

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

March 10, 2023

3:15 p.m.

**MEMBERS PRESENT**

Representative Jesse Sumner, Chair  
Representative Justin Ruffridge, Vice Chair  
Representative Mike Prax  
Representative Dan Saddler  
Representative Stanley Wright  
Representative Ashley Carrick

**MEMBERS ABSENT**

Representative Zack Fields

**COMMITTEE CALENDAR**

HOUSE BILL NO. 85

"An Act relating to professional licensing; relating to temporary licenses for some professions; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 87

"An Act relating to record checks for certain employees of the Department of Revenue; relating to permanent fund dividends; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 35

"An Act relating to the certificate of need program for health care facilities; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 85

SHORT TITLE: PROFESSIONAL LICENSING; TEMP PERMITS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/27/23            (H)            READ THE FIRST TIME - REFERRALS

02/27/23 (H) L&C, FIN  
03/08/23 (H) L&C AT 3:15 PM BARNES 124  
03/08/23 (H) Heard & Held  
03/08/23 (H) MINUTE(L&C)  
03/10/23 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 87

SHORT TITLE: PERM FUND; EMPLOYMENT; ELIGIBILITY  
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/27/23 (H) READ THE FIRST TIME - REFERRALS  
02/27/23 (H) L&C, FIN  
03/10/23 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 35

SHORT TITLE: REPEAL CERTIFICATE OF NEED PROGRAM  
SPONSOR(s): RAUSCHER

01/19/23 (H) PREFILE RELEASED 1/13/23  
01/19/23 (H) READ THE FIRST TIME - REFERRALS  
01/19/23 (H) HSS, L&C, FIN  
02/10/23 (H) HSS REFERRAL MOVED TO AFTER L&C  
02/10/23 (H) BILL REPRINTED  
02/18/23 (H) HSS AT 3:00 PM DAVIS 106  
02/18/23 (H) -- MEETING CANCELED --  
03/10/23 (H) L&C AT 3:15 PM BARNES 124

**WITNESS REGISTER**

SYLVAN ROBB, Director  
Division of Corporations, Business, and Professional Licensing  
Department of Commerce, Community, and Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of the sponsor, House Rules by request of the governor, gave the sectional analysis for HB 85.

FADIL LIMANI, Deputy Commissioner  
Department of Revenue  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of the sponsor, House Rules by request of the governor, introduced HB 87.

GENEVIEVE WOJTUSIK, Director  
Permanent Fund Dividend Division  
Department of Revenue  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of the bill sponsor, House Rules by request of the governor, gave the sectional analysis for HB 87.

REPRESENTATIVE GEORGE RAUSCHER  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 35.

CRAIG VALDEZ, Staff  
Representative George Rauscher  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** On behalf of Representative Rauscher, prime sponsor, gave the sectional analysis for HB 35.

JAIMIE CAVANAUGH, Attorney  
Institute for Justice  
Arlington, Virginia

**POSITION STATEMENT:** Provided invited testimony during the hearing on HB 35.

#### **ACTION NARRATIVE**

[3:15:27 PM](#)

**CHAIR JESSE SUMNER** called the House Labor and Commerce Standing Committee meeting to order at 3:15 p.m. Representatives Saddler, Carrick, Wright, and Sumner were present at the call to order. Representatives Prax and Ruffridge arrived as the meeting was in progress.

#### **HB 85-PROFESSIONAL LICENSING; TEMP PERMITS**

[3:15:50 PM](#)

CHAIR SUMNER announced that the first order of business would be HOUSE BILL NO. 85, "An Act relating to professional licensing; relating to temporary licenses for some professions; and providing for an effective date."

[3:16:10 PM](#)

SYLVAN ROBB, Director, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community, and Economic Development (DCCED), on behalf of the sponsor, House Rules by request of the governor, gave the sectional analysis

for HB 85. She stated that Section 1 would repeal AS 08.01.062 and allow an applicant for an occupational license to receive a temporary license if certain requirements are met. The temporary license would be good for 180 days with the possibility of a 180-day extension, at DCCED's discretion. She stated that Sections 3 through 27 are changes in language to conform with the new legislation.

[3:19:15 PM](#)

MS. ROBB continued to Section 28 and stated that it would allow DCCED to adopt any regulations necessary to implement changes made by the proposed bill. Section 29 would provide for current processes, such as investigations, licenses, and contracts to continue, as are, before the proposed bill would pass. She said that Section 30 would provide an immediate effective date for Sections 28 and 29, and Section 31 would provide an effective date of July 1, 2024, for Sections 1 through 27.

[3:20:54 PM](#)

CHAIR SUMNER questioned whether the problem could change from a backlog in licensure to a backlog in temporary licensure.

MS. ROBB answered that the volume of applications would be reduced because it would no longer be necessary for applicants to complete two separate applications, one for a temporary license and one for a permanent license. In response to a follow-up question, she said that certain license applications take longer to process, with nursing licenses currently having the greatest backlog.

[3:23:01 PM](#)

REPRESENTATIVE SADDLER asked whether duplicate applications could be screened out.

MS. ROBB answered that part of the reason for the backlog is staff vacancies [and the resulting lack of] technical knowledge needed to process certain applications. In response to a follow-up question, she stated that universal temporary licensure (UTL) would be "another tool" to help people get to work faster.

REPRESENTATIVE SADDLER asked how the legislature can be sure that applications for temporary licenses would receive the same amount of scrutiny as permanent licenses.

MS. ROBB answered that obtaining a temporary license requires an individual to possess a license from out of state with substantially similar requirements to those in Alaska, with no disciplinary action against them.

[3:26:57 PM](#)

REPRESENTATIVE CARRICK asked why certain professions would be required to work under another licensee before obtaining a license.

MS. ROBB answered that the requirements are made by the respective boards of these professions.

[3:29:22 PM](#)

REPRESENTATIVE RUFFRIDGE asked how the temporary license portion would be expedited.

MS. ROBB answered that many applicants apply for a temporary license and make the permanent application at a later time; therefore, the occupational license examiner would have to look at each applicant twice. With the proposed legislation, the applicant could indicate whether a permanent license would be sought in the future, preventing the examiner from reviewing an applicant twice. In response to a follow-up question, she stated that applications would still be reviewed in the order they are received.

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REPRESENTATIVE SADDLER asked whether the proposed bill has the support of the different licensing boards.

MS. ROBB answered that DCCED has not received questions or concerns from any of the 21 existing professional boards. In response to a follow-up question, she stated that DCCED generally supports the idea of licensure compacts, but HB 85 would not be considered a "stepping stone" to licensure compacts.

[3:34:35 PM](#)

MS. ROBB, in response to a question from Representative Carrick, answered that there are 18 states with some form of UTL licensure, and she listed several of these states.

CHAIR SUMNER announced that HB 85 was held over.

**HB 87-PERM FUND; EMPLOYMENT; ELIGIBILITY**

[3:35:58 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 87, "An Act relating to record checks for certain employees of the Department of Revenue; relating to permanent fund dividends; and providing for an effective date."

[3:36:26 PM](#)

FADIL LIMANI, Deputy Commissioner, Department of Revenue (DNR), introduced HB 87, on behalf of the sponsor, House Rules by request of the governor. He stated that the proposed bill would do the following: allow DNR to collect any necessary personal information for hiring new employees; include merchant mariners in the section of allowable absences for qualifying for the permanent fund dividend (PFD); modify the definition of education for the purpose of allowable absences regarding the PFD; and allow for electronic notices to be given regarding the PFD.

[3:39:19 PM](#)

GENEVIEVE WOJTUSIK, Director, Permanent Fund Dividend Division, Department of Revenue, gave the sectional analysis for HB 87, [included in the committee packet]. She stated that Sections 1, 2, and 5 would add provisions for a background check as a condition of employment for the Permanent Fund Dividend Division. Section 3 would allow for merchant mariners in training to be included under allowable absences, and Section 4 would clarify the definition of "student" for the same purpose. She said that Section 6 would allow a notice of levy to be sent electronically rather than through the mail. She explained that sections 7 through 9 are transitional language changes and a provision for an effective date.

CHAIR SUMNER announced that HB 87 was held over.

**HB 35-REPEAL CERTIFICATE OF NEED PROGRAM**

[3:42:18 PM](#)

CHAIR SUMNER announced that the final order of business would be HOUSE BILL NO. 35, "An Act relating to the certificate of need program for health care facilities; and providing for an effective date."

[3:42:37 PM](#)

The committee took an at-ease from 3:42 p.m. to 3:46 p.m.

[3:46:32 PM](#)

REPRESENTATIVE GEORGE RAUSCHER, Alaska State Legislature, as prime sponsor, introduced HB 35. He stated that HB 35 would repeal the certificate of need program and provide an effective date of July 1, 2024. He explained that the certificate of need program was first mandated by the federal government in 1974, and later repealed federally in 1987. He said that since 1987, 13 states have already repealed certificate of need programs. He stated that this program was intended to lower healthcare costs; however, healthcare costs have changed from a fee per service system to a prospective payment system, and this has caused healthcare costs to increase because of a lack of competition.

[3:48:49 PM](#)

CRAIG VALDEZ, Staff, Representative George Rauscher, Alaska State Legislature, gave the sectional analysis for HB 35, on behalf of Representative Rauscher, prime sponsor. He stated that Sections 1 through 7 would make modifications to definitions of healthcare terms under current state statutes. Sections 8 and 9 would repeal the certificate of need program, and Section 10 would prevent the Department of Family and Community Services from acting on or after the effective date to modify or revoke any certificate of need. He said that Section 11 would provide for an effective date of July 1, 2024. He added that the proposed bill currently has a zero fiscal note.

[3:51:47 PM](#)

REPRESENTATIVE PRAX asked whether repealing the certificate of need program would cost significant amounts of money regarding Medicare.

REPRESENTATIVE RAUSCHER answered that he has not consulted the Department of Health, but he expressed the belief that it would. He added that the certificate of need program only adds to the

costs and complications of remote communities trying to build new healthcare facilities.

[3:54:24 PM](#)

REPRESENTATIVE RUFFRIDGE asked whether it would be more accurate to say that the fiscal note is "indeterminant."

MR. VALDEZ answered that this would be correct for indirect costs.

REPRESENTATIVE RUFFRIDGE asked how other issues, such as the inability to raise revenue via property taxes in certain areas, would be addressed in regard to funding the construction of hospitals.

REPRESENTATIVE RAUSCHER expressed agreement that there are multiple hurdles to building a hospital in rural areas; however, he expressed the belief that the certificate of need is a "needless hurdle" which takes money away from the actual funds to build these facilities.

[3:57:22 PM](#)

REPRESENTATIVE CARRICK asked if the \$1.5 million figure is the start-up cost for requiring a certificate of need.

MR. VALDEZ answered that if the cost of the facility were equal to or greater than \$1.5 million, a certificate of need would be required. In response to a follow-up question, he said that he is unsure of the exact figure for any additional costs being incurred in relation to the certificate of need requirement.

REPRESENTATIVE CARRICK asked whether any healthcare facilities support the repeal of the certificate of need program.

REPRESENTATIVE RAUSCHER answered that he has spoken to a few healthcare clinics that are supportive of the repeal.

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JAIMIE CAVANAUGH, Attorney, Institute for Justice, stated that the Institute for Justice has been working on legislation and litigation to end certificate of need laws for decades. She said that certain aspects of these laws were suspended during the pandemic, and this had pointed out that they are ineffective. She stated that Tennessee, Alabama, Oregon, and

Washington have certificate of need laws which do not apply to rural areas, but these laws are not effective at preventing the closure of rural healthcare facilities, while Utah and Colorado are states without certificate of need laws, and these states have not had a rural hospital closure since 2005. She said that the Federal Trade Commission and Department of Justice have been involved in efforts to repeal certificate of need laws. She argued that this is because of the negative effect on healthcare competition. She suggested that the concentration of healthcare facilities in a single area leads to higher costs and lower quality.

[4:06:55 PM](#)

REPRESENTATIVE SADDLER asked if there were any examples of certificate of need laws affecting Alaska differently than other states.

MS. CAVANAUGH answered that the data shows states without certificate of need laws have greater access to healthcare and an increased number of healthcare facilities. She acknowledged that repealing the law would not address Alaska's geographical spread. She added that many individuals seeking to start a new healthcare facility give up before starting because it is known that other healthcare facilities have the ability to argue against the need for a new facility during the certificate of need process.

[4:10:12 PM](#)

CHAIR SUMNER announced that HB 35 was held over.

[4:10:18 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:10 p.m.