

HOUSE FINANCE COMMITTEE
February 28, 2022
2:40 p.m.

2:40:47 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 2:40 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Ben Carpenter

ALSO PRESENT

Fate Putman, Staff, Representative Louise Stutes; Jerry McCune, Cordova District Fisherman United, Juneau; Representative Andy Josephson, Sponsor; Kevin Smith, Executive Director, Alaska Municipal League Joint Insurance Association, Juneau.

PRESENT VIA TELECONFERENCE

Phil Doherty, Executive Director, Southeast Alaska Regional Dive Fisheries Association, Ketchikan; Wes Humbyrd, Self, Homer; Eric Croft, Former Legislator, Anchorage; Kim Hays, AFL-CIO, Anchorage.

SUMMARY

HB 30 WORKERS' COMP: DEATH; PERM PARTIAL IMPAIR

CSHB 30(FIN) was REPORTED out of committee with seven "do pass" recommendations and three "no recommendation" recommendations and with one previously published zero fiscal note: FN3 (Gov/Various); and two previously published fiscal impact notes: FN4 (ADM) and FN5 (LWF).

HB 64 FISHERY DEVELOPMENT ASSOC.; ASSESSMENTS

CSHB 64(FSH) was REPORTED out of committee with five "do pass" recommendations and four "no recommendation" recommendations and with one previously published zero fiscal note: FN3 (DFG); and two previously published indeterminate fiscal notes: FN4 (DFG) and FN5 (REV).

Co-Chair Merrick reviewed the meeting agenda.

#hb64

HOUSE BILL NO. 64

"An Act relating to regional fishery development associations; and relating to developing fishery management assessments."

[2:41:42 PM](#)

Co-Chair Merrick noted the bill had been previously heard on February 2.

FATE PUTMAN, STAFF, REPRESENTATIVE LOUISE STUTES, relayed that the bill would establish regional fishery development associations to allow for the development of fishery management assessments in order to support the growth of new and developing fisheries. He explained that regional fishery development association fisheries were perspective fisheries within geographic regions of the state not currently regulated by the Commercial Fisheries Entry Commission (CFEC). In the case of new and developing fisheries, the funding was there to help the fisheries get started and to conduct surveys and assessments in order for the Department of Fish and Game (DFG) to open the fisheries. He highlighted that the bill created a mechanism to fund the management and new development of fisheries and allowed for the creation of regional fishery development associations. He described the associations as nonprofit

organizations representing the fishery stakeholders that may elect to levy an assessment upon themselves to help pay for the studies.

Co-Chair Merrick OPENED public testimony.

[2:43:14 PM](#)

AT EASE

[2:44:38 PM](#)

RECONVENED

JERRY MCCUNE, CORDOVA DISTRICT FISHERMAN UNITED, JUNEAU, testified in support of the bill. He detailed the organization had worked with the bill sponsor to develop a bill that would finance new fisheries. He explained that due to the budget crisis DFG did not have the funding to address every new fishery. He detailed that the bill would enable the financing of some wintertime fisheries in Cordova including sea cucumbers, crab, and potentially a new herring fishery near Cape Suckling. The organization was exploring whether it was possible to generate work in the winter for fishermen.

PHIL DOHERTY, EXECUTIVE DIRECTOR, SOUTHEAST ALASKA REGIONAL DIVE FISHERIES ASSOCIATION (SARDFA), KETCHIKAN (via teleconference), testified in support of the bill. He relayed that SARDFA was the only fishing association that was set up "such as under HB 64." He stated the association had been working under its own legislative rules since 1998. The funds had been generated to allow dive fisheries in Southeast Alaska to help pay the State of Alaska for management of three species including sea cucumbers, sea urchins, and geoduck clams. He explained that monies generated from the fisheries paid DFG for its management and assessment. He reported the three fisheries combined had a vessel value of \$15 million. He elaborated that SARDFA had been started because at the time, DFG did not have the funds to conduct management or assessment of the three dive fisheries. The method had worked very well. He relayed the fisheries were ongoing throughout the winter and employed 70 to 100 divers, crew members, boats, and companies.

WES HUMBYRD, SELF, HOMER (via teleconference), shared that he was a commercial fisherman in all different species of fisheries. He relayed he is a member of the Cook Inlet

Drift Association and noted there was also aquaculture in Cook Inlet. He stated that a 2 percent tax was taken from Cook Inlet fishermen and the fishermen did not get anything back. He hoped that if the bill passed, the legislature would make certain the fishery saw some type of recovery from the tax. He relayed that he had friends who fished in Bristol Bay, Cook Inlet, and other areas in the state. He reported one of his friends made \$300,000 fishing in Bristol Bay the previous year. He suggested going back to an income tax and giving some of the generated funds to DFG to enable it to do its job. He had worked for DFG years back and recalled hearing the state had no money. He implored the legislature to figure out a way to get money without taxing the people if they were not going to get anything back from it. He stressed the Cook Inlet fishery did not get anything back from the tax it paid into aquaculture. He provided a personal example related to taxes. He emphasized that people coming to Alaska and generating revenue from the different fisheries needed to start paying something. He saw where the bill could work for certain fisheries.

[2:50:33 PM](#)

Co-Chair Merrick CLOSED public testimony.

Mr. Putman noted there was an individual available online to answer any questions.

Co-Chair Merrick noted Representative Wool and Representative Thompson had joined the meeting.

[2:51:32 PM](#)

AT EASE

[2:51:41 PM](#)

RECONVENED

Co-Chair Foster MOVED to REPORT CSHB 64(FSH) out of committee with individual recommendations and the accompanying fiscal notes.

CSHB 64(FSH) was REPORTED out of committee with five "do pass" recommendations and four "no recommendation" recommendations and with one previously published zero fiscal note: FN3 (DFG); and two previously published indeterminate fiscal notes: FN4 (DFG) and FN5 (REV).

[2:52:07 PM](#)

AT EASE

[2:53:19 PM](#)

RECONVENED

#hb30

HOUSE BILL NO. 30

"An Act relating to notice of workers' compensation death benefits; relating to the payment of workers' compensation benefits in the case of permanent partial impairment; relating to the payment of workers' compensation death benefits; and providing for an effective date."

[2:53:23 PM](#)

Co-Chair Merrick reported the bill had last been heard on February 2. She asked for a brief review of the legislation.

REPRESENTATIVE ANDY JOSEPHSON, SPONSOR, reintroduced the bill. He noted that the bill had been previously introduced under the same number in the 31st legislature. The bill was almost identical to the version that passed the House in 2020. He explained the bill did three major things. First, the bill updated permanent partial impairment rates for the for the whole body to reflect inflation. He noted the rates had not been addressed since 2000. Second, the bill updated a death benefit for non-nuclear family dependents that had not been updated in over 50 years and adjusted two other death benefit amounts for inflation. The bill did not change how death benefits were calculated in general, since the calculation in Alaska was tied to the average weekly wage. Third, subject to a forthcoming amendment to be heard by the committee, the bill would provide employees notice about death benefits, specifically about the lack of benefits for single workers. Additionally, the bill would allow dependent children who were orphaned because their single parent died on the job, to receive death benefits for an additional five years following their 19th birthday. He noted it had already been true, but the bill would expand the group of 19 year-olds who would receive a death benefit.

Co-Chair Merrick noted Representative Edgmon had joined the meeting.

Representative Johnson stated the last time the bill had been heard Representative Josephson had referenced the grand bargain of give and take between employers and employees. She asked for a recap.

Representative Josephson complied. He explained there would be numerous tort actions (personal injury actions) if there was not a workers' compensation system; employees injured at work would sue their employers frequently. Workers could sue employers under the workers' compensation statute if they were deprived of benefits. The system was designed to be a win-win for employers and employees, also known as the grand bargain. He explained the win for the employer was it was insurable, the costs were forecast, they knew what they were getting into, and they would not be sued directly or personally. The win for the employee was they were entitled to maintenance and rehabilitation if they could prove they were injured at work.

[2:56:49 PM](#)

Co-Chair Merrick OPENED public testimony.

KEVIN SMITH, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, JUNEAU, believed there were a couple of problems with the bill. He stated that Representative LeBon's [forthcoming] amendment would take care of most of the problems. He believed the permanent partial impairment (PPI) had not been updated in long enough that he did not have a problem with having to pay a bit more. However, he stated "we're not ready for" the other tweaks to the law. He encouraged the committee to adopt an amendment by Representative LeBon. Otherwise, he opposed the bill without the amendment. He had provided a letter to the committee following the previous hearing on the bill that outlined the position.

Vice-Chair Ortiz asked what the statement "we are not ready for that kind of change" meant.

Mr. Smith answered that he was personally not ready for the change. Additionally, the members of Alaska Municipal League Joint Insurance Association (158 cities and school districts) were not ready for the change. He pointed out

that Representative Josephson had indicated earlier that the things could be figured out ahead of time and actuarially predicted. However, he noted it had not been done in the bill for the Joint Insurance Association.

[2:59:44 PM](#)

Representative Josephson asked for clarity on what Mr. Smith's reference to "that kind of change" meant.

Mr. Smith answered, "Increased cost."

Representative Josephson stated that the bill's primary feature was updating the PPI that was 22 years old. He referenced a statement in a letter written by Mr. Smith that the amounts paid for PPI had not changed in many years and it was appropriate for them to be updated. He asked if Mr. Smith agreed that the action was fundamentally all the legislation would do if the amendment [by Representative LeBon] was adopted.

Mr. Smith disagreed. He stated the bill also put a burden on employers to notify people of changes proposed in the legislation with respect to death benefits. He added there were other changes.

Representative Josephson noted that the amendment would remove the things Mr. Smith had mentioned.

Representative Wool asked if the adoption of the amendment would resolve Mr. Smith's concerns. He asked if the notification and cost was specifically the issue.

Mr. Smith answered that the amendment would resolve his concerns.

[3:01:43 PM](#)

ERIC CROFT, FORMER LEGISLATOR, ANCHORAGE (via teleconference), stated that the bill was appropriate, particularly after the amendment, though he thought the notice provisions were appropriate previously. He highlighted that [the PPI] had not been increased since 2000. He stated the benefit in the bill was the benefit for workers who went back to work. He explained that the benefit for workers who did not go back to work who were disabled and received a disability benefit was indexed to

the average weekly wage. He detailed that the disability benefit rose along with wage increases. The bill applied to workers who faced a work-related medical challenges who recovered and returned to work. He shared that his law office represented injured workers. He provided a personal story about a paralegal who had worked in his office who had lost her eye due to eye cancer a couple of years back. She had been able to return to work and the loss of her eye had not impacted her earning capacity at the time. The bill applied to injured workers who went back to work and were not claiming disability. He believed increasing the PPI for inflation was appropriate. He shared that he had testified in support of a separate bill earlier in the day to index campaign limits to inflation; the limits had not been increased in 15 years. He believed the current bill was as important and the PPI had not been increased in over 20 years.

[3:05:17 PM](#)

KIM HAYS, AFL-CIO, ANCHORAGE (via teleconference), shared information about the organization representing more than 50,000 union members across the state. She spoke in support of the legislation. She noted the organization had submitted a letter of support to the committee. She stated that the bill did just what the organization worked toward: providing dignity for work done for those injured or killed on the job. She underscored that the workplaces in Alaska were dangerous and workers in the state were proud of the work even in the face of danger. She spoke to the importance for the State of Alaska and employers to honor the working commitment. One way to honor the commitment was through PPI benefits. She detailed that when a person was injured on the job permanently, it altered the person's life and ability to work. She highlighted it had been 22 years since the PPI rate had been increased. She pointed out that much had changed during the timeframe including the cost of goods and housing. She believed it was only fair to adjust the PPI benefit upwards.

Ms. Hays reported that Alaska currently ranked among the states with the lowest PPI benefit. She believed it was time to correct the issue. She stated that PPI existed to honor the sacrifice of a worker injured on the job. Additionally, the benefit provided a safety net for workers searching for new work and adjusting to a new reality. The bill also increased the funeral expenses for individuals

killed on the job. She stressed it was paramount for families of Alaskans killed at work to not have to worry about the expenses. She stated the workers' compensation system, including PPI and death benefits, was part of the grand bargain discussed by Representative Johnson and Representative Josephson earlier in the meeting. She hoped the legislature would elect to update the outdated benefits.

[3:07:52 PM](#)

Co-Chair Merrick CLOSED public testimony.

Representative LeBon MOVED to ADOPT Amendment 1, 32-LS0238\A.2 (Marx, 2/26/22):

Page 1, line 1:

Delete "relating to notice of workers' compensation death benefits;"

Page 1, line 6, through page 2, line 10:

Delete all material.

Page 2, line 11:

Delete "Sec. 2"

Insert "Section 1"

Renumber the following bill sections accordingly.

Page 2, line 21, through page 3, line 4:

Delete all material.

Renumber the following bill sections accordingly.

Page 4, line 5:

Delete "2022"

Insert "2023"

Co-Chair Merrick OBJECTED for discussion.

Representative LeBon explained the amendment would remove Sections 1 and 3 and change the effective date. He elaborated that Section 1 had created a requirement for employers to notify employees at the time of hire regarding types of compensation available in the event of a work-related death, notably regarding lack of availability for death benefits for a single childless worker. He stated the requirement presented an undue burden on employers and

likely created more questions than answers. He expounded in the unfortunate event an employee needed program benefits, specific information pertinent to their situation would be available at that time.

Representative LeBon explained that Section 3 had added a requirement for employers to provide notification to a personal representative regarding the list of legal counsel and grief counselors. He relayed the section was a problem as employers were prohibited from directing medical care and should not be held responsible for providing guidance on legal counsel or grief counselors. Additionally, the personal representatives could also be unknown for a period of time. He stated that in a situation where the personal representative was unknown, the bill provision added a burden on employers to have to "chase after folks on the list" if the personal representative was not immediately available. He continued that an employer would have no way of knowing the standing relationship with the employee, spouse, or other family members. He relayed that generally employees provide an emergency contact and employers should have the right and obligation to contact the individual. Lastly, the bill's effective date was changed from January 1, 2022 to January 1, 2023.

[3:10:39 PM](#)

Co-Chair Merrick WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

Co-Chair Foster MOVED to REPORT CSHB 30(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

There being NO OBJECTION, it was so ordered.

CSHB 30(FIN) was REPORTED out of committee with seven "do pass" recommendations and three "no recommendation" recommendations and with one previously published zero fiscal note: FN3 (Gov/Variou); and two previously published fiscal impact notes: FN4 (ADM) and FN5(LWF).

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

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ADJOURNMENT

3:11:51 PM

The meeting was adjourned at 3:11 p.m.