

**ALASKA STATE LEGISLATURE**  
**HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

April 19, 2021

3:18 p.m.

**MEMBERS PRESENT**

Representative Zack Fields, Co-Chair  
Representative Ivy Spohnholz, Co-Chair  
Representative Calvin Schrage  
Representative Liz Snyder (via Teams)  
Representative David Nelson  
Representative Ken McCarty

**MEMBERS ABSENT**

Representative James Kaufman

**COMMITTEE CALENDAR**

CONFIRMATION HEARING(S) :

State Board of Public Accountancy

Steve Jordan - Anchorage

- HEARD AND HELD

Board of Veterinary Examiners

Hal Geiger - Juneau

Scott Flamme - Fairbanks

- HEARD AND HELD

Marijuana Control Board

Christopher Jaime - Soldotna

Bruce Schulte - Anchorage

- HEARD AND HELD

Casey Dschaak - Dillingham

- SCHEDULED BUT NOT HEARD

Real Estate Commission

Traci Heaton - Juneau  
Elizabeth Schok - Fairbanks

- HEARD AND HELD

Board of Professional Counselors

Dorene Hagen - Anchorage

- HEARD AND HELD

Board of Direct Entry Midwives

Tanya Kirk - Anchorage

- SCHEDULED BUT NOT HEARD

Occupational Safety & Health Review Board

Vincent Perez - Wasilla

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 75

"An Act relating to employer contributions to the Public Employees' Retirement System of Alaska; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 61

"An Act relating to commercial interior designers and commercial interior design; establishing registration and other requirements for the practice of professional commercial interior design; relating to the State Board of Registration for Architects, Engineers, and Land Surveyors; relating to liens for labor or materials furnished; relating to the procurement of commercial interior design services; and providing for an effective date."

- MOVED CSHB 61(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 85

"An Act relating to the Alaska Banking Code; relating to mutual savings banks; relating to interstate state banks and international banks; relating to the pledging of bank assets as collateral security to tribal organizations; relating to the pledging of bank assets for interest swap agreements; relating to state business licenses; relating to persons who make loans secured by interests in vessels or facilities; relating to liability for the release or threatened release of hazardous substances; relating to the Model Foreign Bank Loan Act; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 75

SHORT TITLE: EMPLOYER CONTRIBUTIONS TO PERS  
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	L&C, FIN
04/19/21	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 61

SHORT TITLE: REGISTER COMMERCIAL INTERIOR DESIGNERS  
SPONSOR(s): CLAMAN

02/18/21	(H)	PREFILE RELEASED 1/15/21
02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	L&C, FIN
04/09/21	(H)	L&C AT 8:00 AM GRUENBERG 120
04/09/21	(H)	Heard & Held
04/09/21	(H)	MINUTE(L&C)
04/19/21	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 85

SHORT TITLE: FINANCIAL INSTITUTIONS; LIABILITY  
SPONSOR(s): LEBON BY REQUEST

02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	L&C, FIN
04/07/21	(H)	L&C AT 3:15 PM BARNES 124
04/07/21	(H)	Heard & Held
04/07/21	(H)	MINUTE(L&C)
04/19/21	(H)	L&C AT 3:15 PM BARNES 124

**WITNESS REGISTER**

STEVE JORDAN, Appointee  
State Board of Public Accountancy  
Anchorage, Alaska

**POSITION STATEMENT:** Spoke as an appointee to the State Board of Public Accountancy.

HAL GEIGER, Appointee  
Board of Veterinary Examiners  
Juneau, Alaska

**POSITION STATEMENT:** Spoke as an appointee to the Board of Veterinary Examiners.

CHRISTOPHER JAIME, Appointee  
Marijuana Control Board  
Soldotna, Alaska

**POSITION STATEMENT:** Spoke as an appointee to the Marijuana Control Board.

BRUCE SCHULTE, Appointee  
Marijuana Control Board  
Anchorage, Alaska

**POSITION STATEMENT:** Spoke as an appointee to the Marijuana Control Board.

TRACI HEATON, Appointee  
Real Estate Commission  
Juneau, Alaska

**POSITION STATEMENT:** Spoke as an appointee to the Real Estate Commission.

ELIZABETH SCHOK, Appointee  
Real Estate Commission  
Fairbanks, Alaska

**POSITION STATEMENT:** Spoke as an appointee to the Real Estate Commission.

DORENE HAGEN, Appointee  
Board of Professional Counselors  
Anchorage, Alaska

**POSITION STATEMENT:** Spoke as an appointee to the Board of Professional Counselors.

CHARLES MCKEE  
Anchorage, Alaska

**POSITION STATEMENT:** Provided remarks not on topic of the published agenda.

SCOTT FLAMME, DVM, Appointee  
Board of Veterinary Examiners  
Fairbanks, Alaska

**POSITION STATEMENT:** Spoke as an appointee to the Board of Veterinary Examiners.

NEIL STEININGER, Director  
Office of Management and Budget  
Office of the Governor  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 75 on behalf of the House Rules Standing Committee, sponsor, at the request of the governor.

BARBARA CASH, Commercial Interior Designer  
American Society of Interior Designers, Alaska Chapter  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 61.

WILL WEBB, President  
Alaska Professional Design Council  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 61.

CHARLES BETTISWORTH  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified as a licensed architect in support of HB 61.

DANA NUNN  
American Society of Interior Designers, Alaska Chapter  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 61.

REPRESENTATIVE MATT CLAMAN  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided information as prime sponsor of HB 61.

PAUL BARIL, State Government Representative  
American Institute of Architects, Alaska Chapter  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to HB 61.

CATHERINE FRITZ, Vice Chair  
Board of Architects, Engineers, and Land Surveyors  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in opposition of HB 61.

JESSICA CEDERBERG  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in opposition to HB 61.

RAMONA SCHIMSCHERIMER  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in opposition to HB 61.

CHELSEY BEARDSLEY  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of HB 61.

JASON GAMACHE  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of HB 61.

LARRY CASH  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of HB 61.

BRIAN MEISSNER, Principal Architect  
ECI Alaska Architecture  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of HB 61.

RYAN MORSE, President  
American Institute of Architects, Alaska Chapter  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in opposition to HB 61.

MELISSA TRIBYL  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of HB 61.

CARA RUDE  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of HB 61.

CASEY KEE  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of HB 61.

KELSEY DAVIDSON  
Eagle River, Alaska

**POSITION STATEMENT:** Testified in support of HB 61.

KATHERINE SETSER  
Eagle River, Alaska

**POSITION STATEMENT:** Testified in support of HB 61.

MARY KNOFF  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 61.

ANNA LEE  
Palmer, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 61.

JASON SWIFT  
Homer, Alaska

**POSITION STATEMENT:** Testified in support of HB 61.

REPRESENTATIVE BART LEBON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, introduced the committee substitute for HB 85.

JOSEPH BYRNES, Staff  
Representative Bart LeBon  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Detailed the changes in the committee substitute for HB 85 on behalf of Representative LeBon, prime sponsor.

#### **ACTION NARRATIVE**

[3:18:15 PM](#)

**CO-CHAIR ZACK FIELDS** called the House Labor and Commerce Standing Committee meeting to order at 3:18 p.m. Representatives Schrage, McCarty, Fields, Spohnholz, and Snyder (via Teams) were present at the call to order. Representative Nelson arrived as the meeting was in progress.

**CONFIRMATION HEARING(S):**  
**State Board of Public Accountancy**  
**Board of Veterinary Examiners**

**Marijuana Control Board**  
**Real Estate Commission**  
**Board of Professional Counselors**

[3:18:54 PM](#)

CO-CHAIR FIELDS announced that the first order of business would be the confirmation hearings for consideration of the governor's appointees to various boards and commissions.

[3:19:10 PM](#)

STEVE JORDAN, Appointee, State Board of Public Accountancy, said he is a lifelong Alaskan with 12 years of accounting experience including certification as a certified public accountant (CPA). He said he has worked with the U.S. Army Corps of Engineers and the U.S. Department of Defense, and that he would like to serve on the board to broaden his experience and give back to the community.

[3:20:40 PM](#)

HAL GEIGER, Appointee, Board of Veterinary Examiners, said he is not a veterinarian but currently serves in the public seat on the board. He said he has a technical and science-based background, which he said has been a good fit on the board.

[3:22:37 PM](#)

CHRISTOPHER JAIME, Appointee, Marijuana Control Board, said he has been employed with the Alaska State Troopers for 20 years and has lived in all parts of the state. He stated his appreciation for being able to serve on the board and expressed that he has not allowed his personal feelings about the legalization of marijuana to affect his judgement, basing his decisions on issues of public safety and common sense. He said he has not received any direction from the Department of Public Safety or the administration.

[3:24:09 PM](#)

CO-CHAIR SPOHNHOLZ asked Mr. Jaime's opinion of on-site consumption of marijuana.

MR. JAIME replied that regulations for on-site consumption were adopted prior to his time on the board and that he would follow the regulations.

CO-CHAIR SPOHNHOLZ asked whether he believes that allowing 10 milligrams (mg) of tetrahydrocannabinol (THC) in edibles is a safe policy choice for the state.

MR. JAIME responded that the board made that decision based on regulations in Colorado and Washington, and he said he doesn't have any concerns about it. He said the board has not had any complaints about the dosage amounts and suggested proceeding with caution.

[3:25:54 PM](#)

BRUCE SCHULTE, Appointee, Marijuana Control Board, said this would be his second appointment to the board, having previously served in 2015-2016. He said he was very involved in the early stages of regulation and that it's rewarding to return to the board and see how the industry has grown and is responding to the regulations.

[3:26:46 PM](#)

CO-CHAIR SPOHNHOLZ asked whether Mr. Schulte owns a marijuana license in Alaska.

MR. SCHULTE replied, "I do not."

CO-CHAIR SPOHNHOLZ asked whether Mr. Schulte is serving in the public capacity.

MR. SCHULTE replied, "Yes."

CO-CHAIR SPOHNHOLZ pointed out that Mr. Schulte's previous term on the board was ended due to concerns about professionalism and his treatment of staff. She asked whether he wants to address the concerns.

MR. SCHULTE responded that he didn't get any feedback about his professionalism, expressing that there were internal politics and saying that he "got played." He said there was occasionally information that reflected poorly on state staff and suggested that "someone" didn't like that he followed up on such reports.

CO-CHAIR SPOHNHOLZ asked whether Mr. Schulte feels he can take the position with the appropriate gravity and professionalism.

MR. SCHULTE answered that he takes the position very seriously and that he has always prioritized public welfare. He said he's often the first to challenge issues that could run contrary to public welfare.

CO-CHAIR SPOHNHOLZ commented that she takes professional and collegial respect very seriously.

[3:29:12 PM](#)

REPRESENTATIVE SCHRAGE asked Mr. Schulte to outline the top two or three issues coming before the board that he believes should be addressed.

MR. SCHULTE responded that while the board can address license renewals without considering outstanding taxes owed to the state, it cannot control the excise tax which is a point of contention for many cultivators. He expressed that it would be in the best interest of the state and consumers to revisit the tax structure.

REPRESENTATIVE SCHRAGE shared his understanding that there is some leeway for businesses renewing their licenses while owing taxes.

MR. SCHULTE stated his agreement with allowing payment plans for outstanding taxes for those who are operating in good faith. If someone is flaunting the system, he said, he would be less likely to support expansion of the business.

[3:32:03 PM](#)

CO-CHAIR SPOHNHOLZ asked Mr. Schulte's opinion of on-site consumption.

MR. SCHULTE said that he has supported on-site consumption, with limits. Driving while impaired would be a concern, he said, while tourists in Ketchikan and Juneau should be able to partake in on-site consumption.

CO-CHAIR SPOHNHOLZ asked about the effort to increase the dosage from 10mg to 5mg, saying that perhaps it's not necessary to increase the dosage because someone could just eat more.

MR. SCHULTE responded that one could also argue that, because someone could simply take two 5mg products, allowing retailers to sell a 10mg product would not be an unreasonable safety

issue. He said Alaska began its period of legalization with a limit of 5mg, which was half of the limit in other states, and he expressed understanding of the caution and conservative approach. He said that now, five years after legalization, evidence suggests that consumers are being responsible with their usage.

CO-CHAIR SPOHNHOLZ said that one of the concerns is about accidental overdose, which she said would be less likely if one has to make more of an effort to consume more.

MR. SCHULTE responded that he doesn't disagree, and he expressed that, while the content has remained at 5mg, the concentration may vary widely depending on the product. He said that consumer education will remain a very important component of marijuana use.

[3:37:05 PM](#)

CO-CHAIR SPOHNHOLZ commented that Mr. Perez, who was not present, had testified that he has lived in Alaska since 1997 but there was a clear five-year gap in residency on his resume. She said she wanted to give him an opportunity to address that discrepancy.

[3:38:06 PM](#)

TRACI HEATON, Appointee, Real Estate Commission, said she became a realtor in Utah 20 years ago and became an associate broker before moving to Alaska. She said she has served on the Southeast Alaska Board of Realtors for five years, including one year as president, while simultaneously serving for one year on the board of the Alaska Association of Realtors. She said she is currently an associate broker and partner at Latitude 58 real estate group and works full time as a realtor. She said she would like to serve on the Real Estate Commission to grow in her profession and while serving the public.

[3:39:39 PM](#)

REPRESENTATIVE MCCARTY asked Ms. Heaton for perspective of real estate in Alaska and how realtors are impacted.

MS. HEATON responded that inventory is at extremely low levels, which is pushing prices up, and buyers are unable to find homes. She said she hasn't seen anything like this before and that realtors are trying to protect consumers from buying homes for a

higher price than that which they would be able to sell for in the future.

[3:41:45 PM](#)

ELIZABETH SCHOK, Appointee, Real Estate Commission, said she is an associate broker with Sotheby's and has been on the Greater Fairbanks Board of Realtors. She said she has done over 800 transactions and is eager to bring her experience to the commission. She said her passion is making sure the consumer understands the industry and she expressed that consumer disclosure needs to be revamped.

[3:44:09 PM](#)

DORENE HAGEN, Appointee, Board of Professional Counselors, said that she is a licensed counselor and that it would be an honor to serve on the board.

[3:44:58 PM](#)

REPRESENTATIVE MCCARTY asked what Ms. Hagen sees as the greatest challenge for licensing.

MS. HAGEN replied that it's difficult to find a good supervisor. Once an individual gets a master's degree, she said, it takes no less than two years to become licensed, during which time it's important to find a good supervisor who can be a guide in best practices.

REPRESENTATIVE MCCARTY asked whether Ms. Hagen believes licensing should be automatic upon completion of the required practice hours or whether feedback from a supervisor should be considered.

MS. HAGEN responded that it is important for the supervisor to sign off on hours and fill out a form describing their clinical assessment of the counselor's ability to move forward with licensing.

REPRESENTATIVE MCCARTY asked whether Ms. Hagen approves of that process.

MS. HAGEN replied that she's a new appointee, and that she sees positive feedback from other supervisors.

[3:47:46 PM](#)

CO-CHAIR SPOHNHOLZ asked for more information on Ms. Hagen's work with the opioid task force.

MS. HAGEN responded that she participated in two to four sessions of the treatment group.

CO-CHAIR SPOHNHOLZ asked what she sees as the most significant barriers to increasing access to addiction treatment in Alaska.

MS. HAGEN replied that she would be happy to talk to her supervisor and learn more about the issue.

CO-CHAIR SPOHNHOLZ pointed out Ms. Hagen's internships.

MS. HAGEN replied that she did an internship at Discovery Cove Recovery and Wellness Center at the same time she was an intern at Cornerstone Medical & Counseling Clinic.

REPRESENTATIVE MCCARTY commented that Ms. Hagen had served as an intern under him.

[3:51:16 PM](#)

CO-CHAIR FIELDS opened public testimony on the confirmation hearing(s) for the governor's appointees to various boards and commissions.

[3:51:29 PM](#)

CHARLES MCKEE provided remarks not on topic with the published agenda.

[3:53:43 PM](#)

SCOTT FLAMME, Appointee, Board of Veterinary Examiners, said he has been on the board since 2019 and has been a veterinarian in Fairbanks for the past 19 years, with 18 years working primarily with small animals. He said he wants to be on the board in order to understand why the state would implement a program such as the prescription drug monitoring program for veterinarians, expressing that it restricts the practice of veterinary medicine with no benefit to the public. He commented on HB 91 and said he would like to work on the board in order to see the investigations and money being spent on the prescription drug monitoring program.

[3:57:17 PM](#)

REPRESENTATIVE SCHRAGE asked Mr. Flamme to address the domestic violence issues in his background.

DR. FLAMME responded, "I was divorced six years ago, and my ex-wife decided to go that route so she could get custody of my son." He stated that he has custody of his son and the domestic violence charges were dropped.

[3:58:30 PM](#)

CO-CHAIR SPOHNHOLZ pointed out that there was a short-term domestic violence protective order granted in March 2015.

DR. FLAMME replied that it was a "quick hearing" with no allegations of domestic violence. He said it was a preliminary hearing to get things "sorted out" for the divorce proceedings.

[3:59:28 PM](#)

REPRESENTATIVE MCCARTY asked whether it was a 20-day protective order that was heard but not proceeded on.

DR. FLAMME replied that it was either 20 or 30 days until things could get "sorted out" for the divorce proceedings.

[4:00:19 PM](#)

CO-CHAIR FIELDS asked whether Mr. Flamme would like to add anything.

DR. FLAMME said, "No, it's all on there." He added that he still has custody of his son

[4:02:01 PM](#)

REPRESENTATIVE MCCARTY asked for clarification on what kind of animals he has worked with.

DR. FLAMME replied that he worked with large animals for one year before getting injured and moving to small animal practice.

REPRESENTATIVE MCCARTY asked what advice he would give the state about food security and veterinary care for large animals.

DR. FLAMME responded that it's important for veterinarians to be able to use antibiotics.

[4:03:47 PM](#)

CO-CHAIR FIELDS noted that Tanya Kirk, appointee to the Board of Certified Direct Entry Midwives; Casey Dschaak, appointee to the Marijuana Control Board; and Vincent Perez, appointee to the Occupational safety & Health Review Board, were not present.

[4:04:08 PM](#)

CO-CHAIR SPOHNHOLZ pointed out that these appointees have been noticed multiple times and she shared that it's concerning to not have an opportunity to vet appointees who could have a position of authority.

[The confirmation hearings for consideration of the governor's appointees was held over and resumed on 4/21/21.]

#### **HB 75-EMPLOYER CONTRIBUTIONS TO PERS**

[4:04:37 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 75, "An Act relating to employer contributions to the Public Employees' Retirement System of Alaska; and providing for an effective date."

[4:05:08 PM](#)

NEIL STEININGER, Director, Office of Management and Budget, Office of the Governor, introduced HB 75 on behalf of the House Rules Standing Committee, sponsor, at the request of the governor. He characterized the proposed legislation as "fairly narrowly focused" with the intent of giving the state another tool for its financing of retirement on behalf of state employees. He said the cap would be removed on public employee retirement system payroll contributions made by the State of Alaska as an employer. He said this would continue to fund the state's obligations to the Public Employees' Retirement System (PERS) and only employ to the State of Alaska as an employer, rather than apply to other PERS employers. He said it would not impact the teachers' retirement system, change any retirement benefits or employee contributions, or reduce the overall employer contributions. Instead, he said, it would allow the state to "fully cost-share" the cost of retirement contributions

for state employees. He said it would reduce general fund expenditures by approximately \$25.7 million in fiscal year 2022.

[4:07:11 PM](#)

The committee took a brief at-ease at 4:07 p.m.

[4:07:36 PM](#)

MR. STEININGER presented a PowerPoint [hard copy included in the committee packet] and began on slide 3, "HB75 - Background: Alaska's Retirement Obligations," which read as follows [original punctuation provided]:

- The PERS unfunded liability was estimated to be \$4.6 billion in FY20
- Current annual cost to pay down the unfunded liability is split between employer contributions and the state assistance payment, or "on-behalf" payment
  - Employer contributions (22%) on employee salaries - mixed fund sources
  - On-behalf payments for Municipalities and other PERS employers - 100% UGF
  - On-behalf payment for State of Alaska as an employer - 100% UGF
- This bill addresses the on-behalf payment for State of Alaska as an employer

MR. STEININGER presented slide 4, "State of Alaska PERS On-Behalf Payments," which read as follows [original punctuation provided]:

- In 2008, the legislature established a uniform rate for payroll contributions for all PERS employers - 22%
- The State of Alaska is required to pay the difference between capped employer payroll contributions and the full actuarial liability (30.11% in FY22)
  - Called the state assistance or "on-behalf" payment
- For FY22, the total on-behalf payment to PERS is \$193.5m (UGF) • \$95.7m of that amount is made by the state on behalf of itself

- The remaining \$97.8m is made on behalf of 153 other active PERS employers

MR. STEININGER presented slide 5, "HB75 - State of Alaska as an Employer Retirement Obligation - Current Law," which displayed the state payroll contribution of 22 percent of payroll, or \$246.3 million. He said that figure includes \$106.3 million from the unrestricted general fund (UGF); \$30.3 million from the designated general fund (DGF); \$73 million from "other" sources; and \$36.8 million from federal sources.

[4:11:19 PM](#)

CO-CHAIR FIELDS asked what DGF sources are.

MR. STEININGER replied that DGF sources are any DGF funds that the state is using for payroll. He said the "on-behalf" portion of \$95.8 million is also from the unrestricted general fund.

[4:11:38 PM](#)

MR. STEININGER continued to slide 6, "HB75 - State of Alaska as an Employer Retirement Obligation - Proposed Law," which displayed graphics showing the state payroll contribution of 30.11 percent of payroll, totaling \$342.2 million. The fund sources, he said, show decrease in funding from UGF and an increase in all other areas of contribution. He said, "This is really where the savings from this concept come from, because it comes from being able to share those costs with these other payers, these other funds that pay for state employees." He pointed out that the "other" category includes "capital improvement program interagency receipts," which are duplicative funds that represent state employees working on capital projects, such as Department of Transportation & Public Facilities (DOT&PF) employees.

[4:14:15 PM](#)

REPRESENTATIVE SCHRAGE asked for confirmation that DGF fund sources can absorb the increased pull of funds under the proposed legislation.

MR. STEININGER pointed out that initial estimates show that almost \$55 million in UGF would be saved. He said that in terms of DGF, agencies currently don't collect as much as is spent, so it doesn't make sense to further draw down the fund. The fiscal

note, he said, swaps DGF with UGF funds to ensure that programs aren't negatively impacted.

[4:15:15 PM](#)

CO-CHAIR SPOHNHOLZ asked for an example of an appropriate DGF increase.

MR. STEININGER explained that the Alaska Marine Highway System funds pay for other personnel services, but revenue collections for the ferry system can't be increased to meet the increased costs; therefore, he said, the fiscal note must be adjusted. He said the focus was to remain on areas in which an increase in revenues could be implemented to reflect the program costs.

CO-CHAIR SPOHNHOLZ summarized her understanding that the intention is to make sure that no programs are negatively impacted; if HB 75 passes, she said, a staggered implementation would allow each program to renegotiate individual contracts. She pointed out that Mr. Steininger had identified the Alaska Marine Highway System as a program that uses DGF and asked for confirmation that he's not proposing a fare increase in order to reduce UGF spending for PERS.

MR. STEININGER replied that he was only using the ferry system as an example to show that adding the cost wouldn't be absorbed within current revenue collections. He said he used it as an example of an area in which there has been special care to ensure that programs aren't negatively affected by the proposed legislation; instead, it's simply a back-end financing change to allow more revenue collection from the federal government.

CO-CHAIR SPOHNHOLZ asked whether a percentage of the federal highway funds related to the marine highway system's retirement match would come from UGF.

MR. STEININGER replied, "That's correct."

[4:18:35 PM](#)

REPRESENTATIVE MCCARTY asked for clarification on renegotiating contracts.

MR. STEININGER responded that the renegotiation would happen within the cost allocation plan agreements, which aren't contracts in the procurement sense but with the federal government.

CO-CHAIR SPOHNHOLZ commented that "grant agreement" might be a better term than "contract."

[4:19:26 PM](#)

MR. STEININGER presented slide 7, "HB75: FY2022 Budget Impact," which displayed the budget impact by fund source and by agency. He pointed out that, since \$100 million in state cost is normally included in the language section of the operating budget and shifted into agency budgets, it would appear as an increase in the agency budgets if one were to look at the budget without adjusting for the shift. He clarified that it's not actually an increase in true cost to the agency, it's simply reflecting the cost in the same manner in which it was incurred. He pointed out that agencies with a large number of positions, as well as federal programs, would contribute the majority of UGF savings. He then presented slide 8, "Historical PERS Contribution Rates," which displayed a timeline showing the employer rate of 22 percent contribution versus the variable actuarial rate. He said the volatility of the rate has always been absorbed within the language section of the budget bill in the "on behalf" payments, and this volatility would show up within agency budgets should HB 75 pass. He said the budget system includes a mechanism to respond to the volatility and keep it from impacting state programs.

[4:21:56 PM](#)

CO-CHAIR SPOHNHOLZ asked why there exists volatility in the actuarial rate.

MR. STEININGER explained that volatility is primarily affected by market returns on the fund. The actuarial rate is calculated by looking at how much money is in PERS; whether the fund has met, exceeded, or fell short of projections over the past year; and the projected cost of retirement payments. Once the unfunded liability is determined, he said, it's amortized over 25 years and the actuarial rate is determined.

CO-CHAIR SPOHNHOLZ asked whether reducing the unfunded liability would reduce the actuarial rate.

MR. STEININGER responded that there was a large deposit to PERS in 2015; while the actuarial rate was already trending down, he said, there was a continued drop after the contribution. Anything that reduces the unfunded liability, whether it be a

contribution to PERS or a policy change, he said, would help the actuarial rate.

CO-CHAIR SPOHNHOLZ asked for the amount of the deposit.

MR. STEININGER replied that it was approximately \$3 billion.

CO-CHAIR SPOHNHOLZ noted that in 2015 the price of oil was high, and Senate Bill 21 [passed during the Twenty-Eight Alaska State Legislature] had not yet reduced state revenues from the oil industry. She surmised that there is a cost associated with not addressing the unfunded liability.

MR. STEININGER expressed that the statement was fair. He noted that there are multiple ways to pay for the state's retirement obligation.

CO-CHAIR SPOHNHOLZ said that the unfunded liability is \$4.6 billion in fiscal year 2020, so there's a gap.

MR. STEININGER replied, "That's correct."

CO-CHAIR SPOHNHOLZ clarified that the unfunded liability is in addition to the approximately \$16 billion owed to the constitutional budget reserve. She said that while there is currently a statutory permanent fund dividend on the books, there is a structural fiscal gap.

[4:26:14 PM](#)

CO-CHAIR FIELDS asked for information on any consultations with public employee unions.

MR. STEININGER replied that unions were consulted and informed of this policy, and he clarified that HB 75 would not impact benefits or employee contributions because it's entirely a "back end" issue. He said the Alaska Municipal League has been contacted, but this proposed legislation is focused on the State of Alaska as an employer.

CO-CHAIR FIELDS suggested hearing testimony from the Alaska State Employees Association.

[HB 75 was held over.]

**HB 61-REGISTER COMMERCIAL INTERIOR DESIGNERS**

[4:28:16 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 61, "An Act relating to commercial interior designers and commercial interior design; establishing registration and other requirements for the practice of professional commercial interior design; relating to the State Board of Registration for Architects, Engineers, and Land Surveyors; relating to liens for labor or materials furnished; relating to the procurement of commercial interior design services; and providing for an effective date."

[4:29:04 PM](#)

BARBARA CASH, Commercial Interior Designer, American Society of Interior Designers, Alaska Chapter, testified in support of HB 61. She expressed that commercial interior designers are qualified to protect public safety and provide professional design and guidance when full architecture service aren't required. She shared that, since the advancement of HB 61, there has been "a campaign of opposition and incorrect assertions bound by an institutional commitment to maintain the status quo," and she said that interior designers want to be able to practice what they're educated, trained, and tested to do. She said that nationally qualified commercial interior designers and architects are qualified to practice the limited skills of commercial interior design, which, in the medical field, is akin to licensed nurse practitioners and physicians. She said that architects often contract with commercial interior designers, who often work directly with clients; however, she said, if a professional stamp is required for permits, a commercial interior designer must hire an architect to oversee their work and stamp their designs, which creates additional costs and restricts qualified designers from fully practicing their profession. This barrier would be removed by HB 61, she said, allowing registered commercial interior designers the ability to stamp and sign their own construction documents, taking responsibility for their own work. She said that staying current on science-based best practices for surfaces and materials, notably in the area of infection mitigation, are areas in which commercial interior designers excel.

[4:31:33 PM](#)

WILL WEBB, President, Alaska Professional Design Council, testified in support of HB 61, sharing that the Alaska Professional Design Council (APDC) has approximately 5,000

members in Alaska including architects, engineers, land surveyors, landscape architects, and interior designers. He said that eight of the nine member organizations support passage of HB 61, with the American Institute of Architects, Alaska Chapter, as the lone dissenter. He said the work done by commercial interior designers may involve building components and features that involve safety issues such as fire ratings and egress routings; protecting the public health, safety, and welfare are key reasons for requiring professional licensure, he said, which is why APDC supports HB 61. He said commercial interior designers focus on all subsets of work practiced by architects and, through registration, those professionals would be able to prove their knowledge of regulations, practices, and guidelines, thus being able to seal and approve construction documents covering their scope of work. He said HB 61 would not restrict registered professional architects from continuing to develop and sign interior design plans.

[4:33:30 PM](#)

CHARLES BETTISWORTH testified in support of HB 61. He shared that he has been a licensed architect in Alaska for 40 years and has built a successful statewide practice with offices in Anchorage and Fairbanks. He said that his firm entered interior design in 2014 due to a heightened understanding of the importance of such services and said that, in his opinion, the proposed legislation is long overdue and in the public interest. He said HB 61 would allow professional licensed interior designers, rather than drafters, offering services to the public. He stated his disagreement with the position of the American Institute of Architects, Alaska Chapter, characterizing the situation as an inappropriate "turf war," and he pointed out that 27 states have adopted similar legislation.

[4:35:43 PM](#)

CO-CHAIR SPOHNHOLZ asked for clarification on what kinds of plans interior designers would be qualified to stamp, as well as the training and qualifications interior designers would have for the required expertise.

[4:36:44 PM](#)

MS. CASH deferred to Ms. Nunn.

[4:37:05 PM](#)

DANA NUNN, American Society of Interior Designers, Alaska Chapter, explained that interior designers are trained through their education to address code issues such as occupancy classification, occupancy flows, egress, and fire ratings. She said that the scope of interior designers would end with qualification of the structural system of the building, or the "envelope" of the building, or egress of the overall building. She clarified that egress within a set off offices, or a suite, could be covered by interior designers, but egress from the larger structure would be covered by architects. She said that drawings which may be approved by the stamp of an interior designer could include such things as redesign of the structures within a room, such as built-ins, which may be required to adhere to code but don't affect the overall structure of a building. An accredited education, she said, covers such areas, while experience gained in the field before qualifying for the exam is intended to give exposure and practice. The examination covers all areas, she said.

[4:39:00 PM](#)

CO-CHAIR SPOHNHOLZ moved to adopt Amendment 1 to HB 61, labeled 32-LS0262\A.1, Fisher, 4/16/21, which read as follows:

Page 1, lines 3 - 4:

Delete "relating to the State Board of Registration for Architects, Engineers, and Land Surveyors"

Insert "renaming the State Board of Registration for Architects, Engineers, and Land Surveyors the State Board of Registration for Design Professionals; relating to the State Board of Registration for Design Professionals"

Page 1, lines 8 - 11:

Delete all material and insert:

**"\* Section 1.** AS 08.01.010(3) is amended to read:

(3) State Board of Registration for Design Professionals [ARCHITECTS, ENGINEERS, AND LAND SURVEYORS] (AS 08.48.011);"

Page 2, lines 2 - 3:

Delete "Architects, Engineers, [AND] Land Surveyors, Landscape Architects, and Commercial Interior Designers"

Insert "Design Professionals [ARCHITECTS, ENGINEERS, AND LAND SURVEYORS]"

Page 2, lines 8 - 11:

Delete all material and insert:

**"\* Sec. 3.** AS 08.03.010(c)(3) is amended to read:

(3) State Board of Registration for Design Professionals [ARCHITECTS, ENGINEERS, AND LAND SURVEYORS] (AS 08.48.011) - June 30, 2025;"

Page 2, lines 13 - 15:

Delete "Architects, Engineers, [AND] Land Surveyors, Landscape Architects, and Commercial Interior Designers"

Insert "Design Professionals [ARCHITECTS, ENGINEERS, AND LAND SURVEYORS]"

Page 14, line 30, through page 15, line 2:

Delete all material and insert:

**"\* Sec. 30.** AS 08.48.341(2) is amended to read:

(2) "board" means the State Board of Registration for Design Professionals [ARCHITECTS, ENGINEERS, AND LAND SURVEYORS];"

Page 16, lines 17 - 18:

Delete "Architects, Engineers, [AND] Land Surveyors, Landscape Architects, and Commercial Interior Designers"

Insert "Design Professionals [ARCHITECTS, ENGINEERS, AND LAND SURVEYORS]"

Page 19, lines 20 - 22:

Delete all material and insert:

"(0) State Board of Registration for Design Professionals [ARCHITECTS, ENGINEERS, AND LAND SURVEYORS];"

Page 19, lines 25 - 27:

Delete all material and insert:

**"\* Sec. 42.** AS 44.62.330(a)(3) is amended to read:

"(3) State Board of Registration for Design Professionals [ARCHITECTS, ENGINEERS, AND LAND SURVEYORS];"

[4:39:03 PM](#)

CO-CHAIR FIELDS objected for the purpose of discussion.

[4:39:05 PM](#)

CO-CHAIR SPOHNHOLZ explained that Amendment 1 was intended to streamline the title of the relevant governing board, renaming it the State Board of Registration for Design Professionals.

[4:39:37 PM](#)

REPRESENTATIVE MATT CLAMAN, Alaska State Legislature, as prime sponsor of HB 61, stated his support for the amendment.

[4:39:46 PM](#)

CO-CHAIR FIELDS removed his objection. There being no further objection, Amendment 1 was adopted.

[4:39:57 PM](#)

CO-CHAIR FIELDS opened public testimony on HB 61, as amended.

[4:40:18 PM](#)

PAUL BARIL, State Government Representative, American Institute of Architects, Alaska Chapter, stated his opposition to HB 61 on behalf of over 200 members of AIA. He encouraged committee members to "really look at" the proposed legislation. He claimed that the National Council for Interior Design Qualifications (NCIDQ) exam allows an applicant to pass even when answering no questions on building codes correctly.

[4:43:02 PM](#)

CATHERINE FRITZ, Vice Chair, Board of Architects, Engineers, and Land Surveyors, testified in opposition to HB 61, stating that the board needs more time to review HB 61 in order to fully understand the implications. She said the board has concerns about the definition of scope of practice being "excessively broad," incorporating activities that are outside the scope of health, safety, and welfare. She said the board is also concerned with text within the proposed legislation that doesn't align with the existing statutory language of other disciplines, and that there are regulatory complexities around the multidisciplinary board which could be exacerbated by adding a new discipline and two new seats. She stated that HB 61 "relies heavily" on the Council for Interior Design Qualifications (CIDQ) exam, which she said is concerning because the board doesn't know if the organization is rigorous enough to adequately assess the qualifications of interior designers.

[4:45:06 PM](#)

JESSICA CEDERBERG shared that she is a licensed architect and that she opposes HB 61 based on the complexities of the building code and public safety. She said code analysis is very complex and said that determining fire ratings requires professional knowledge, additional training, and continuing education; therefore, she said, life safety items should be excluded from the proposed legislation. She urged the committee to hold HB 61 in committee for further study.

[4:46:41 PM](#)

RAMONA SCHIMSCHERIMER shared that she is a licensed architect and said HB 61 is unnecessary, redundant, and may negatively impact public health and safety. She said the scope of interior design under HB 61 is too far-reaching and said that it would be confusing for the public and contractors, create unnecessary costs, inject "potentially unqualified persons" into an area of critical health and safety issues.

[4:48:15 PM](#)

CHELSEY BEARDSLEY testified in support of HB 61 and shared that she is a lifelong Alaskan who wants to be a certified interior designer and work in a state that will allow her to be a registered professional interior designer and practice her profession to the fullest extent of her education, experience, and examination. She said that in researching internships and post-graduation employment she is prioritizing states that would give her the best opportunity to achieve her professional goals; if Alaska doesn't recognize the interior design profession, opportunities out of state would be more enticing. She said HB 61 would protect the public, increase professional job opportunities, attract high-quality design talent to Alaska, and encourage out-of-state students to return to Alaska for professional registration.

[4:49:44 PM](#)

JASON GAMACHE testified in support of HB 61, expressing that it's long overdue. He said that that bill does not suggest reducing safety requirements or that interior designers are "suddenly equivalent" to architects in licensure. He said that the proposed legislation recognizes the work and training of interior designers as professionals, as well as the ability of

designers to be the authors of their own work. He said his firm has, and will continue, to employ interior designers and said that there have been challenges in navigating shared ownership of his architecture firm stemming from the state's lack of registration for licensure.

[4:51:37 PM](#)

LARRY CASH testified in support of HB 61 as a registered architect who has been practicing in Alaska for 40 years and is a member of AIA. He said commercial interior design complements architecture, with designers consistently enhancing projects from a function, and life safety, standpoint. He said that the public and clients have benefitted by the integrated safety characteristics brought about by the expertise of the interior designers. He acknowledge that AIA opposes HB 61 and expressed his strong disagreement with that position. He urged the committee to pass HB 61.

[4:53:49 PM](#)

BRIAN MEISSNER, Principal Architect, ECI Alaska Architecture, testified in support of HB 61 as a registered architect on his own behalf and on the behalf of his firm. He said HB 61 would enhance the health, safety, and welfare of Alaskans and that he depends on interior designers for life safety matters related to building finish materials. He said he has found interior designers with the education described in the proposed legislation to be better educated than architects in areas such as accessibility issues and Occupational Safety and Health Administration (OSHA) compliance issues.

[4:55:08 PM](#)

RYAN MORSE, President, American Institute of Architects, Alaska Chapter, testified in opposition to HB 61. He said he believes the bill is being "rushed" and has not been fully understood. He said AIA respects the talent and training of interior designers but said there are concerns with the language of the proposed legislation, in particular the language that he characterized as "require the State of Alaska municipal governments to hire interior designers for work that is not currently required, such as moving office furniture and changing out finishes." He encouraged the committee to work with AIA to improve the language of the proposed legislation.

[4:56:44 PM](#)

MELISSA TRIBYL testified in support of HB 61 as a commercial interior designer. She said that she has the skills to strengthen the design of health care facilities with regards to the acute and ambulatory aspects of care. She said commercial interior designers are educated to provide solutions to assist in the safety and welfare of the occupants of health care facilities by helping design facilities that support patient handling, movement, bariatric accommodations, healthy materials, safe furniture and fixtures, and telecommunications areas. She stated that infection control is one of the leading causes of preventable death in hospitals, and commercial interior designers are educated in materials, codes, and the cleanability and maintenance needed to maintain a healthy environment. She said that materials and their method of implementation impact those that are tired, visually impaired, or have balance issues; placement of handrails, nursing station, and medical carts all enhance patient well-being. She said health care embodies many different design layers and sectors, and the proposed legislation would lead to a better environment.

[4:58:29 PM](#)

CARA RUDE testified in support of HB 61. She said she is a registered interior designer in Texas and practiced for 18 years before becoming an owner of MCG Explore Design, the longest-established architecture firm in Alaska. She said that, due to Alaska's lack of professional accreditation for commercial interior designers, the firm was forced to restructure from a business corporation to a limited liability company. She characterized HB 61 as reflecting the reality of the modern design marketplace, considering accelerated construction timelines and technological advancements which have led to higher demand for interior designers to focus on environments that support human health and wellness, ethical material chemistry, and commercial public safety. She expressed that registration for interior designers would lead to "better-built environments" and safeguard an elevated design marketplace for consumers.

[5:00:01 PM](#)

CASEY KEE testified in support of HB 61 as a commercial interior designer. She said her education focused on code and construction standards, understanding that her responsibility as a designer was to protect the end users. She said that she undertakes continuing education and on-the-job training and has

taken the NCIDQ exam. She said HB 61 would allow her to distinguish herself in the marketplace.

5:01:25 PM

KELSEY DAVIDSON testified in support of HB 61 as a commercial interior designer and business owner. She described her daily practice as focusing on creating safe and healthy environments that meet national building codes, local amendments, accessibility guidelines, and issues around safe space use and exiting. She discussed selecting the proper interior door hardware based on occupancy and fire rating, selecting finishes that meet safety standards, and locating fire extinguishers properly throughout the space. She said that commercial interior designers work alongside architects and engineers with a focus on safety and welfare.

5:03:03 PM

KATHERINE SETSER testified in support of HB 61 as an NCIDQ-certified interior designer, researcher, and educator. She said she's been the technical advisor for the development of several international codes including the National Fire Protection Association's NFPA 101: Life Safety Code, currently used in all 50 states. She stated that she's a forensic designer, which means she analyzes design failures, and she described witnessing the impacts of improperly designed interior space and its potential for harm. She said that choices in interior design and materials can mean the difference between accidents and tragedies. She noted that Alaska's death rate from fire is more than double the national average; the faster the fire develops, she said, the greater the threat to occupants' ability to exit safely. She said that proper materials will slow the spread of flame and smoke; this is the domain of a registered commercial interior designer. She said National Fire Protection Association states that "interior finishes and furnishings in public assembly spaces have a greater impact on the protection of life and property than any other element;" more important, she said, than fire alarms, sprinklers, exiting requirements, number and arrangement of exits, and emergency signage and lighting. She encouraged the committee to pass HB 61.

5:05:25 PM

MARY KNOFF testified in support of HB 61 as a commercial interior designer. She explained that all three parts of the NCIDQ exam must be passed in order to be certified: a section

on interior design fundamentals, the interior design professional exam, and the practicum exam. While the practicum session specifically addresses life safety, all sections include areas designed to test matters health, safety, and welfare such as fire resistance, toxicity, indoor air quality, egress, accessibility, and occupancy. She said interior designers have knowledge of areas not commonly practiced by architects such as social, psychological, and physiological aspects of interior space like ergonomics. She said universal design includes accessibility, inclusivity, aging populations, and bariatrics, while issues such as acoustics, lighting, glare, visual stimuli, and tactile response are also considered. She said interior designers collaborate directly with the other licensed fields governed by AELS, providing services that other professions don't provide.

[5:07:38 PM](#)

ANNA LEE remarked on HB 61 as a licensed architect. She said she does the interior design on her own architecture projects. She expressed concern that HB 61 would "take food out of the mouths" of architects and said that since the local fire marshal doesn't require architects' stamps on plans, architects compete against drafters for commercial work. She said that HB 61 contains many areas of work that interior designers are not qualified to do.

[5:09:34 PM](#)

JASON SWIFT testified in support of HB 61 as the principal architect of ECI Alaska Architecture and member of AIA. He said that interior designers bring an "integral aspect" to projects and that interior design should be recognized in Alaska.

[5:10:31 PM](#)

CO-CHAIR FIELDS, after ascertaining that no one else wished to testify, closed public testimony on HB 61.

[5:10:39 PM](#)

CO-CHAIR SPOHNHOLZ moved to report HB 61, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 61(L&C) was reported out of the House Labor and Commerce Standing Committee.

**HB 85-FINANCIAL INSTITUTIONS; LIABILITY**

[5:11:10 PM](#)

CO-CHAIR FIELDS announced that the final order of business would be HOUSE BILL NO. 85, "An Act relating to the Alaska Banking Code; relating to mutual savings banks; relating to interstate state banks and international banks; relating to the pledging of bank assets as collateral security to tribal organizations; relating to the pledging of bank assets for interest swap agreements; relating to state business licenses; relating to persons who make loans secured by interests in vessels or facilities; relating to liability for the release or threatened release of hazardous substances; relating to the Model Foreign Bank Loan Act; and providing for an effective date."

[5:11:33 PM](#)

REPRESENTATIVE BART LEBON, Alaska State Legislature, as prime sponsor, introduced a committee substitute (CS) for HB 85.

[5:11:53 PM](#)

CO-CHAIR SPOHNHOLZ moved to adopt the proposed CS for HB 85, Version 32-LS0371\I, Bannister, 4/17/21 ("Version I"), as the working document.

[5:12:14 PM](#)

CO-CHAIR FIELDS objected for the purpose of discussion.

[5:12:07 PM](#)

JOSEPH BYRNES, Staff, Representative Bart LeBon, detailed the changes in the committee substitute for HB 85 on behalf of Representative LeBon, prime sponsor. He said that Section 3, subsection (a), found on page 2, lines 24 and 25, of the proposed legislation, which previously required posting statutorily required reports on either the website or in the lobby, now would direct banks to post the reports on their websites and would make it optional to post the reports in the physical lobbies. He said the next change is in Section 22, subsection (o), paragraph (1), subparagraph (A), on page 10, line 7; this change adds the word "and" to the end of the subparagraph, which more closely mirrors the federal language. The final change, he said, is in Section 22, subsection (o), paragraph (1), subparagraph (B), sub-subparagraph (iv), on page 10, lines 16-17, and replaces "under this section" with "in

accordance with state law." He noted that this change, intended to provide clarity, was at the request of the Department of Environmental Conservation (DEC).

[5:14:47 PM](#)

CO-CHAIR FIELDS removed his objection. There being no further objection, Version I was before the committee.

CO-CHAIR FIELDS announced that HB 85 was held over.

[5:15:24 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:15 p.m.