOUNTANCY

HB 126 was HEARD and HELD in committee for further consideration.

SB 22 INTENSIVE MGMT SURCHARGE/REPEAL TERM DATE

SB 22 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the day.

#hb79

HOUSE BILL NO. 79

"An Act relating to salt water sport fishing operators and salt water sport fishing guides; and providing for an effective date."

[1:34:21 PM](#)

Co-Chair Merrick OPENED public testimony.

DICK ROHRER, SELF, KODIAK (via teleconference), thanked the committee for the opportunity to testify. He remarked on the financing portion of the legislation. He found it interesting there was not a higher fee on nonresidents; there was precedent for it related to big game. He shared that he was a big game and a sport fish guide. He pointed out that a resident license for big game was \$850 and a nonresident license was \$1,700. The assistant big game license fee was \$410 for residents and \$820 for nonresidents. He noted the fees were biennial. He pointed out that an annual commercial fishing crew member license fee was \$60 for residents and \$280 for nonresidents. He considered how to fund the saltwater logbook program and thought it would be appropriate to charge the nonresident operator and guide at least twice the amount of the resident guide license. He was supportive of the license fee to help with the saltwater logbook program. He understood the program's importance. He noted his concern that the license fee for freshwater would be a segue back into a freshwater logbook system, which he opposed. He noted concern with the penalty section where the court may revoke a guide's license if the guide had two violations in a three-year period. He thought that was a severe consequence. He was primarily concerned about the fees.

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RON CARMON, SELF, KENAI (via teleconference), was concerned with number 4 which required guides to satisfy the rules adopted by the Board of Fish. He thought it should read that guides adopt the rules of the constitution. He thought the commissioner of Department of Fish and Game was dictating over the Board of Fish rules. He remarked that the commissioner could only rule on licensed people. He pointed out that guides and charter boats were not licensed; however, commercial fishery was licensed. He pointed out that current guides and charter boats fished for free and provided almost zero income to the General Fund. He reminded the committee that 6.4 million guides frequented Alaska and took 3 million fish out of the Kenai River and 3 million fish out of the Kasilof River. He stated that catch and release fishing was a blood sport. He highlighted that charter boats fished for free and had taken \$44.3 billion in fish over the last 20 years from the Kenai Peninsula. The dip net fisheries took 543 million

fish per year from the Kenai Peninsula, which brought zero income to the General Fund. He referenced the money the federal government brought in from marijuana growers. He felt legislators were giving revenue away for free. He had asked the Department of Fish and Game why some guides were licensed, and others were not. He suggested that it was a commerce problem started by Representative Don Young in 1975. He wanted the legislature to change the law to suit Alaska's needs. He thought the Board of Fisheries should be eliminated.

Representative Wool clarified that the marijuana tax was paid to the state, not the federal government.

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BEN MOHR, EXECUTIVE DIRECTOR, KENAI RIVER SPORT FISHING ASSOCIATION, SOLDOTNA (via teleconference), supported HB 79 in its original form. He explained that the saltwater logbook program met an obligation for reporting on activities related to the Halibut Treaty and Salmon Treaty. He shared that the data generated and reported was not optional. He relayed that hunters and sport fishermen had long supported the user pays model for fish and game conservation. He stated that accurate information coming into managers and treaty negotiators was essential to making good calls in Alaska's fisheries. As beneficiaries of those management calls and treaty positions, it was fitting for the user to cover the costs.

Mr. Mohr thought freshwater issues should remain out of the bill. He stated there was no reason a pike guide in Fairbanks should be paying for a program required for a charter guide in Ketchikan. He stated that establishing guide registration fees under the guise of programs necessary for treaty obligations like the saltwater logbook, looked to be somewhat inappropriate. He suggested that if the legislature wanted to create a new fee for small businesses it should be taken up under separate legislation. He stated that the reporting requirements under the salmon and halibut treaties were unlikely to change and managers would continue to need data. Alaska sport fishing communities could continue being self-supporting. He reiterated his support for the governor's version of the bill.

Representative Wool asked if association believed nonresident and resident guiding fees should be different. He asked if a nonresident guide should pay more than a resident guide.

Mr. Mohr responded that the guide sector had been looking at the topic on the Kenai River recently. He relayed that the costs for a guide license on the Kenai had changed. In the past there had been a difference in the fees for resident versus nonresident guides; however, the fees were currently the same. He suggested asking parks why the fees were now equal. He suspected the reason had something to do with obligations under the Commerce Clause of the constitution related to operating businesses and where they are based. He noted it was just a guess.

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Representative Wool asked if Mr. Mohr supported different rates for resident and nonresident guides.

Mr. Mohr replied that he had not given the issue much thought. He had given much more thought to the difference on licensing between instate and out-of-state anglers. He noted it was a different question for businesses.

[1:47:40 PM](#)

Co-Chair Merrick CLOSED public testimony.

Co-Chair Merrick indicated amendments were due in her office by the end of Saturday, April 17, 2021.

HB 79 was HEARD and HELD in committee for further consideration.

#hb80

HOUSE BILL NO. 80

"An Act establishing the sport fishing hatchery facilities account; establishing the sport fishing facility surcharge; and providing for an effective date."

[1:47:59 PM](#)

Co-Chair Merrick OPENED public testimony.

[1:48:23 PM](#)

RON SOMERVILLE, TERRITORIAL SPORTSMEN, JUNEAU (via teleconference), spoke in strong support of HB 80. He shared that the Territorial Sportsmen had supported the surcharge in the past, which greatly helped the local fishery. He stated it was a situation where the users were willing to pay for the extra benefits. He noted that the king salmon fisheries had been abysmal in recent years, except for fish from the hatchery program supported by funds from the surcharge. He highlighted there had been virtually no complaints about the surcharge over the years. He mentioned the original reason for the surcharge. He stated the surcharge was a win-win for everyone; it did not take anything out of the General Fund and was user supported.

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DAVID LANDIS, GENERAL MANAGER, SOUTHERN SOUTHEAST REGIONAL AQUACULTURE ASSOCIATION (SSRAA), KETCHIKAN (via teleconference), spoke in support of HB 80. He understood the bulk of the projected revenue would go to the William Jack Hernandez hatchery in Anchorage and the Ruth Burnett hatchery in Fairbanks. He pointed out that the Crystal Lake hatchery in Petersburg was also owned by the state and operated by SSRAA. He relayed that a portion of the operational funding for Crystal Lake was funded through the surcharge and the funding was critical to the continued operation of the hatchery. He relayed that fish produced at Crystal Lake with the funding were primarily king salmon. The fish were paid for by the surcharge in combination with Dingle Johnson funds. He highlighted that SSRAA also produced an equivalent number of kings transported and released in other Southeast locations. The fish were caught in large numbers by sport fishers. He stressed the importance of the operational and maintenance funding for Crystal Lake. He read from a fact sheet generated by the Department of Fish and Game. He stated that the user pays system was fair and appropriate. The organization supported the passage of the bill.

[1:53:10 PM](#)

SUSANNE DOHERTY, EXECUTIVE DIRECTOR, SOUTHEAST ALASKA SEINERS ASSOCIATION, KETCHIKAN (via teleconference), spoke

in support of the legislation. She stated that the hundreds of millions of dollars in the sportfish hatchery infrastructure needed to be maintained and upgraded as appropriate. She stressed the importance of additional revenues to Southeast Alaska to support king salmon. She stated a revenue source was needed and reenacting the surcharge in some form had been a proven method of generating capital.

[1:54:30 PM](#)

BEN MOHR, EXECUTIVE DIRECTOR, KENAI RIVER SPORT FISHING ASSOCIATION, SOLDOTNA (via teleconference), spoke in support of the governor's version of HB 80. The association did not support the changes made in the House Fisheries Committee that added an additional \$2.50 to the surcharge. He explained that the surcharge had fallen off the previous year because bonds issued for sportfish hatcheries had been repaid early. He stated that the hunting and fishing communities had supported the user pays model for fish and game conservation and management. He relayed that the sport fishery directly benefitted from Alaska's sportfish hatcheries. The governor's bill introduced a surcharge on sportfish licenses and dedicated the funds to supporting sportfish activities.

Mr. Mohr stated it was critical for the funds generated from sportfish licenses to stay with the users. The organization opposed some of the language in amendments that essentially poured money into the department and were fairly vague in terms of how the money would be used. He requested for the excess money to go towards access and opportunity, specifically to the construction or maintenance of capital improvements that directly supported sportfishing access or activities that were not authorized under the hatchery program. Under the governor's proposal, the average Alaska fisherman would see a net \$5 reduction in licenses between last year and the coming year, while maintaining services provided by the department. He thanked the committee for considering the bill.

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Vice-Chair Ortiz thought there had been testimony that the added surcharge was to partially help address the invasive species issue. He asked if the organization saw any benefit from trying to address invasive species.

Mr. Mohr responded that the organization saw the benefit of managing Alaska's invasive species problem. The issue the association had with the bill was the \$2.50 surcharge. He stated the organization had been supportive of legislative efforts to take care of invasive species in Alaska. He stated that the organization's issue with the \$2.50 surcharge, which included invasive species management, was not specific about how it would impact invasive species within the sportfishing community. He highlighted that invasives impacted all users of the resource, not just sport fishermen.

[1:58:16 PM](#)

ROD ARNO, POLICY DIRECTOR, ALASKA OUTDOOR COUNCIL, PALMER (via teleconference), supported the governor's proposal of HB 80. He stated that the Outdoor Council had been present when a Fairbanks Senator got the bond package together to get the two sportfish hatcheries in operation. There had been a number of people concerned that when the bonds were paid off, the fees would go away. He shared that the membership was supportive of changing the Sportfish Enterprise Account (primarily about constructing the two hatcheries) to the Sportfish Enhancement Account. The outdoor community was supportive of helping to pay for management of resources they personally benefit from.

[2:00:38 PM](#)

KATIE HARMS, DOUGLAS ISLAND PINK AND CHUM (DIPAC), JUNEAU (via teleconference), supported HB 80. She provided details about the DIPAC hatchery and its mission. She provided a brief history of the sportfishing programs operating through funds from the Department of Fish and Game (DFG) that were currently almost 90 percent supported by the sportfish license fee surcharge. She shared that DIPAC had received just over \$300,000 annually for the sportfish enhancement program. She shared that without the outside funds, the chinook program would never have started at DIPAC. The program had become a staple sport fishery in Juneau for residents and nonresidents. She highlighted that with the decline in wild chinook stocks in Southeast Alaska, the opportunity to catch hatchery raised chinook salmon was more important than ever. She shared that due to financial uncertainty associated with poor salmon returns in Southeast Alaska, the DIPAC chinook program would likely

be greatly reduced in the upcoming year if no surcharge license state revenues were established in the current session.

[2:02:41 PM](#)

Co-Chair Merrick CLOSED public testimony.

Co-Chair Merrick indicated Amendments were due in her office by the end of Saturday, April 17, 2021.

HB 80 was HEARD and HELD in committee for further consideration.

#sb22

SENATE BILL NO. 22

"An Act repealing the termination date for the intensive management hunting license surcharge."

[2:03:02 PM](#)

SENATOR JOSH REVAK, SPONSOR, introduced himself. He was honored to present SB 22. The bill was an act repealing the termination date of the intensive management hunting license surcharge. He shared that the bill was asked for by the sportsman community. He thought it meant a lot when a group indicated they wanted to pay their own way. He stated the bill would bring in matching funds for the state. The bill would mean intensive management would continue to be directly sourced from the surcharge as opposed to general fund appropriations. He noted the state had an obligation to conduct intensive management in Alaska. The bill would be used to leverage Pittman Robertson's 75/25 matching funds. He detailed that \$1 million from the surcharge would bring in \$3 million [in federal funds]. Given tourism, he believed it was more important at present than ever before for the Department of Fish and Game.

Senator Revak reported that the program had been working well and the bill would merely eliminate the sunset for the program. He relayed that he had not heard any opposition to the bill. He stated that most importantly, the program helped support healthy game populations for moose, caribou, and deer in the state so Alaskans could continue to harvest the animals to feed their families.

[2:05:19 PM](#)

EMMA TORKELSON, STAFF, SENATOR REVAK, stated that SB 22 removed the sunset date of the intensive management surcharge placed on hunting licenses. She explained that the program identified when a moose, caribou, or deer population became at risk of falling below a sustainable level to allow for hunting of the particular population. She elaborated that the program identified the root cause of the population decrease and developed and implemented a plan for rectifying the issue. She stated that most often the plans were focused on research and could also include management such as habitat enhancement. Prior to 2016 the program was funded by capital project appropriations; however, since 2016, the surcharge on hunting licenses plus the matched federal dollars, completely covered the cost. In total, the surcharge brought in \$1 million in user fees that were leveraged to receive an additional \$3 million in Pittman Robertson funds.

Ms. Torkelson relayed that the \$4 million paid for all of the work of intensive management; however, the state would have to assume the cost if the surcharge sunset. She highlighted that the program protected the state's wildlife populations and promoted food security across the state by allowing hunters to access healthy herds. She stated that the bill ensured the program could continue to be self-sustainable and user funded. She asked for the committee's support.

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Representative Josephson stated that he had been told repeatedly that Pittman-Robertson funds could not be used to match predator control and could only be used for other parts of the program. He asked if the information was accurate.

Senator Revak deferred to the department.

[2:07:44 PM](#)

DOUG VINCENT-LANG, COMMISSIONER, DEPARTMENT OF FISH AND GAME (via teleconference), responded that in certain instances federal funds could be used for predator control; however, the natural diversity guidelines driving much of federal management in the State of Alaska, precluded the use of federal funds to do predator control on federal lands. He explained that doing predator control on state lands using federal dollars fell under federal review, which could be cumbersome. The department leveraged federal dollars to conduct much of the science associated with predator control activities on state lands; however, the removal of predators was done with state dollars to avoid interference and oversight from the federal government.

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Representative Josephson noted he had heard the commissioner mention that intensive management (IM) was not done on federal land. He was puzzled by the statement because intensive management was done on federal lands, frequently over the objection of the federal government. He asked for the accuracy of his understanding. He remarked that the issue was in the newspaper monthly.

Commissioner Vincent-Lang responded that the department was not currently doing any intensive management on federal land. He relayed that DFG had approached the federal government the previous year about doing intensive management on federal land near the Mulchatna caribou herd because the herd was in a predator pit and not providing for any subsistence uses; however, the department had not heard back on whether it could enter into a cooperative agreement to do predator control on federal lands. He reiterated that the department was doing predator control on state lands, but not on federal lands.

Representative Josephson highlighted that the National Park Service had noted the shooting of its collared wolves in research programs. He remarked that wolves did not know the boundaries [between state and federal lands]. He asked for verification that there had been huge disputes about the topic between the two governments.

Commissioner Vincent-Lang replied that there were wolves the National Park Service had collared on federal land in Tetlin Park that had been shot on state land in predator control areas. He confirmed there had been conflict between

the state and federal governments over predator control programs. He relayed that DFG was operating under the state intensive management law and the federal government was managing under natural diversity guidelines. The federal guidelines did not endorse predator control on their landscapes. He emphasized that the state was not doing predator control on federal lands, some of the state predator control areas were adjacent to federal lands.

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Representative Josephson asked the commissioner to explain the difference between intensive management and predator control. He assumed predator control was a subset of intensive management.

Commissioner Vincent-Lang explained that intensive management was anything the state did to intensively manage populations to increase productivity for human use. He stated that in some cases, the state was doing intensive management on federal lands, but not predator control. For example, the department was conducting habitat restoration programs on the Kenai Peninsula in cooperation with the U.S. Fish and Wildlife Service aimed at fire breaks and a variety of other habitat improvements that would hopefully result in greater moose populations over the long-term. He stated that DFG was not doing any wolf population control on federal lands on the Kenai Peninsula. He relayed that intensive management was a broader spectrum that could include habitat manipulation, fire controls, and the removal of predators. He stated that predator removal was one subset of intensive management.

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Representative Josephson asked at what point the liberalizing of brown bear baiting on the Kenai became de facto predator control.

Commissioner Vincent-Lang responded that he had been part of the discussions regarding brown bear baiting on the Kenai Peninsula and it was a more complex discussion than intensive management of bears. He stated it had been more focused on trying to deal with the number of bears on state land that were causing human-bear interactions on the Kenai Peninsula. There had been a large outcry from citizens on the peninsula with the number of bears around. He relayed

that the Board of Game had decided to do some bear removal to try to reduce the human-bear interactions. He stated that the board recognized the action would potentially benefit the moose population on the Kenai Peninsula due to the reduction in bears. He believed the board's primary driver was to remove the number of bears to reduce human-bear interactions, given that the state could not do intensive management across the entire peninsula on federal lands.

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Representative Josephson was concerned that when people paid the surcharge, they may not be aware of the variety of ways invented and enhanced since 1994 to undergo predator control. He asked if the commissioner believed hunters were aware of all of the liberal practices as legalized hunting and predator control.

Commissioner Vincent-Lang believed there was a relatively good awareness on the subject based on the number of emails and calls he received about it. He noted that the topic was in the newspapers quite a bit. He provided background on intensive management. He explained that the department had a statutory obligation to report back to the Board of Game when a population was not meeting its population or harvest objectives. The department reported to the board when [population or harvest] objectives set by the board were underachieving. He explained that the board then tasked the department with coming up with an intensive management plan. He detailed that DFG evaluated the population and the intensive management strategies at the department's disposal. He relayed that if the land was mostly federal and there was little chance to improve habitat, the department likely reported back to the Board of Game that intensive management was not feasible in the area. He stated that at that point "it moves off and they deal with it through other levels of means to get the population back up." In other cases, when the department determined predator control may work, it put together a proposal for review by the Board of Game and advisory committees across the state were given an opportunity to weigh in.

Commissioner Vincent-Lang stated that the department moved into the implementation phase of an intensive management program after it was approved by the board. He stated that if the plan included reducing the number of wolves or bears

on a landscape, the department moved to implement the plan. The department had an obligation to report back annually on progress on the plan. He relayed that if the plan was not working, the board could reverse the plan as it had in Unit 16 about eight to ten years back. He summarized that a plan was initiated by the Board of Game, and it was constantly reviewed by DFG and the board to ensure it was meeting the objectives. He stated that if a plan was not working, the department walked away from it and moved on to the next area. He added that the public had an opportunity to weigh in throughout the process.

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Representative Carpenter stated that he did not think the Kenai residents' understanding of the current regulations and how management was conducted was germane to the bill discussion. He thought the people of Kenai were likely fully aware of how the state was managing resources. He did not believe the committee should be questioning whether the people of Kenai did or did not know.

Senator Revak thought it was important to remember that predator control was a small piece of intensive management. He stated that intensive management included a variety of things such as research, controlled burns, and all different aspects of habitat. He believed under 1 percent of intensive management the previous year went to predator control.

Co-Chair Merrick relayed that the committee would hear invited testimony.

[2:17:54 PM](#)

DOUG VINCENT-LANG, COMMISSIONER, DEPARTMENT OF FISH AND GAME (via teleconference), provided testimony on HB 80. He read a prepared statement:

The Alaska Legislature recognized the importance of wild game meat to Alaskans as a food source and consistent with Article VIII, Section 4 of the Alaska Constitution, passed the intensive management law in 1994. This law requires ADF&G and the Alaska Board of Game to identify moose, caribou, and deer populations that are especially important food sources and to ensure that the populations remain large enough to

provide food security to Alaskans to an adequate sustained harvest. Recognizing the potential for federal interference and state IM programs, the department funded its IM programs under the IM law from a series of capital budgets. As the capital funds were expended and new funds were not allocated, hunters became concerned about the future of intensive management in Alaska. Because of the success of several state-run conducted IM programs in increasing ungulates, principally caribou and moose populations on state lands, hunters requested an intensive management surcharge be added to their licenses. This was at the request of hunters across the State of Alaska. The request was made to ensure the funds were dedicated and available to assess and conduct intensive management activities, especially given the reluctance of federal managers to conduct intensive management on their lands or using federal funds.

The legislature agreed and added an intensive management surcharge to hunting licenses in 2016 and the surcharge has been collected since January 1, 2017 and has been used to fulfill our obligations under the state IM law. Intensive management programs and enhanced habitat [inaudible] predators are a core element of game management on state lands. I emphasize that IM programs also include habitat enhancement in addition to predator control. We have done several habitat enhancement projects across Alaska aimed at improving ungulate numbers. In addition to reliable funding, careful planning is essential to ensuring our state IM programs are both effective and defensible. All state intensive management programs are guided by an intensive management protocol that ensures decisions are based on the best available science.

Intensive management allows us to put food on the table of Alaskans and is one of the priorities of me as commissioner and are essential to meeting subsistence needs, the department's first priority. Just look at the success we have had in meeting the food needs of Alaskans in the 40-mile caribou herd. This herd, restored through our IM efforts, put over 2.6 million of healthy meat in the freezers of Alaskans. I refer to a handout each of you should have. These surcharge funds also ensure that we can implement the state IM law without interference of

federal oversight, and I remind you that two-thirds of Alaska lands are federal lands and are off limits to intensive management activities as they are managed for their natural diversity, not human use, despite a rural subsistence priority and there is no assurance one can feed one's family under natural diversity objectives.

The legislation before you today repeals the sunset on the intensive management surcharge. This proposal does not have any additional costs to the department. Should the surcharge sunset, the department will see a significant decrease in revenue to pay for intensive management and our ability to meet our obligations under the intensive management law. Revenue from the IM surcharge totals approximately \$1 million in each of the last three calendar years. Most of those funds are used to match Pittman Robertson dollars at a one to three ratio. That means absent an appropriation for the match, the department could stand to lose nearly \$4 million hampering the department's ability to conduct IM activities. With that, I urge your support for this important piece of legislation.

[2:21:48 PM](#)

Representative Wool referenced Ms. Torkelson's testimony that funds were used for research, management, and habitat enhancement. He did not believe he had heard her list predator control. He did not know whether it was a deliberate or accidental omission. He understood predator control accounted for a small percentage in FY 20. He pointed out that it accounted for a larger percentage in FY 18 and FY 19. He highlighted the controversial nature of the topic. He referenced a couple of costs. He thought it was important to touch upon the issue because many legislators heard from constituents who did not agree with the aerial hunting of wolves or gassing of wolf pups in their dens. He believed it was what Representative Josephson had been referring to when he had asked if everyone realized some of the funds went to those methodologies. He knew it had been going on and that it had been controversial. He noted the topic had come up in the commissioner's confirmation and it would continue to be an issue. He thought if the sponsor was going to list what the funds would be used for that predator control should be on the list with habitat enhancement and research and

management. He stated that while it was not a large part of the budget, it was part of the budget and he believed it should be discussed in the open.

Senator Revak responded that the programs were statutory, and DFG had to fund intensive management. He felt it would be appropriate to address the issue separately. He stated that currently intensive management had to be funded. He believed it would be better for it to be funded with a user fee rather than UGF.

Representative Rasmussen referred to Representative Carpenter's point of order. She did not feel like the conversation was germane to the topic.

Representative Wool countered that the committee had received a handout for the bill that mentioned the aforementioned items. He disagreed with the previous comment and stated that the topic was germane.

Co-Chair Merrick noted the committee had been joined by Representative Mike Cronk.

[2:25:29 PM](#)

Vice-Chair Ortiz asked why a sunset date had been included when the fee had been put forward in 2016.

Senator Revak replied that he was not in the legislature when the initial bill had passed. He deferred to the commissioner.

Commissioner Vincent-Lang responded that there had been the same amount of angst about predator control and a variety of other things when the law had originally passed. He believed the compromise had been made to leave a sunset in place to review whether the program was or was not working.

[2:26:30 PM](#)

Co-Chair Merrick OPENED public testimony.

ROD ARNO, POLICY DIRECTOR, ALASKA OUTDOOR COUNCIL, PALMER (via teleconference), shared that the Alaska Outdoor Council (AOC) had been on hand in Juneau in 2016 with the other major conservation organizations in the state to come together and agree to have hunting license fees increased

to help pay for management of fish and game. He detailed that Section 22 of HB 137 had created the intensive management surcharge. The bill had also created how the funding source could be gathered and used specifically for intensive management projects. He relayed that the bill had created a sustainable wildlife account. He reported that AOC members and those of other major conservation organizations had willingly agreed to be part of the legislation and to pay more for the opportunity to gather a wild food harvest. The sunset had been included due to the apprehension from some people over how intensive management would be implemented by different administrations and how it would be received by the public through the board process.

Mr. Arno stated that AOC members were pleased with the way DFG had dispensed the funds from the special subaccount. He noted that individuals who purchased the \$5 low income resident hunting license did not have to pay the \$10 fee. He added that nonresidents paid an additional \$30 fee on top of their hunting or trapping license. He relayed that the AOC's 10,000 members were more than willing to help pay for the state's management that allowed for an increase in harvestable surplus. He emphasized that food security was much more important than the concerns over some of the methods of predator control.

Co-Chair Merrick noted Representative Kevin McCabe had joined the meeting.

[2:30:15 PM](#)

MARK RICHARDS, EXECUTIVE DIRECTOR, RESIDENT HUNTERS OF ALASKA, FAIRBANKS (via teleconference), spoke in support of HB 80. He understood and respected that some legislators had issues with predator control in general. He was happy to discuss those issues with anyone outside of the meeting. However, he pointed out that intensive management was a law, and the Board of Game was mandated to follow the law and do intensive management when necessary. He stated that most of what went into intensive management did not involve predator control efforts and could be funded in part by matching three to one federal Pittman Robertson dollars. He noted the dollars were growing substantially with the new [federal] administration. The continuation of the surcharge helped with the continuation of work including aerial population surveys, animal health monitoring, habitat

surveys, and other. He stated the work was necessary in order for the department to inform the Board of Game about what kind of opportunities hunters could have and how much game could be taken sustainably. He encouraged members to support the legislation. He remarked that opposing the bill would only result in less Pittman Robertson funding coming into the state.

Co-Chair Merrick indicated the committee had been joined by Representative George Rauscher.

[2:32:59 PM](#)

JOHN STURGEON, DIRECTOR, SAFARI CLUB INTERNATIONAL, ALASKA CHAPTER, ANCHORAGE (via teleconference), spoke in support of SB 22 and believed it should be made permanent. The organization believed the law had been of great assistance to DFG and the proper management of Alaska's wildlife resources. He stated that harvesting wild game was a practice steeped in tradition and was extremely important to Alaska families. He shared that his family almost exclusively relied on wild game for their freezer. He highlighted that without the funds to properly manage wildlife as a food source, the food source could be drastically reduced or in some cases lost. He noted it was very important in rural Alaska.

Mr. Sturgeon stated that an intensive surcharge had been added to hunting licenses in 2016 and had been collected since January 1, 2017. He stated that because the programs had proven successful in increasing caribou, moose, and deer populations, hunters requested the surcharge to ensure the funds were dedicated and available to assess and conduct intensive management activities. He stated that the license revenue allowed DFG to carry out projects free of interference from the federal government and freed up Pittman Robertson funds for the state in a three-to-one match. He stated that most hunters paid the surcharge without hesitation or regret. He relayed hunters realized the value of proper management of the state's wildlife resources. He expressed strong support of the intensive management program and urged making it permanent.

[2:35:31 PM](#)

Co-Chair Merrick CLOSED public testimony. She asked the department to review the fiscal note.

RACHEL HANKE, LEGISLATIVE LIAISON, DEPARTMENT OF FISH AND GAME (via teleconference), reviewed the fiscal note. The fiscal note reflected the changes in revenues to the Fish and Game Fund starting in FY 23 at \$500,000 beginning on December 22. The note reflected \$1 million in the outyears.

Co-Chair Merrick indicated amendments were due in her office by the end of Saturday, April 17, 2021.

SB 22 was HEARD and HELD in committee for further consideration.

[2:36:42 PM](#)

AT EASE

[2:37:55 PM](#)

RECONVENED

#hb126

HOUSE BILL NO. 126

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

[2:38:02 PM](#)

REPRESENTATIVE STEVE THOMPSON, SPONSOR, introduced himself. He thanked the committee for hearing HB 126. He read the sponsor statement (copy on file):

HB 126 extends the termination date for the Board of Public Accountancy for eight years until June 30, 2029.

Legislative Audit conducted their review of this board and concluded that "...the board served the public's interest by conducting meetings in accordance with state laws, amending certain regulations to improve the public accountancy occupation, and effectively licensing and regulating certified public accountants and partnerships/corporations engaged in the practice of public accountancy."

The Board of Public Accountancy consists of seven members appointed by the Governor. Five members are

certified public accountants or public accountants, and two members are public members.

Extending the Board of Public Accountancy is critical in protecting the public interest by ensuring that only qualified persons are licensed, and that appropriate standards of competency and practice are established and enforced.

Representative Thompson indicated Ms. Curtis with the Division of Legislative Audit would present the audit findings.

2:39:58 PM

AT EASE

2:40:52 PM

RECONVENED

Co-Chair Merrick asked Ms. Curtis to present the audit findings.

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, drew attention to a transmittal letter that accompanied the audit (copy on file). She clarified that the audit was conducted in accordance with auditing standards with the exception of the standard of independence, which she and her staff did not meet because they were CPAs.

Ms. Curtis reported that the audit found the Board of Accountancy to be serving the public's interest by conducting its meetings in accordance with law and by effectively licensing CPAs and partnerships and corporations engaged in public accountancy. The audit recommended an eight-year extension. She directed members to page 8 of the audit for standard licensing statistics. She highlighted that Exhibit 2 showed 1,328 active licenses and permits as of January 2020. When compared to the prior sunset audit in 2012, the number represented a 10 percent increase. She explained that the audit had found Alaska to be one of the few states that did not require a social security number for licensure, consequently there were a high number of international applicants.

Ms. Curtis directed attention to page 7 of the audit and highlighted the schedule of revenues and expenditures. As

of the end of FY 19 there was a surplus of over \$84,000. She noted the fees were shown on page 8. The audit made one recommendation for improvements beginning on page 11. The audit recommended the Division of Corporations, Business and Professional Licensing (CBPL) chief investigator ensure investigations were completed timely. She detailed there had been 101 complaints open during the audit period and 40 of the complaints had taken over six months to complete. Auditors had reviewed five of the 40 and found that two had unjustified periods of inactivity ranging from 64 days to 219 days. According to staff, the inactivity was the result of turnover and competing priorities.

Ms. Curtis addressed management's response to the audit beginning on page 21. She relayed that the Department of Commerce, Community and Economic Development (DCCED) commissioner agreed with the report conclusions except for the conclusion that 40 percent of investigations took over six months to complete. She reported the commissioner stated that CBPL had no control over how an investigation would unfold or how long it would take, and the division did not have a policy to complete all investigations within a specific timeframe. However, the commissioner agreed to authorize an additional investigative supervisor to help with the caseloads. The commissioner also took exception regarding the audit conclusion that the use of technology impacted board operations and believed that the technological tools had been successful for all boards.

Ms. Curtis relayed that the board chair's response was located on page 25 of the audit report. She stated that the chair did not disagree with any of the report conclusions but had taken the opportunity to highlight a disagreement the board had with DCCED regarding what should be considered essential travel.

[2:44:39 PM](#)

Representative Josephson referred to the April 8, 2020, audit and asked about the 101 board related cases. He asked how many accountants there were [in Alaska].

Ms. Curtis responded that as of January 2020 there were 1,328 active licenses and permits.

Representative Josephson asked if the issue should be cause for a shorter extension period.

Ms. Curtis answered that the criteria used to evaluate the sunset process included the efficiency to which the complaints were addressed. She elaborated that some occupational boards had continuing education requirements. She detailed there could be investigations related to the continuing education requirements, which most people would consider less concerning than something like malpractice. The sunset extension recommendation did not take the number of complaints into consideration, rather it considered the efficiency aspect of the time it was taking to complete investigations.

[2:46:27 PM](#)

Representative Josephson noted that the cost of a two-year license was much less compared to the license for another profession discussed in committee the previous day. He wondered whether there could be a fee increase (in separate legislation) and a requirement for the hiring of additional investigator positions.

Ms. Curtis responded that the question may be better directed to Ms. Chambers. She relayed that the audit had not looked at what type of policy could be put in place.

[2:47:18 PM](#)

SARA CHAMBERS, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), thought raising fees to hire additional staff was a sound suggestion. The division had already added one or two investigators to the team of 19 investigators responsible for covering the 43 professional licensing programs and business licensing investigations. The division was already augmenting its team in order to address some of the workload concerns addressed in the audits. She explained that the investigators charged only to the programs as they were working them. She used CPAs as an example and explained that if there was an increase in CPA casework, the CPA program would be charged that amount, which could lead to an increase in fees.

[2:48:31 PM](#)

Representative Rasmussen observed that it appeared the board anticipated a surplus of \$531,524. She wondered if the board remained in possession of the funds.

Ms. Chambers responded that all of the professional licensing boards carried forward any surpluses or deficits from fiscal year to fiscal year. The department was required by AS 08.01.065 to do a fee analysis and set fees to ensure a surplus or deficit was not too high. She elaborated that as a program grew a surplus, the department likely would reduce the fees. Conversely, if a program had a deficit, the department would likely increase fees to keep the program from sinking further into deficit. The fees were always retained for use for the specific licensing program's expenses.

Representative Rasmussen wondered why a board with a \$530,000 projected surplus was not granted the opportunity for travel to meetings determined by the board. She asked if statutory or regulatory change was needed. Alternatively, she wondered if the decision was made by the department.

Ms. Chambers responded that the fiscal expenditure authority for each board was set at the division level. She detailed that when the state budget was set via the legislative process, the department was allocated a specific amount of expenditure authority for all of the licensing programs. She expounded that each board was not allocated the independent authority by the legislature. She explained that just because a board may have a surplus did not mean the department had the expenditure authority from the legislature to spend that much money during a fiscal year.

[2:51:56 PM](#)

Representative Wool looked at page 6 of the audit report. He observed that 40 out of 101 cases had been open for over 180 days. He reasoned they took too long to process. He asked if his understanding was accurate.

Ms. Curtis responded that the audit indicated 40 percent seemed high on a case-by-case basis.

Representative Wool asked for verification it was just coincidence that five cases had been reviewed in the audit

and 40 percent of the five had periods of unjustified inactivity within the 180 days. He noted the audit's mention of staff turnover. He asked for verification the turnover pertained to board staff only and not CBPL staff.

Ms. Curtis clarified that the investigative function was carried out within CBPL, and the report was referring to division staff.

Representative Wool thought it sounded like the same thing the committee had heard about the midwifery board. He stated that the boards were getting called out for taking too long, but it had to do with the staff at CBPL, which was out of the boards' control. He asked if his understanding was accurate.

Ms. Curtis agreed that the audit highlighted the issue as an area for improvement. However, she noted that the recommended term of extension was not impacted by the issue.

Representative Wool asked if CBPL was audited.

Ms. Curtis replied that the division was audited as part of the sunset process as support to the board. She elaborated that every time a board was audited, the auditors looked at CBPL support. She detailed that licensing processing was not done by board members. She explained that largely there was an audit of CBPL every time the Division of Legislative Audit looked at an occupational board.

[2:54:28 PM](#)

Representative Carpenter referred to page 7 and highlighted a discrepancy in the licensing fees charged between the years FY 17 and FY 19. He noted that the fees were \$179,000 in FY 17 and \$730,000 in FY 18.

Ms. Curtis responded that the board was on a biannual renewal cycle causing an influx in fees every other year. She relayed that the off-year fees collected included people getting licensed in between or renewing a license. She explained it was the reason an audit included at least three years to see one full licensing cycle.

[2:55:26 PM](#)

Representative Edgmon knew from his time on the committee that Ms. Curtis had done many audits. He remarked there had been four bills in the last two days with wildly varying fees. He asked if it was Ms. Curtis's experience that the user fees were established board-by-board with no regard to any uniformity standards or benchmarking. For example, for the current bill, fees occurred under the realm of the Board of Public Accountancy and were not related to sportfishing, midwives, or other.

Ms. Curtis responded that statute specified a fee had to be set to cover the cost of regulation. She explained that the cost of regulating each occupation was tracked. She elaborated that the variance in fees was the variance in regulating the occupation, which was often driven by investigations (as was the case in the midwifery board seen by the committee the previous day). She furthered that boards with a large number of licensees (e.g., the Board of Nursing) tended to have lower fees because they were spread out over a larger number of people.

Representative Edgmon thought the information was helpful. He stated it helped him understand why the midwifery board fee was \$3,800 for two years versus sportfishing licenses and nonresident fees in the \$100 to \$200 range. He remarked on the long schedule for the Board of Public Accountancy. He asked for verification that the money would be swept from the General Fund if the reverse sweep did not occur.

Ms. Curtis responded in the negative. She clarified the money did not go into a sub-fund of the General Fund that was subject to the sweep. She elaborated that the fees were not dedicated revenue and went into the General Fund; there was no separate tracking at the sub-fund level. She explained that the appropriation to expend for regulation of boards was at the division level and came from the General Fund.

Representative Edgmon asked for verification that the fees would not be subject to the annual vote on the reverse sweep.

Ms. Curtis agreed.

[2:58:23 PM](#)

Representative Josephson stated his understanding that the General Fund was sweepable.

Ms. Curtis replied that certain sub-funds of the General Fund were sweepable.

Representative Josephson noted that in July 2019 the Senate Finance Committee had discussed how the dollars could be swept away and there had been consideration of the legal consequences of that potential action.

[2:59:13 PM](#)

Representative Wool asked about the length of time it took to process an investigation, which was in part due to CBPL staffing. He remarked that the audit recommended an eight-year extension. He pointed out that a separate audit of the midwifery board included the board chair's response to the audit. The midwifery board chair had pointed out that the length of time it took to process an investigation was not the board's fault and was due to CBPL. He stated that a board was being charged with being deficient in its time response for an issue that resided with the department.

Ms. Curtis addressed her testimony from the previous day regarding the midwifery board. She had stated that the board's term of extension was two years, significantly below eight years due to an issue identified during the audit and the board's reluctance to recommend statutory changes in the public's interest. She elaborated that the board did not want to increase fees, which was not appropriate. She could not speak to the issue identified in the audit on the record. She relayed that her separate recommendation relating to the timeliness of investigations did not factor into her recommended extension. She regarded the nature of a health board's investigations and impact to public safety as more important and more likely to influence a recommended term of extension as opposed to boards like public accountancy and barbers and hairdressers that did not have as tight a connection to public health.

[3:01:54 PM](#)

Representative Wool understood that health and public safety prevailed over accountancy. However, the issue of timeliness had been addressed by the audit as something the board needed to respond to. He highlighted the issue of a

CBPL staff shortage impacting timeliness. He felt that some of the boards were being unfairly called out for something beyond their control.

Ms. Curtis replied that the issue had been raised to her multiple times from board chairs and House Finance Committee members. She recognized that CBPL was not the board itself; however, it was board support. She explained that the audit was a legislative oversight mechanism, and she always brought the issue to legislators' attention when the support was not as good as it should be and whether she believed it impacted the timeline of coming back in to do more legislative oversight. She stated there were numerous things that could impact delays apart from insufficient staff. Whether a board had good procedures and supervision also impacted delays.

Ms. Curtis reported that the audit did not address the specifics of why something was not working. She had done a deeper dive in 2005 when she had looked at the investigative function and had found other contributing aspects related to how it was organized. She clarified that the current audit was not a specific evaluation of the investigative section. The audit highlighted problems. She believed that the delay in 40 percent of the board's investigations indicated that things could be done faster. She stated one would expect that if the cases were not a priority or the evidence could not be obtained, the cases should be cleaned up and closed out. She stated there were many different things that could contribute to the situation.

[3:04:33 PM](#)

Representative Carpenter stated there had been discussion on money and potential staff shortages and whether it would help to solve problems. He referenced the unjustified inactivity on 40 percent of the board investigations. He noted that the audit specifically identified staff turnover, competing priorities, and an absence of documentation showing supervisory reviews were occurring. He noted that Ms. Curtis had just mentioned good procedures. He thought Ms. Curtis was making the case that better management would help to address the issue of inactivity. He asked if the statement was fair.

Ms. Curtis responded that she had not done a deep enough dive to say specifically what the department should do. The auditors typically asked the department why something was happening, and the department provided the cause such as competing priorities and turnover. She thought Ms. Chambers would like to speak to the issue.

Ms. Chambers responded that management of the investigative process was important to CBPL, and the division had operating procedures followed by its team. The division agreed with the audit that it could improve, and it had taken steps to hire an additional supervisor. Additionally, the division had adjusted some of its policies and procedures to ensure it was clarifying priority cases. She reported there was a focus on life, health, and safety cases.

Ms. Chambers explained that the auditor had identified the concern that the division's team was not meeting its own procedures in terms of documenting case activity. The division was continuing to add resources and doubling back to ensure its investigators and three-member investigative team were ensuring the documentation happened. She noted that on the next audit of any of the division's programs (stretched across 21 licensing boards) the auditors would be able to see the reasons why a case may have taken too long according to the division's standards. She provided examples such as a respondent not being forthcoming with information, inability to reach witnesses, staff turnover, and/or competing health and safety priorities. She explained that it would enable the auditor to see the reason and a finding like the one included in the current audit would not occur. The division was continuing to improve its management and always appreciated the auditors' feedback.

[3:07:39 PM](#)

Representative Carpenter remarked that the question was not intended to poke anyone in the eye. He stated his intention to highlight that if the division was not following its own procedures, it could be remedied fairly easily. He believed it was not about needing more resources, but merely a will for the division to follow its procedures in some cases. He thought the issue was primarily management related and not funding related.

Representative Josephson looked at page 6 of the audit and the 101 board related cases spanning 3.5 years. He wondered to what degree the cases were essentially complaints about an accountant's negligence. For example, if a person was audited or they did not like their return. He compared the first examples to an accountant missing a deadline or having a substance abuse problem, which was something the board may want to know about. He wondered if there was a clearing system where complainants were told their complaint was outside the division's jurisdiction.

Ms. Curtis responded that there was a process in place if something was not in the division's jurisdiction. She noted the 101 number pertained to complaints or cases. She explained that the division had a process to close them out and not pursue them. There was a complaint phase and an investigative phase, and one had to meet a threshold before it was investigated.

Co-Chair Merrick moved to invited testimony.

[3:10:07 PM](#)

LESLIE SCHMITZ, CHAIR, ALASKA BOARD OF PUBLIC ACCOUNTANCY, ANCHORAGE (via teleconference), thanked the audit process for the recommendation of the maximum extension of eight years. She relayed that the board made every effort to stay interactive with stakeholders and licensees and it tried to reach out to the people it was regulating or the people who were looking to the board to protect public safety. The board also made every attempt to stay active at the national level to address issues affecting the profession. She elaborated that the board maintained ongoing projects to update and modernize its statutes and regulations in order to remain current with the direction of the profession. She thanked the committee for hearing the bill.

[3:11:35 PM](#)

DON RULIEN, PAST MEMBER, STATE BOARD OF PUBLIC ACCOUNTANCY and CURRENT MEMBER, ALASKA SOCIETY OF CPAs, ANCHORAGE (via teleconference), spoke in support of HB 126. He provided detail about his work in the field and term on the board. He stated that the State Board of Public Accountancy played an integral part in providing protection to the public that ensured all CPAs meet all statutory requirements and

regulations. He appreciated the committee hearing the bill and supported the recommended eight-year extension.

[3:12:55 PM](#)

Co-Chair Merrick OPENED public testimony.

[3:13:11 PM](#)

CRISTA BURSON, PRESIDENT AND CEO, ALASKA SOCIETY OF CPAs (AKCPA), ANCHORAGE (via teleconference), supported HB 126 in extending the termination date of the Board of Public Accountancy. She reviewed the duties of the board. She highlighted that the board was inclusive of all interested parties including the AKCPA. She detailed that the AKCPA and the Board of Public Accountancy had a very positive and collaborative relationship. She thanked the committee for its consideration.

[3:14:17 PM](#)

Co-Chair Merrick CLOSED public testimony. She asked the department to review the fiscal note.

Ms. Chambers reviewed the fiscal note. The note reflected that the board would sunset if the bill did not pass and there would no longer be the \$25,600 necessary to support the activities of the board. The note reflected the \$25,600 in the outyears to support the board's activities. She remarked that sometimes fiscal notes for extension bills were not intuitive. She explained that the licensing program would continue if the board were to sunset. She clarified that the note did not show the cost of the licensing program; it showed the cost for board member travel, the advertising of board meetings, and additional meals and incidentals board members received while traveling.

Co-Chair Merrick indicated amendments for the bill were due to her office by the end of Saturday, April 17, 2021.

HB 126 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the schedule for the following meeting.

ADJOURNMENT

3:16:10 PM

The meeting was adjourned at 3:16 p.m.