

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 15, 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
Representative Zack Fields

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 93

"An Act relating to a lumber grading training program and lumber grading certificates; relating to use of lumber graded and certified by a person holding a lumber grading training program certificate; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 75

"An Act relating to coverage for additional insureds under owner and contractor controlled insurance programs; and providing for an effective date."

- MOVED CSHB 75(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 58

"An Act relating to medical assistance for recipients of Medicaid waivers; establishing an adult care home license and procedures; providing for the transition of individuals from foster care to adult home care settings; and providing for an effective date."

- MOVED HB 58 OUT OF COMMITTEE

HOUSE BILL NO. 63

"An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Workers' Compensation Appeals Commission; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules 202(a), 204(a) - (c), 210(e), 601(b), 602(c) and (h), and 603(a), Alaska Rules of Appellate Procedure; and providing for an effective date."

- MOVED HB 63 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 93

SHORT TITLE: LUMBER GRADING PROGRAM

SPONSOR(s): REPRESENTATIVE(s) SUMNER

03/06/23	(H)	READ THE FIRST TIME - REFERRALS
03/06/23	(H)	L&C
03/15/23	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 75

SHORT TITLE: OWNER & CONTRACTOR CONTROLLED INSURANCE

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/15/23	(H)	READ THE FIRST TIME - REFERRALS
02/15/23	(H)	L&C
02/20/23	(H)	L&C AT 3:15 PM BARNES 124
02/20/23	(H)	Heard & Held
02/20/23	(H)	MINUTE(L&C)
03/01/23	(H)	L&C AT 3:15 PM BARNES 124
03/01/23	(H)	<Bill Hearing Canceled>
03/13/23	(H)	L&C AT 3:15 PM BARNES 124
03/13/23	(H)	Heard & Held
03/13/23	(H)	MINUTE(L&C)
03/15/23	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 58

SHORT TITLE: ADULT HOME CARE; MED ASSISTANCE

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/03/23	(H)	READ THE FIRST TIME - REFERRALS
02/03/23	(H)	HSS, L&C, FIN
02/07/23	(H)	HSS AT 3:00 PM DAVIS 106
02/07/23	(H)	Heard & Held
02/07/23	(H)	MINUTE(HSS)
03/07/23	(H)	HSS AT 3:00 PM DAVIS 106

03/07/23 (H) Moved HB 58 Out of Committee
 03/07/23 (H) MINUTE(HSS)
 03/08/23 (H) HSS RPT 6DP
 03/08/23 (H) DP: FIELDS, SUMNER, RUFFRIDGE,
 MCCORMICK, MINA, PRAX
 03/13/23 (H) L&C AT 3:15 PM BARNES 124
 03/13/23 (H) Heard & Held
 03/13/23 (H) MINUTE(L&C)
 03/15/23 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 63

SHORT TITLE: REPEAL WORKERS' COMP APPEALS COMMISSION

SPONSOR(s): RAUSCHER

02/06/23 (H) READ THE FIRST TIME - REFERRALS
 02/06/23 (H) L&C, JUD
 02/17/23 (H) L&C AT 3:15 PM BARNES 124
 02/17/23 (H) Heard & Held
 02/17/23 (H) MINUTE(L&C)
 03/03/23 (H) L&C AT 3:15 PM BARNES 124
 03/03/23 (H) Heard & Held
 03/03/23 (H) MINUTE(L&C)
 03/15/23 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

JEREMY DOUSE, Northern Regional Forester
 Division of Forestry and Fire Protection
 Department of Natural Resources
 Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation on HB 93, titled "Local Lumber Grading."

RODNEY DIAL, Mayor
 Ketchikan Gateway Borough

POSITION STATEMENT: Provided invited testimony during the hearing on HB 93.

LORI WING-HEIER, Director
 Division of Insurance
 Department of Commerce, Community, and Economic Development
 Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 75.

ACTION NARRATIVE

3:15:18 PM

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

HB 93-LUMBER GRADING PROGRAM

[3:15:48 PM](#)

CHAIR SUMNER announced that the first order of business would be HOUSE BILL NO. 93, "An Act relating to a lumber grading training program and lumber grading certificates; relating to use of lumber graded and certified by a person holding a lumber grading training program certificate; and providing for an effective date."

Chair Sumner passed the gavel to Vice Chair Ruffridge.

[3:16:52 PM](#)

CHAIR SUMNER, as prime sponsor, introduced HB 93. He stated that the proposed legislation would create a program to grade lumber in the state and make it available for building. He explained that lumber used in residential construction must be graded and stamped, but small lumber mills in Alaska do not produce enough lumber to justify the costs associated with residential lumber grading. He said the bill would create a program allowing smaller lumber mills to directly sell lumber to individuals or contractors looking to build a home. He stated that the proposed bill would save on lumber shipping costs, particularly for barges in rural communities. He expressed the opinion that local lumber grading programs would grow the economy by increasing investment in forest management and increasing the number of lumber mills. He stated that the program for lumber certification would be offered at least once a year.

[3:22:13 PM](#)

JEREMY DOUSE, Northern Regional Forester, Division of Forestry and Fire Protection, Department of Natural Resources, provided a PowerPoint presentation on HB 93, titled "Local Lumber Grading." He began his presentation on slide 2 and slide 3, stating that grade stamped lumber allows a purchaser to know the quality of the lumber. He stated that the Western Wood Products

Association (WWPA) publishes the rules for western lumber grading, and it is accredited by the American Lumber Standards Committee. He said that it is economically challenging for small mills to become a member of these types of organizations because of the smaller operational scale. He continued that the membership fee, monthly site inspections, and inspector travel costs could cost approximately \$2200 a month.

[3:25:44 PM](#)

MR. DOUSE continued to slide 4 through slide 6, stating that seven other states have similar programs to the one proposed in HB 93. He said that these states have training for smaller mills so the mill would be able to visually grade its own lumber. He said that building inspectors would still have the ability to reject wood being used if necessary. Lumber sold as part of the program would be required to be sold to the end user or the contractor building the home. He added that most of these states only allow this lumber to be used when building a one to three family home.

[3:29:03 PM](#)

MR. DOUSE continued to slide 7 and stated that the program is needed in Alaska because of several factors, including the rising costs of lumber used in the construction of residential homes. He stated that the Alaska Housing Finance Corporation has reported a 15 percent decrease in new building permits, citing the high costs of construction materials as the reason. He said that tariffs on Canadian lumber imports have also contributed to the increase in costs. He stated that the proposed bill would create opportunities for forest management by allowing the salvage of trees affected by beetles.

MR. DOUSE continued to slide 8 through slide 10 and gave an overview of mill production and lumber grading standards. He stated that in 2000, approximately 87 million board feet (MBF) of lumber was produced in Alaska compared to 15 MBF in 2020. He stated that the focus of the proposed bill is to provide a way to grade lumber which would be used for light framing and studs for residential construction. He provided the equivalent grades for what would be used in Alaska's local lumber grading program to those used by WWPA.

[3:34:23 PM](#)

MR. DOUSE moved to slide 11 and slide 12 and stated that the one-day class used to train individuals in Alaska would be similar to the class offered in Wisconsin. He continued that recertification would be required on a five-year basis, and a handbook with the different grades would be issued to those in the program. He reiterated that the certification would follow the individual, rather than the lumber mill, and there would be a requirement to sell the lumber to the end user.

[3:37:48 PM](#)

REPRESENTATIVE FIELDS asked why the program would only allow the lumber to be used in single family homes.

MR. DOUSE answered that the program is not meant to compete with larger lumber mills, as they pay more money to have access to lumber grading. He expressed the understanding that the greatest need for residential construction is single family homes in rural areas of the state. In response to a follow-up question, he said that it would be possible for HB 93 to contribute to the number of carbon credits available.

[3:40:33 PM](#)

REPRESENTATIVE SADDLER asked whether larger commercial lumber mills have "more hoops to jump through."

MR. DOUSE answered that the larger mills have more employees, produce more lumber, and pay the dues to lumber grading organizations. In response to a follow-up question, he stated that there are certain qualifications smaller mills would still be unable to meet in the one-day training course offered through a local lumber grading program.

REPRESENTATIVE SADDLER asked whether a one-day course is sufficient to qualify an individual to grade lumber.

MR. DOUSE answered that the local lumber grading program uses a simplified grading system which would allow an individual to learn how to grade lumber in a single day. He added that the state of Wisconsin uses a similar system, which he described as successful.

[3:43:12 PM](#)

REPRESENTATIVE CARRICK asked what the degree requirements would be to train individuals under the program. She also questioned the fiscal notes relating to the University of Alaska Fairbanks.

MR. DOUSE answered that an individual with a bachelor's degree in Wood Sciences, or a similar discipline, would not be required to take the one-day class to grade lumber. He said that the fiscal notes referred to having an individual to "train the trainers." In response to a follow-up question, he stated that allowing the certification to stay with the individual instead of the mill would allow for the possibility of more training in rural Alaska.

[3:48:00 PM](#)

REPRESENTATIVE SADDLER asked why there is a requirement to sell the lumber directly to end users or their contractors.

CHAIR SUMNER answered that lumber bought at a store is stamped, while lumber bought directly from the mill and graded by its employees would not be stamped.

REPRESENTATIVE SADDLER asked what protections there are against an inspector giving deference to a local lumber mill.

MR. DOUSE suggested that this would be up to professional ethics.

CHAIR SUMNER added that such a scenario would require the contractor, inspector, and mill to conspire together, which is difficult to prevent with certainty and can still happen with stamped lumber.

REPRESENTATIVE SADDLER questioned the rise in cost of lumber.

MR. DOUSE answered that the cost had been \$12 a square foot and now it has risen to \$20 a square foot.

[3:51:31 PM](#)

REPRESENTATIVE FIELDS expressed the opinion that it would be beneficial if the proposed bill were expanded to cover multi-family structures.

[3:52:39 PM](#)

VICE CHAIR RUFFRIDGE questioned the number of lumber mills in rural Alaska.

MR. DOUSE answered that most villages have their own mills, and he suggested that the Native Corporations are willing to do business. He made the observation that there is an abundance of timber resources.

[3:55:01 PM](#)

REPRESENTATIVE SADDLER questioned why the training for the program would not fall under the jurisdiction of the Division of Labor and Workforce Development.

MR. DOUSE answered that the Division of Forestry and Fire Protection is specifically looking to build up the program using resources which would already be available.

[3:56:31 PM](#)

The committee took an at-ease from 3:56 p.m. to 3:57 p.m.

[3:57:18 PM](#)

RODNEY DIAL, Mayor, Ketchikan Gateway Borough, provided invited testimony on HB 93. He pointed out that Ketchikan and Southeast Alaska has a long history of logging, and the cost of lumber has a significant impact on the cost of homebuilding and the economy. He expressed the belief the proposed bill is a step in the right direction for solving the problem posed by the high cost of housing.

[3:59:00 PM](#)

[Vice Chair Ruffridge passed the gavel back to Chair Sumner.]

CHAIR SUMNER announced that HB 93 was held over.

HB 75-OWNER & CONTRACTOR CONTROLLED INSURANCE

[3:59:03 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 75, "An Act relating to coverage for additional insureds under owner and contractor controlled insurance programs; and providing for an effective date." [Amendment 1 was adopted to HB 75 during the meeting on 3/13/23.]

[4:00:48 PM](#)

REPRESENTATIVE FIELDS asked whether the proposed legislation is a continuation of the previous insurance structure or whether it would be a "meaningful change."

[4:01:05 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community, and Economic Development, answered that the purpose of the bill is to add clarifying language rather than making significant changes.

[4:02:42 PM](#)

REPRESENTATIVE RUFFRIDGE moved to adopt the proposed committee substitute (CS) for HB 75, Version 33-GH1009\B, Marx, 3/14/23, ("Version B") as a working document. There being no objection, Version B was before the committee.

[4:03:17 PM](#)

The committee took a brief at-ease.

[4:03:45 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report CSHB 75, Version 33-GH1009\B, Marx, 3/14/23, out of committee with individual recommendations and the accompanying fiscal notes.

[4:04:00 PM](#)

REPRESENTATIVE SADDLER objected for the purpose of discussion. He questioned why the language for a "major" construction project had been used in Amendment 1.

MS. WING-HEIER answered that it was to match language used elsewhere in the bill.

[4:05:03 PM](#)

REPRESENTATIVE SADDLER withdrew his objection. There being no further objection, CSHB 75(L&C) was reported out of the House Labor and Commerce Standing Committee.

[4:05:15 PM](#)

The committee took an at-ease from 4:05 p.m. to 4:08 p.m.

HB 58-ADULT HOME CARE; MED ASSISTANCE

[4:08:41 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 58, "An Act relating to medical assistance for recipients of Medicaid waivers; establishing an adult care home license and procedures; providing for the transition of individuals from foster care to adult home care settings; and providing for an effective date."

[4:09:31 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HB 58 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 58 was reported out of the House Labor and Commerce Standing Committee.

[4:11:03 PM](#)

The committee took a brief at-ease.

HB 63-REPEAL WORKERS' COMP APPEALS COMMISSION

[4:11:18 PM](#)

CHAIR SUMNER announced that the final order of business would be HOUSE BILL NO. 63, "An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Workers' Compensation Appeals Commission; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules 202(a), 204(a) - (c), 210(e), 601(b), 602(c) and (h), and 603(a), Alaska Rules of Appellate Procedure; and providing for an effective date."

[4:11:37 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HB 63 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 63 was reported out of the House Labor and Commerce Standing Committee.

4:12:04 PM

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:12 p.m.