

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 13, 2022

3:18 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage
Representative David Nelson
Representative James Kaufman
Representative Ken McCarty

MEMBERS ABSENT

Representative Liz Snyder

COMMITTEE CALENDAR

SENATE BILL NO. 151

"An Act extending the termination date of the Alcoholic Beverage Control Board; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 131(TITLE AM)

"An Act relating to the presumption of compensability for a disability resulting from certain cancers in firefighters."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 151

SHORT TITLE: EXTEND ALCOHOLIC BEVERAGE CONTROL BOARD

SPONSOR(s): SENATOR(s) MICCICHE

01/18/22	(S)	PREFILE RELEASED 1/7/22
01/18/22	(S)	READ THE FIRST TIME - REFERRALS
01/18/22	(S)	L&C, FIN
02/09/22	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/09/22	(S)	Moved SB 151 Out of Committee
02/09/22	(S)	MINUTE(L&C)
02/11/22	(S)	L&C RPT 3DP
02/11/22	(S)	DP: STEVENS, MICCICHE, GRAY-JACKSON
02/24/22	(S)	FIN AT 9:00 AM SENATE FINANCE 532

02/24/22 (S) Heard & Held
02/24/22 (S) MINUTE(FIN)
03/01/22 (S) FIN AT 9:00 AM SENATE FINANCE 532
03/01/22 (S) Moved SB 151 Out of Committee
03/01/22 (S) MINUTE(FIN)
03/04/22 (S) FIN RPT 3DP 3NR
03/04/22 (S) DP: STEDMAN, BISHOP, HOFFMAN
03/04/22 (S) NR: WILSON, WIELECHOWSKI, OLSON
03/09/22 (S) TRANSMITTED TO (H)
03/09/22 (S) VERSION: SB 151
03/14/22 (H) READ THE FIRST TIME - REFERRALS
03/14/22 (H) L&C, FIN
04/06/22 (H) L&C AT 3:15 PM BARNES 124
04/06/22 (H) -- MEETING CANCELED --
04/13/22 (H) L&C AT 3:15 PM BARNES 124

BILL: SB 131

SHORT TITLE: WORKERS' COMP DISABILITY FOR FIREFIGHTERS

SPONSOR(S): SENATOR(S) HOLLAND

04/28/21 (S) READ THE FIRST TIME - REFERRALS
04/28/21 (S) CRA, L&C
05/06/21 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
05/06/21 (S) Heard & Held
05/06/21 (S) MINUTE(CRA)
05/11/21 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
05/11/21 (S) -- MEETING CANCELED --
05/13/21 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
05/13/21 (S) Moved SB 131 Out of Committee
05/13/21 (S) MINUTE(CRA)
05/14/21 (S) CRA RPT 2DP 2NR
05/14/21 (S) DP: HUGHES, GRAY-JACKSON
05/14/21 (S) NR: MYERS, WILSON
05/14/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
05/14/21 (S) Moved SB 131 Out of Committee
05/14/21 (S) MINUTE(L&C)
05/17/21 (S) L&C RPT 4DP
05/17/21 (S) DP: COSTELLO, MICCICHE, GRAY-JACKSON,
STEVENS
05/18/21 (S) TRANSMITTED TO (H)
05/18/21 (S) VERSION: SB 131(TITLE AM)
05/19/21 (H) READ THE FIRST TIME - REFERRALS
05/19/21 (H) L&C
02/02/22 (H) L&C AT 5:15 PM BARNES 124
02/02/22 (H) Heard & Held
02/02/22 (H) MINUTE(L&C)
04/13/22 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

SENATOR PETER MICCICHE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, introduced SB 151.

MADISON GOVIN, Staff
Senator Peter Micciche
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 151 on behalf of Senator Micciche, prime sponsor.

KRIS CURTIS, CPA, CISA, Legislative Auditor
Division of Legislative Audit
Juneau, Alaska

POSITION STATEMENT: During the hearing on SB 151, testified regarding the findings of the division's audit [sunset review] of the ABC Board.

DANA WALUKIEWICZ, Chair
Alcoholic Beverage Control Board
Alcohol and Marijuana Control Office
Department of Commerce, Community, and Economic Development
Anchorage, Alaska

POSITION STATEMENT: During the hearing on SB 151, urged that the ABC Board's termination date be extended by six years rather than the proposed four years.

CHELSEA WARD-WALLER, Staff
Representative Ivy Spohnholz
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing on SB 131(TITLE AM), on behalf of the House Labor and Commerce Committee, presented the committee's proposed CS for the bill.

ACTION NARRATIVE

[3:18:08 PM](#)

CO-CHAIR ZACK FIELDS called the House Labor and Commerce Standing Committee meeting to order at 3:18 p.m. Representatives Schrage, McCarty, Nelson, Spohnholz, and Fields

were present at the call to order. Representative Kaufman arrived as the meeting was in progress.

SB 151-EXTEND ALCOHOLIC BEVERAGE CONTROL BOARD

[3:18:46 PM](#)

CO-CHAIR FIELDS announced that the first order of business would be SENATE BILL NO. 151, "An Act extending the termination date of the Alcoholic Beverage Control Board; and providing for an effective date."

[3:18:50 PM](#)

SENATOR PETER MICCICHE, Alaska State Legislature, , as prime sponsor of SB 151, said it is important to extend the Alcoholic Beverage Control Board (ABC Board) in accordance with the recommendation of the Division of Legislative Audit. He noted that a workload will be coming to the ABC Board [if SB 9 is passed].

[3:19:41 PM](#)

MADISON GOVIN, Staff, Senator Peter Micciche, Alaska State Legislature, presented SB 151 on behalf of Senator Micciche, prime sponsor. She said SB 151 would extend the Alcoholic Beverage Control Board for an additional four years, making the new sunset date 6/30/2026. In accordance with the provisions of Title 24 and Title 44 a legislative auditor reviewed the activities of the ABC Board and determined the board is effectively serving the public interest by controlling the manufacture, barter, possession, and sale of alcoholic beverages in the state. Findings also included that board meetings were conducted effectively, regulations were adopted to implement statutory changes, and investigations were conducted in a timely manner.

[3:20:58 PM](#)

KRIS CURTIS, CPA, CISA, Legislative Auditor, Division of Legislative Audit, testified regarding the findings of the division's audit [sunset review] of the ABC Board. She explained that the purpose of the sunset audit is to determine whether a board or commission is serving the public's interest and whether it should be extended. She pointed out that this specific audit is unique in that the division also performed a special audit of the board's license process. She brought

attention to the complete audit report provided in the committee packet.

MS. CURTIS turned to the Report Conclusions on [page 9 of the complete report] and related that, overall, the audit found that this board is serving the public's interest by effectively conducting its meetings, by amending regulations to implement statutory changes, and by investigating cases in a timely manner. She stated that the audit also found that operations of the Alcohol and Marijuana Control Office (AMCO) were impeded by significant vacancies and that improvements were needed in [the ABC Board's] license process. The Division of Legislative Audit, she continued, is therefore recommending a four-year extension that is half of the eight-year maximum allowed under statute. She explained that the reduced extension reflects the need for more timely oversight of the board's progress in addressing the need for improvements to its license process.

MS. CURTIS drew attention to Exhibit 2 on page 14 of the complete report and related that as of February 2021 there was a total of 1,827 active licenses of various types. She said the division's review noted a backlog of applications that were due December 2020, which led the board to issue approximately 300 temporary licenses so applicants could continue to operate while their application was pending. The division reviewed staffing after being told the backlog was due to vacancies, she continued. Exhibit 3 on page 15 depicts the staffing vacancies that exceeded two months during the audit period, with a total of 92 months that seven staff positions were vacant from fiscal year 2018 (FY18) through February 2021. She related that the reasons for not filling the vacancies included not hiring due to: uncertainty surrounding an earlier proposal to merge AMCO with the Division of Corporations, Business and Professional Licensing, the unknown impact of the pandemic on the industry, and because the agency could not find workspace for a position that had transferred from Fairbanks to the [Matanuska-Susitna Borough]. The extended vacancies, she added, negatively impacted AMCO's ability to support the ABC Board as well as the Marijuana Control Board.

MS. CURTIS turned to pages 16-18 of the complete report and said the division's review of the license process found that 76 percent of new licenses and 85 percent of transfer licenses were issued within six months. It took an average of 153 days to issue a new license, she continued, and 131 days to issue a transfer license. She said the division's analysis of the process found three main opportunities for reducing the license

timeline. First, applications were deemed incomplete or inaccurate 96 percent of the time for new applications and 97 percent of the time for transfer applications. When deemed inadequate, the applications must be sent back, the deficiency cured, and the application resubmitted, causing delays. Second, confirming an applicant's compliance with the various statutory and regulatory requirements adds a significant amount of delay. Waiting for receipt of the compliance information, including waiting for notice from the local governing bodies on whether they want to protest a license action, adds 88 days on average to the license process for new licenses and 35 days for transfer licenses. Third, once all the requirements had been met it took 23 days to issue new licenses and 28 days to issue transfer licenses. She said automating that process could shorten that timeline.

[3:25:33 PM](#)

MS. CURTIS outlined the Division of Legislative Audit's five recommendations, detailed on pages 27-31 of the complete report, as follows: The first recommendation is that the Department of Commerce, Community, and Economic Development (DCCED) commissioner fill vacancies at AMCO in a timely manner and that the AMCO director develop written procedures for the license process. The second recommendation is that the board should significantly enhance or replace its existing database and automate the application process where possible because automating the receipt, review, and issuance of licenses could reduce the license timeline. The third recommendation is that the board and AMCO director should strengthen procedures for entering restricted purchasers in the statewide database of written orders. This recommendation was made in the division's prior audit; this time the division found that due to insufficient procedures all 27 individuals who had been convicted of relevant violations had not been entered into the statewide database of written orders. The fourth recommendation is that the board and AMCO director should implement procedures to ensure municipalities receiving refunds of biennial license fees are actively enforcing alcoholic beverage laws. Statutes require the biennial licensing fees be refunded to municipalities, but the DCCED commissioner can deny the refund if the commissioner finds that the alcoholic beverage laws are not being actively enforced. The division's prior audit found that the municipalities were not submitting their quarterly reports, yet the fees were being automatically refunded. This audit found that the municipalities were submitting the quarterly reports, but no one was reviewing them prior to

refunding the fees. The fifth recommendation is that the AMCO director should ensure that refunds to the municipalities are appropriately reviewed. This audit, like the division's prior audit, found that just one AMCO employee was responsible for calculating the refund and then approving the refund, but these duties should be segregated for adequate control.

MS. CURTIS moved to page 47 of the complete report and related that the DCCED commissioner agreed with all the Division of Legislative Audit's recommendations. [Regarding Recommendation 1], the commissioner reported that the vacancies at AMCO had been filled at the time of her response. Regarding Recommendation 2 to enhance or replace the database and automate the application process, the commissioner said that the department was developing a needs assessment for the project. Regarding Recommendation 3 to strengthen procedures for recording the violations in the statewide database of written orders, the commissioner stated that all 27 individuals had been entered and that procedures had been developed. Regarding Recommendation 4 to implement procedures to ensure municipalities receiving refunds of biennial license fees are actively enforcing alcoholic beverage laws, the commissioner stated that [the Program Coordinator] intended to develop procedures in the future.

MS. CURTIS turned to page 49 and conveyed that the board chair disagreed strongly with the division's recommendation of only a four-year extension. She said the board chair states that an early sunset would jeopardize the public's trust and undermine the public's confidence in the public process. The board chair, she continued, states he agrees with all the recommendations but does not believe they are material enough to shorten the extension timeline. Responding to Co-Chair Fields, Ms. Curtis stated that this board has received a three-year or four-year extension multiple times over the past 20 years.

[3:28:57 PM](#)

REPRESENTATIVE MCCARTY expressed his alarm at the audit's findings. He inquired whether there was any differentiation between the ABC Board and the Marijuana Control Board in terms of where challenges are occurring.

MS. CURTIS responded that they are separate boards, with the Marijuana Control Board not up for sunset for another year or two. Therefore, she said, the division focused its review on only the ABC Board with a notation that the staff and resources

support both the ABC Board and the Marijuana Control Board. So, she continued, any deficiencies in the resources would impact the Marijuana Control Board as well.

REPRESENTATIVE MCCARTY said it appears that [AMCO] is unable to support the boards. He asked whether the boards could elect to go to an outside entity to do the work for them.

MS. CURTIS replied that the Division of Legislative Audit does not look about whether [AMCO] should prioritize support for the board. She explained that the main reason for a reduced extension recommendation is that significant improvements can and should be made to the license process, which is something the board is responsible for. The board would be the leader in how to improve the license process, working in conjunction with the executive director of the office.

REPRESENTATIVE MCCARTY suggested that boards may think they cannot operate in certain ways because they are hearing otherwise from entities within their division. He asked whether Ms. Curtis is hearing anything about that in this process.

MS. CURTIS answered, "Not that I know of." She stated that historically this board has been well-equipped to do its job. She pointed out that boards are filled with volunteers and often rely heavily on folks within the division to get the work done. But in the past, she continued, she has felt that this board is aware of the regulations and the board's role and can provide that oversight of the office.

REPRESENTATIVE MCCARTY asked whether the board can contract out to an entity to support its existence if [AMCO] is not able to make desired fixes happen efficiently or quickly.

MR. CURTIS replied that she does not know and said would have to look at the board's statutes specifically with that in mind. She deferred to the board chair to respond to the question.

[3:32:49 PM](#)

DANA WALUKIEWICZ, Chair, Alcoholic Beverage Control Board, Alcohol and Marijuana Control Office (AMCO), Department of Commerce, Community, and Economic Development (DCCED), urged that the ABC Board's termination date be extended by six years rather than the proposed four years. He said he understands it is typical to accept the legislative auditor's recommendations and that he appreciates the testimony of Ms. Curtis. He stated

that the board and AMCO do not dispute the findings of the audit, only the recommendation of a shortened extension term. He shared the ABC Board's belief that an early sunset of the board would jeopardize the trust of the industry. He specified that the ABC Board will have a lot of work to do if SB 9 and the rewrite of Title 4 is passed, and the public needs to know the board will be working diligently on the proper regulations to support the legislative intent.

MR. WALUKIEWICZ addressed the comments regarding staffing levels found during the audit. He said the ABC Board's ability to complete its mission was hampered by some interagency politics. The board had instructed the director to post vacancy announcements, he explained. Interviews of several individuals were done to fill the vacancies but sending out offers to get the individuals onboard to fill the vacancies was denied through DCCED. Several years ago, he continued, AMCO was moved underneath DCCED to facilitate for administrative purposes.

MR. WALUKIEWICZ pointed out that four of the five Division of Legislative Audit recommendations were solved by the time the audit report was completed. For example, he said, the board worked out its differences with DCCED and all the positions were filled by the end of the audit report, which remains the case today. The board also brought its database up to date with restricted purchasers and is now ensuring that the refunds to municipalities are properly reviewed.

MR. WALUKIEWICZ said the ABC Board and AMCO both fully agree with the legislative auditors that the board's licensing database is outdated and inadequate for the board's purposes. He related that each year roughly 900 of the 1,800 licenses renew, putting an incredible strain on the three licensing examiners. All those licenses come through in a period of two months at year-end, he explained, and it takes time to verify all the information and to ensure that the renewals are done in compliance with statute. The current method available to office staff is paper based and very simplistic, such as Word, PDF, and Excel documents, which is how the staff is tracking these things. The board has gone through a scoping document for updating its database with a potential online facilitation of applications for renewal and new applications and transfer applications. The intent is for individuals that renew to be able to apply online so this information can be crosschecked automatically with DCCED and business licensing databases to ensure that the error rate is cut down from 97 percent to zero by the time the button is hit to submit that application.

MR. WALUKIEWICZ pointed out that SB 9 would provide funds for the development of an [online] application. He said he favors SB 9 simply so the ABC Board can tackle license renewals on a much timelier basis. He noted that his seat on the board is as an industry representative, and as the holder of two licenses he can attest that it is time to step into the 21st Century so the state can operate more efficiently. He added that he wants to ensure the audit does not present the staff in a negative way as they are dedicated and working hard the best they can with the resources they have.

MR. WALUKIEWICZ reiterated that a longer sunset term would ensure that the mission of the office is completed and give the board an appropriate amount of time to work on the coming Title 4 rewrite and implementing a new system of licensing.

[3:39:56 PM](#)

CO-CHAIR FIELDS related that the committee shares the board's enthusiasm for SB 9.

[3:40:11 PM](#)

REPRESENTATIVE MCCARTY asked whether Mr. Walukiewicz, as a business owner, finds that the system of recording his business license as being the same challenge for this or does he see a difference.

MR. WALUKIEWICZ understood Representative McCarty to be asking about the renewal application process and the system to do that. He replied that it is antiquated and paper-based, so there is no ability for things to be cross referenced at the time of filing.

REPRESENTATIVE MCCARTY confirmed his understanding that it is all paper based. He noted that businesses in commerce just go online, answer [the questions], use their credit card, print their document right then and there, and it is all done. He asked whether Mr. Walukiewicz is able do that to keep his business license, but it isn't the same way for his alcoholic beverage license because that license is paper based.

MR. WALUKIEWICZ confirmed that that is accurate. He said he and the director have been discussing ways for how to integrate the existing systems that are out there. He noted that there are several systems online within the State of Alaska, with myAlaska being an example where everyone signs up for their permanent

fund dividend (PFD). He explained that his own myAlaska page leads to his business entity and he can file his employment security tax directly online through his myAlaska account. It took him about 10 minutes to set up that link, he continued, and now he can file those taxes in about 15 minutes once every quarter. He said the board is thinking about something just like that if [online applications] are implemented and integrate it so that account users can link into their license numbers and then automate a renewal process by cross referencing with DCCED's databases of business entities and business officers since that information must be reviewed by the licensing examiners at the AMCO office. Right now, he pointed out, the licensing examiners must pull up and go through every one of those officers to verify various information.

REPRESENTATIVE MCCARTY asked whether there is any research to date that indicates how much it would cost to put together such a system.

MR. WALUKIEWICZ answered that the director has researched this, met with a couple of vendors, and done a scoping document for meeting the needs of the system; the next step is to take proposals. The big limitation, he explained, is that capital funds must come from outside of the budget of the revenues of AMCO since AMCO is self-sufficient through the fees that are applied to licenses. He estimated a cost of \$460,000 - \$600,000 depending on how integrated the system is with other databases.

[SB 151 was held over.]

[3:45:56 PM](#)

The committee took an at-ease from 3:45 p.m. to 3:47 p.m.

SB 131-WORKERS' COMP DISABILITY FOR FIREFIGHTERS

[3:47:36 PM](#)

CO-CHAIR FIELDS announced that the final order of business would be SENATE BILL NO. 131(TITLE AM), "An Act relating to the presumption of compensability for a disability resulting from certain cancers in firefighters."

[3:47:52 PM](#)

CO-CHAIR SPOHNHOLZ moved to adopt the proposed committee substitute (CS) for SB 131(TITLE AM), Version 32-LS0598\I, Marx, 2/23/22 ("Version I"), as the working document.

[3:48:09 PM](#)

REPRESENTATIVE MCCARTY objected for discussion purposes.

[3:48:21 PM](#)

CHELSEA WARD-WALLER, Staff, Representative Ivy Spohnholz, Alaska State Legislature, on behalf of the House Labor and Commerce Committee presented the committee's proposed CS for the bill. She spoke from the document in the committee packet, titled "Summary of Changes, HCS SB 131 (L&C) Version A.A to Version I", which read [original punctuation provided]:

Section 1

Page 1, line 13; Replaces "malignant melanoma" with "skin cancer"

Page 2, lines 7-12; Adds cervical cancer, testicular cancer, mesothelioma, multiple myeloma, colon cancer, and thyroid cancer to the list of diseases with presumptive claim for disability compensation for firefighters.

Section 2

Page 2, lines 30-31 and page 3, lines 1-6; Inserts a new section that amends AS 23.30.121 (f) to define firefighter as a person employed by a state or municipal fire department, or member of a volunteer fire department registered with the state fire marshal, including a person registered for the purposes of workers' compensation. Renumbers the following section accordingly.

Section 3

Page 3, line 9; adds the definitions in Section 2 AS 23.30.121 (f) applicable for claims made on or after the effective date of the act.

[3:49:48 PM](#)

REPRESENTATIVE KAUFMAN inquired about the likely cost of these expanded line items that will be transferred through the system for this expanded coverage.

CO-CHAIR FIELDS responded that these proposed changes are informed by last year's testimony before the committee on the House companion bill sponsored by Representative Kaufman. He said that the insurer was consulted to gain a sense of the magnitude of these [proposed] changes and his recollection is that the cost impact was minimal and was considered in expanding the bill this way. Responding further, he agreed to provide a copy of that document for the committee's use in considering the proposed CS.

REPRESENTATIVE KAUFMAN observed that testicular cancer is added but not ovarian cancer. He asked whether that is an omission or intentional.

CO-CHAIR FIELDS replied that he does not remember and deferred to Ms. Ward-Waller to provide an answer.

MS. WARD-WALLER responded that it was not intentional and therefore amendments could be looked at for that.

REPRESENTATIVE KAUFMAN suggested the committee look at that omission as well as look at the collective cost impact.

CO-CHAIR FIELDS agreed.

[3:52:00 PM](#)

The committee took a brief at-ease.

[3:52:07 PM](#)

REPRESENTATIVE MCCARTY removed his objection to the motion to adopt Version I as the working document. There being no further objection, Version I was before the committee.

[SB 131(TITLE AM) was held over.]

[3:52:38 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [3:52] p.m.