

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

April 12, 2024

3:17 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Representative Dan Saddler

**COMMITTEE CALENDAR**

CS FOR SENATE BILL NO. 147(L&C)

"An Act relating to reemployment rights and benefits; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 378

"An Act relating to theft; relating to organized retail theft; establishing a statewide marketplace facilitator sales tax; establishing the organized retail theft fund in the general fund; and providing for an effective date."

- MOVED HB 378 OUT OF COMMITTEE

HOUSE BILL NO. 309

"An Act relating to the practice of optometry; and relating to the delegation of routine services of optometry."

- MOVED HB 309 OUT OF COMMITTEE

PRESENTATION(S): PENSIONS AND ECONOMICS OF RETIREMENT

- HEARD

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."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 147

SHORT TITLE: REEMPLOYMENT BENEFITS

SPONSOR(s): SENATOR(s) KAUFMAN

05/11/23	(S)	READ THE FIRST TIME - REFERRALS
05/11/23	(S)	L&C, FIN
02/14/24	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/14/24	(S)	Heard & Held
02/14/24	(S)	MINUTE(L&C)
02/19/24	(S)	FIN REFERRAL REMOVED
02/21/24	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/21/24	(S)	Moved CSSB 147(L&C) Out of Committee
02/21/24	(S)	MINUTE(L&C)
02/23/24	(S)	L&C RPT CS 2DP 2NR TECHNICAL TITLE CHANGE
02/23/24	(S)	DP: BJORKMAN, GRAY-JACKSON
02/23/24	(S)	NR: DUNBAR, MERRICK
03/06/24	(S)	TRANSMITTED TO (H)
03/06/24	(S)	VERSION: CSSB 147(L&C)
03/11/24	(H)	READ THE FIRST TIME - REFERRALS
03/11/24	(H)	L&C
03/20/24	(H)	L&C AT 3:15 PM BARNES 124
03/20/24	(H)	<Bill Hearing Rescheduled to 03/22/24>
03/22/24	(H)	L&C AT 3:15 PM BARNES 124
03/22/24	(H)	Heard & Held
03/22/24	(H)	MINUTE(L&C)
03/29/24	(H)	L&C AT 3:15 PM BARNES 124
03/29/24	(H)	-- MEETING CANCELED --
04/05/24	(H)	L&C AT 3:15 PM BARNES 124
04/05/24	(H)	-- MEETING CANCELED --
04/12/24	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 378

SHORT TITLE: ORG. RETAIL THEFT/FUND;MKTPLACE SALES TAX

SPONSOR(s): REPRESENTATIVE(s) FIELDS

02/20/24	(H)	READ THE FIRST TIME - REFERRALS
02/20/24	(H)	L&C, JUD, FIN
03/13/24	(H)	L&C AT 3:15 PM BARNES 124

03/13/24 (H) <Bill Hearing Rescheduled to 03/15/24>  
 03/15/24 (H) L&C AT 3:15 PM BARNES 124  
 03/15/24 (H) -- MEETING CANCELED --  
 03/22/24 (H) L&C AT 3:15 PM BARNES 124  
 03/22/24 (H) Heard & Held  
 03/22/24 (H) MINUTE(L&C)  
 04/05/24 (H) L&C AT 3:15 PM BARNES 124  
 04/05/24 (H) -- MEETING CANCELED --  
 04/08/24 (H) L&C AT 3:15 PM BARNES 124  
 04/08/24 (H) <Bill Hearing Canceled>  
 04/12/24 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 309

SHORT TITLE: DELEGATION OF ROUTINE OPTOMETRY SERVICES  
 SPONSOR(S): REPRESENTATIVE(S) RUFFRIDGE

02/07/24 (H) READ THE FIRST TIME - REFERRALS  
 02/07/24 (H) HSS, L&C  
 03/21/24 (H) HSS AT 3:00 PM DAVIS 106  
 03/21/24 (H) Heard & Held  
 03/21/24 (H) MINUTE(HSS)  
 03/28/24 (H) HSS AT 3:00 PM DAVIS 106  
 03/28/24 (H) Moved HB 309 Out of Committee  
 03/28/24 (H) MINUTE(HSS)  
 04/01/24 (H) HSS RPT 3DP 2NR  
 04/01/24 (H) DP: RUFFRIDGE, MCCORMICK, PRAX  
 04/01/24 (H) NR: FIELDS, MINA  
 04/08/24 (H) L&C AT 3:15 PM BARNES 124  
 04/08/24 (H) Heard & Held  
 04/08/24 (H) MINUTE(L&C)  
 04/12/24 (H) L&C AT 3:15 PM BARNES 124

**WITNESS REGISTER**

SENATOR JAMES KAUFMAN  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, answered questions during the hearing on CSSB 147(L&C).

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

**POSITION STATEMENT:** Answered questions during the hearing on CSSB 147(L&C).

MARGARET BERGMAN, Detective  
Anchorage Police Department  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 378.

DAMIEN DELZER, President-Elect  
Alaska Optometric Association  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 309.

TERESA GHILARDUCCI, PhD, Professor of Economics  
The New School for Social Research  
Juneau, Alaska

**POSITION STATEMENT:** Gave a presentation on pensions and the economics of retirement.

#### **ACTION NARRATIVE**

[3:17:43 PM](#)

**CHAIR JESSE SUMNER** called the House Labor and Commerce Standing Committee meeting to order at 3:17 p.m. Representatives Prax, Ruffridge, Wright, Carrick, Fields, and Sumner were present at the call to order.

#### **SB 147-REEMPLOYMENT BENEFITS**

[3:19:15 PM](#)

REPRESENTATIVE SUMNER announced that the first order of business would be CS FOR SENATE BILL NO. 147(L&C), "An Act relating to reemployment rights and benefits; and providing for an effective date."

[3:19:36 PM](#)

The committee took an at-ease at 3:19 p.m.

[3:19:43 PM](#)

REPRESENTATIVE RUFFRIDGE moved to adopt Amendment 1 to CSSB 147(L&C), labeled 33-LS0799\S.1, Marx, 3/19/24, which read:

Page 4, lines 6 - 7:

Delete "job analysis developed by the rehabilitation specialist"

Insert "Occupational Information Network 28.2 database published by the United States Department of Labor, Employment and Training Administration,"

[3:20:04 PM](#)

REPRESENTATIVE FIELDS objected.

[3:20:15 PM](#)

REPRESENTATIVE RUFFRIDGE explained that Amendment 1 would change the language on page 4, lines 6-7, which vaguely states that a job analysis would be developed by a rehabilitation specialist. The proposed amendment would add specificity in that the analysis would come from the U.S. Department of Labor, Employment and Training Administration (USETA).

REPRESENTATIVE WRIGHT asked to hear from the bill sponsor.

[3:21:30 PM](#)

SENATOR JAMES KAUFMAN, Alaska State Legislature, as prime sponsor, said the intent was to avoid anchoring the process to a reference that could later be broken or moved through reorganization.

REPRESENTATIVE FIELDS opined that Amendment 1 is a good idea, as the reference to the Occupational Information Network ("O\*NET") has "been around forever." He moved to adopt Conceptual Amendment 1 to Amendment 1 to replace "Occupational Information Network 28.2" with "Occupational Information Network database" which would cover this and subsequent permutations of O\*NET 28.2.

REPRESENTATIVE WRIGHT objected and asked to hear from the bill sponsor.

SENATOR KAUFMAN deferred to Mr. Collins.

[3:23:54 PM](#)

CHARLES COLLINS, Director, Division of Workers' Compensation, Department of Labor & Workforce Development (DLWD), said it's easier for the division to write in regulation and "give guides" to contractors than be tied to a specific database. He added that he would not want to come before the legislature again next year, for example, when they update the database to 28.3.

[3:27:55 PM](#)

REPRESENTATIVE CARRICK asked Mr. Collins to elaborate on the differences between the Selected Characteristics of Occupations Defined in the Revised Dictionary of Occupational Titles (SCODRDOT) and O\*NET and how the division might be impacted by using O\*NET as a reference point.

MR. COLLINS explained that the division is currently statutory limited if the job is in O\*NET and not in SCODRDOT. He pointed out that SCODRDOT is referred to in regulation and would still be used by the rehabilitation specialist. He added that O\*NET is used by the entire department daily.

REPRESENTATIVE CARRICK asked whether it would be practical to add an additional reference to SCODRDOT.

REPRESENTATIVE RUFFRIDGE said he would not be opposed to that or listing "Occupational Information Network database published by the U.S. Department of Labor."

[3:32:19 PM](#)

REPRESENTATIVE FIELDS opined that without adding further specificity, the ambiguity of the current language would kill the bill.

A roll call vote was taken. Representatives Prax, Ruffridge, Wright, Carrick, Fields, and Sumner voted in favor of Conceptual Amendment 1 to Amendment 1. Therefore, Conceptual Amendment 1 to Amendment 1 was adopted by a vote of 6-0.

[3:33:48 PM](#)

REPRESENTATIVE FIELDS removed his objection to Amendment 1, as amended.

REPRESENTATIVE CARRICK objected and asked whether there was interest from the committee in adding a reference to SCODRDOT in the legislation. She asked whether the reference to SCODRDOT in regulation would impact the job analysis.

MR. COLLINS said in regulation 8 AAC 45.525, SCODRDOT is mentioned twice for all rehabilitation specialists as they conduct their job analyses, as required under AS 23.30.041.

REPRESENTATIVE CARRICK asked whether additional specificity is needed beyond Amendment 1, as amended.

REPRESENTATIVE RUFFRIDGE answered no, the language in Amendment 1, as amended would provide a great deal of access to job descriptions and information on occupations.

[3:35:44 PM](#)

REPRESENTATIVE CARRICK removed her objection. There being no further objection, Amendment 1, as amended, was adopted.

CHAIR SUMNER announced that CSHB 147(L&C), as amended, would be held over.

**HB 378-ORG. RETAIL THEFT/FUND;MKTPLACE SALES TAX**

[3:36:50 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 378, "An Act relating to theft; relating to organized retail theft; establishing a statewide marketplace facilitator sales tax; establishing the organized retail theft fund in the general fund; and providing for an effective date."

CHAIR SUMNER opened public testimony on HB 378.

[3:37:06 PM](#)

MARGARET BERGMAN, Detective, Anchorage Police Department (APD), testified during the hearing on HB 378. She provided history on APD and retail theft. She shared that property crimes are viewed by many as lower priority, but organized retail crime (ORC) is often linked to a system of criminal activity regarding homicide, robberies, and fraud. She explained that communication between law enforcement and retail is critical to facilitate a timeline for prosecution. She said Alaska is currently missing an ORC crime statute and a conspiracy statute that covers property crimes. ORC is considered a gateway crime that leads to fund other crimes. She added that repeat suspects appear to be undeterred by misdemeanor charges.

[3:41:29 PM](#)

CHAIR SUMNER closed public testimony on HB 378.

[3:41:50 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HB 378 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 378 was reported from the House Labor and Commerce Standing Committee.

[3:42:16 PM](#)

The committee took an at-ease from 3:42 p.m. to 3:44 p.m.

**HB 309-DELEGATION OF ROUTINE OPTOMETRY SERVICES**

[3:44:17 PM](#)

REPRESENTATIVE SUMNER announced that the next order of business would be HOUSE BILL NO. 309, "An Act relating to the practice of optometry; and relating to the delegation of routine services of optometry."

[3:44:35 PM](#)

CHAIR SUMNER opened public testimony on HB 309.

DAMIEN DELZER, President-Elect, Alaska Optometric Association, Fairbanks, Alaska, testified during the hearing on HB 309. He said he was available for questions and reiterated that the association remains grateful to the sponsor and the committee for addressing this issue on its behalf.

[3:45:25 PM](#)

CHAIR SUMNER closed public testimony.

[3:45:36 PM](#)

REPRESENTATIVE RUFFRIDGE moved to report HB 309 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 309 was reported from the House Labor and Commerce Standing Committee.

[3:46:12 PM](#)

The committee took an at-ease from 3:46 p.m. to 3:48 p.m.

**PRESENTATION(S): Pensions and Economics of Retirement**

[3:48:31 PM](#)



CHAIR SUMNER announced that the final order of business would be a presentation by Dr. Teresa Ghilarducci on pensions and the economics of retirement.

[3:48:56 PM](#)

TERESA GHILARDUCCI, PhD, Professor of Economics, The New School for Social Research, shared her professional background and vast experience helping employers and worker representatives analyze their pension systems. She said actuaries fail to describe the benefits of various pension designs, specifically that of a defined benefits (DB) system. She discussed the four main advantages of a DB plan: reduced turnover; more efficiency and a higher rate of return on the dollar; the multiplier effect of a public employee's aggregate demand; and more productive employees in the public sector workforce.

[3:58:30 PM](#)

DR. GHILARDUCCI said a benefit to workers in a DB plan is a lower likelihood of being poor or downwardly mobile into retirement largely due to the inability to withdraw from the account. The withdrawal aspect of a defined contribution (DC) plan is its most lethal flaw. The risk of withdrawal is even worse for women and non-white employees embedded in a kinship network, as those people are sources of wealth for their family members. Another benefit to DB workers is the higher rate of return on the money invested.

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REPRESENTATIVE FIELDS reported that group DB plans have a higher benefit per dollar invested. He asked Dr. Ghilarducci to explain why.

DR. GHILARDUCCI explained that in a DC plan, people have to save 20 percent more to capitalize on the longevity risk of running out of money the older they live. In a group plan, it's insurance against that longevity risk.

REPRESENTATIVE CARRICK asked what age people start to think about retirement when signing up for state employment, for example.

DR. GHILARDUCCI said the age of being concerned about one's financial futures is much younger now, which is attributable to

more education and young people watching their parents. She reported that currently, Millennials are most anxious about their financial future.

REPRESENTATIVE CARRICK pointed out that ages 28-40 is precisely the demographic that is out-migrating from Alaska.

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REPRESENTATIVE RUFFRIDGE conveyed the argument that "everyone is going away from DB" and questioned the validity and rationale behind that statement.

DR. GHILARDUCCI explained that around 2005 when Alaska decided to get rid of its DB plan, there was a rash of interest from other states on this issue. She noted that Alaska was the only state to "experiment" in this way for 15 years; consequently, all eyes are on Alaska's decision to either return to a DB plan or maintain its DC system. She noted the interest in other states to return to a DB plan with either a hybrid plan or better, more stable design.

[4:10:24 PM](#)

REPRESENTATIVE SUMNER asked whether DB increases retention across all job classifications.

DR. GHILARDUCCI said studies show that across all job categories, a DB plan slows turnover.

[4:12:27 PM](#)

REPRESENTATIVE FIELDS asked whether there is a measurement of duration to peak productivity for public employee jobs. In addition, he asked how employers quantify productivity benefits.

DR. GHILARDUCCI answered that productivity can be measured indirectly by what kind of employees receive wage increases. Alternatively, a 401(k) could be an indicator of productivity in that those employees who save may be considered a more productive worker.

REPRESENTATIVE FIELDS asked about the duration for other types of public sector jobs.

DR. GHILARDUCCI surmised that for snowplow drivers, it would take five or six years to obtain peak productivity due to the

accumulation of local knowledge and the ability to make judgment. For teachers, she said, it takes seven to twelve years.

[4:18:27 PM](#)

REPRESENTATIVE PRAX asked whether there is a book or other resources that would help employers understand how to apply this.

DR. GHILARDUCCI cited "The Economics of Personnel" by Edward Lazear and her book, "Labor's Capital: The Economics and Politics of Private Pensions."

REPRESENTATIVE PRAX said the other side of the issue is the employer's future expectations. He pointed out that Alaska is required to pay retirement benefits before education, which is a big risk that's important to understand.

DR. GHILARDUCCI identified other states, such as California, that promised benefits without funding them. She outlined how an DB plan has to be well planned for the future.

[4:24:33 PM](#)

REPRESENTATIVE FIELDS shared his understanding that old DB plans are inherently risky because current workers are funding former workers and that new DB plans are essentially group 401(k) plans with a reserve fund for protection during market downturns. He asked whether that's an accurate understanding and whether there are other new DB plan designs.

DR. GHILARDUCCI said DB plans can be even simpler [than a group investment pool with a reserve fund]. Some DB plans require that the employer always puts in money; other funds - often seen in Europe - involve shared risk to protect the employer.

[4:27:07 PM](#)

REPRESENTATIVE RUFFRIDGE asked for an example of a public sector [employer] who departed and then returned to a DB plan.

DR. GHILARDUCCI said there's no analogue for Alaska's situation because the state's DC plan has been in place for so long. She cited Nebraska, West Virginia teachers, and Indiana lottery workers.

REPRESENTATIVE RUFFRIDGE asked whether there are data sets from the aforementioned states that show a decline in retention or recruitment.

DR. GHILARDUCCI did not know of any studies that looked post-return to the DB plan. She offered to follow up with the requested information.

[4:31:28 PM](#)

REPRESENTATIVE WRIGHT asked how the retirement system works in states with both a DB and DC plan.

DR. GHILARDUCCI said most states let their employees save on top of their DB plan; further, no state has entirely replaced its DB plan with a DC plan.

[4:32:49 PM](#)

REPRESENTATIVE CARRICK asked whether some states have partial DB plans for certain groups of employees. In addition, she asked how the health of the overall plan had fared in those states.

DR. GHILARDUCCI stated that Ohio and Indiana have partial DB and partial DC plans; however, that structure was carefully implemented and has been in place for 75 to 85 years. Both states had a low benefit DB plan that was funded at around 70, 80, or 90 percent, and in addition to allowing participants to invest in that pool, a DC plan was provided on top of that.

[4:35:26 PM](#)

REPRESENTATIVE PRAX stated that the highest risk of a DB plan for both employers and employees is health benefits. He asked how to make a "best guess" at that.

DR. GHILARDUCCI said funding post-retirement health benefits is expensive and one of the best ways to do it is to ensure that employees are enrolled in Medicare. She emphasized the importance of involving the employer in post-retirement medical benefits because they can serve as an advocate for the employees.

REPRESENTATIVE PRAX said one of the things that is causing people to think about retirement is the news that Medicare and Social Security are reaching a crisis point. He questioned where people could learn more about that topic.

DR. GHILARDUCCI said the consensus in the U.S. Senate [Committee on Health, Education, Labor, and Pensions] is that the country has arrived at a Social Security insolvency. She suggested raising payroll tax or expanding the base in response. More specifically, if everyone in the system was treated the same and taxes were taken out of their salary no matter how high, full solvency could almost be attained.

[4:40:58 PM](#)

REPRESENTATIVE FIELDS stated that Empower Retirement is advocating against DB because they want to keep collecting fees from the state. He asked whether this is a common practice among Wall Street firms that want to maintain their fee collection.

DR. GHILARDUCCI answered, "Always," adding that there is a split in Wall Street between retail managers who are in favor of money in individual accounts and wholesale managers who are in favor of the DB plan.

REPRESENTATIVE FIELDS asked for the name of Dr. Ghilarducci's book on the subject.

DR. GHILARDUCCI responded, ["Rescuing Retirement"], by Tony James and Teresa Ghilarducci.

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REPRESENTATIVE RUFFRIDGE asked whether a new entity could attach itself to an ongoing pool in a healthy way.

DR. GHILARDUCCI provided an analogue to employers grouping together and bringing people in and out.

[4:47:07 PM](#)

REPRESENTATIVE SUMNER inquired as to the important aspects of DB versus DC in terms of retention.

DR. GHILARDUCCI said DB plans are tenure weighted in a number of ways because as the employees stay in the system, it becomes more valuable. In part, this is due to the vesting, as well as the increase in earnings which grows in value. Another aspect is that employers can stop contributing after a certain age.

4:50:40 PM

REPRESENTATIVE FIELDS referenced SB 88 and guessed that this management of retirement savings in not modeled in that bill.

DR. GHILARDUCCI said she did not know the answer. Nonetheless, she shared that keeping people beyond the five-year mark would save the state \$76 million per year on severance and recruitment costs alone.

4:51:45 PM

**ADJOURNMENT**

There being no further business before the committee, the House Labor & Commerce Standing Committee meeting was adjourned at 4:51 p.m.