

HOUSE FINANCE COMMITTEE  
April 20, 2022  
1:35 p.m.

1:35:03 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative DeLena Johnson

ALSO PRESENT

Representative Grier Hopkins, Sponsor; Joe Hardenbrook, Staff, Representative Grier Hopkins; Lacy Wilcox, President, Alaska Marijuana Industry Association; Senator Elvi Gray-Jackson, Sponsor; Ludmila Diaz, Staff, Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit.

PRESENT VIA TELECONFERENCE

Dolly Phelps, Self, Kenai; Samuel Hachey, Tanana Herb Company, Fairbanks; Trevor Haynes, Good Cannabis, Fairbanks; Joan Wilson, Incoming Director, Alcohol and Marijuana Control Office Director, Anchorage; Ryan Tunseth, Self, Kenai; Carrie Craig, Acting Director of Alcohol and Marijuana Control Office, Anchorage.

SUMMARY

HB 289 AK MARIJUANA INDUSTRY TASK FORCE

CSHB 289(FIN) was REPORTED out of committee with eight "do pass" recommendations and two "no recommendation" recommendations and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

HB 323 EXTEND PT & OCCUPATIONAL THERAPY BOARD

HB 232 was SCHEDULED but not HEARD.

SB 222 EXTEND PT & OCCUPATIONAL THERAPY BOARD

SB 222 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the meeting agenda.

#hb289

HOUSE BILL NO. 289

"An Act establishing the Alaska marijuana industry task force; and providing for an effective date."

[1:35:47 PM](#)

Co-Chair Merrick shared that it was the second hearing on the bill, which was first heard on March 18, 2022.

[1:36:12 PM](#)

Co-Chair Merrick OPENED public testimony.

DOLLY PHELPS, SELF, KENAI (via teleconference), spoke in strong support of the bill. She believed that the action was necessary for the growth and stability of the industry. She indicated that the tax restructuring could not be done by the Marijuana Control Board and the bill provided an avenue for that to happen. She urged the committee to support the legislation.

Representative Wool asked if Ms. Phelps was a member of the Alaska Marijuana Industry Association (AMIA). Ms. Phelps replied in the negative. She advocated for all licensees to be given the opportunity to serve on the task force. She believed that opening the task force up to all licensees

broadened its perspective and increased the pool of qualified candidates. However, she did not want the bill to fail because of the provision.

[1:38:12 PM](#)

SAMUEL HACHEY, TANANA HERB COMPANY, FAIRBANKS (via teleconference), supported the bill. He informed the committee that his business had 2 cultivation facilities, a manufacturing facility, and a retail outlet. He supported all the provisions of the bill and favored the structure of the board.

[1:39:10 PM](#)

TRAVOR HAYNES, GOOD CANNABIS, FAIRBANKS (via teleconference), testified in support of the legislation. He shared that his business held retail, cultivation, and manufacturing licenses. He indicated that he was the Vice-President of AMIA. He spoke to the diversity of the marijuana industry in license types and the backgrounds of people involved in the industry. He emphasized that all the industry participants agreed that taxes needed to be addressed. The industry needed data and open dialogue to help find a solution. He thanked the sponsor of the bill.

[1:40:44 PM](#)

AT EASE

[1:41:09 PM](#)

RECONVENED

JOAN WILSON, INCOMING DIRECTOR, ALCOHOL AND MARIJUANA CONTROL OFFICE DIRECTOR, ANCHORAGE (via teleconference), informed the committee that she was available for questions.

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RYAN TUNSETH, SELF, KENAI (via teleconference), spoke in support of the legislation. He shared that he owned a retail business in Kenai called "East Rip" and served as the Treasurer of AMIA. He believed HB 289 was a great way to achieve collaborative discovery of data to assist lawmakers on both sides of the aisle. He maintained that taxation was the significant issue for the industry and believed that changing the tax was "critical" to the

survival of many small businesses. He thought the bill was timely.

[1:43:18 PM](#)

Co-Chair Merrick CLOSED public testimony.

Co-Chair Merrick recognized that the committee had been joined by the bill sponsor, Representative Grier Hopkins.

Co-Chair Merrick noted that the committee briefly addressed the fiscal note in the prior hearing and requested the Department of Commerce, Community and Economic Development (DCCED) review the fiscal note.

CARRIE CRAIG, ACTING DIRECTOR OF ALCOHOL AND MARIJUANA CONTROL OFFICE, ANCHORAGE (via teleconference), offered to answer any questions on the fiscal note.

REPRESENTATIVE GRIER HOPKINS, SPONSOR, spoke to the changes to the fiscal note made in the prior committee [House Labor and Commerce Committee (HLC)]. The committee ensured that the task force meetings would be held virtually, which cut the cost substantially.

[1:44:51 PM](#)

AT EASE

[1:45:37 PM](#)

RECONVENED

Co-Chair Merrick relayed that she had received two amendments for HB 289.

Representative Rasmussen withdrew Amendment 1, 32-LS1317\I.3 (Radford, 4/18/22) (copy on file):

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AT EASE

[1:47:33 PM](#)

RECONVENED

Representative Wool MOVED to ADOPT Amendment 2, 32-LS1317\I.2 (Radford, 4/18/22) (copy on file):

Page 2, lines 20 - 23:

Delete all material and insert:

"(6) three members appointed by the board of directors of the Alaska Marijuana Industry Association who meet the following requirements:

(A) one member whose only registration under AS 17.38 is for the operation of a marijuana cultivation facility;

(B) one member whose only registration under AS 17.38 is for the operation of a marijuana retail establishment;

(C) one member who holds one or more registrations under AS 17.38 to operate marijuana establishments;

(D) one member appointed under (A) - (C) of this section shall represent a business that is not a member of the Alaska Marijuana Industry Association; and

(E) each member shall reside in a different judicial district."

Co-Chair Merrick OBJECTED for discussion.

Representative Wool explained that the amendment further described the three industry taskforce members. He explained that the list included a cultivator, retailer, and vertically integrated member, which meant owning more than one license. The amendment provided that one of the two or more license types held by the vertically integrated member had to be a manufacturer license.

Representative Wool MOVED to ADOPT Conceptual Amendment 1 to Amendment 2.

Page 1, Line 10 of the Amendment

After "establishments"

Insert "of which one must be for a marijuana manufacturing establishment"

Co-Chair Merrick OBJECTED for discussion.

Representative Wool explained that the conceptual amendment further delineated the one industry task force member must be in the marijuana manufacturing establishment. The Subsections (A) and (B) in Amendment 2 ensured that a cultivator and retailer were members of the task force and subsection (C) mandated that a member had to hold more than one license. Therefore, the conceptual amendment added the

manufacturing license to (C) pertaining to the vertically integrated member. He wanted to ensure that all three aspects of the industry were represented on the task force as well as a vertically integrated member, which was common in the industry and likely shared a different perspective than single license holders. He had heard from industry that taxation was a significant issue due to the flat tax that was imposed by the ballot initiative and was problematic due to the decreased price of marijuana.

Representative Rasmussen supported the amendment.

Co-Chair Foster asked Representative Wool to read his conceptual amendment language. Representative Wool complied with the request.

[1:51:49 PM](#)

Representative LeBon cited subsection (D) of Amendment 2 and read the following:

(D) one member appointed under (A) - (C) of this section shall represent a business that is not a member of the Alaska Marijuana Industry Association;

Representative LeBon wondered whether the provision was part of the original bill. Representative Wool responded that it was currently in the bill and rewritten in Amendment 2 and reinserted. Amendment 2 deleted lines 20 through 23 where the language was originally contained in the bill. He agreed with the intent of the language.

Co-Chair Merrick clarified that the conceptual amendment only added the manufacturer license provision.

Representative LeBon asked what the percentage breakdown of non-AMIA members in the industry was.

JOE HARDENBROOK, STAFF, REPRESENTATIVE GRIER HOPKINS, answered that about one quarter of license holders in the marijuana industry were AMIA members. He compared the number to the percentage of Cabaret Hotel and Restaurant Retail Association (CHARR) members at 35 percent and deduced that it was roughly equivalent to AMIA.

[1:53:42 PM](#)

LACY WILCOX, PRESIDENT, ALASKA MARIJUANA INDUSTRY ASSOCIATION, responded that AMIA represented roughly 35 percent of license holders. She indicated that some licensees had multiple licenses and AMIA counted each multiple license holders as one member. She deemed that the calculation "skewed" the membership number. She voiced that if they counted its membership by each of the 420 licenses in the industry it would be a much higher percentage.

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

Co-Chair Foster asked for the sponsor's opinion on the amendments.

Representative Hopkins supported both amendments. He believed that the diversity it brought to the membership was important.

Co-Chair Merrick withdrew her OBJECTION to Conceptual Amendment 1.

There being NO further OBJECTION, Conceptual Amendment 1 was ADOPTED.

[1:55:30 PM](#)

Representative Rasmussen MOVED to ADOPT Conceptual Amendment 2 to Amendment 2. She explained that Conceptual Amendment 2 would only delete lines 11 through 13 on page 2.

Co-Chair Merrick OBJECTED for discussion.

Representative Rasmussen explained that the conceptual amendment allowed non-AMIA members to participate on the board.

Co-Chair Merrick asked Representative Rasmussen to repeat what the amendment would do.

Representative Rasmussen complied and restated the conceptual amendment deleted lines 11 through 13.

Representative Wool understood the conceptual amendment was meant to ensure that a non-AMIA member could be appointed. He agreed with Representative Rasmussen, and it was the

reason he retained the language on lines 11 through 13 that mandated a non-AMIA member a seat on the task force. He emphasized the language on line 12 "represent a business that was not a member" of AMIA. He pointed to Page 2, line 21 of the bill and read, "businesses appointed by the board of directors of the Alaska Marijuana Industry Association." He doubted that AMIA would appoint three members, and none would be a member of AMIA. He was concerned that by removing the section it meant AMIA could appoint three AMIA members. He wanted to ensure that a non-member of AMIA was represented on the task force. He was in favor of allowing more than one non-member, but he did not want to completely eliminate the language to ensure non-AMIA membership on the task force. He commented that since AMIA had the appointment authority he was "leery" of eliminating any reference to non-members. He also favored language stating "at least one member was a non-member" of AMIA.

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Co-Chair Merrick asked to hear from Ms. Wilcox.

Ms. Wilcox responded that in the House Labor and Commerce Committee there had been a testifier with the same concern that the task force was not open to all. She concurred that AMIA was the appointing committee. She shared that AMIA's groundwork for the bill included an invitation to all 420 license holders to submit interest in serving on the taskforce. She did not recall a submission by a non-member but if non-members were interested, she would consider a person's willingness to collaborate and if they shared the collective concerns of the industry. She did not believe that AMIA membership was vital for the process. She understood the testifier's concern was that if no AMIA members wanted a seat on the task force it should be open to non-AMIA industry participants.

[2:00:30 PM](#)

Representative Wool understood someone had called in supporting the bill and non-AMIA membership. He emphasized that he did not question the integrity of AMIA or Ms. Wilcox, but the industry would survive Ms. Wilcox's tenure. He shared from his experience of industry trade groups the scenario where the trade group represented a percentage of the group, and the industry group favored a decision that many from the trade did not support. He wondered what would

happen in subsequent years, but he realized the task force had a limited lifespan. He noted that the provision in the bill addressed the concern and deemed that out of all the non-members, one licensee could be found to serve on the task force. He retained his concern that by removing the reference to non-members all the seats could be appointed to AMIA members. Ms. Wilcox replied that she was nervous that she may not receive any applicants from non-AMIA members and preferred language that included the word "may." She emphasized that thus far people involved in marijuana regulatory meetings tended to be AMIA members. She reiterated her concern over what would happen if no non-member applied and that she did not have anyone interested that was not a member. Representative Wool countered that 3 out of 420 license holders was achievable. He did not want her reason to be a limiting factor and reminded Ms. Wilcox that the language he proposed was for "at least one member." He thought that finding one person was possible.

Ms. Wilcox replied that she would comply with the outcome. She opined that the provision had been crafted for the "one" testifier's concern.

[2:04:00 PM](#)

Representative Carpenter asked why Section D of the bill was included to require AMIA to bring forward a non-member. He deduced that it was for diversity of thought and representation. He thought it seemed like a conflict of interest that a board would be recommending a person that was a non-member. He thought the non-AMIA member should not be included in the section. He suggested that if diversity of thought was the goal, a non-AMIA member should be able to apply for the board without AMIA having a say in the matter.

Mr. Hardenbrook answered that Representative Carpenter hit the nail on the head. He elucidated that the sponsor was attempting to ensure diversity of thought and good representation. He noted the provision providing for the three members each resided in a different judicial district. The purpose of the task force was to examine industry data so it could propose reasonable recommendations to establish the industry on a stable economic footing going forward. He stressed that the taskforce was merely advisory, and any recommendation would

require further action from entities of state government; executive or legislative, in order to implement any recommendations.

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Representative Carpenter suggested that the first duty of the task force would have it choose the one non-member and therefore, eliminate the conflict of interest in having AMIA appoint a non-member. Mr. Hardenbrook thought that he made a fine point. He explained that the reason for the proposed structure was the very short timeframe given the task force to produce a report back to the legislature over the interim. The taskforce would cease to exist the next time the legislature met, and the sponsor thought it best to streamline the process.

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Representative Rasmussen thought the point was to allow for flexibility to get the most qualified applicants to come forward. She acknowledged the desire for a diverse view. She shared that she was a member of an industry group and understood the issue. She did not want to unnecessarily micromanage the industry. She wanted to defer to the industry on what qualifications a person had to offer regardless of their affiliation to an organization.

Representative Wool referenced Mr. Hardenbrook's point that the task force would merely make recommendations. He pointed out that other task forces made recommendations and even if no statutory action was taken the recommendations were held up as the voice of the entire industry. He emphasized the importance for a non-AMIA member for diversity of representation and believed that any license holder was qualified for membership.

[2:11:43 PM](#)

Co-Chair Merrick asked committee members to tread lightly on other members' motives.

Ms. Wilcox shared that she invited all license holders to engage in the process and wanted to hear from everyone. She understood the history of other task forces and advisory boards. She was uncertain which type of license holder should not be chosen by AMIA. She opined that the best and

the brightest in the industry were all licensees, but not everyone had the time to participate. She offered that assessing current interest, she had a small pool of interested candidates.

Representative Wool asked if the language were to be removed could Ms. Wilcox do her utmost to see that one person was an AMIA member. Ms. Wilcox agreed and believed it would be detrimental to not do that. She wanted to grow trust in the industry and AMIA membership.

Co-Chair Merrick withdrew her objection to conceptual Amendment 2.

Representative Wool objected.

A roll call vote was taken on the motion.

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

The MOTION to adopt conceptual Amendment 2 FAILED (3/7).

[2:15:09 PM](#)

Co-Chair Merrick withdrew her objection to Amendment 2 as amended.

There being NO further OBJECTION, Amendment 2 was ADOPTED as amended.

Representative Edgmon supported the bill. He believed that the timeline was extremely short to deal with a taxation issue. He asked if it was reasonable to extend the timeline. He believed that it was difficult to get a taxation bill passed in the legislature and was likely a two session endeavor.

Representative Hopkins agreed that it was an expedited timeframe. He summarized that everyone on the taskforce had time and expertise and it was only advisory in capacity. He pointed out that the current timeframe was important because many license holders were financially struggling with the current system. He believed that moving forward with the current termination date was critical.

[2:19:12 PM](#)

Representative Carpenter asked what would happen if the legislature had questions of the taskforce. He noted that the taskforce would be disbanded by the next legislative session.

Mr. Hardenbrook referred to Page 3, line 5 of the bill and read, "the taskforce shall ensure members were available for legislative hearings." Representative Carpenter restated his concern and wondered how that would work if the taskforce was disbanded. Mr. Hardenbrook hoped that the members would remain engaged and advocate for their findings in the next legislature and administration.

Representative Hopkins thanked the committee for hearing the bill.

Co-Chair Foster MOVED to REPORT CSHB 289(FIN) out of committee with individual recommendations and the accompanying fiscal note.

CSHB 289(FIN) was REPORTED out of committee with eight "do pass" recommendations and two "no recommendation" recommendations and with one new fiscal impact note from the Department of Commerce, Community and Economic Development.

[2:21:31 PM](#)

AT EASE

[2:24:05 PM](#)

RECONVENED

#sb222

SENATE BILL NO. 222

"An Act extending the termination date of the State Physical Therapy and Occupational Therapy Board; and providing for an effective date."

[2:24:28 PM](#)

SENATOR ELVI GRAY-JACKSON, SPONSOR, thanked the committee for hearing the bill. She read the sponsor statement:

Under current statute, the State Physical Therapy and Occupational Therapy Board is set to terminate on June 30, 2022. The Division of Legislative Audit recommends an eight-year extension of the Board. Senate Bill 222 would extend that termination date to an effective date of June 30, 2030.

The State Physical Therapy and Occupational Therapy Board provides oversight for medical services utilized by many Alaskans. Extending the Board's termination date will allow for continued regulation of the practice of physical and occupational therapy in our state; ensuring that the industry adheres to best practices.

[2:25:47 PM](#)

LUDMILA DIAZ, STAFF, SENATOR ELVI GRAY-JACKSON, read the sectional analysis:

Section 1: Amends statute to change the termination date of the State Physical Therapy and Occupational Therapy Board from June 30, 2022, to June 30, 2030

Section 2: The Act becomes effective immediately upon signature.

Co-Chair Merrick asked to hear from the legislative auditor.

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, read from the report:

Overall, the audit concludes that the board served the public's interest by conducting meetings in accordance with state laws; amending certain regulations to improve the professions of physical therapy and occupational therapy; and effectively licensing and regulating physical therapists, physical therapy assistants, occupational therapists, and occupational therapy assistants.

Ms. Curtis recommended an eight-year extension. She pointed to the chart titled "Exhibit 2" on Page 5 of the audit. She related that as of January 31, 2021, there were 1,762 active licenses and permits, which was an increase of 53

percent since 2013. She noted that telehealth contributed to the increase. She drew attention to Page 7 of the audit that included the chart titled "Exhibit 4" showing the board's schedule of revenues and expenditures as of January 2021. She detailed that the board had a surplus of approximately \$211 thousand. She turned to the chart titled "Exhibit 3" on Page 6 that displayed the license and permit fees and noted that the board decreased fees in FY 20 to address the surplus. She indicated that there were no audit recommendations. Finally, she highlighted that the responses to the audit began on page 19, and both the commissioner of the Department of Commerce, Community and Economic Development (DCCED) and the boards chair agreed with the findings of the audit.

Co-Chair Merrick surmised that the board must be doing a phenomenal job.

SB 222 was HEARD and HELD in committee for further consideration.

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

#

ADJOURNMENT

2:28:36 PM

The meeting was adjourned at 2:28 p.m.