

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 21, 2023

3:15 p.m.

MEMBERS PRESENT

Representative Justin Ruffridge, Vice Chair
Representative Mike Prax
Representative Dan Saddler
Representative Zack Fields

MEMBERS ABSENT

Representative Jesse Sumner, Chair
Representative Stanley Wright
Representative Ashley Carrick

COMMITTEE CALENDAR

HOUSE BILL NO. 145

"An Act relating to loans in an amount of \$25,000 or less; relating to deferred deposit advances; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 126

"An Act relating to the Board of Professional Counselors; and relating to licensing of associate counselors."

- HEARD & HELD

HOUSE BILL NO. 137

"An Act relating to an interstate physical therapy licensure compact; relating to the licensure of physical therapists, physical therapist assistants, occupational therapists, and occupational therapy assistants; and providing for an effective date."

- BILL HEARING CANCELED

HOUSE BILL NO. 138

"An Act relating to an audiology and speech-language interstate compact; relating to the practice of audiology and the practice of speech-language pathology; and providing for an effective date."

- BILL HEARING CANCELED

HOUSE BILL NO. 150

"An Act relating to residential building codes; relating to construction contractors and residential contractor endorsements; and providing for an effective date."

- BILL HEARING CANCELED

HOUSE BILL NO. 21

"An Act relating to group insurance coverage and self-insurance coverage for school district employees, employees of the University of Alaska, and employees of other governmental units in the state; and providing for an effective date."

- BILL HEARING RESCHEDULED TO 4/24/23

PREVIOUS COMMITTEE ACTION

BILL: HB 145

SHORT TITLE: LOANS UNDER \$25,000; PAYDAY LOANS

SPONSOR(S): REPRESENTATIVE(S) WRIGHT

03/29/23	(H)	READ THE FIRST TIME - REFERRALS
03/29/23	(H)	L&C
04/14/23	(H)	FIN REFERRAL ADDED AFTER L&C
04/14/23	(H)	BILL REPRINTED
04/14/23	(H)	L&C AT 3:15 PM BARNES 124
04/14/23	(H)	Heard & Held
04/14/23	(H)	MINUTE(L&C)
04/19/23	(H)	L&C AT 3:15 PM BARNES 124
04/19/23	(H)	-- MEETING CANCELED --
04/21/23	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 126

SHORT TITLE: ASSOCIATE AND PROFESSIONAL COUNSELORS

SPONSOR(S): REPRESENTATIVE(S) WRIGHT

03/22/23	(H)	READ THE FIRST TIME - REFERRALS
03/22/23	(H)	L&C
03/29/23	(H)	L&C AT 3:15 PM BARNES 124
03/29/23	(H)	Heard & Held
03/29/23	(H)	MINUTE(L&C)
04/19/23	(H)	L&C AT 3:15 PM BARNES 124
04/19/23	(H)	-- MEETING CANCELED --
04/21/23	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

KRISTI MAGUIRE, representing self
Bivocational Pastor
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 145.

ALAN BUDAHL, Executive Director
Lutheran Social Services of Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 145.

NOEL LOWE, Owner
Alaska Fast Cash
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 145.

MARGE STONEKING, Lobbyist
AARP

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 145.

ELAINE BORDER, Owner
Border Counseling Services
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 126.

RACHEL BUDDIN-YOUNG, Member
Professional Counselors Board
Eagle River, Alaska

POSITION STATEMENT: Testified in support of HB 126.

ACTION NARRATIVE

[3:15:36 PM](#)

VICE CHAIR JUSTIN RUFFRIDGE called the House Labor and Commerce Standing Committee meeting to order at 3:15 p.m. Representatives Saddler, Prax, and Ruffridge were present at the call to order. Representative Fields arrived as the meeting was in progress.

HB 145-LOANS UNDER \$25,000; PAYDAY LOANS

[3:16:22 PM](#)

VICE CHAIR RUFFRIDGE announced that the first order of business would be HB 145, "An Act relating to loans in an amount of \$25,000 or less; relating to deferred deposit advances; and providing for an effective date."

[3:16:32 PM](#)

VICE CHAIR RUFFRIDGE opened public testimony on HB 145.

[3:16:55 PM](#)

KRISTI MAGUIRE, representing self, Bivocational Pastor, gave public testimony in support of HB 145. She stated that she has worked this past year with the Mutual Aid Network of Anchorage to help members of the community pay back payday loans. She said that people living paycheck to paycheck need these loans, and she cannot think of an ethical reason for the interest rates to be so high. She expressed praise for the generosity of Alaskans and encouraged the legislature to create new solutions.

[3:19:57 PM](#)

ALAN BUDAHL, Executive Director, Lutheran Social Services of Alaska, gave public testimony in support of HB 145. He stated that Lutheran Social Services frequently receives calls from people who are struggling to pay back payday loans. Oftentimes, people use such loans to pay rent, and these high interest rates disproportionately affect low-income individuals. He related a story of a woman who went in to pay her loan shortly before the lender closed; however, she was unable to do so and had to pay significantly more interest.

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NOEL LOWE, Owner, Alaska Fast Cash, testified in opposition to HB 145. He stated that payday loans are only a small part of his business, as these loans are less profitable. He explained that payday loans are meant for those with steady employment but no ties to traditional lenders. He expressed the opinion that the examples of predatory payday lending are coming from lenders outside of Alaska, rather than the brick-and-mortar stores within the state. He explained that stores in Alaska are highly regulated by the state; however, online lenders outside of Alaska are not concerned about regulations in the state. He expressed concern that the proposed legislation would stop payday lenders in the state; therefore, more people would have to turn to out of state lenders. He argued that missing a

mortgage or car payment often has a higher interest rate than a payday loan. He added that payday loan lenders are required to offer six-month payment plans which stop more interest from accruing.

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REPRESENTATIVE FIELDS asked what percentage of profits come from payday loans.

MR. LOWE answered approximately 10 percent. In response to a follow-up question, he stated that the reason for payday loans having such high interest rates is because the loans do not have collateral.

REPRESENTATIVE FIELDS asked why there is a high rate of default for payday loans if the people taking them have steady paychecks.

MR. LOWE answered that payday lenders do not want customers to default, and the income guidelines are posted in the stores. He added that each loan default is personal for each individual. In response to a follow-up question, he expressed the belief that traditional payday loan lenders would not offer this service in states which have passed laws limiting interest rates.

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REPRESENTATIVE PRAX asked whether payday loan lenders publish their interest rates and whether they charge processing fees.

MR. LOWE answered that payday loans are short 14-day loans, and the state allows a 15 percent interest to be charged, with a \$5 fee late fee. In response to a follow-up question, he expressed agreement that the fee is lower than the fee an individual would be charged for over drafting a bank account.

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REPRESENTATIVE SADDLER asked how long the 15 percent interest rate lasts.

MR. LOWE answered that the 15 percent interest rate is meant to be for a short 14-day loan. He added that the interest rates would accrue if it took an entire year to pay the loan posted in the store. In response to a follow-up question, he said that

income guidelines are posted in the store. He added that the terms in the agreement are reviewed with each customer, so each customer understands the process.

REPRESENTATIVE SADDLER expressed doubt in his own ability to pay back loans at the high interest rates he has seen.

MR. LOWE responded that the highest interest rates only apply to loans which are not paid back in 365 days, when the loan is meant to only cover 14 days. He compared this to renting a car for a month, as the car would cost \$50 for only one day, but it would cost \$1,500 for a month.

REPRESENTATIVE SADDLER asked whether a payday lender would accrue additional costs if a payday loan were not paid back within 14 days.

MR. LOWE answered that the state allows a borrower to extend the interest two times. If that individual cannot pay back the loan, the lender is required to offer a six-month payment plan. In response to a follow-up question, he said that the only additional cost is the lost opportunity cost of not being able to loan the money to another individual.

[3:37:10 PM](#)

REPRESENTATIVE PRAX commented that payday loans are difficult to collect, and the extension periods to pay back the loans have the effect of reducing the actual posted interest rates.

[3:37:44 PM](#)

REPRESENTATIVE SADDLER asked how many borrowers use the six-month payment plan.

MR. LOWE expressed uncertainty, as it varies seasonally. In response to a follow-up question, he expressed the belief that it is less than half. He added that only about 25 percent of borrowers default.

[3:39:29 PM](#)

MARGE STONEKING, Lobbyist, AARP, testified in support of HB 145. She stated that AARP supports HB 145 in order to protect the financial security of older Alaskans. She expressed the opinion that older individuals have less options to pay back debts, and short-term loans are more likely to harm them than help them.

She pointed out that there are small loans available at banks, and these offer better options than payday loans.

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

[3:42:19 PM](#)

REPRESENTATIVE PRAX commented that Mr. Lowe's testimony warrants careful consideration. He said that in the retail business, bad checks are often not collected because the cost of collecting is not worthwhile. Although the costs may be high at a payday lender, high costs and other consequences can occur if a payment to a bank or credit card company is late. He expressed concern that the bill would not work as intended and taking such steps would be akin to putting warning labels on cigarettes.

[3:45:15 PM](#)

VICE CHAIR RUFFRIDGE announced that HB 145 was held over.

[3:45:45 PM](#)

The committee took an at-ease from 3:45 p.m. to 3:49 p.m.

HB 126-ASSOCIATE AND PROFESSIONAL COUNSELORS

[3:49:35 PM](#)

VICE CHAIR RUFFRIDGE announced that the final order of business would be HB 126, "An Act relating to the Board of Professional Counselors; and relating to licensing of associate counselors."

[3:50:02 PM](#)

VICE CHAIR RUFFRIDGE opened public testimony on HB 126.

[3:50:23 PM](#)

ELAINE BORDER, Owner, Border Counseling Services, testified in support of HB 126. She shared that she has been a counselor for 10 years, covering a wide variety of disciplines. She said that she supports the bill because it would improve care for Alaskans. She explained that the proposed legislation would give counselors the ability to learn a broader range of

disciplines and have more accountability. She stated that the way training hours are currently counted creates confusion, and this can result in some associate counselor training hours not being credited correctly. She added that the bill would also reduce financial burdens on counseling practices because associate counselors are not currently covered by insurance companies.

[3:54:42 PM](#)

REPRESENTATIVE SADDLER asked whether a patient would face greater risk if seen by an associate counselor.

MS. BORDER answered that an associate counselor would still require supervision, so there would not be additional risk. In response to a follow-up question, she said that many other states have licenses for associate counselors. She added that different professions have different levels of training involved.

[3:58:42 PM](#)

REPRESENTATIVE PRAX asked whether Ms. Border is familiar with malpractice insurance.

MS. BORDER answered yes. She added that even interns in her field require malpractice insurance. In response to a follow-up question, she said that malpractice insurance varies by practice.

[4:01:56 PM](#)

RACHEL BUDDIN-YOUNG, Member, Professional Counselors Board, testified in support of HB 126. She shared that she is a licensed counselor and stated that the bill would improve professionalism by providing a clearer path for those recently receiving a master's degree. She reiterated previous testimony in that training hours can be done with the wrong supervision and cause training hours not to be counted. She expressed the opinion that creating an associate license would allow those who have earned master's degrees to receive guidance and the proper training. She stated that approximately 60 percent of the country has a similar type of license.

[4:06:09 PM](#)

REPRESENTATIVE PRAX asked whether it is correct that individuals with a master's degree who work at a government agency can use those hours to earn their license.

MS. BUDDIN-YOUNG answered that earning hours towards receiving a license requires supervision by a state board approved individual. She added that the supervisor does not have to be part of any government agency. In response to a follow-up question, she said it is correct that insurance companies will not cover unlicensed trainees.

[4:09:46 PM](#)

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

[4:09:58 PM](#)

VICE CHAIR RUFFRIDGE announced that HB 126 was held over.

[4:10:03 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.