

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

March 31, 2023

3:18 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Dan Saddler
Representative Zack Fields

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

ALASKA LABOR RELATIONS AGENCY

JENNIFER MCCONNELL - Kenai
- CONFORMATION(S) ADVANCED

REAL ESTATE COMMISSION

CHERYL MARKWOOD - Fairbanks
- CONFORMATION(S) ADVANCED

HOUSE BILL NO. 119

"An Act relating to marijuana taxes; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 17

"An Act relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date."

- MOVED CSHB 17(HSS) OUT OF COMMITTEE

HOUSE BILL NO. 92

"An Act relating to claims against protection and indemnity insurance policies of vessel owners."

- HEARD & HELD

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."

- MOVED HB 93 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 119

SHORT TITLE: MARIJUANA TAX

SPONSOR(s): RULES BY REQUEST

| | | |
|----------|-----|---------------------------------|
| 03/17/23 | (H) | READ THE FIRST TIME - REFERRALS |
| 03/17/23 | (H) | L&C, FIN |
| 03/24/23 | (H) | L&C AT 3:15 PM BARNES 124 |
| 03/24/23 | (H) | <Bill Hearing Canceled> |
| 03/31/23 | (H) | L&C AT 3:15 PM BARNES 124 |

BILL: HB 17

SHORT TITLE: CONTRACEPTIVES COVERAGE;INSURE;MED ASSIST

SPONSOR(s): CARRICK

| | | |
|----------|-----|-------------------------------------|
| 01/19/23 | (H) | PREFILE RELEASED 1/9/23 |
| 01/19/23 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/19/23 | (H) | HSS, CRA, 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) |
| 02/18/23 | (H) | HSS AT 3:00 PM DAVIS 106 |
| 02/18/23 | (H) | -- MEETING CANCELED -- |
| 03/02/23 | (H) | HSS AT 3:00 PM DAVIS 106 |
| 03/02/23 | (H) | Moved CSHB 17(HSS) Out of Committee |
| 03/02/23 | (H) | MINUTE(HSS) |
| 03/07/23 | (H) | HSS AT 3:00 PM DAVIS 106 |
| 03/07/23 | (H) | Moved CSHB 17(HSS) Out of Committee |
| 03/07/23 | (H) | MINUTE(HSS) |
| 03/08/23 | (H) | HSS RPT CS(HSS) 3DP 2NR |
| 03/08/23 | (H) | DP: RUFFRIDGE, SUMNER, MINA |

03/08/23 (H) NR: SADDLER, PRAX
03/16/23 (H) CRA AT 8:00 AM BARNES 124
03/16/23 (H) Heard & Held
03/16/23 (H) MINUTE(CRA)
03/17/23 (H) FIN REFERRAL REMOVED
03/17/23 (H) BILL REPRINTED
03/21/23 (H) CRA AT 8:00 AM BARNES 124
03/21/23 (H) Moved CSHB 17(HSS) Out of Committee
03/21/23 (H) MINUTE(CRA)
03/22/23 (H) CRA RPT CS(HSS) 5DP 1NR
03/22/23 (H) DP: HIMSCHOOT, MEARS, MCKAY, RUFFRIDGE,
MCCORMICK
03/22/23 (H) NR: MCCABE
03/27/23 (H) L&C AT 3:15 PM BARNES 124
03/27/23 (H) Heard & Held
03/27/23 (H) MINUTE(L&C)
03/31/23 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 92

SHORT TITLE: FISHERMEN'S FUND: VESSEL OWNER CLAIMS
SPONSOR(s): FISHERIES

03/01/23 (H) READ THE FIRST TIME - REFERRALS
03/01/23 (H) FSH, L&C
03/07/23 (H) FSH AT 10:00 AM GRUENBERG 120
03/07/23 (H) Heard & Held
03/07/23 (H) MINUTE(FSH)
03/14/23 (H) FSH AT 10:00 AM GRUENBERG 120
03/14/23 (H) Moved CSHB 92(FSH) Out of Committee
03/14/23 (H) MINUTE(FSH)
03/15/23 (H) FSH RPT CS(FSH) NEW TITLE 6DP 1NR
03/15/23 (H) DP: HIMSCHOOT, MCCORMICK, CARPENTER,
STUTES, MCCABE, VANCE
03/15/23 (H) NR: C.JOHNSON
03/31/23 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 93

SHORT TITLE: LUMBER GRADING PROGRAM
SPONSOR(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
03/15/23 (H) Heard & Held
03/15/23 (H) MINUTE(L&C)
03/22/23 (H) L&C AT 3:15 PM BARNES 124
03/22/23 (H) Heard & Held

03/22/23 (H) MINUTE (L&C)
03/31/23 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

JENNIFER MCCONNELL, Appointee
Alaska Labor Relations Agency
Kenai, Alaska

POSITION STATEMENT: Testified as an appointee to the Alaska Labor Relations Agency.

CHERYL MARKWOOD, Appointee
Real Estate Commission
Fairbanks, Alaska

POSITION STATEMENT: Testified as an appointee to the Alaska Real Estate Commission.

HEATH HILYARD, Staff
Representative Cathy Tilton
Alaska State Legislature,
Juneau, Alaska

POSITION STATEMENT: Introduced HB 119 on behalf of the sponsor, the House Rules Standing Committee by request and gave the sectional analysis.

BRANDON EMMETT, Co-Chair
Governor's Advisory Task Force on Recreational Marijuana
Fairbanks, Alaska

POSITION STATEMENT: Answered questions on HB 119.

MORGAN LIM, Lobbyist
Government Relations Manager
Planned Parenthood Alliance Advocates
Juneau, Alaska

POSITION STATEMENT: Gave public testimony in support of HB 17.

KATELYN SAFT, representing self
Anchorage, Alaska

POSITION STATEMENT: Gave public testimony in support of HB 17.

ALYSSA QUINTYNE, representing self
Fairbanks, Alaska

POSITION STATEMENT: Gave public testimony in support of HB 17.

PAMELA SAMASH, representing self
Nenana, Alaska

POSITION STATEMENT: Gave public testimony in opposition to HB 17.

ROSE O'HARA-JOLLEY, representing self
Fairbanks, Alaska

POSITION STATEMENT: Gave public testimony in support of HB 17.

OLIVIA LYNN, representing self
Fairbanks, Alaska

POSITION STATEMENT: Gave public testimony in support of HB 17.

ED MARTIN, representing self
Kenai, Alaska

POSITION STATEMENT: Gave public testimony in opposition to HB 17.

REPRESENTATIVE SARAH VANCE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the sponsor, the House Special Committee on Fisheries, presented CSHB 92, Version B, and gave a PowerPoint presentation, titled, "HB 92 Fishermen's Fund: Vessel Owner Claims."

VELMA THOMAS, Administrator
Fishermen's Fund Advisory and Appeals Council
Division of Workers' Compensation
Department of Labor and Workforce Development
Juneau, Alaska

POSITION STATEMENT: Answered questions on CSHB 92, Version B.

CHARLES COLLINS, Director
Division of Workers' Compensation
Department of Labor and Workforce Development
Juneau, Alaska

POSITION STATEMENT: Answered questions on CSHB 92, Version B.

ACTION NARRATIVE

[3:18:27 PM](#)

CHAIR JESSE SUMNER called the House Labor and Commerce Standing Committee meeting to order at 3:18 p.m. Representatives Prax, Wright, Carrick, and Sumner were present at the call to order. Representative Ruffridge arrived as the meeting was in progress.

CONFIRMATION HEARING(S)

Alaska Labor Relations Agency

Real Estate Commission

[3:18:52 PM](#)

CHAIR SUMNER announced that the first order of business would be the confirmation hearings on the governor's appointees to the Alaska Labor Relations Agency and the Real Estate Commission.

[3:19:41 PM](#)

JENNIFER MCCONNELL, Appointee, Alaska Labor Relations Agency, stated that her appointment is to the management seat on the agency. She shared that she has over 10 years' experience in human resources and labor relations, and this experience has been in the private and public sector in both urban and rural Alaska. She continued that she currently works at Providence Health Systems in the human resources department. She pointed out that her resume details her experience in labor relations, and her experience shows that she has the "knowledge and ability to provide informed, trusted, and fair oversight" for the agency.

[3:21:11 PM](#)

CHAIR SUMNER opened public testimony on the confirmation hearing. After ascertaining there was no one who wished to testify, he closed public testimony.

[3:21:41 PM](#)

CHERYL MARKWOOD, Appointee, Real Estate Commission, shared that she has worked in real estate since 2010, specializing in property management. She advised that the real estate industry plays an important role in Alaska's economy. She stated that housing needs are a vital priority for Alaskans, and, as a real estate agent, she expressed the opinion that real estate agents are bound to the highest of ethical standards in serving communities. She expressed the understanding that licensing standards are set to protect the public. She shared that she has served in this position since her appointment in 2019 and is the most senior member of the commission.

[3:23:39 PM](#)

CHAIR SUMNER opened public testimony on the confirmation hearing. After ascertaining there was no one who wished to testify, he closed public testimony.

[3:24:04 PM](#)

REPRESENTATIVE CARRICK questioned how real estate has changed during the period she has served on the commission. She also questioned any challenges Ms. Markwood foresees for the commission going forward.

MS. MARKWOOD responded that given the advancement in technology the industry has rapidly changed over the last 10 years. She pointed out that out-of-state companies are remotely moving into regions in Alaska. She stated that licensing plays an important role in this. She mentioned the impact of vacation rentals on housing in the state. She stated that licensing issues are on the agenda for the up-coming year. She referenced her specialty in property management and landlord/tenant law.

[3:26:03 PM](#)

REPRESENTATIVE RUFFRIDGE reminded the committee that signing the report regarding appointments to the boards and commissions is in accordance with AS 39.05.080 and in no way reflects individual members' approval or disapproval of the appointees, and the nominations are merely forwarded to the full legislature for confirmation or rejection. [The names advanced to the full legislature were: Jennifer McConnell, appointee to Alaska Labor Relations Agency; and Cheryl Markwood, appointee to the Real Estate Commission.]

HB 119-MARIJUANA TAX

[Contains discussion of HB 117]

[3:26:42 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 119, "An Act relating to marijuana taxes; and providing for an effective date."

[3:27:19 PM](#)

HEATH HILYARD, Staff, Representative Cathy Tilton, Alaska State Legislature, introduced HB 119 on behalf of the sponsor, the

House Rules Standing Committee by request. He provided context on how the proposed legislation came to be. He referenced the recommendations in the report from the Governor's Advisory Task Force on Recreational Marijuana. He explained that originally a single bill would have had all the task force's recommendations; however, the drafting of this was too long, and two separate bills were drafted, HB 119 and HB 117. He informed the committee that everything in HB 119 is also in HB 117; however, HB 117 is going through a substantial rewrite. He stated that the tax portion has been extracted from HB 117 and put into HB 119. He stated that the task force has provided feedback on some of the sections in the proposed bill which may need to be amended. He expressed the understanding that one of the main reasons for the taxation provision in the bill is the legal marijuana recreation industry is attempting to remain competitive with the black market.

[3:29:36 PM](#)

MR. HILYARD paraphrased the sectional analysis on HB 119 [copy included in the committee packet] which read as follows [original punctuation provided]:

Section 1: This section reduces the excise tax that is imposed, by the state, on the sale or transfer of marijuana from a cultivation facility from \$50 per ounce to \$12.50 per ounce. This is repealed July 1, 2028 (see Section 8) to be replaced with a 3% sales tax at the retail level (see Section 4).

Section 2: The department may exempt part of the certain parts of a marijuana plant from taxation or establish a rate lower than \$12.50 per ounce. This is already done for parts of the plant. This is repealed July 1, 2028 (see Section 8) to be replaced with a 3% sales tax at the retail level (see Section 4).

Section 3: This section directs all the marijuana tax revenue to the Marijuana Education and Treatment Fund. Interest earned on this fund will be deposited into the General Fund. The fund does not lapse. The legislature may appropriate 33% of the annual estimated tax collected to the Department of Health for the program, the Department of Commerce, Community, and Economic Development, or to the general fund.

Section 4: A sales tax of 3% is imposed on marijuana and marijuana products sold from a retailer to a consumer. Effective July 1, 2028—See Section 10.

Section 5: Monthly Statements and payments. Each retail marijuana store will send a statement to the department on or before the last day of each month. It must include the total amount of marijuana sold to consumers and the total value of the marijuana sold. Tax payments from retail stores cover the preceding month. Effective July 1, 2028—See Section 10.

Section 6: Upon the effective date (July 1, 2028) of Sections 4, 5, and 6 this section replaces "cultivation facility" with "retail marijuana store" for the purpose of administration and enforcement of tax.

Section 7: The Recidivism Reduction Fund is repealed. Currently 50% of Marijuana tax revenue is directed to this fund to be used by the Department of Corrections, the Department of Health, or the Department of Public Safety for recidivism reduction programs. Under Section 3 of this act tax revenue is directed to the Marijuana Treatment and Education fund.

Section 8: Repeals the excise tax (Sections 1 and 2 of this act) levied on the cultivator, effective July 1, 2028. It is replaced with a 3% sales tax levied on the retailer as per Section 4, effective the same date.

Section 9: Applicability: the new excise tax rate (Sections 1 and 2) is applied to taxes accrued on or after the effective date. Section 10: Sections 4-6 are effective July 1, 2028.

[3:33:05 PM](#)

BRANDON EMMETT, Co-Chair, Governor's Advisory Task Force on Recreational Marijuana, made himself available for questions on HB 119.

[3:33:28 PM](#)

REPRESENTATIVE PRAX stated that he had voted in favor of decriminalizing marijuana because of the black market. He questioned how the proposed legislation would affect the black

market for marijuana. He expressed the understanding that the current high tax encourages the black market.

MR. HILYARD concurred, and he added that the task force did not have access to sophisticated modeling from the Department of Revenue for its work; however, he expressed the understanding that the access to modeling has changed.

MR. EMMETT added that there is no hard data which shows how the industry is controlled by the black market. He offered that all the evidence, such as information from consumers, cultivators and retailers, points to the black market having 45 percent of the marijuana industry. He stated that the task force has requested the excise tax be reduced because this is preventing the sale price of marijuana from competing with the black market. From speaking to customers, he expressed the understanding that untaxed and untested marijuana can be bought for about half of the price. He expressed the opinion that the threat to the industry by the black market is real, and the proposed legislation would help the legitimate market be competitive.

[3:36:40 PM](#)

REPRESENTATIVE CARRICK pointed out that Section 3 would change the funding going to the Department of Health (DOH), which has been designated for [marijuana] education and treatment. She expressed the understanding that this funding would be put into two additional sources: the Department of Commerce, Community, and Economic Development (DCCED), to help grow the industry, and the general fund. She questioned these fund designations.

MR. HILYARD stated that this recommendation came directly from the task force.

REPRESENTATIVE CARRICK questioned the merit in limiting the funds to DOH and DCCED by splintering the appropriations to the general fund.

MR. HILYARD deferred to Mr. Emmett.

MR. EMMETT responded that when the task force analyzed the ways the funds were being allocated, it was felt that funding may be better spent with a greater allocation to help the market as opposed to the recidivism-reduction fund. He added that the task force did not have the information that is now available. He stated that now the task force is amicable to this being

unchanged. He expressed support for the increase of funds going to DOH; however, "that's not something we're necessarily hanging our hat on either."

[3:39:39 PM](#)

REPRESENTATIVE PRAX expressed the concern of the constitutionality of dedicating a tax to any specific thing.

CHAIR SUMNER responded that this would be "intent" language, as revenue streams cannot be designated.

MR. EMMETT expressed the opinion that the power of appropriations is on the legislature, and the task force does not have a strong opinion in the matter.

[3:40:36 PM](#)

REPRESENTATIVE RUFFRIDGE observed that the reduction in the excise tax would be significant. He expressed the understanding that if a sales tax is being imposed, this would be new. He questioned the purpose of taxing at "every step" and questioned the purpose of the excise tax.

MR. EMMETT answered that a stepwise system for altering the tax structure would be the most appropriate because it would be a gradual change from an excise tax to a retail tax. Because of the nature of business as a revenue stream, he said, the retailers are best suited to collect tax. He explained that this is because the municipalities already require retail tax on marijuana. He continued that there would be a transition period between the flat excise tax and the retail tax, so the excise tax would no longer exist in the future.

MR. HILYARD, in response to a follow-up question, stated that the intention is that Section 8 would repeal the excise tax by 2028.

[3:43:04 PM](#)

CHAIR SUMNER announced that HB 119 was held over.

HB 17-CONTRACEPTIVES COVERAGE:INSURE;MED ASSIST

[3:43:12 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 17, "An Act relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date." [Before the committee was CSHB 17(HSS), which was moved out of the House Health and Social Services Standing Committee on 3/7/23.]

[3:43:28 PM](#)

CHAIR SUMNER opened public testimony on HB 17.

[3:43:44 PM](#)

MORGAN LIM, Lobbyist, Planned Parenthood Alliance Advocates Alaska, provided public testimony on behalf of Planned Parenthood Alliance Advocates Alaska in support of HB 17. He expressed the opinion that people deserve affordable and accessible birth control, as consistent access would allow for control over an individual's life, such as for career and educational opportunities. He suggested that this would also promote healthier pregnancies and savings on health care spending. He pointed out that the majority of Alaskans have voted for accessible birth control. He added that the proposed legislation would [positively] impact those living in rural Alaska. He explained that hormonal birth control is 95 percent effective with perfect use; however, monthly trips to the pharmacy can be difficult for many people, especially for those with a lower income or those who live in rural communities; therefore, these individuals would more likely experience unintended pregnancies. He stated that access to an extended supply of contraception is also important for those who work multiple jobs, those who are young adults, or those involved in violent intimate partnerships with reproductive coercion. He stated that 22 states have already passed similar legislation, and evidence shows that an extended supply of birth control decreases the occurrence of unintended pregnancies and the need for abortion services. He added that this makes it cost effective. He cited the research supporting this statement and urged support for HB 17. He thanked the committee.

[3:47:00 PM](#)

KATELYN SAFT, representing self, gave public testimony in support of HB 17. She shared that she is a lifelong Alaskan and expressed the understanding of the barriers in obtaining contraceptive care. She stated that with limited abortion care,

it is important to maintain access to contraception, as this would decrease the number of unintended pregnancies.

[3:48:01 PM](#)

ALYSSA QUINTYNE, representing self, gave public testimony in support of HB 17. She related that she lives with a polycystic disorder medical condition, and this has resulted in complications with severe symptoms in her reproductive system. She stated that she was put on puberty blockers and had been to multiple doctors before being diagnosed. Once diagnosed, she was placed on hormonal birth control which has eased her symptoms. She discussed the difficulty she has had obtaining medications, and the judgements she has faced with those administering the medication in the pharmacies. She urged that the committee support the proposed legislation.

[3:51:14 PM](#)

PAMELA SAMASH, representing self, gave public testimony in opposition to HB 17. She shared that she lives in a rural community and has been able to obtain birth control anytime through telehealth. She argued that there is no risk for rural residents in this aspect. She shared that after she took oral birth control for three months, lumps developed in her breasts. She argued that individuals seeking birth control must see a doctor, as these medications can be dangerous. She expressed the opinion that birth control can be deadly to women, such in the occurrence of a blood clot or heart condition. She argued that because birth control stops eggs from being fertilized once released, this is a method of abortion. She concluded with the argument that the proposed legislation "is a way to get Native people to stop having babies." She continued that anytime the word "rural" is used it means "Native;" therefore, the bill is discriminatory.

[3:53:57 PM](#)

ROSE O'HARA-JOLLEY, representing self, gave public testimony in support of HB 17. She expressed the opinion that the proposed legislation would improve the lives of people in Alaska, especially women. She shared that she has spent the majority of her time in Alaska as a rural resident, working in an environment away from health care. She shared that when she began having [reproductive] health issues, getting to a pharmacy was an issue. She began taking oral contraceptives for her condition, and she stated that her doctor felt that taking this

"was perfectly healthy," and she was given a yearlong prescription; however, she was only able to obtain one month's supply from the pharmacy even though she lived hundreds of miles away. She stated that she was forced to do the drive every month to fill the prescription. She deduced that over \$800 in expenses and wages were lost. She added that she was lucky because her supervisor understood, and she lived on the road system. Addressing the ability to receive contraception via telehealth, she stated that she lived 30 minutes away from the post office where there was always a wait to pick up mail. She referenced the delay of mail in rural Alaska, especially in the winter.

[3:57:34 PM](#)

OLIVIA LYNN, representing self, gave public testimony in support of HB 17. She shared that she is a lifelong Alaskan. She stated that as a single woman birth control is a necessity for her to be competitive in her work as an electrician. She stated that without birth control, her work productivity would decrease monthly because of "managing my symptoms - everything from cramps to bleeding to headaches." She argued that consistent access to birth control allows everyone the same opportunities in the workplace.

[3:59:00 PM](#)

ED MARTIN, representing self, gave public testimony in opposition to HB 17. He suggested that Chair Sumner should claim a conflict of interest in terms of voting on the proposed legislation, as "it may pertain to you making money off of a ... a future sale for which this bill would support." He argued that at one time his spouse became sick from taking a contraceptive, and many women have gotten sick; therefore, the proposed legislation is not good for human health. He argued that abortion has already taken 60 million lives and pointed out the loss of labor from the death of future children. He expressed the opinion that the proposed legislation would pass the cost on to those on Medicaid. He addressed the unmoral issue of the proposed legislation, as it would affect his finances and his religious beliefs.

[4:01:51 PM](#)

CHAIR SUMNER, after ascertaining that there was no one else who wished to testify, closed public testimony.

[4:02:21 PM](#)

REPRESENTATIVE CARRICK gave final comments on the proposed legislation. She pointed out the stories from public testimony of how birth control has helped their lives. She pointed out that the proposed legislation would not change the relationship between the provider and the patient. She maintained that the length of the prescription would not change, but it would change in relation to the insurance coverage and the relationship with the insurer. She reminded the committee that women on birth control have a 30 percent drop in unplanned pregnancies and a 46 percent drop in the likelihood of having an abortion. She reiterated that the proposed legislation would remove a barrier to care that other states have already recognized.

[4:04:32 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report CSHB 17(HSS) out of committee with individual recommendations and the attached fiscal notes. There being no objection, CSHB 17(HSS) was reported out of the House Labor and Commerce Standing Committee.

[4:05:07 PM](#)

The committee took an at-ease from 4:05 p.m. to 4:07 p.m.

HB 92-FISHERMEN'S FUND: VESSEL OWNER CLAIMS

[4:07:23 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 92, "An Act relating to claims against protection and indemnity insurance policies of vessel owners." [Before the committee, adopted as a working document on 3/14/23, was the proposed committee substitute (CS) for HB 92, Version 33-LS0520\B, Marx, 3/9/23 ("Version B").]

[4:07:57 PM](#)

The committee took an at-ease from 4:07 p.m. to 4:08 p.m.

[4:08:22 PM](#)

REPRESENTATIVE SARAH VANCE, Alaska State Legislature, on behalf of the sponsor, the House Special Committee on Fisheries, presented CSHB 92, Version B, and gave a PowerPoint presentation, titled, "HB 92 Fishermen's Fund: Vessel Owner

Claims" [hard copy included in the committee packet]. She stated that the proposed legislation is at the request of the Department of Labor and Workforce Development, and it would increase the vessel owner deductible reimbursement to up to \$15,000. She added that the proposed legislation would allow both the vessel owners and the crew members to receive the same reimbursement, as seen on slide 2. She stated that there would also be potential cost savings, as premiums could be less, and it could protect against loss from medical and legal claims. Moving to slide 3, she noted that the bill regards the Fishermen's Fund, and she gave a summary of the fund. She reiterated that the proposed legislation would create equity between vessel owners and crew, which does not currently exist. She discussed the liabilities with the current protection and indemnity insurance structure on vessels.

REPRESENTATIVE VANCE stated that the department was requested to examine the fund concerning the effects of increasing the reimbursement to \$15,000. On slide 4, she pointed out the effect of the proposed legislation's worst-case scenario on the Fishermen's Fund, and she pointed out the best-case scenario on slide 5. She added that the best-case scenario had used a nine-year average. She suggested in the best-case scenario the fund would be kept stable with small increases over time, and she expressed the understanding that the fund managers have agreed that this would keep the fund healthy over time.

REPRESENTATIVE VANCE, moving to slide 6, reiterated that the proposed legislation would establish equity between crew members and vessel owners. She maintained that the bill would utilize the fund for what it was intended to do, which is to help commercial fisherman.

[4:12:44 PM](#)

VELMA THOMAS, Administrator, Fishermen's Fund Advisory and Appeals Council, Division of Workers' Compensation, Department of Labor and Workforce Development, addressed Version B. She stated that the proposed legislation is based on a resolution from the Fishermen's Fund Council, with these council members representing all regions of the state. She stated that the council members are available for questions pertaining to the bill.

[4:13:37 PM](#)

REPRESENTATIVE CARRICK pointed out the lack of a fiscal note and questioned the impact on the fund over time.

[4:14:04 PM](#)

CHARLES COLLINS, Director, Division of Workers' Compensation, Department of Labor and Workforce Development, responded that the chart presented in the PowerPoint presentation addresses the impact on the fund over time. He explained that this depicts going backwards nine years, looking at all the claims. He continued that 80 percent of the claims turned in were less than \$2,500 each, with 20 percent of these rising to the maximum benefit, either \$5,000 for crew or \$10,000 for the vessel owner. He stated that this was used for the projection, with the revenue from permit and licensing fees staying static. He deduced that the fund would still stay at \$8 billion with this conservative view. He pointed out that the fund predates statehood, and the job of the council is to oversee this.

REPRESENTATIVE CARRICK, with a follow-up question, asked about other current utilizations of the fund.

MR. COLLINS responded that statute allows money from the fund to be allocated by the legislature for fisher safety programs; however, he expressed the understanding that this has never been done. He added that this would be the only other use of the fund. He stated that the fund represents a user group funding themselves, allowing the state to monitor the fairness of this.

[4:17:18 PM](#)

REPRESENTATIVE RUFFRIDGE questioned whether the fund operates the same as workers' compensation. In other words, if a fisher is injured, he questioned whether the payment at a medical facility would be required up front.

MR. COLLINS clarified that commercial fishermen do not qualify for workers' compensation. He stated that the Fishermen's Fund is placed under the Division of Workers' Compensation because it is a similar program, but the funds are not comingled.

MS. THOMAS, addressing how claims work, explained that injured fishers' remedies are limited; either they can file a claim for benefits to receive help from the fund or they can seek medical assistance through the federal Jones Act for medical benefits and lost wages. She stated that the Fishermen's Fund only pays for medical benefits and not for lost wages. She continued that

a claim must be filed to receive these benefits. She explained that there are two types of benefits, one for the injured fisher and one for the vessel owner. She continued that if the vessel owner has insurance in place to cover crew members, this can be reimbursed.

4:20:09 PM

CHAIR SUMNER questioned whether the Fishermen's Fund is a designated fund.

MS. THOMAS stated that as the fund administrator, she expressed the understanding that the fund has always been a designated fund. In response to a follow-up question, she stated that in 2018 an adjustment was made on the vessel owner portion. She continued that in 2010 an adjustment was made by increasing the injured-worker benefit portion. She added that from this there was expectation of an increase in expenses, but this did not happen. She explained that the reason for this could be attributed to the federal Affordable Care Act; if an individual has other insurance the fund becomes a secondary payer. She suggested that most medical providers in the state know about the fund and have the claim packets available, and they will assist the fishers. She stated that as long as the medical bills are received by the department and the criteria is met, payments will be made right away. If an individual receives treatment and uses personal insurance, the fund can help with expenses on the out-of-pocket portions. She expressed the opinion that individuals with personal insurance have helped with the health of the fund over the last few years, as the fund has only had to pay 20 percent of these medical costs.

4:23:06 PM

REPRESENTATIVE PRAX questioned whether a fiscal note would affect the fund.

MR. COLLINS responded that the department has issued a zero fiscal note because there would be no cost to the budget. In response to a follow-up question concerning whether agreement on the terms was across the board, he stated that the fishing associates, such as the United Fishermen of Alaska, wanted to move the amount to \$10,000; however, the House Special Committee on the Fishery's went to \$15,000 because this would incentivize the industry. He reiterated that if the vessel owner has other insurance, and there is a claim against the vessel, the fund can be applied to this deductible. He stated that the industry has

concerns over the increasing costs and deductibles of the protection and indemnity insurance; however, he expressed the opinion that the fund is still healthy enough to cover this. He referenced the success of the Fishermen's Fund and stated that the council works diligently to keep it this way.

[4:26:43 PM](#)

REPRESENTATIVE RUFFRIDGE questioned the specificity of addressing "heart attacks" in the proposed legislation. He suggested that this is because of the remoteness of some of the fishing grounds and the cost of transporting the individuals.

MS. THOMAS answered that over the last five years there have been only two heart attack claims. She added that some claims do not meet the qualifying criteria. She stated that a valid fishing license would need to be presented, and for some claims this has not been presented. She expressed the opinion that this being in the proposed legislation would not have a significant effect on expenses.

MR. COLLINS added that there is no change in the language of the bill other than the \$15,000, as the heart attack language has been there since around 1977.

[4:28:46 PM](#)

CHAIR SUMNER announced that CSHB 92, Version B, was held over.

HB 93-LUMBER GRADING PROGRAM

[4:29:12 PM](#)

CHAIR SUMNER announced that the final 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."

[4:29:36 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HB 93 out of committee with individual recommendations and the attached fiscal notes. There being no objection, HB 93 was reported out of the House Labor and Commerce Standing Committee.

4:30:02 PM

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:30 p.m.