

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 5, 2024

3:17 p.m.

MEMBERS PRESENT

Representative Jesse Sumner, Chair
Representative Justin Ruffridge, Vice Chair
Representative Mike Prax
Representative Dan Saddler
Representative Stanley Wright
Representative Zack Fields

MEMBERS ABSENT

Representative Ashley Carrick

COMMITTEE CALENDAR

EXECUTIVE ORDER 135 - ELIMINATING THE ALASKA SAFETY ADVISORY COUNCIL

- HEARD AND HELD

HOUSE BILL NO. 251

"An Act exempting certain foods and drinks prepared in a person's uninspected home kitchen from state labeling, licensing, packaging, permitting, and inspection requirements; and permitting a person to acquire meat from a producer by way of an ownership share in an animal if certain conditions are met."

- HEARD & HELD

HOUSE BILL NO. 237

"An Act relating to temporary permits for nurses with lapsed licenses."

- HEARD & HELD

HOUSE BILL NO. 289

"An Act relating to business license fees; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 251

SHORT TITLE: EXEMPTIONS FOR HOMEMADE FOODS

SPONSOR(s) : REPRESENTATIVE(s) RAUSCHER

01/16/24 (H) PREFILE RELEASED 1/12/24
01/16/24 (H) READ THE FIRST TIME - REFERRALS
01/16/24 (H) L&C, RES
02/02/24 (H) L&C AT 3:15 PM BARNES 124
02/02/24 (H) <Bill Hearing Rescheduled to 02/05/24>
02/05/24 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 237

SHORT TITLE: TEMPORARY PERMIT FOR LAPSED NURSE LICENSE

SPONSOR(s) : REPRESENTATIVE(s) PRAX

01/16/24 (H) PREFILE RELEASED 1/8/24
01/16/24 (H) READ THE FIRST TIME - REFERRALS
01/16/24 (H) L&C
02/02/24 (H) L&C AT 3:15 PM BARNES 124
02/02/24 (H) <Bill Hearing Rescheduled to 02/05/24>
02/05/24 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 289

SHORT TITLE: BUSINESS LICENSE FEES

SPONSOR(s) : RULES BY REQUEST OF THE GOVERNOR

01/24/24 (H) READ THE FIRST TIME - REFERRALS
01/24/24 (H) L&C, FIN
02/05/24 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

ELAINE BANDA, Chief of Consultation and Training
Division of Labor Standards and Safety
Department of Labor and Workforce Development
Anchorage, Alaska

POSITION STATEMENT: Testified in support of Executive Order 135.

REPRESENTATIVE GEORGE RAUSCHER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 251.

RYAN MCKEE, Staff

Representative George Rauscher
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 251 on behalf of Representative Rauscher, prime sponsor.

CHRISTINA CARPENTER, Director
Division of Environmental Health
Department of Environmental Conservation
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 289.

JULIE SANDE, Commissioner
Department of Commerce, Community, and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Co-offered a presentation on HB 289.

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

POSITION STATEMENT: Co-offered a presentation on HB 289.

CONRAN GUNTHER, Attorney
Legislative Legal Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 289.

ACTION NARRATIVE

[3:17:06 PM](#)

CHAIR JESSE SUMNER called the House Labor and Commerce Standing Committee meeting to order at 2:46 p.m. Representatives Wright, Saddler, Fields, Prax, Ruffridge, and Sumner were present at the call to order.

EXECUTIVE ORDER 135 - ELIMINATING THE ALASKA SAFETY ADVISORY COUNCIL

[3:17:31 PM](#)

CHAIR SUMNER announced that the first order of business would be Executive Order 135, Eliminating the Alaska Safety Advisory Council.

[3:17:40 PM](#)

CHAIR SUMNER opened public testimony on Executive Order 135.

[3:18:10 PM](#)

ELAINE BANDA, Chief of Consultation and Training, Division of Labor Standards and Safety, Department of Labor and Workforce Development (DLWD), explained that EO 135 would transfer duties of the Alaska Safety Advisory Council (ASAC) to DLWD. She informed members that the state does not have a safety and health plan, and that ASAC duties have gone unfulfilled for many years. She said the transition to the state will ensure that an entity is held responsible for the health and safety of Alaskans.

[3:19:36 PM](#)

REPRESENTATIVE FIELDS asked Ms. Banda how many companies and individuals were involved in planning the ASAC Governor Safety Conference the last few years.

MS. BANDA shared that she has been a member of the Governor Safety and Health Committee since 2012 and was later appointed to ASAC in 2020. She said the conference has a few volunteers with some help from the state. She stressed that the conference is one of the council's 16 duties, and that the 15 other duties have not been fulfilled for years. In response to a request for more information, she continued that a conference is going to be held April 2 and 3, 2024. She explained that the conference highlights safety activities from different industries and businesses, with recognition of employers who go above and beyond in keeping employees safe. She said several aspects of safety are examined, like how many people don't get hurt on the job, as injuries or illnesses are recorded or reported; there are some businesses that have few recordable or reportable injuries. She stated that there is no entity that tracks that information, and that the transfer of duties outlined in EO 135 would allow an entity to keep records.

REPRESENTATIVE FIELDS asked whether, if the legislature did not overturn EO 135, the functions of the safety conference would continue.

MS. BANDA responded, "It's still being worked out." She said it is not guaranteed that it'll go through the consultation and training. She said ASAC is housed under the Division of Labor Standards and Safety; when duties are transferred, they may not go to the division but will still be under the department. She explained that two positions are envisioned, as well as continued volunteer support. She stated that there would still be a safety conference, but work would be done to fulfill the previously unfulfilled duties.

[3:24:40 PM](#)

REPRESENTATIVE SADDLER sought confirmation that the two positions would be needed to move ASAC to the department.

MS. BANDA answered yes, and there would still be volunteer support. To a follow-up question, she explained that one position would be a liaison with a range of 21 to 22 and the other would be a project coordinator at a range 16 to 18; the total cost would be about \$263,000. She added that additional costs are travel expenses, service expenses, technology, and commodities.

[3:27:21 PM](#)

REPRESENTATIVE PRAX asked how the program interfaces with the Division of Workers' Compensation.

MS. BANDA answered that her division has no affiliation with the workers' compensation program. To a follow-up question about the possibility of educating businesses on the cost-saving of reducing accidents, stated that her program is 90 percent funded by the federal government, and its responsibilities are in alignment with decreasing worker accidents. She noted that the funding limits the division's work to small businesses, and the goal is to prevent accidents, thereby reducing compensation claims.

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CHAIR SUMNER, after ascertaining that no one further wished to testify, closed public testimony on EO 135.

[3:30:41 PM](#)

CHAIR SUMNER announced that EO 135 would be held over for further consideration.

HB 251-EXEMPTIONS FOR HOMEMADE FOODS

[3:30:50 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 251, "An Act exempting certain foods and drinks prepared in a person's uninspected home kitchen from state labeling, licensing, packaging, permitting, and inspection requirements; and permitting a person to acquire meat from a producer by way of an ownership share in an animal if certain conditions are met."

[3:31:05 PM](#)

The committee took an at-ease from 3:31 p.m. to 3:33 p.m.

[3:33:44 PM](#)

REPRESENTATIVE GEORGE RAUSCHER, Alaska State Legislature, as prime sponsor, read the sponsor statement [included in committee packet], which read as follows [original punctuation provided]:

House Bill 251 will help promote food security in Alaska. Alaska's food supply is fragile, with the overwhelming majority having to be imported from out of State. Currently there is a huge lack of homegrown food industries which creates a strain on local communities across the State.

HB 251 would allow a producer to sell homegrown and/or farmed local food products to an informed end consumer and allow consumers to purchase meat if it complies with the animal share agreements, directly from ranchers.

Passing HB 251 will help put food on the tables of Alaskans and help increase our food security here in Alaska.

[3:35:14 PM](#)

RYAN MCKEE, Staff, Representative Rauscher, Alaska State Legislature, on behalf of Representative Rauscher, prime

sponsor, read the sectional analysis [included in committee packet], which read as follows [original punctuation provided]:

Section 1 amends AS 17.20 to create a new article titled "Homemade Food; Animal Shares" consisting of four new sections:

AS 17.20.332 (exemption statute): This section creates an exemption for the purchase and sale of homemade food products for home consumption and provides applicable restrictions or limitations on transaction requirements, food ingredients, and labeling or signage requirements.

AS 17.20.334 (animal shares): This section establishes conditions and requirements of animal share operations in statute, which would allow the sharing of meat and meat products by individuals participating in a herd share arrangement.

AS 17.20.336 (relationship to other laws): This section contains clarifications to the bill, including that the Department retains its investigative and regulatory powers, and the bill does not change state requirements for brand or animal health inspection, that state agencies may provide assistance, consultation or guidance at the request of the producer, that the bill shall not be construed as more restrictive than applicable federal requirements, and the bill does not affect any federal or local laws.

AS 17.20.338 (definitions): This section contains definitions applicable to 17.20.332-17.20.338.

[3:36:54 PM](#)

REPRESENTATIVE FIELDS asked whether the sponsor looked at examples of local food regulations from other states.

REPRESENTATIVE RAUSCHER answered that he was looking only at Alaska.

REPRESENTATIVE FIELDS asked for more details about the proposed regulations on meat.

REPRESENTATIVE RAUSCHER stressed the importance of the food supply chain to Alaska.

REPRESENTATIVE FIELDS inquired as to whether the bill would limit Alaska to a herd share.

REPRESENTATIVE RAUSCHER answered that the bill proposes herd share.

[3:39:35 PM](#)

REPRESENTATIVE PRAX asked about page 4, line 24, which read as follows:

(a) The Department of Environmental Conservation may, as authorized under this chapter,
(1) conduct inspections necessary to investigate reports

REPRESENTATIVE RAUSCHER deferred the question to the invited testifiers.

[3:41:07 PM](#)

CHRISTINA CARPENTER, Director, Division of Environmental Health, Department of Environmental Conservation (DEC), answered that the language does limit the inspection authority of DEC to conduct investigations of unsafe sanitary practices, foodborne illnesses, and foodborne illness outbreaks.

REPRESENTATIVE PRAX asked for confirmation that the bill language would not authorize DEC to start an investigation without a report.

MS. CARPENTER confirmed that that is her understanding of the bill language.

[3:42:11 PM](#)

CHAIR SUMNER inquired as to whether the department would be allowed to self-generate a report and then begin the investigation.

MS. CARPENTER answered that it is likely DEC wouldn't have reason to investigate without a report.

[3:42:44 PM](#)

REPRESENTATIVE SADDLER said the bill, in Section 1, proposes that production and sale of homemade food is exempt from labelling, and that the sale of such food may not involve the sale of meat or meat products. He offered that the purpose of the bill is to allow the sale of meat products.

[3:43:58 PM](#)

MS. CARPENTER explained that Section 1 of the bill deals with homemade food products that are offered for sale to the public; a different section deals with meat in an animal share program.

[3:44:43 PM](#)

CHAIR SUMNER announced that HB 251 was held over.

HB 237-TEMPORARY PERMIT FOR LAPSED NURSE LICENSE

[3:44:58 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 237, "An Act relating to temporary permits for nurses with lapsed licenses."

[3:45:17 PM](#)

REPRESENTATIVE PRAX, as prime sponsor, read the sponsor statement for HB 237 [included in committee packet], which read as follows [original punctuation provided]:

The problem this bill is addressing is that, currently, a nurse seeking license reinstatement in Alaska is not allowed to be issued a nonrenewable temporary permit. Conversely, a nurse seeking a license for the first time in Alaska can be issued a temporary permit. It would make sense to allow both new and returning nurses the opportunity for a temporary permit. The passage of House Bill 237 would help nurses get back to work much faster.

[3:47:14 PM](#)

REPRESENTATIVE SADDLER asked whether the bill should be passed as soon as possible.

REPRESENTATIVE PRAX answered yes.

[3:47:34 PM](#)

CHAIR SUMNER announced that HB 237 was held over.

HB 289-BUSINESS LICENSE FEES

[3:47:45 PM](#)

CHAIR SUMNER announced that the final order of business would be HOUSE BILL NO. 289, "An Act relating to business license fees; and providing for an effective date."

[3:48:36 PM](#)

JULIE SANDE, Commissioner, Department of Commerce, Community, and Economic Development (DCCED), began the PowerPoint presentation, titled "Business License Fees" [hardcopy included in committee packet], on slide 1. She explained that the bill proposes to return business license fees to the amount they were in 2008. She shared that she serves on the Alaska Tourism Industry Board as well as the Alaska Seafood Marketing Institute (ASMI) Board, and she highlighted the marketing work that both organizations do. She shared that the governor has an interest in reaching out to business owners to learn more about what they need in order to conduct business in Alaska. She said that the needs included workforce, housing, childcare, and energy costs; the prevailing need is determining how to "tell our story better." She said she is not interested in building government just to build government; therefore, effort was made to fund costs within the department.

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SYLVAN ROBB, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community, and Economic Development, moved to and read slide 2 of the presentation, which read as follows [original punctuation provided]:

What Does HB 289 Do?

- Increases regular business license fees from \$50 to \$100 per year
- Increases business license fees for sole proprietorships owned by a disabled veteran or

individual who is 65 years of age or older from \$25 to \$50 per year

- Increases tobacco endorsement fees from \$100 to \$200 per renewal

MS. ROBB transitioned to and summarized slide 3, which read as follows [original punctuation provided]:

Why Increase These Fees?

- All funds received each fiscal year in excess of what's required to run the business licensing program are deposited into UGF
- Increasing business licensing fees is a way to generate additional revenue for the State of Alaska without heavily impacting one profession or industry over another

[3:55:04 PM](#)

MS. ROBB moved to slide 4 and summarized the slide, which read as follows [original punctuation provided]:

When is a Business License or Tobacco Endorsement Required?

- A business license is required for the privilege of engaging in a business in the State of Alaska (AS 43.70.020(a))
- "Business" means a for-profit or non-profit entity engaging or offering to engage in a trade, a service, a profession, or an activity with the goal of receiving a financial benefit in exchange for the provision of services, or goods, or other property. (AS 43.70.110(1))
- A person who sells cigarettes, cigars, products containing tobacco, electronic smoking products, or products containing nicotine as a retailer must have a business license and a [tobacco] endorsement. (AS 43.70.105(b))

MS. ROBB advanced to and read slide 4, which read as follows [original punctuation provided]:

When is a Business License Not Required?

Business license exemptions (AS 43.70.105):

- Fisheries business
- Sale of liquor under a license issued under AS 04.11
- Insurance business
- Mining business
- Supplying services as an employee
- Furnishing goods or services by a person who does not represent to be regularly engaged in furnishing goods or services
- Activities of an investment club as defined in AS 43.70.105(7)
- Bank organized under AS 06.05 or the laws of another state
- National bank chartered by the U.S.
- Credit union organized under AS 06.45 or the laws of another state
- Credit union regulated by the National Credit Union Administration
- Mutual savings bank chartered under AS 06.15 or organized under the laws of another state

[3:56:53 PM](#)

MS. ROBB moved to slide 6 to present a graph depicting the number of business licenses and pointed out that the licenses continued to increase. She advised that the 2023 figure of 22,623 business licenses is the number of people who purchased a business license that, not the total number of licenses in Alaska, which is 100,000. She moved to slide 7 to show a graph of the number of businesses. She advanced to slide 8 to present a graph that shows the number of businesses licenses that hold endorsements. Ms. Robb transitioned to slide 9 to showcase a graph of business license revenue. She concluded on slide 10 with the resources used in the PowerPoint.

[3:59:46 PM](#)

REPRESENTATIVE FIELDS asked, if all \$2.7 million were put toward additional staff, how many staff that would support and whether it would speed up current backlogs.

MS. ROBB explained that current professional licensing statutes are separate from business license revenue. She said the

division is required to charge an amount for the professional licensing fees that is about equal to the cost to run the program. She noted that the legislature granted the division 12 additional positions.

REPRESENTATIVE FIELDS asked if the bill could be tweaked to provide more help and augment the fees.

[4:01:19 PM](#)

CHAIR SUMNER commented that Representative Fields is describing a fee, whereas this is a tax.

[4:01:28 PM](#)

REPRESENTATIVE SADDLER asked about Commissioner Sande's comment that the bill would restore business license fees to pre-COVID levels.

COMMISSIONER SANDE reiterated that the bill would restore the fees to 2008 levels.

REPRESENTATIVE SADDLER sought clarification that the fee went from \$100 to \$50 in 2008 and is now being proposed to be returned to \$100. He further asked if a higher fee was considered to account for inflation.

COMMISSIONER SANDE responded that, as a business owner, the change from \$50 to \$100 isn't going to cause her to decide not to go into business. She said the division is comfortable with \$100 and may consider \$150 in the future.

REPRESENTATIVE SADDLER pointed out that the fiscal note assumes no growth in the number of licenses.

[4:04:09 PM](#)

MS. ROBB explained that fiscal notes do not account for inflation. She said it would be challenging to project the increase in business licensing that the division anticipates in the future. In response to a follow-up question, she explained that business license fees were waived during the COVID pandemic; that may have artificially influenced the number of businesses licenses that were given out. She said there has been an increase in business licenses over the past few years.

CHAIR SUMNER advised members that Mr. Gunther was present to explain the difference between a tax and a fee.

[4:06:50 PM](#)

CONRAN GUNTHER, Attorney, Legislative Legal Services, Legislative Affairs Agency, said he is not aware of any Alaska cases that distinguish between a fee and a tax. He explained that a tax is a levy of funds to raise revenue for general government purposes, while a fee is a voluntarily incurred change to obtain a government benefit with fees that relate to the cost of the benefit.

CHAIR SUMNER asked, if a proposal were made to double the fee with all the additional revenue going to the general fund, whether that would be a tax.

MR. GUNTHER explained that under Article IX, Section 7, of the Constitution of the State of Alaska, any proceeds of a state tax or license can be dedicated and go to the general fund. He shared that there may be other examples around whether a fee is excessive.

[4:08:50 PM](#)

REPRESENTATIVE PRAX asked if the licensing fee is like the driver's license fee.

MS. ROBB explained that the fees are referred to as business license fees since that is how they are outlined in statute. She added that the legislature spoke to the fact that the money collected by the department under AS 43.70.080 should be deposited into the general fund; this indicates that additional funds would be generated beyond the costs required to run the program.

[4:10:12 PM](#)

REPRESENTATIVE RUFFRIDGE asked about the fee increase not having a detrimental affect on the number of licenses issued. He commented that the fee waving during COVID might have caused more licenses to be issued. He asked what licensing fee figure would discourage someone from starting a business.

MS. ROBB answered that the fee increase does not impact one industry.

[4:11:52 PM](#)

REPRESENTATIVE SADDLER pointed to and read slide 3, regarding the increase of business licensing fees as a source of revenue. He asked for an explanation of how the licensing fee is a fee and not a tax.

MS. ROBB answered that the department has referred to business licensing as a fee, as does state statute. She highlighted again that there is statute directing that excess funds generated return to the general fund.

[4:13:51 PM](#)

CHAIR SUMNER announced that HB 289 was held over.

[4:13:57 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:14 p.m.