

HOUSE FINANCE COMMITTEE
April 20, 2021
9:03 a.m.

9:03:50 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:03 a.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

Douglas Vincent-Lang, Commissioner, Department of Fish and Game; Senator Josh Revak, Sponsor; Representative Ivy Spohnholz, Chair of the House Labor and Commerce Committee, Sponsor.

PRESENT VIA TELECONFERENCE

Dan DeBartolo, Administrative Services, Department of Labor; Alpheus Bullard, Legislative Council, Legislative Legal Services; Eddie Grasser, Director, Wildlife Conservation, Alaska Department of Fish and Game; Nolan Klouda, Executive Director, Center for Economic Development, University of Alaska; Megan Holland, Staff, Representative Ivy Spohnholz; Representative Ivy Spohnholz, Chair, House Labor And Commerce Committee, Sponsor; Patsy

Westcott, Director, Employment and Training Services,
Department of Labor and Workforce Development.

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 100 EXTEND WORKFORCE INVEST BOARD ALLOCATIONS

HB 100 was REPORTED out of committee with a "do pass" recommendation and with four new fiscal impact notes from the Department of Labor and Workforce Development, one new fiscal impact note from the University of Alaska, and one previously published fiscal impact note: FN1 (EED).

HB 126 EXTEND BOARD OF PUBLIC ACCOUNTANCY

HB 126 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (CED).

SB 22 INTENSIVE MGMT SURCHARGE/REPEAL TERM DATE

SB 22 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN2 (DFG).

HB 151 UNEMPLOYMENT BENEFITS FOR COVID-19

HB 151 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the day. The committee would be considering amendments on HB 79, HB 80, HB 100, HB 126, and SB 22.

#hb100

HOUSE BILL NO. 100

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

[9:04:38 AM](#)

Co-Chair Merrick relayed that there were two new fiscal notes from the Department of Labor and Workforce Development. The first was for the Alaska Vocational Technical Center, component number 2686. The second was for the Workforce Investment Board, component number 2659. There was also a fiscal note for Unemployment Insurance (UI), component number 2276. She invited Mr. DeBartolo to review the fiscal notes.

DAN DEBARTOLO, ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), explained that the changes in the fiscal note were only technical in nature for salary adjustments between the governor's budget and the amended budget. There were no substantive changes.

Co-Chair Foster MOVED to report HB 100 out of Committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

HB 100 was REPORTED out of committee with a "do pass" recommendation and with four new fiscal impact notes from the Department of Labor and Workforce Development, one new fiscal impact note from the University of Alaska, and one previously published fiscal impact note: FN1 (EED).

#hb126

HOUSE BILL NO. 126

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

[9:06:48 AM](#)

Co-Chair Foster MOVED to report HB 126 out of Committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

HB 126 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (CED).

#hb79

HOUSE BILL NO. 79

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

9:07:31 AM

Co-Chair Merrick indicated there were 2 amendments for HB 79. She noted that the commissioner and the legislative liaison for the Department of Fish and Game (DFG) were available for questions.

Representative Carpenter MOVED to ADOPT Amendment 1 (copy on file):

Page 4, line 13:
Delete "saltwater"

Page 4, line 15:
Delete "saltwater"

Page 4, lines 16- 17:
Delete "saltwater"

Page 4, line 18:
Delete "saltwater"

Page 4, following line 21:

Insert a new subsection to read:

"(b) The department may limit the information it collects from a sport fishing guide under this section to

- (1) saltwater sport fishing guide services;
 - (2) freshwater sport fishing guide services;
- or
- (3) guided sport fishing for certain species."

Reletter the following subsections accordingly.

Page 5, line 12:

Delete "AS 16.40.282(b) "

Insert "AS 16.40.282"

Representative Josephson OBJECTED for discussion.

Representative Carpenter reviewed the amendment. He reported that Article 8, Section 4 of the Alaska Constitution stated that fish, forests, wildlife, grasslands, and other replenishable resources belonging to the state should be utilized, developed, and maintained on the sustained yield principle subject to preferences among beneficial uses. The bill and the amendment addressed how the state was managing preferences of beneficial uses. With the passage of HB 79 saltwater guides would continue to record and report harvest data through their logbook program. Drift and setnet commercial fishermen would continue to record and report harvest data and was not addressed in the bill.

Representative Carpenter explained that the freshwater guides would be the only commercial fishing interest that would not be required to record and report harvest data. freshwater guides would be licensed under the bill and would be paying for the saltwater guide program. The amendment allowed DFG to instate a freshwater guidebook program but did not require it. He thought it would provide the department the ability to collect the data that was necessary to manage to a sustained yield principle in a fair manner amongst all of the state's commercial fishing interests.

Representative Rasmussen asked if Commissioner Lang could speak to the amendment.

[9:09:48 AM](#)

DOUGLAS VINCENT-LANG, COMMISSIONER, DEPARTMENT OF FISH AND GAME, thought the Representative's intention with the bill was to allow the department to institute stand-alone freshwater reporting requirements if the department found it necessary for management of the fishery. He did not think the bill required the department to implement it entirely for the freshwater industry. If the department saw

a need in freshwater on the Kenai Peninsula, the department could implement just a piece of it. He asked if he was correct. Representative Carpenter responded, "That's correct, or any other way that you might see fit."

Commissioner Vincent-Lang provided some historical information. He explained that the reason the department had elected to exclude freshwater from the bill originally was due to the department not using much data to run the freshwater fisheries in the past. There were instances, especially on federal lands, in which minor violations in the number of graylings released resulted in the loss of the concessions by freshwater guides operating in the area. The department did not want to impose a statewide approach to the reporting. Currently, if there was a need for data on a case-by-case basis, there was nothing prohibiting the department to collect the data. For instance, if DFG had a need to collect information in freshwater, it could collect the data through a creel survey or another type of program. His understanding was that the amendment applied on a case-by-case basis and would not require the department to institute a comprehensive program.

Co-Chair Merrick relayed that the committee had been joined by Representative Edgmon.

Representative Rasmussen was trying to establish if the department already had the authority through regulations to do what the amendment offered. She wondered if it was necessary to have the provision in statute. She asked the commissioner to speak to any specific needs of having the issue in statute.

Commissioner Vincent-Lang suggested Representative Rasmussen was correct that the department could already do what the amendment was trying to do. Although the amendment was not needed for regulatory authority, it provided clarity and created another option in managing the fishery.

[9:12:59 AM](#)

Representative Josephson suggested guides currently on the Kasilof or Kenai Rivers were not required to have to report catches to the department each day. He asked if he was correct. Commissioner Vincent-Lang responded that if the department was concerned with the number of salmon taken by the guide industry, the department had the ability to

perform a creel survey which was how it collected such data.

Representative Josephson was surprised that individuals were required to report their catch, yet freshwater sport fishing guides were not.

Commissioner Vincent-Lang explained that the department walked away from the mandatory system on guide was because across much of Alaska it was not using the information for in season management. For example, information such as the number of graylings and rainbow trout being released was not being used to manage those fisheries - especially in areas where there were trophy fisheries. The department withdrew its focus on the freshwater portion focusing more on the in season need: saltwater. Saltwater fisheries included halibut, salmon, and rockfish fisheries. If the department needed the information regarding freshwater on a case-by-case basis, it could be obtained through creel surveys.

Representative Josephson asked the commissioner to repeat himself. Commissioner Vincent-Lang indicated the department used a creel survey, a dockside sample.

Representative Carpenter also heard that freshwater guides were having a difficult time filling out log books - a reason for why it was no longer required. He asserted that technology had come a long way and that the department should be able to create an online reporting system which would allow guides to enter their harvests on their phones. He thought treating one user group differently from another was not appropriate. He did not understand why the state would not want reporting from freshwater guides. He thought it was a red herring. The issues on the Kenai were numerous regarding sport fishing. He thought it would be in the best interest of the people and the resource to see that all of the commercial entities were recording and reporting their harvest numbers in order for the state to properly manage on a sustained yield principle. He thought it was a fair way to approach the issue when discussing preferences among beneficial uses. He was not being heavy handed with the language he was offering. The amendment would create in statute a means for the state to be able to manage its resources by collecting data.

Commissioner Vincent-Lang noted that the department collected the harvest information. Guides provided a sports fishing service and the information was being provided through a mailout survey and through dockside creel surveys by contacting anglers. It was not that the department was not capturing the harvest information, it was capturing the data in a way that was delineated to that sector and its allocation. In the marine fisheries, the department had sector allocations to the charter boat fishery that the department needed to track for halibut and salmon. The department did not have many sector allocations that it needed to track in season in freshwater. He reemphasized that the department was capturing the number of fish for biological and sustainability purposes.

Representative Carpenter responded, "And yet we have a decline in King Salmon on the Kenai River." He opined that something in the previous decade was not working. He suggested that a collection of more data might help to better understand the problem. He found it strange that a dockside survey would be okay for one user group but not another. All the other commercial user groups had to report each individual fish they caught, not just a dockside survey. He suggested that one user group was being treated less harshly by requiring less reporting than another.

[9:19:26 AM](#)

Representative Wool had some of the same concerns as Representative Carpenter. He was especially concerned with the king salmon fishery. He had taken guided trips on the Klutina River where the King Salmon fishery had been closed for periods. He did not always mail the surveys back to DFG. He thought the department would want more precise data for a delicate fishery. He asked if the department required guides to report for a sensitive fishery in a sensitive area.

Commissioner Vincent-Lang replied that if there was a desire and a need for in-season management, the department would likely implement some sort of reporting requirement. The department had a requirement for marine fisheries presently. The department did not have many instances where the Board of Fisheries had given it an allocation in freshwater that had to be tracked in-season.

Representative Wool asked if the amendment would change anything in the commissioner's current management approach. Commissioner Vincent-Lang commented that the amendment would allow more flexibility in both freshwater and saltwater on a case-by-case basis. The department would likely continue with the saltwater piece because of treaty and obligations under the Halibut Act and the Pacific Salmon Act. If a need arose in freshwater, the department would apply a program. However, he would not immediately institute a statewide freshwater program.

Vice-Chair Ortiz asked about collecting data on freshwater systems. He wondered what kind of coverage took place on rivers like the Kenai River in terms of creel surveys and whether it was consistent and thorough from day-to-day. He inquired whether there was always a presence on the Kenai River. He was familiar with creel surveys in saltwater. Most of the time there was a creel survey person present when he came into the dock. He asked for more information about creel surveys in freshwater situations.

Commissioner Vincent-Lang answered that when the department did a creel survey someone was not present 24/7. The surveys were randomized so that when a person was not present the information could be extrapolated from when they were present. There were two purposes of a creel survey. The first was to estimate the number of fish that were harvested. The second and more important reason was to collect biological samples from the fish for genetic information that indicated where a fish was from. In Southeast Alaska the department had to collect information to find out what the state's treaty versus US and Alaska allocations were between the different stocks. It was a mix of biologic sampling and sampling to estimate the harvest from a river system. In the Kenai, the state was still collecting biological samples from the sport harvest.

[9:23:34 AM](#)

Vice-Chair Ortiz understood the random survey concept. He wondered if the amount of data was useful with spotty coverage. Commissioner Vincent-Lang was convinced that in Southeast Alaska and on the Kenai River the creel survey program provided sufficient information for management purposes.

Representative LeBon spoke in support of the amendment. The state was managing its resource for sustainability and abundance. He suggested that having the most complete data base possible for whatever resource, be it saltwater or freshwater resources, made sense. He thought back to his personal fishing activities on the Kenai River in the 80s and 90s and recalled the guide he was with kept impeccable records of what was taken into the boat. He also noticed the same care taken in record keeping when fishing for halibut out of Homer. He believed the ability to keep records had significantly improved since the 80s and 90s. He asked the commissioner if he agreed.

Commissioner Vincent-Lang agreed that guides were keeping records as part of their business operations. The concern that arose 6 years or 7 years prior was the enforcement piece. There were minor violations resulting in businesses receiving significant violations for things that did not matter to the department in terms of managing the fishery. In Southeast Alaska the state had so much at stake in marine fisheries that it decided to continue that specific piece because the information was needed. However, the data was not needed on a statewide basis for many of the freshwater fisheries for which it had been instituted. Also, the department incurred significant costs related to data entry for information that was not being used. The department moved to obtaining freshwater fishery information on a case-by-case basis. Saltwater requirements remained in place around the state.

[9:26:56 AM](#)

Representative LeBon thought the strategy was to manage for abundance and sustainability. He wondered if the commissioner was able to gather enough information from guiding services to succeed in the department's goals. He asked if the amendment would hurt the department in any way.

Commissioner Vincent-Lang would answer in two ways. A good example of the utility of the state in saltwater was that in the previous year the state had a significant drop in tourism. The number of tourists participating in the charter boat fisheries was significantly reduced. However, the state had allocations through the halibut commission for charter boat fishing for salmon and halibut. The state was able to use the data half way through the season to

demonstrate that the state was nowhere near reaching its allocations. The department went back to the halibut and salmon commissions to let them know the department was going to relax its regulations allowing more fish to be caught. The state had never had an exercise with freshwater fisheries where the state needed that kind of in season management. The amendment would not interfere with the department's efforts since the word "may" was used.

Representative LeBon was aware of an application developed by DFG that guides could use on their smart devices to make it easier to keep track of what was occurring. Commissioner Vincent-Lang noted the department was trying the application in the saltwater fisheries in Southeast Alaska. Remote areas created a challenge with cell service, but the department was working on the issue. He anticipated a 95 percent compliance in Southeast Alaska in the following year.

Vice-Chair Ortiz had a follow-up question regarding the creel survey. He was aware that the department had experienced significant funding reductions over the past 7-8 years. He wondered if the cuts resulted in preventing the department from being able to hire the same amount of creel surveyors as it hired 6 years prior. He asked if the department had less of a workforce.

Commissioner Vincent-Lang responded that the department had been successful in getting some additional federal money to help with the implementation of the salmon treaty. It had not had to reduce the workforce. He added that the department had a better program at present than 5 years prior.

[9:29:36 AM](#)

Representative Carpenter appreciated the discussion. He was thinking the amendment was not strong enough considering over the prior decade the state had lost both size and quantity of King Salmon out of the river. He was disheartened to know that the state was collecting data but not using it. The amendment would solve the problem. If the state was collecting data currently that it had been collecting before, the state would better understand what was going on within the river. However, the state was no longer collecting the data. The information was obtained through samples and extrapolation adding human error and

inconsistency. The bill did not force anything to change. It simply provided the department with the ability to create a program and manage the state's resource. The expectation was that the state would manage its resource effectively. There were plenty of old-timers that had seen a change in fishery numbers and would argue the freshwater fisheries were not being managed properly. He reiterated that collecting data was the most important thing the state could do to manage the sustained yield principle.

Representative Wool referred back to the comments made about getting freshwater data and many people being out of compliance. Violations went out that were unnecessary and burdensome. He thought the department had the flexibility of targeting certain areas. Whereas, if there was something in the King Salmon fishery of concern, the department could focus in on that instead extracting more data. He wondered if the data could be targeted while letting other fisheries conduct their businesses with less constraints.

Commissioner Vincent-Lang responded that under the former logbook program the department did not have flexibility. If the amendment was adopted, the department would have the flexibility to act on a case-by-case basis. He reiterated the word "may" being used in place of "shall."

Representative Josephson asked the commissioner about how there was less logbook focus on sports guides because they were losing concessions over technical infractions. In reviewing the bill, a bunch of new sections were being added in Title 16 regarding general liability and licensure. There was a number of new regulations for guided fishing in the bill. He wondered if it was regulatory before and was being changed to statute.

Commissioner Vincent-Lang answered that it was originally statutory language then became regulatory language when it sunsetted. The bill would change it back to statutory language.

[9:34:19 AM](#)

AT EASE

[9:38:20 AM](#)

RECONVENED

Representative LeBon asked about an application that could be used for reporting to DFG. He supposed the department was receiving real time data every day, whether on freshwater or saltwater. He asked if he was accurate.

Commissioner Vincent-Lang indicated the department was moving in the direction of technology. However, he was not sure if it was a true statement that the technology was willingly accepted by all. Change was difficult for some, especially regarding business models in remote areas of Alaska. The more remote of an area, the more difficult it was for guides to use the technology. He felt the department was moving in that direction and, there was a general willingness by the majority of guides in the saltwater logbook program to go to the electronic format. The department's goal was to have immediate reporting in areas where there was cell phone coverage. He did not think electronic reporting would reach the level of 100 percent due to the vast size and remoteness in certain areas of the state.

Representative LeBon relayed a fishing experience out of Hoonah. The guide kept a log, and every time a person on the boat caught a fish, he took a picture.

Representative Thompson spoke in favor of the amendment. He thought it provided another tool in the tool box. He clarified that the amendment did not hinder the department. Commissioner Vincent-Lang indicated the department would not be hindered with the amendment, as the use of the word "may" provided flexibility.

Representative Josephson WITHDREW his OBJECTION.

Representative Johnson OBJECTED. She thought it was additional data collection with no benefit.

Commissioner Vincent-Lang replied that if the program was instituted on a statewide basis, he would agree with Representative Johnson. He would also have strong objection if the amendment was predicated on the department having to collect the data on a statewide basis. The way the amendment was written the department would only collect the data if it deemed it necessary.

Representative Johnson MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Thompson, Wool, Carpenter, Edgmon, Johnson,
LeBon, Ortiz, Foster, Merrick
OPPOSED: Johnson, Rasmussen

The MOTION PASSED (9/2). Amendment 1 was ADOPTED.

[9:43:22 AM](#)

Representative Wool MOVED to ADOPT Amendment 2 (copy on file):

Page 1, line 5:

Delete "a new paragraph"
Insert "new paragraphs"

Page 1, line 6:

Delete "Fishing"
Insert "Resident fishing"

Page 1, line 7:

Delete "Sport"
Insert "Resident sport"

Page 1, line 8:

Delete "Sport"
Insert "Resident sport"

Page 1, line 9:

Delete "Sport"
Insert "Resident sport"

Page 1, following line 9:

Insert a new paragraph to read:

"(29) Nonresident fishing services licenses
(A) Nonresident sport fishing operator
license... 400
(B) Nonresident sport fishing guide
license... 200
(C) Nonresident sport fishing operator
and guide combined license... 400."

Page 3, line 26, following "(C)":

Insert "or 16.05.340(a)(29)(B) or (C)"

Page 4, line 2, following "(C)":

Insert "or 16.05.340(a)(29)(A) or (C)"

Page 4, line 3, following "(C)":

Insert "or 16.05.340(a)(29)(A) or (C)"

Co-Chair Merrick OBJECTED for discussion.

Representative Wool explained that the amendment kept parity with other types of guide licenses for in-state and out-of-state residents. Fishing, hunting, and hunting guide licenses for out-of-state residents cost more than for in-state residents. The amendment aligned the fees for out-of-state fishing guides and operators to pay more for their licenses than for in-state guides and operators by a factor of two.

Representative Josephson asked what the commissioner would do with the extra revenue provided with the amendment. Commissioner Vincent-Lang replied that the money would fully pay for the saltwater logbook program. He would also institute the use of freshwater logbooks in areas deemed necessary by the department. Currently, the department had to pay for the saltwater logbook program. He continued that based on the prior amendment, the department would be required to have freshwater guide licensing and operator requirements in place. The department would have to reinstitute that portion of the program. The monies could be used for both.

Representative Rasmussen asked if anyone from Legislative Legal Services was available online. She wanted to confirm that there were no conflicts at the federal level regarding commerce across state lines. Co-Chair Merrick indicated Alpheus Bullard from Legislative Legal Services was available for questions.

[9:45:27 AM](#)

ALPHEUS BULLARD, LEGISLATIVE COUNCIL, LEGISLATIVE LEGAL SERVICES (via teleconference), responded that perhaps there might be issues with the privilege and immunities clause. He expounded that the particular piece of legislation should not be analogized to hunting or fishing licenses with a license to access Alaska's resources. He suggested that when it came to a profession like a sport fishing guide, care needed to be taken under the federal

constitution to ensure that the state was not making it difficult for people to cross state lines and practice their professions in the state. He reported that in a series of cases the Alaska Supreme Court found that it was possible for the State of Alaska to charge non-residents more for commercial fishing licenses and other licenses. However, the additional expense charged to non-residents needed to be justified by some added expense or management concern presented by out-of-state licensees, or that residents were making some sort of contribution to the health of the resource while non-residents were not. He continued that in the current case he could not say there was a justification for a 2-to-1 differential for non-residents.

Co-Chair Merrick asked if Mr. Bullard was speaking to the legality of the bill or the amendment. Mr. Bullard responded that he was speaking to the amendment.

Representative Rasmussen asked Mr. Bullard if he was aware of any other states that charged a higher fee to a non-resident for a license to do business in the state. She wondered if there had been any court cases brought forward for such an issue. Mr. Bullard replied that he had not conducted a comprehensive survey of what other states did or did not do. The most pertinent cases and precedent on the topic were cases having to do with commercial fishing residences. The cases in Alaska where the state charged non-residents more for commercial fishing licenses were the Carlson Cases.

[9:49:04 AM](#)

Representative Rasmussen asked if the commissioner could cite a situation in which non-residents would pose a need for higher fees than resident guides or licensees.

Commissioner Vincent-Lang responded that his area of expertise was not in law and the constitutionality of higher fees for residents versus non-residents. He was aware of the state having higher fees for residents versus non-residents for sport fishing and hunting. The state could justify the higher fees because residents were paying through other mechanisms for access, infrastructure, and a variety of other things. On the business side the non-residents were paying higher licensure fees themselves to participate. He did not have a good answer as to whether

a non-resident guide would have higher costs. His clients were paying a higher cost, but he was unsure about the guide paying higher costs.

Representative Rasmussen was in support of the concept. She favored any opportunity to provide Alaska the lowest fees possible to access the state's resources. She was concerned with the possibility of a law suit with a non-resident trying to do business across state lines.

Representative Carpenter asked if the fees resulting from the amendment would fully support the saltwater logbook program. Commissioner Vincent-Lang had not run the numbers.

Representative Carpenter thought it was important for the committee to know whether the fees would cover the total cost of the logbook program. He had a question for Mr. Bullard concerning fairness and what the courts might take into consideration. In terms of interstate commerce, if the State of Alaska was already charging non-resident guides a different fee than resident guides, he wondered if the court would look at whether the state was fairly singling out guides from out-of-state. He suggested that at least one user group did not have to pay higher out-of-state rates while the ones the committee discussed did. He was curious how the courts would view the fairness.

Mr. Bullard responded that if someone was challenging the statute under the federal privilege and immunities clause, the clause provided a fundamental right for a person to be able to travel and engage in their profession in another state. The clause did not permit the state to discriminate unless there was legally a substantial reason which had to be closely related to the interest served by the statute. He was unsure if the courts would look to other licensing groups because the context for sport fishing guides might be unique to them. The courts would definitely look at whether the additional expense was justified by some substantial state reason.

[9:53:51 AM](#)

Representative Wool noted the question had arisen previously. He had talked with the Department of Law who had a different opinion than Mr. Bullard. He mentioned that in statute or regulation an out-of-state hunting guide paid twice as much as an in-state hunting guide. He asked Mr.

Bullard if he was saying that it was also questionably legal and that it could be challenged through federal statute. He was unsure if anyone had struck a challenge.

Mr. Bullard responded that there was no statute that permitted the Board of Big Game Services to deal with a challenge. If there was a Board of Big Game Services, he was unsure if there had ever been a challenge instigated. It could be challenged under the privileges and immunities clause. He was aware of license fees for non-residents that were charged and challenged in Alaska and how those cases were resolved.

Representative Wool thanked Mr. Bullard for his answer. He thought he would have researched and found out there was a statute or regulation for hunting guides. His office had found out that out-of-state hunting guides were charged more for their licenses. That was why he felt doing the same for fishing would not be a stretch. He was part of a legislature that passed a law increasing fees for out-of-state hunters for certain kinds of game. In some cases, the fees were many-fold higher than for an in-state resident. He was unsure if the justification was because the in-state resident paid several other fees that went towards the management of game. Other than the license he was unsure what was paid. There were no statewide taxes. He was reassured based on the commissioner's comments about the increase in the license fees going towards the logbook program. He thought it would be a good use of the funds. He indicated that the Department of Law supported the amendment. He had just received a note that the Department of Law's opinion was not definitive. He would stand by the fish and game parody.

Representative Johnson asked how many non-resident sport fishing guides had licenses in the state. Commissioner Vincent-Lang answered that he did not have the information on hand.

[9:58:00 AM](#)

Representative Johnson asked whether a new system would have to be created to track the sport fishing guides if the legislature were to implement the amendment.

Commissioner Vincent-Lang thought it would be critical for the state to identify the meaning of residency. He provided

some examples of what residency could mean. The department would struggle with trying to define the residency of a business and of a guide. He wondered if a person's eligibility to receive a PFD could be used to prove residency or whether there was something else that could be used.

Representative Johnson thought the state would incur additional costs to implement the program. Commissioner Vincent-Lang indicated there would be some additional costs associated with determining a person's residency. He posed the question of whether residency of a business had to do with the location of the business or where the business was licensed. It was more difficult to determine the residency of a business versus the residency of an individual. Alaska statute clearly defined the payment of a non-resident hunting or license fee and a resident hunting or license fee.

Representative Johnson asked if the additional fees would be taken from sport fish users but used for the saltwater logbook program. Commissioner Vincent-Lang reported that the original bill would institute a licensing requirement for saltwater guides and operators to pay for the saltwater reporting requirement. The bill was amended in the House Fisheries Committee to include the requirement for freshwater guides and operators to get licensed and would provide the department the option of using the fees on a case-by-case basis to implement reporting requirements in saltwater or freshwater.

Representative Johnson could not support the amendment although she liked the concept. She thought it would be added bureaucracy without significant return.

Representative Rasmussen clarified that there seemed like there was confusion between an individual sport fishing license or an individual hunting guide license versus an operator/business license. She asked the commissioner to provide clarification regarding fish and game licenses.

Commissioner Vincent-Lang responded that a person had to be a resident of the state for 12 months to qualify for a resident sport fishing license or a resident hunting license and to apply for tags as a resident. However, when a person was operating a business, the terms were somewhat different. A person could get a business license in Alaska

immediately upon arrival which would make them a resident of Alaska for business purposes. However, it would not make a person a resident for fish and game purposes. The amendment addressed a business license for a sport fish operator or guide. Whether a person was a resident or a non-resident depended on how much time they spent living in Alaska. The department would need some further guidance.

10:03:18 AM

Representative Rasmussen thought she heard from Mr. Bullard that a state could charge a higher fee to a non-resident guide or operator, but the state needed to have substantial cause to support a higher fee for that business. She asked if out-of-state residents or non-residents incurred any higher fees. She was trying to understand if there was any reason to substantiate a difference between a resident and a non-resident guide. She asked about additional risks or costs to the department.

Commissioner Vincent-Lang suggested that Representative Rasmussen's question had a complex answer. He explained that the clients of the non-resident guides were paying higher fees through the purchase of a non-resident sport fishing or hunting license. He had not done the math to figure out whether fees from business licenses for non-residents had a higher impact to state coffers than business licenses for residents. He was unaware of how the big game guide services board came to the conclusion of having a rate of 2 to 1. He had not been part of any discussions.

Representative Wool read from a section of the bill beginning on Page 2, line 31. He suggested that in order to be a guide a person had to buy a sport fishing license. To buy a sport fishing license the person had to declare their residency. He recalled being told in committee that 80 percent of the fees collected from fishing licenses were from out-of-state people. He did not think it meant that there were 4 times as many out-of-state people fishing. Rather, he thought it meant they were paying significantly more for their licenses. If the same person wanted to get a guide license in Alaska, it seemed simple that a person with an out-of-state fishing license would get an out-of-state guide license.

Commissioner Vincent-Lang responded that the issue was two-fold. First was the issue of the guide. He concurred with the representative's perspective. The operator was not necessarily doing the guiding but was running the business. He meant to focus on how to define the residency of an operator who was not guiding. There were cases where operators were different from its guides.

Representative Wool was aware of a license fee if a person was an operator and guide. He wondered if an operator had to have a separate license.

Commissioner Vincent-Lang did not think a person had to have a sport fishing license to become an operator.

Representative Wool understood the distinction the commissioner was trying to make between an operator and a guide. He still supported the amendment but would look into the issue in further detail.

[10:07:27 AM](#)

AT EASE

[10:08:50 AM](#)

RECONVENED

Co-Chair Merrick indicated the committee would come back to HB 79 at a later date.

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."

[10:09:10 AM](#)

Vice-Chair Ortiz MOVED to ADOPT Amendment 1 (copy on file):

Page 1, line 10:

Delete "fisheries management,"

Insert "sport fisheries management, sport"

Page 1, line 11:

Delete "research,"

Insert "research, and"

Delete ", and habitat restoration"

Page I, lines 12 - 14:

Delete all material and insert:

"(2) the remainder of each surcharge collected to the department's sport fishing hatchery facilities, allocated equally to each facility, for the operations, maintenance, and sport fishing stock enhancement projects of the facilities."

Co-Chair Merrick OBJECTED for discussion.

Vice-Chair Ortiz MOVED to ADOPT Conceptual Amendment 1 to Amendment 1 (copy on file).

Strike lines 5-8

On line 13: strike "each facility" and replace with "the Southeast region hatchery facilities, William Jack Hernandez Hatchery, Ruth Burnett Hatchery,"

Representative Ortiz requested an at ease to pass out the conceptual amendment.

[10:09:53 AM](#)

AT EASE

[10:16:26 AM](#)

RECONVENED

Vice-Chair Ortiz restated his motion to adopt Conceptual Amendment 1 to Amendment 1.

Representative LeBon OBJECTED for discussion.

Vice-Chair Ortiz explained that his original amendment was to help put money back. It was specifically designed to put money where it had been generated - in Southeast Alaska. Just shy of one-third sport fish license surcharge revenue (\$1.9 million) was generated from sport fish license sales. The first part of his original amendment further specified that the surcharge was meant to benefit sport fish.

However, given the way his amendment was currently written he was offering Conceptual Amendment 1 to Amendment 1. The conceptual amendment on line 13 would strike the words "each facility" and replace it with "the Southeast Region Hatchery facilities: William Jack Hernandez Hatchery and Ruth Bennett Hatchery." The conceptual amendment would also strike lines 5-8 of the amendment because upon further review it was something that was adopted in the House Fisheries Committee.

Representative Rasmussen asked if currently the surcharge was only impacting the Southeast fisheries rather than it being a statewide surcharge on all licenses.

Commissioner Vincent-Lang replied that the surcharge did two things. First, it paid for the repayment of bonds for the Fairbanks and Anchorage hatcheries. It also took \$500,000 off the top for enhancement projects in Southeast Alaska in recognition that the state did not build a hatchery there. The surcharge ended in the prior December when the bonds were paid off. When the surcharge went away, the \$500,000 for Southeast Alaska was lost. Currently there was no surcharge. The bill would reinstate the surcharge at a reduced rate to pay for long-term state obligations for the maintenance of the Fairbanks and Anchorage Hatcheries. It would also reinstate the \$500,000 payments to Southeast Alaska non-profit hatcheries that provided sport fishing opportunities.

[10:20:14 AM](#)

Representative Rasmussen asked if the specific hatcheries mentioned in the conceptual amendment included Anchorage, Fairbanks, and Southeast Alaska. Commissioner Vincent-Lang did not have the amendment in front of him.

Vice-Chair Ortiz answered Representative Rasmussen's question. The conceptual amendment changed the amendment to a regional distinction because in Southeast Alaska some of the resources taken from the surcharge went to two different facilities - one in Juneau and one in Petersburg. He further explained that the original amendment looked like he was trying to get equal distribution amongst each facility. That was not his intent. His intent was to give equal distribution to each region. The original amendment intent was that each region would receive an equal distribution since the bonds had been paid in full. Prior

to the amendment, significantly more resources had gone towards the facilities in Fairbanks and Anchorage to pay off the bonds.

[10:22:38 AM](#)

Representative Rasmussen wanted to double check that the amendment would distribute one-third to the Southeast Region hatchery facilities, one-third to the William Jack Hernandez Hatchery, and one-third to the Ruth Bennett Hatchery.

Mr. Bullard replied that, if the intent of the conceptual amendment was to ensure that the funds were distributed regionally, it would be best for the amendment to provide that they should be distributed regionally rather than naming specific facilities. He thought there could be a potential challenge Under Article 2, Section 129 of the Alaska Constitution that prohibited local and special acts.

Vice-Chair Ortiz noted that the purpose of the conceptual amendment was to speak regionally rather than to specific facilities. Representative Rasmussen was confused because certain hatcheries were named. Vice-Chair Ortiz was fine with making a change to the wording. He was happy to reflect equal distribution within the 3 regions. He asked the department if there were any other facilities in Anchorage or Fairbanks that the state owned that would benefit from the surcharge that was being levied.

Commissioner Vincent-Lang clarified that the two primary sport fisheries in Alaska were the Ruth Burnett Sport Fish Hatchery in Fairbanks and the William Jack Hernandez Sport Fish Hatchery in Anchorage. In Southeast Alaska there were state-owned hatcheries that were owned and operated by a private nonprofit (PNP) in Southeast. Currently, the state-owned programs at Crystal Lake which produced fish for sport fishing as well as the DIPAC Hatchery which produced fish for King Salmon. His intent was to continue to partner with people in Southeast Alaska to provide for some long-term maintenance associated with those facilities owned by the state. In interior Alaska, the state did not have any other PNP hatcheries in which it was subcontracting out those services.

Commissioner Vincent-Lang also noted that one of the things he had discussed with Vice-Chair Ortiz was that the expense

was allocated equally across a timeframe. He provided an example. The goal was not to distribute equally on an annual basis.

[10:26:56 AM](#)

AT EASE

[10:30:54 AM](#)

RECONVENED

Vice-Chair Ortiz WITHDREW Conceptual Amendment 1 to Amendment 1.

Representative Wool touched on the comments by the commissioner about the different facilities being managed differently. He assumed they likely had different fiscal needs. He asked the commissioner to elaborate.

Commissioner Vincent-Lang offered that the Fairbanks and Anchorage hatcheries were benefiting sport fishermen at 100 percent. The hatcheries in Southeast Alaska were providing a mix of sport and commercial opportunities. He used Crystal Lake as an example, a state-owned facility. The state contracted with the PNP to provide fish for sport fisheries that were important in the Juneau area. It was important since the treaty had become more constraining with southern bound fish. The department had done a significant amount of replacement with fish hatchery stock. The state would use some of the surcharge revenue to replace the raceways at Crystal Lake which were in bad need of repair. The state could not keep up its current production levels up much less expand production levels to provide those opportunities. The department would continue to pay to support the PNPs to provide sport fishing opportunities at the hatcheries.

[10:33:01 AM](#)

Representative Wool understood the concept of spreading the wealth to different regions and not focusing on a single area. He also understood that the legislature could not dedicate funds. Even though a fee might be slated for something specific, it could be used for something else. He asked if there was a crisis or shortage in which the department could not pay for maintenance for one facility because of a constraint of money for another facility. He asked if there were facilities that were not being

maintained or were being neglected because of regional funding considerations.

Commissioner Vincent-Lang raised the concern regarding the verbiage "allocated equally" because a future legislator might claim that in any given year the legislature did not give any money to Southeast Alaska. For example, in one year the department might spend \$2.5 million for maintenance at Crystal Lake exceeding the relative allocation equally. He was looking for some additional guidance to ensure that, overtime, the contributions were based on the number of licenses purchased in a specific region.

Representative Wool referred to the chart showing the number of licenses purchased and commented that it had some relevance. He heard that 80 percent of them came from out of state. There were also online purchases which did not show a location, but the information was extrapolated from previous data prior to heavy usage online. He was somewhat concerned about using the location where the licenses were purchased to determine where the money was spent. He noted the importance of maintaining all of the state's facilities. He did not want to constrain the department with any "use it or lose it" parameters.

Co-Chair Merrick set HB 80 aside. She thanked the commissioner for being at the meeting.

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."

[10:35:28 AM](#)

Representative Josephson MOVED to ADOPT Amendment 1 (copy on file):

Page 1, line 1:
Delete "repealing"
Insert "extending"

Page 1, line 4:

Delete all material and insert:

"* Section 1. Section 33, ch. 18, SLA 2016, is amended to read:

Sec. 33. AS 16.05.130(g) and 16.05.340(k) are repealed December 31, 2026 [2022]."

Co-Chair Merrick OBJECTED for discussion.

Representative Josephson relayed that the Intensive Management (IM) Program was a hotly disputed and contentious program. The commissioner and the department's Wildlife Conservation director, Eddie Grasser had concurred. Their testimony, when the bill was introduced, was that they applied a sunset date rather than making the program permanent because of its controversy. The concept of the bill had some merit because it broadly helped the state's general fund. However, he had concerns with the IM Program. He reminded members that in 1996 the voters of Alaska passed an initiative to outlaw aerial hunting. The legislature reversed part of the 1996 initiative in 1998. In 2000, Alaska rebuked the institution voting to allow aerial hunting through a ballot initiative. The Intensive Management Program encompassed much more which he would discuss.

Representative Josephson continued that presently, the state allowed for the targeted hunting of APEX predators for the express goal of increasing undulate populations for human consumption. He suggested that with an eye on the narrow policy goal of increasing undulates for humans to eat, there were other concerns that arose. The state had spent millions of dollars to artificially deflate the population of wolves and bears around Alaska. The results had been mixed. The science also suggested that results had been incredibly mixed. Out of six distinct areas in which IM had occurred frequently in the last 10 years to 20 years, the state had spent in excess of \$5.7 million on IM specifically and \$10.6 million in total. The money was used to kill approximately 4,100 animals, most of which were wolves. Based on DFG spending over the last 8 years to 9 years and data on animals taken over the last 11 years to 17 years, the cost per animal killed under the program was about \$2,600. Because the analysis included den animals during years without spending data, the average cost per animal was likely higher, potentially by hundreds or thousands of dollars.

Representative Josephson reiterated that the goal of the IM Program was to increase undulate population. The forty-mile caribou herd that was near Alaska's border with the Yukon had increased but remained below the upper bounds for population and harvest objectives. Predator control had been suspended. The moose population around McGrath had increased, and the moose population in the Denali Highway area had generally increased. However, the population might have peaked in 2015. On the other hand, the Mulchatna caribou herd had continued to decline, and moose population in the Upper Kuskokwim was still low but was increasing. As mentioned previously, the program had spent a great amount of money with significantly variable results. The specifics of predator control were often controversial. He recalled photos that were spread on social media in 2017 depicting a single hunter legally taking an entire wolf pack in one day.

Representative Josephson suggested that the IM Program was distinct from very liberalized hunting practices which DGF and the Board of Game had encouraged. He thought maintaining a sunset provision for the IM surcharge guaranteed the legislature the opportunity to review the program anew in a number of years. He was recommending an extension of 5 years. While there was some fiscal policy behind reducing the state's general fund, abolishing a sunset provision reduced the likelihood that future legislatures would review the policy behind the IM Program. Given the controversy, he thought it would be unfortunate.

Representative Josephson commented that predator control was a subset of the overall expense of the IM Program. He claimed that the department deputized people by authorizing them to do land-and-shoot, the true purpose of predator control. He suggested that when the department was talking about predator control, it was really talking about DFG workers doing the controlling. However, he argued that the program was much more expansive, and the legislature needed to be aware of that. He had been in contact with Dr. Sterling Miller who worked for DFG for 20 years. Mr. Miller noted that IM was spread throughout 91 percent of the state and thought the department's comment about it not occurring on federal land was laughable. Mr. Miller stated, "In essentially none of these areas has there been any meaningful research done showing that IM has actually

resulted in the harvest of more wild ungulates on any but the very short term."

Representative Josephson continued that part of the issue was that almost annually there were reports provided to the Board of Game from the department about the efficacy of IM. He thought part of the reason to continue with the sunset was so that the legislature could participate in fact-finding relative to the reports. He also commented that the department had produced a brochure called, "*Intensive Management: Stories of Success*." A review by Dr. Miller supported that the stories of success did not hold up, and the facts were cherry-picked. They failed to report illegal and unreported kills, the effect of which the kills were blamed on predators. However, human beings made the kills. He provided another example of how predator control bled into liberalized hunting practices. Dr. Miller reported that in Unit 13, northeast of Anchorage, bears might not be designated as predator control area target species, but the management objectives for brown bears in Unit 13 was to reduce them to 350 individuals, a 70 percent reduction. He was astounded guides had not questioned why wolves and bears were being taken through predator control. He suggested that wolves might be part of the liberalized take.

Representative Josephson relayed that when the department discussed how small the sliver was for predator control, they were doing so in a very constrained, narrow, and technical way. However, the program was much more widespread. He thought that the legislature should keep an eye on the issue. Dr. Miller noted that a Fairbanks biologist who currently worked for the department was working on a report on the efficacy of the IM Program that was not yet completed - another reason to maintain a sunset date.

Representative Josephson agreed that the legislature had not received significant testimony from the people of Alaska but suggested it was due to fatigue. He hypothesized that Alaskans and tourists who enjoyed seeing wildlife thought the system was rigged against them. If there was a greater understanding of the practices that the state authorized, quasi predator control, people would be astounded by the creative ways in which the state found ways to kill predators. They were not fair chases or the North American model.

10:44:45 AM

Representative LeBon asked for the bill sponsor to comment on the amendment.

SENATOR JOSH REVAK, SPONSOR, appreciated the sentiment of the amendment maker. However, he disagreed with the amendment because it created an unfunded mandate. It had come before the legislature a couple of times over the past 10 years. He thought that if the legislature wanted to address the issue of an unfunded mandate, it should be addressed in legislation. The idea behind the bill was to remove the sunset date completely because every time the issue was reviewed it cost the state time and money. He suggested that since the issue had been reviewed a few times and had overwhelming support, the sunset date should be removed. Ultimately, it would be up to the will of the committee.

10:46:50 AM

Representative Rasmussen asked, if the legislature were to sunset the board as originally put forward, whether it would remove the legislature's statutory authority to change the predator control statutes in the future. Mr. Bullard replied that nothing would constrain a future legislature from making a change at a later time. Representative Rasmussen clarified that if the legislature repealed the sunset date on the bill, it would still have the authority in the future to revise the predator control statute. Mr. Bullard responded in the positive.

Representative Rasmussen noted that there was broad support across the state from user groups including some conservation groups and hunters. She suggested it was a strong testimony to support the legislation as it stood because resident hunters of Alaska supported the termination date of the hunting license surcharge. In other words, they were asking the state to continue a surcharge with no end date in the future. She continued that the Alaska Professional Hunters Association supported the bill. She thought the amendment was unnecessary since there was support from the Safari Club, the Alaska Wild Sheep Foundation, the Territorial Sportsman Group, and many individual Alaskans that had weighed in on the matter.

Representative Rasmussen argued that the predator control component was only two-tenths of a percent of the funding that went into IM activities. Whereas, research management made up 98 percent of the funding. She added that research management included surveys to determine abundance, assessments of nutritional conditions including calf weights, measurements, brows use, twining surveys, and investigating causes of mortality. The majority of the funding went to benefiting the various animals across the state. She would not be supporting the amendment. She looked forward to having a specific discussion on predator control if it was the will of the group and if a bill was put forth.

Representative Wool noted a number of sunset cycles had occurred. He wondered how many there had been. Senator Revak replied 10 years. Representative Wool clarified that the sunset had been set 10 years prior and it was now coming up for review. He wondered if it had occurred previously. Senator Revak responded that it had been in effect for 10 years. He wondered whether the Department of Law or DFG were online to offer further clarification.

Representative Merrick indicated Mr. Grasser from Wildlife Conservation was online. She invited him to respond to Representative Wool's question.

EDDIE GRASSER, DIRECTOR, WILDLIFE CONSERVATION, ALASKA DEPARTMENT OF FISH AND GAME (via teleconference), replied that the IM surcharge was part of the bill package that passed in 2016. It would be the first time that the surcharge was up for sunset review.

Representative Wool commented that based on the comments by Representative Rasmussen and the letters of support she received, it appeared that various hunting groups supported eliminating the sunset provision. He argued that although he understood the sentiment of reauthorizing a good program into perpetuity, he thought that it was good to reexamine a program every 3 or 4 years. He used the Technical and Vocational Education Program (TVEP) as an example. He thought it was important to look at the recipients and allocations every few years. In the case of the IM Program the allocation was .2 of 1 percent. However, in FY 18 the allocation was 4 percent.

Representative Wool continued that if the facts presented by Representative Josephson were accurate, much of the predator control was outsourced. Therefore, individuals were allowed to trap, shoot, or kill some predators under the IM Program that would not necessarily be directly funded by the department. He supported the timeline and thought it would be helpful to have another conversation about the issue in a few years. He also believed that some of the controversial issues should come up before future legislatures and different administrations, as they would have different goals. He believed it would force a conversation. He would be supporting the amendment.

Co-Chair Merrick MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Wool, Edgmon, Josephson, Ortiz, Foster
OPPOSED: Thompson, Carpenter, Johnson, LeBon, Rasmussen, Merrick

The MOTION FAILED (5/6). Amendment 1 FAILED to be ADOPTED.

Co-Chair Foster MOVED to report SB 22 out of Committee with individual recommendations and the accompanying fiscal note.

Representative Josephson OBJECTED.

Representative Josephson MAINTAINED his OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Carpenter, Edgmon, Johnson, LeBon, Ortiz, Rasmussen, Thompson, Wool, Foster, Merrick
OPPOSED: Josephson

The MOTION PASSED (10/1).

SB 22 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN2 (DFG).

[10:56:08 AM](#)

AT EASE

[10:58:59 AM](#)

RECONVENED

#hb151

HOUSE BILL NO. 151

"An Act relating to unemployment benefits during a period of state or national emergency resulting from a novel coronavirus disease (COVID-19) outbreak; and providing for an effective date."

Co-Chair Merrick indicated that Mr. Klouda would provide his testimony regarding HB 151.

10:59:27 AM

NOLAN KLOUDA, EXECUTIVE DIRECTOR, CENTER FOR ECONOMIC DEVELOPMENT, UNIVERSITY OF ALASKA (via teleconference), reported he had been invited to make a few comments related to the state's economic situation and unemployment benefits related to HB 151. He reported that in March, the state was still down about 22,000 jobs. He highlighted that the state had not experienced much real employment recovery happen since the previous November when the state had experienced much higher job losses related to seasonality. He was not seeing clear improvement in the employment market, and Alaska was lagging slightly from some of the U.S. employment numbers and U.S. job reports. He and many of the economists in the state thought it would not return to previous 2019 employment levels for 3 years to 5 years. He suggested the state was looking at a prolonged period of many jobless individuals well into the future.

Mr. Klouda indicated he had also been asked to speak about the unemployment benefits provided during the pandemic through a couple of acts of congress that made the unemployment benefits more generous. They had sparked some controversy around the question of whether they had disincentivized work - whether they were encouraging people not to return to the workforce when they were able to. There had been several studies that spoke to the issue at the national level, none specific to Alaska. However, he thought they were pretty important and illuminating. Most studies indicated that the more generous pandemic unemployment benefits, especially the extra \$600 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act that expired last summer, did not decrease employment (the number of people who were actually employed). There were

several studies that looked at how there were different levels of generosity in those benefits. Some people had more than 100 percent of their prior wage replaced and some that had less than that depending on what they were making. In theory, those people who were receiving more on unemployment had less reason to go back into the workforce when they were able to. However, studies did not show that to be the case. Generally, it did not have an effect overall on employment numbers.

Mr. Klouda continued that there had also been some research done when the benefits expired at the end of July. The economists looked for an effect where employment might increase if those benefits expired which they did not. Some states were more generous than others and vice versa. The less generous states did not see employment rebound any faster than anywhere else. States that were paying slightly less in UI benefits did not see people returning to the workforce in any greater numbers. Some studies found that job search intensity decreased slightly. In other words, there was a small decline in people looking for work. However, it was generally dwarfed by the fact that fewer jobs were available. Early in the pandemic one study reported that job openings decreased by about 64 percent but job applications had only fallen about 20 percent (job openings decreased approximately 3 times as fast as searching for work).

[11:03:41 AM](#)

Mr. Klouda also noted that the more generous UI benefits seemed to have a strong stimulative affect on spending. The money paid to unemployed individuals was typically spent quickly into local economies. One report found that individuals who were unemployed were spending about 44 percent more in their local economies as a result of the benefits. It was money that circulated to local businesses and probably helped local economies by spending, circulating money, and creating jobs. He was happy to answer any questions.

Representative Wool heard from several business owners about their difficulty in hiring employees due to the additional unemployment benefits of \$600 per week paid with CARES Act funding. He suggested that if a person worked in a higher paying job they might not be influenced. However, for individuals working for lower wages, finding employees

had been an issue. He had spoken with several people in the restaurant and hospitality industries who paid their employees under \$15 per hour. He made some computations and speculated that for those employees on unemployment with the addition of CARES Act funding they might receive around \$800 per week or about \$20 per hour, more than they had ever made per hour. Waitresses and bartenders received tips but those were down due to Covid. In the lower salary range, it had been difficult to find a workforce. He wondered if industry specific studies had been done.

Mr. Klouda had heard the same feedback from business owners. Much of the work his center did was focus on helping businesses and implementing programs. It seemed pervasive in the state. Even though it was anecdotal, he had a difficult time completely discounting it because of how common the concerns were. He thought it was a reality for many individual businesses. However, he could not speak to how many, how common, or across what sectors it applied. No one had done the research. Some of the economists were talking about how they would like to see more of a sector breakdown. There might be more of an effect on one industry versus another. He did not think there was enough data to be able to look at it. He brought up another issue regarding the pandemic. The current pandemic employment benefits were an extra \$300 per week. Whereas, it had been \$600 per week at the beginning of the pandemic under the CARES Act. If there was a disincentive effect, he thought the \$300 amount would have less of a disincentive than \$600. He relayed that it was an area where there was a shortage of data.

[11:08:47 AM](#)

MEGAN HOLLAND, STAFF, REPRESENTATIVE IVY SPOHNHOLZ, noted that one of the national studies that Mr. Klouda had brought to her attention was in the data and sampling. Half of the business owners were in the hospitality and food and drink industry. The finding was that the additional unemployment benefits did not disincentivize work. The conclusion was if there was any moral hazard (a temptation not to go back to work because of exceptionally high benefits), it would be in this group. The study found that it was not the case.

Representative Rasmussen reported speaking to several business owners in Anchorage to get a better understanding

about the need for employees. She reviewed a list of businesses and individuals she had spoken with. She talked to Alaska Mill and Feed, a local garden and pet supply store. She talked with the Anchorage School District who was having a difficult time filling teacher's assistant, kitchen staff, and noon duty positions. Bread and Brew, a local restaurant in Anchorage, was offering a \$300 signing bonus and a \$22 per hour wage. They had not been able to fill their positions. Other restaurants having problems filling positions included La Mex and the Little Dipper Diner. Pivot Maintenance was looking for a handyman and a bookkeeper. A local cleaning crew small business started employees out at \$22 per hour with a \$5 increase after 6 months and could not find anyone to go to work. She continued to list several other businesses that were having trouble hiring employees.

Representative Rasmussen reported that other small businesses had reached out to her reporting that in prior years they would see upwards of 100 applications for positions open at their companies. Currently, they were lucky to receive 5 applications. It was evident that there was a lack of employment opportunities for more skilled workers such as architects and engineers.

Representative Rasmussen had an additional concern. She received an email that had been forwarded to her from an individual. She read a portion of the email:

"The decision regarding eligibility for unemployment insurance is based on the following facts, laws, and regulations. You've quit your job with blank on 10/15/20 because you were concerned about contracting Covid-19 and possibly spreading it to your family. Under Alaska Statute 23.20.379 an individual is disqualified for waiting week credit or benefits for the first week in which the individual is unemployed and for the next 5 weeks that the individual last left a suitable work voluntarily without good cause. The maximum potential benefit will be reduced by 3 times the weekly benefit amount.

Conclusion of facts: You voluntarily left your work. The circumstances involved in your leaving established good cause for voluntarily leaving work. Benefits are, therefore, allowed beginning 10/18/2020 if you are otherwise eligible."

Representative Rasmussen was concerned because she thought the state had a fine balance ahead with medical necessity. She did not want somebody being forced into a workforce and possibly being exposed to Covid-19. However, the way the program currently worked, somebody could say they were afraid of contracting Covid whether or not they had any medical conditions or cause for greater concern for contracting the virus. She questioned whether it was enough for a person to leave their job and qualify for unemployment. She referred back to the national study that was mentioned. She asked how much information for the study came from Alaska specifically. She believed it was possible Anchorage might be an anomaly. She found it alarming that so many small businesses were struggling to find employees and looking at having to close their doors as a result.

[11:13:43 AM](#)

REPRESENTATIVE IVY SPOHNHOLZ, CHAIR OF THE HOUSE LABOR AND COMMERCE COMMITTEE, SPONSOR, deferred to Patsy Westcott regarding Representative Rasmussen's first question and to Megan Holland to answer her second question.

PATSY WESTCOTT, DIRECTOR, EMPLOYMENT AND TRAINING SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (via teleconference), explained that a general fear of contracting COVID was not a sufficient reason to refuse an offer of work, not return to work, or to quit a job. It was unfortunate that the determination that Representative Rasmussen read was very brief in its description of why benefits were being allowed. She indicated that the program conducted a very thorough investigation looking at all of the mitigation factors related to an individual prior to making a determination of whether or not to allow benefits. Some of those factors included an individual's personal health circumstances and the protections in place at the workplace to ensure workers' safety. She reiterated that a general fear of contracting Covid was not considered good cause.

Ms. Holland had not seen any studies that spoke to Alaska-specific data. She was working with the information that was available. She thought the bill sponsor would be interested in continuing the outreach with members of the tourism industry small businesses digging into the topic further. She thought Representative Rasmussen was asking

why there were so many unfilled jobs and why businesses were having such a difficult time finding workers. She wondered if there was a correlation between increased unemployment benefits and the issue of businesses not being able to fill positions. She indicated that with the information that was currently available, she was not seeing the correlation even though it potentially deserved additional outreach.

Representative Rasmussen thought it was good to see what was happening at the national level. However, Alaska and its economy could be very unique. It seemed Alaska lagged behind the lower 48 sometimes with certain trends. She thought it was very important for legislators to fully understand the impacts of the policies they were putting into place before making certain decisions, especially ones specific to Alaska small businesses. She did not want a snowball effect to occur where businesses begin to close their doors due to a lack of personnel.

11:17:33 AM

Representative Spohnholz thought it was important to note that the bill did not substantially change wage replacement value in the State of Alaska. Alaska's wage replacement value as a percentage of income was the lowest in the entire country. The cost of living was very high in Alaska. The minimum benefit an Alaskan could receive was \$56 per week. If \$56 and \$300 was added together it would not be enough for Alaskans to avoid going to work. She emphasized the importance of knowing what the bill did and did not do. The American Rescue Plan Act wage replacement that would supplement the State of Alaska's expired in September 2021. All she was attempting to do was to give the department some continued flexibility and allow people who had children an extension of the modest increase while the state did a deeper dive into what unemployment updates should be made over the longer-term.

Representative Wool did not think the benefits offered in the bill would substantially change people's incentives. He thought the bill did good things. The wage increase that Representative Rasmussen mentioned that some of the businesses offered reminded him of a friend who owned a restaurant in Anchorage. Shortly after the pandemic he was desperate to hire people and had to offer at least more than a person was receiving on unemployment. He imagined that some of the job numbers that might have shown

non-stagnation or improvement might have correlated with a higher wage. He brought up that he believed there was a wage disparity but admitted it was not the time to discuss the topic. However, he asked if wage changes had been considered with some of the studies.

Ms. Holland did not recall but was happy to share the studies that Mr. Klouda had shared with her office with members of the finance committee.

11:20:36 AM

Representative Josephson was surprised to hear Ms. Westcott report that COVID-19 was not enough of an excuse to claim unemployment. He wondered if the department would have had the flexibility to qualify a person for benefits if they were more vulnerable to Covid.

Ms. Westcott responded that the department would have flexibility to determine whether someone was at a higher risk. The department would consider individual mitigating circumstances to determine a person's eligibility. For example, a person would be given special consideration if they had a preexisting condition that would put them at a higher risk of contracting Covid-19.

Co-Chair Merrick thanked Mr. Klouda for his testimony.

Representative Spohnholz asked for time for Mr. Klouda to respond to a question from Representative Wool.

Mr. Klouda responded to the question about different wage replacement rates. For instance, for some people the unemployment benefits replaced more than 100 percent of their wage. For others, the amount was less than they were making before. The studies that he mentioned accounted for that factor. They found that it did not influence people's decision to go back to work in the data that they reviewed. The higher wage replacement rate did not deter people to return to work when they had the opportunity. He pointed out there was also the issue of childcare when it came to someone getting back into the workforce. He reported that 41 percent of unemployed parents who wanted to return to the workforce during 2020 were unable or uncertain they could because of childcare availability.

Representative Spohnholz appreciated all of the great questions and the robust discussion about the bill. She thought it was important to consider all of the details about extending unemployment benefits. Moving forward the state continued to have record unemployment. She wanted to ensure that the legislature was eliminating unnecessary bureaucracy. She hoped to provide some flexibility in waving work search requirements if they deemed it appropriate on a case-by-case basis. She had stated in the previous day that potentially eliminating the work search requirement was something she would consider. Ms. Westcott had made a comment that they were not universally applying that measure. However, in the future it might be waived on a case-by-case basis. She noted that sometimes there were reasons that might mitigate someone's ability to go back to work including an underlying health condition and certain work environments that would place them at higher risk of contracting Covid.

Representative Spohnholz indicated that Mr. Klouda also referenced childcare issues. She thought it was important the department was given a little flexibility to administer unemployment benefits presently while the state continued to be in a sticky situation despite the fact the economy was reopening. She hoped it would continue to do so and that everyone could get back to work. She would not support the waiver of the work search requirement, as she wanted to give the department some flexibility.

[11:25:27 AM](#)

Representative Edgmon would like to hear from the department to demonstrate the benefits of the bill. Anecdotally, he knew of people benefiting from the bill such as the single mother living in a motor home in Muldoon. He asked the department to argue why the bill was not necessary. He commented that the state was down 22,000 jobs, many of which were tied to the unemployment rate. He would like to know why the bill would not benefit Alaskans. In other sectors of the economy were getting benefits via legislation this committee was going to pass with federal funds. He wanted a clear explanation from the department.

HB 151 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the agenda for the afternoon meeting.

ADJOURNMENT

11:27:02 AM

The meeting was adjourned at 11:27 a.m.