

SENATE FINANCE COMMITTEE

March 25, 2024

9:03 a.m.

9:03:25 AM

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Representative Bryce Edgmon, Sponsor; Jeff Stepp, Staff, Senator Elvi Gray-Jackson; Tim Grussendorf, Staff, Co-Chair Hoffman; Karen Morrison, Director of School Finance and Support Services, Department of Education and Early Development; Lori Weed, School Finance Manager, Department of Education and Early Development; Senator Cathy Giessel; Representative Rebecca Himschoot; Senator Matt Claman, Sponsor; Breanna Kakaruk, Staff, Senator Matt Claman; Sylvan Robb, Director, Division of Corporations, Business, and Professional Licensing, Department of Commerce, Community and Economic Development; Catherine Fritz, Former Chair, Board of Registration for Architects, Engineers, and Land Surveyors.

PRESENT VIA TELECONFERENCE

Mr. Charles Bettisworth, Founder, Bettisworth North; Ms. Dana Nunn, American Society for Interior Designers, Alaska Chapter; Jessica Cederburg, President, American Institute of Architects, Alaska Chapter.

SUMMARY

SB 73 REGISTER INTERIOR DESIGNERS

SB 73 was HEARD and HELD in committee for further consideration.

SB 113 REAA FUND: MT. EDGE CUMBE, TEACHER HOUSING

SB 113 was REPORTED out of committee with five "do pass" recommendations and with two "no recommendation" recommendations, and with one new fiscal impact note from the Department of Education and Early Development.

SB 259 COMPENSATION FOR CERTAIN STATE EMPLOYEES

SB 259 was HEARD and HELD in committee for further consideration.

HB 193 INTERNET FOR SCHOOLS

HB 193 was REPORTED out of committee with six "do pass" recommendations and one "no recommendation" recommendation, and with one previously published fiscal impact note: FN 1(EED).

Co-Chair Olson discussed the agenda.

#hb193

HOUSE BILL NO. 193

"An Act relating to funding for Internet services for school districts; and providing for an effective date."

9:03:55 AM

Co-Chair Olson relayed that the committee had heard the companion bill for HB 193 the previous year.

9:04:12 AM

REPRESENTATIVE BRYCE EDGMON, SPONSOR, relayed that the bill was not new, and had been through both bodies and had been the subject of a joint session. He noted that the version

that was in front of the committee would do exactly what the previous year's version (SB 140) proposed to do. The bill would take an existing state broadband program (the Broadband Assistance Grant (BAG) Program started in 2014) that allowed schools to apply matching funds with the School Universal Services Program at the rate of 10 megabytes per second. In 2020 the rate was increased to 25 megabytes per second.

Representative Edgmon continued that the bill proposed to provide better internet services for schools, particularly in far-flung areas, and would increase the internet speed to 100 megabytes per second. Smaller schools that did not have the ability for fiber-optic or other options would have the ability to compete through an application process for matching monies of up to \$9 in federal funds for every \$1 in state funding.

Co-Chair Olson thought the potential funding was significant.

Representative Edgmon relayed that the fiscal note was not insignificant. He explained that the note assumed that every applicant would qualify and the maximum amount of funding would be drawn upon, which he did not think would be the actual case. He pointed out that the issue was very time sensitive, and that at midnight in two days there was a federal deadline for schools to participate in the program.

Co-Chair Hoffman MOVED to report HB 193 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 193 was REPORTED out of committee with six "do pass" recommendations and one "no recommendation" recommendation, and with one previously published fiscal impact note: FN 1(EED).

[9:07:21 AM](#)

AT EASE

[9:08:42 AM](#)

RECONVENED

#sb259

SENATE BILL NO. 259

"An Act relating to the basic salary schedule for compensation of state employees; and providing for an effective date."

[9:08:47 AM](#)

Co-Chair Olson relayed that it was the first hearing SB 259.

[9:09:03 AM](#)

JEFF STEPP, STAFF, SENATOR ELVI GRAY-JACKSON, introduced himself and read from a prepared statement:

Senate Bill 259, Compensation for Certain State Employees, is legislation necessary to resolve an oversight contained within a section of House Bill 226, which passed the legislature in 2022. HB 226 included a provision meant to ensure state employees who are not covered by a bargaining unit receive salary adjustments in parity with those negotiated by the supervisory bargaining unit.

However, due the Department of Law's interpretation of that section, as detailed in a Legal Services memo included in your bill packet, the Department of Administration has been unable to implement these salary adjustments for approximately 2,800 exempt and partially exempt employees across the Legislative, Executive, and Judicial branches.

SB 259 seeks to solve the problem by providing clear and unambiguous authority to the Department of Administration to adjust salaries for exempt and partially exempt employees. This bill is not introducing a new concept; rather, it is a necessary corrective measure to fulfill the original intent of one section of HB 226 when it was supported by the Legislature and became law two years ago.

By amending AS 39.27.011(m), SB 259 offers a streamlined approach to salary adjustments, eliminating the need for further legislative action for each salary schedule change. This not only expedites the process but also ensures that our employees are compensated fairly (and without

additional burdens.) Moreover, the bill includes provisions for these adjustments to be retroactive to July 1, 2023, which is necessary to rectify the pay disparity experienced by affected employees since the passage of HB 226 two years ago. The fiscal impact of the 1 percent COLA in the current fiscal year is \$4,177,000 (\$2,746,700 Executive Branch; \$909,300 Courts; and \$521,000 Legislature). Supplemental funding would be required to pay for this cost-of-living adjustment in FY 24.

Mr. Stepp referenced a memo from the Division of Legal and Research Services dated March 4, 2024 (copy on file). He noted that there were staff available from personnel, human resources, and finance from all three branches of government to answer questions.

SB 259 was heard and HELD in Committee for further consideration.

[9:12:29 AM](#)
AT EASE

[9:17:14 AM](#)
RECONVENED

#sb113
SENATE BILL NO. 113

"An Act relating to the regional educational attendance area and small municipal school district fund; relating to Mt. Edgecumbe High School; and relating to teacher housing."

[9:17:18 AM](#)

Co-Chair Olson relayed that the committee had heard SB 113 on April 26, 2023, and had taken public testimony at that time.

[9:17:47 AM](#)

TIM GRUSSENDORF, STAFF, CO-CHAIR HOFFMAN, explained that the Department of Education and Early Development (DEED) currently used the Regional Educational Attendance Area (REAA) and Small Municipal School District Fund for grants within school districts within REAAs. He continued that SB

113 proposed to extend allowable uses of the fund, including construction and major maintenance projects for Mount Edgecumbe High School (MEHS), and major maintenance on teacher housing. Additionally, the bill proposed to remove the current fund size cap of \$70 million. He explained that the bill was brought before the Senate because currently MEHS had to compete with all the other agencies for funding.

Mr. Grussendorf referenced a Deferred Maintenance Backlog Summary from OMB (copy on file), which indicated that the total of the backlog summary was \$2.1 billion in deferred maintenance for all departments including the University of Alaska (UA). He continued that MEHS was on the list under DEED and therefore was competing with projects from all other agencies, versus all other schools listed on the school construction list which totaled about \$500 million. He thought it was fairer for MEHS to be included on the same list with all other schools versus with all the agencies on the \$2.1 billion list.

Co-Chair Olson thought the bill endeavored to level the playing field so MEHS could compete on the same level of other schools to get its educational needs met.

Mr. Grussendorf agreed.

[9:20:39 AM](#)

KAREN MORRISON, DIRECTOR OF SCHOOL FINANCE AND SUPPORT SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced herself.

LORI WEED, SCHOOL FINANCE MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, introduced herself.

Ms. Morrison spoke to a new fiscal note from the Department of Education and Early Development, OMB Component 2737. She cited a total cost of \$310.1 thousand for FY 25. She read from the analysis on the second page of the fiscal note:

The bill amends AS 14.11.025(a) to include Mt. Edgecumbe High School (MEHS) as a funding recipient under the Regional Educational Attendance Area and Small Municipal School District School Fund (REAA Fund). This would also include funding teacher housing

that is state owned, located in, or provided to REAAs or small municipal school districts.

This bill amends AS 14.11.030(a) to include MEHS and major maintenance projects for teacher housing as eligible projects to receive an allocation from the REAA Fund.

This bill also amends AS 14.11.030(b) by removing the REAA Fund's \$70 million cap on the fund balance by adding MEHS facilities and teacher housing as eligible allocations from the REAA Fund which would increase the scope and number of facilities under the Department of Education and Early Development's (DEED) purview. This would require additional staff expertise as it relates to residential (dwelling/sleeping unit) design and construction considerations. To provide this additional expertise, DEED would need the following two positions:

- School Finance Specialist 2 at a Range 18, Step B/C, at \$123.5, and
- Building Management Specialist at a Range 19, Step B/C, at \$130.6.

Additionally, on-site technical support and analysis would need to be provided so these positions will be required to travel throughout the State. Each position would need two trips annually at \$2.0 per trip (\$8.0 total).

There are also support costs associated with establishing new positions: department chargebacks of \$16.0 per position annually (\$32.0 total), as well as one-time supplies and equipment costs of \$5.0 per position (\$10.0 total).

In FY2025, a one-time increment of \$6.0 will be needed for legal services costs associated with revising and establishing new regulations.

[9:24:03 AM](#)

Senator Wilson relayed that he was "fine" with the legislation. He pondered that every DEED fiscal note received in the committee seemed to have the same \$6,000 allocation for legal costs and regulations. He thought that

other departments seemed to have staff available to do the work, and wondered if DEED was short-staffed.

Ms. Weed explained that the funds were to address the legal chargebacks from the Department of Law for review of regulations and process.

Senator Wilson wondered why DEED had the chargebacks while other departments did not.

Ms. Weed could not speak to why DEED incurred the costs and other departments did not. She characterized DEED's staffing levels as "lean."

Senator Kiehl thought it might be helpful to have background information on the Department of Law's chargebacks correlated with the number of regulation changes that were made by the board. He thought the regulation packages varied every year.

Ms. Morrison thought Senator Kiehl had posed a great question. She did not have the answer at hand and offered to follow up at a later time.

Senator Kiehl asked how many housing facilities statewide the bill would potentially apply to.

Ms. Weed did not have a current inventory of teacher housing in the state used by school districts because it was not on the department's approved facility list and was not maintained by the department.

Senator Kiehl was curious how to the proposed two positions were determined. He recalled that there were 5 Position Control Numbers (PCNs) in facilities, which were potentially reviewing every school building in the state, which varied in size and complexity. He sensed that teacher housing units in rural Alaska would be smaller and less complex, as well as fewer in number. He questioned the reasoning for a request of 40 percent more positions.

Ms. Weed relayed that residential structures had a very distinct set of codes applied compared to school building structures. She noted that the department would need at least one position with expertise in the codes to properly evaluate the projects.

9:28:13 AM

AT EASE

9:29:14 AM

RECONVENED

Senator Bishop asked about a white paper from DEED (copy on file) that spoke to teacher and student housing currently not under the department's purview. He relayed that he was in full support of the bill and in support of housing for teachers. He suggested that the department interface with the Alaska Housing Finance Corporation (AHFC), which had been operating in the field for many years.

Co-Chair Stedman reminded the committee that several issues had brought the topic of teacher housing forward. He referenced major maintenance of schools in the capital budget including some major maintenance of MEHS. The funds for MEHS had been vetoed with the rationale that the projects could be on the major maintenance list, which he did not think was possible. He recounted that the committee had requested clarification from the department regarding the veto and inquired whether the clarification had been provided.

Co-Chair Olson was not sure the committee had ever received clarification. He thought it was important to address the position of MEHS and reminded that many Native leaders had graduated there and there would be many in the future.

Co-Chair Stedman understood that there was \$20 million to \$25 million in the governor's budget for maintenance, but without specifics directing the funds. He thought treating schools around the state equally was very important and he wanted clarity regarding MEHS. He reminded that the young Alaskan students at MEHS were living in barracks built in the early part of World War II. He expressed concern about requests for major maintenance for MEHS. He supported the bill.

9:33:38 AM

Co-Chair Hoffman commented that the students at MEHS were graduating at some of the highest rates of any school in the state, and he thought the state was proud of the accomplishments of the school despite the conditions that existed. He hoped that the department would defend the

improvements to MEHS that were in the current proposed budget. He described the conditions as despicable. He reiterated that the students at MEHS were graduating at high levels despite lack of support from DEED. He emphasized that the students deserved better and suggested that DEED defend proposed appropriations for maintenance.

Co-Chair Hoffman MOVED to report SB 113 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 113 was REPORTED out of committee with five "do pass" recommendations and with two "no recommendation" recommendations, and with one new fiscal impact note from the Department of Education and Early Development.

[9:35:34 AM](#)

AT EASE

[9:39:44 AM](#)

RECONVENED

#sb73

SENATE BILL NO. 73

"An Act relating to registered interior designers and interior design; establishing requirements for the practice of registered interior design; renaming the State Board of Registration for Architects, Engineers, and Land Surveyors the State Board of Registration for Design Professionals; relating to the State Board of Registration for Design Professionals; relating to liens for labor or materials furnished; relating to the procurement of interior design services; and providing for an effective date."

[9:39:48 AM](#)

Co-Chair Olson relayed that it was the first hearing for SB 73.

[9:40:06 AM](#)

SENATOR MATT CLAMAN, SPONSOR, relayed that SB 73 made an important change of professional licensing statute to recognize the expertise of commercial interior designers and grant them the corresponding privileges. He stressed

that the legislation was timely due to the January 31, 2023, request-for-proposals (RFP) for the United States Army Corps of Engineers for the new integrated testing and training center at Joint Base Elmendorf-Richardson (JBER). He noted that United States (U.S.) Senator Lisa Murkowski recently released a report of a variety of upcoming federal military projects. The construction cost for the JBER project was estimated by the corps to be between \$100 million and \$250 million.

Senator Claman detailed that the RFP had listed the primary selection criteria and professional qualifications for design work, which included architects and registered communication designers, a registered fire protection engineer, a registered interior designer, a registered mechanical engineer, and a registered electrical engineer. There was a total of 13 professionals on the list of the RFP. The legislation would make it possible for registered interior designers in Alaska to work on the JBER project. Without the legislation, the project would have to contract with another designer from another state. He stressed the importance of work opportunities for Alaskans and proposed that the requirements of the RFP reflected the direction for commercial design services in modern times.

Senator Claman continued that there were different specialties within interior design and mentioned the National Council of Interior Design Qualification (NCIDQ); a three-part, 11-hour examination established to identify professional that could assess the competency of candidates to protect the public. The qualification covered subjects including fire safety, Americans with Disability Act (ADA) compliance, emergency egress, and material flammability. He highlighted that interior designers focused on a narrower scope of work than an architect. The NCIDQ was rigorous and required a minimum of 60 credits hours of coursework.

Senator Claman explained there was no state licensure in Alaska for interior designers, and currently commercial interior designers did not have access to a construction stamp that would allow the work to be submitted for permitting. The bill would allow certified commercial interior designers to have a construction stamp valid within a designers limited professional qualifications.

[9:44:04 AM](#)

Senator Claman summarized that under SB 73, registered interior designers would be able to produce and stamp independent of an architect or engineers as authorized, but only as authorized by the AELS board. He explained that the practice of commercial interior design was specific and limited to non-load bearing interior design elements, such as interior planning for occupant spaces, exiting, and specification of code-compliant interior furnishings and fixtures. He explained that the scope of interior design practice described in the bill was well within the competence of interior designers as determined by their education, training, and examination.

Senator Claman relayed that SB 73 would bring economic benefits by increasing professional employment opportunities, providing incentive to hire Alaskans for professional interior design, attracting high-quality design talent to the state, encouraging small business and unrestrained trade, and expanding consumer choices for qualified design professionals. He continued that SB 73 would not change the requirements or daily practice for any other professional in design or construction including architects, engineers, contractors, tradespeople, decorators, or residential designers.

Senator Claman explained that the bill was intended to be cost-neutral to the state, as it was self-funded within the State Board of Registration for Architects, Engineers, and Land Surveyors (AELS) through application, registration, and renewal fees. He referenced a fiscal note from the Department of Commerce, Community and Economic Development (DCCED), which proposed the hire of an additional occupational license examiner and showed that the cost per licensee would only be an additional \$50 every two years.

Senator Claman contended that with the passage of the Infrastructure Investment and Jobs Act (IIJA), there would be approximately \$1.2 trillion in funding that would provide opportunities for designer professionals to work on public facilities projects. He asserted that the legislation would help get more projects ready to build by creating more professionals licensed in the field. He noted that the previous year the Senate Labor and Commerce Committee had sponsored SB 126 relating to architect/engineer registration, which had passed into law and changed some of the statues referenced in SB 73. He clarified that in order to pass the bill, the committee

would need to adopt the changes brought on by the passage of SB 126.

Co-Chair Olson asked how the bill would affect contractors in rural Alaska, where there was not access to interior designers.

Senator Claman relayed that the bill would have no effect on work currently in progress, but only work opportunities in the future. He continued that in future work in rural Alaska, the interior design work could be done by a registered interior designer, which would likely save costs on the project. A licensed interior designer could do work within the scope of practice that might otherwise have to have been done by an architect.

Co-Chair Olson thought the requirement to have a registered designer might put another obstacle in front of a project.

Senator Claman clarified that the bill did not put a requirement to have an interior designer into projects. He cited that the DOD RFP contracts required registered interior designers, and having registered interior designers in-state would allow Alaskans to qualify for the project. He noted that currently, an out of state interior designer would have to be hired to meet the qualification for the project.

Co-Chair Olson asked about the federal projects, and whether the projects required a licensed interior designer.

Senator Claman answered in the affirmative.

[9:48:58 AM](#)

Senator Kiehl thought there was a lot of interest in the bill. He had seen the U.S. Department of Defense (DOD) specifications which called for an interior designer on a project to be licensed by their state or have passed the NCIDQ. He noted that he had seen the contract mentioned by the sponsor as well as another for a large facility in Alaska that had the same requirements. He asked if the solution was a piece of legislation or if the answer was to contact the procurement officer.

Senator Claman was uncertain he understood Senator Kiehl's question.

Senator Kiehl thought the specifications did not require a state license, but rather required either a state license or passage of the NCIDQ test. He questioned whether the solution was to create a license or call the procurement officer when there was a contract that required a state license but did not allow for someone that had passed the test.

Senator Claman relayed that he had seen firms submitting bids, and the firms were getting designers registered in another state to show that there was an NCIDQ certification.

Senator Kiehl offered to follow up with the sponsor at a later time.

Senator Claman agreed to look into the matter.

Senator Merrick asked the sponsor to explain why interior designers would join the AELS board rather than creating a new board.

Senator Claman thought that the group was not starting its own board because of the increased cost. He thought that there was a real interest in the expertise that came from having architects and engineers on the board to ensure the scope of practice was within designers' expertise.

[9:51:48 AM](#)

BREANNA KAKARUK, STAFF, SENATOR MATT CLAMAN, addressed a Sectional Analysis document (copy on file):

Senate Bill 73 Sectional Analysis – Version D

Section 1 AS 08.48.011. Board created. Adds two seats to the AELS board: one for an interior designer and one additional engineering seat (this addition creates separate seats for electrical and mechanical engineering, which currently share a seat).

Section 2 AS 08.48.011. Board created. Specifies that the interior designer on the board must be a registered interior designer.

Section 3 AS 08.48.011. Board created. Allows more than one electrical engineer or more than one mechanical engineer to serve simultaneously on the board if a member of the other profession is not available to fill the position designated for that profession.

Section 4 AS 08.48.061. Finances. Adds registered interior designer examiners to the list of meetings board delegates may make expenditures to attend.

Section 5 AS 08.48.071. Records and reports. Adds registered interior designers to the list of statistics the Department of Commerce, Community, and Economic Development assembles relating to the performance of its staff and the performance of the board.

Section 6 AS 08.48.111. Power to revoke, suspend, or reissue certificate. Adds registered interior design to the list of professional certificates the board may suspend, refuse to renew, or revoke.

Section 7 AS 08.48.171. General requirements and qualifications for registration. Adds registered interior designers to the list of applicants that can qualify for registration.

Section 8 AS 08.48.181. Registration upon examination. Specifies the examination qualifications for a registered interior designer and shall be established by the board and published in regulations.

Section 9 AS 08.48.191. Registration by comity or endorsement. Adds a new subsection (e) to allow a person holding a certificate of registration authorizing the person to practice registered interior design in a state, territory, or possession of the United States, the District of Columbia, or a foreign country that, in the opinion of the board, meets the requirements of this chapter, based on verified evidence, may, upon application, be registered in accordance with the regulations of the board.

Section 10 AS 08.48.201. Application for registration. Adds registered interior designers to the list of

registrants that must meet the stated application standards.

Section 11 AS 08.48.211. Certificate of registration. Adds registered interior designers to the list of certificates of registration that may be awarded.

Section 12 AS 08.48.215. Retired status registration. Adds registered interior designers to the list of practices an individual holding a retired status registration may not practice.

Section 13 AS 08.48.221. Seals. Adds "Registered Interior Designer" to the list of seals a registrant may obtain. Additionally, it adds registered interior design to the list of registrants that may not affix or permit a seal and signature to be affixed to an instrument after the expiration of a certificate or for the purpose of aiding or abetting another person to evade or attempt to evade a provision of this chapter.

Section 14 AS 08.48.241. Corporations, limited liability companies, and limited liability partnerships. Adds registered interior design to the list of services a corporation, limited liability company, or limited liability partnership may offer.

Section 15 AS 08.48.241. Corporations, limited liability companies, and limited liability partnerships. Adds registered interior design to the list of practices the board can issue a certificate of authorization for.

Section 16 AS 08.48.241. Corporations, limited liability companies, and limited liability partnerships. Adds registered interior design to the list of major branches the certificate of authorization must specify.

Section 17
AS 08.48.241. Corporations, limited liability companies, and limited liability partnerships. Adds "a group of registered interior designers" to the list of groups the board may, in its discretion, grant a certificate of authorization to.

Section 18 AS 08.48.241. Corporations, limited liability companies, and limited liability partnerships. Specifies that a corporation, limited liability company, or a limited liability partnership authorized to offer registered interior design is responsible to the same degree as the designated registered interior designer and shall conduct its business without misconduct or malpractice in the practice of registered interior design.

[9:55:23 AM](#)

Ms. Kakaruk continued to address the Sectional Analysis:

Section 19 AS 08.48.241. Corporations, limited liability companies, and limited liability partnerships. Adds registered interior designer to the list of certificates the board may suspend or revoke.

Section 20 AS 08.48.251. Certain partnerships. Adds registered interior designer to the list of allowable practices a partnership of legally registered interior designers may engage in.

Section 21 AS 08.48.281. Prohibited practice. Adds registered interior design to the list of practices a person may not engage in unless they are a registered interior designer.

Section 22 AS 08.48.281. Prohibited practice. Adds a new subsection (c) specifying that this chapter does not prohibit the practice of registered interior design by a person who is not registered to practice registered interior design if the services are being performed by a person acting within the scope of practice authorized by another license that is held by the person, such as an architect.

Section 23 AS 08.48.291. Violations and penalties. Specifies that a person who practices or offers to practice registered interior design in the state without being registered or authorized to practice is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$10,000, or by imprisonment for not more than one year, or by both.

Section 24 AS 08.48.295. Civil penalty for unregistered or unauthorized practice. Specifies if a person who practices or offers to practice registered interior design in the state without being registered or authorized to practice, the board may enter an order levying a civil penalty.

Section 25 AS 08.48.311. Rights not transferable. Specifies that the right to engage in the practice of registered interior design is considered a personal and individual right, based on the qualifications of the individual as evidenced by the individual's certificate of registration, which is not transferable.

Section 26 AS 08.48.321. Evidence of practice. Defines "evidence of practice" pursuant to sections prohibiting practice by non-registered individuals.

Section 27 AS 08.48.331. Exemptions. Adds registered interior designers to the list of necessary exemptions. Of note, new subsection (15) is not subject to regulation specifically stating that kitchen and bath design in exempted residential structures per the national industry's request.

Section 28 AS 08.48.331. Exemptions. Adds new subsection (c) that the requirements to register as an interior designer only applies to practices that the board affect the public health, safety, or welfare.

Section 29 AS 08.48.341. Definitions. Adds interior design as a professional service to the definition of "certificate of authorization."

Section 30 AS 08.48.341. Definitions. Adds new subsections (24) and (25) defining practice of interior design and registered interior designer.

Section 31 AS 23.30.017. Immunity for third-party design professional. Adds "registered interior designer, or landscape architect" to the definition of "design professional."

Section 32 AS 34.35.050. Lien for labor or materials furnished. Makes a technical change to subsection (1)

and adds interior design to a list of services that a person may have a lien on to secure payment.

Section 33 AS 35.15.010. Construction by department. Adds interior design to the list of professional services in connection with the construction of a public work performed by a state department.

Ms. Kakaruk continued to address the Sectional Analysis:

Section 34 AS 36.30.270. Architectural, engineering, and land surveying contracts. Adds registered interior design to the list of services that a procurement officer may award.

Section 35 AS 36.30.270. Architectural, engineering, and land surveying contracts. Adds registered interior design to the list of services to which a procurement officer may add price as a factor in awarding a contract.

Section 36 AS 36.90.100. Contracts for architectural, engineering, land surveying, or landscape architectural services. Amends the statute to prohibit the state or a municipality from awarding contracts to individuals, qualified partnerships, and authorized corporations who are not registered to provide interior design.

Section 37 Uncodified law - Applicability Clarifies that there is a "grace" period until July 1, 2025 for currently practicing interior designers to become registered.

Section 38 Uncodified law - Transition Adds new transition language requiring the interior designer appointed to the board be certified by the Council for Interior Design Qualification and have resided in the state for at least three years immediately preceding appointment. Additionally, allows for an interior designer to hold the board seat until a registered interior designer is appointed to the seat, subject to meeting certain requirements.

Section 39 Uncodified law - Transition Provides that necessary regulations may be developed immediately for implementation.

Section 40 Effective date Clarifies that Sections 1, 37, and 38 take immediate effect.

Section 41 Effective date Provides an effective date of July 1, 2023.

[9:59:52 AM](#)

Senator Merrick referenced that the Summary of Changes from version S to version D of the bill (copy on file), which mentioned a working group that had included architects as well as interior designers. She read from the document:

...the architects and interior designers came to consensus agreement on amendments for Senate Bill 73. Version D of Senate Bill 73 incorporates these as agreed upon by the Working Group.

Senator Merrick asked why she was hearing opposition if there had been so much consensus.

Senator Claman relayed that the working group had endeavored to address all the objections raised by a group of architects. Some of the objections had not resulted in agreement. He detailed that architects had not wanted interior designers to have stamping authority. There were other changes suggested by architects, and after analysis by the Legislative Legal Department it was found the changes had not made sense or had conflicted with other changes.

Senator Kiehl asked about the kitchen and bath exemption in Section 27 of the bill. He thought it looked as though the exempt section only applied to items that were already exempt from the whole chapter. He asked why the section exempted structures that were already exempt.

Senator Claman relayed that the kitchen and bath section was added specifically because in the business world there was a subset of designers that only worked on kitchens and baths and made recommendations that were non-structural. Additionally, the work was done in single family homes, which were also exempt. The request was made by the part of the industry that wanted to be identified as a sub-specialty that would not be covered by the new law.

Senator Kiehl was not clear about the function the section served. He pointed out that the section was only applicable to structures that were already exempt. He added that he was confused by the fact there was great dissension in the field. He thought the board would set the scope of practice, including what services a registered interior designer could stamp.

Senator Claman relayed that it was not the first year that the legislation had been before the legislature. Earlier versions of the legislation had endeavored to define the specific scope of practice for registered interior designers. The current bill changed the approach from trying to legislate the scope of work to letting the board decide. He referenced his response to Senator Merrick. He noted that the interest was in relying on a diverse board with design and engineering expertise to be able to define the scope of practice. The goal of the bill was not to leave the decision with the legislature, but rather rely on the AELS board to define the scope of practice, which had been a major concession by designers to reach consensus.

Senator Kiehl asked if the board supported the current approach in the legislation.

Senator Claman thought a prior version of the bill was had not been supported by the AELS board, and mentioned an outcome that failed by one vote.

[10:05:46 AM](#)

MR. CHARLES BETTISWORTH, FOUNDER, BETTISWORTH NORTH (via teleconference), strongly supported the bill. He introduced himself and relayed that he was a registered architect and had practiced in the state for 50 years. He had a multi-disciplinary firm providing design service in architecture, landscape architecture, and interior design. He referenced the sponsor's mention of the corps of engineers' requirement of registered interior designers for projects that had RFPs going out.

Mr. Bettisworth explained that presently in Alaska, architectural firms hired interior designers who were not registered and did not seal documents that they prepared. Architects who hired the interior designers sealed the documents and assumed all liability. He contended that with registered interior designers, architects could hire

registered design professionals that could reduce liability to architects.

[10:08:09 AM](#)

MS. DANA NUNN, AMERICAN SOCIETY FOR INTERIOR DESIGNERS, ALASKA CHAPTER (via teleconference), spoke in favor of the bill. She relayed that she was a twenty-year Anchorage resident and certified interior designer. She addressed a previous question about the potential impact to rural contractors and projects. She emphasized that SB 73 did not require clients, building owners, or general contractors to hire a registered interior designer. She contended that SB 73 simply provided greater consumer choice. She used an example of projects she had worked on in Nome, many of which were larger projects that required an architect to advise on structural matters. Several of the projects had been related to simple interior improvements.

Ms. Nunn addressed DOD contracts and clarified that if a project scope included comprehensive interior design, the designer of record must be NCIDQ-certified. She furthered that fundamental RFP requirements for at least eight years had required that all designers of record on a project must be certified, no matter the discipline. She discussed designer qualifications and noted there was only one architect in the state that had passed the NCIDQ. She mentioned additional qualifications such as having five years Alaska climate zone experience for those not registered in the state.

[10:12:17 AM](#)

Ms. Nunn addressed the proposed combined board. She noted that the Interorganizational Council on Regulation (ICOR) was comprised of the four regulatory organizations for the design profession and was formed almost two decades previously. She continued that ICOR was a non-profit organization with functions including licensing. In May of the previous year, ICOR had published a statement that read "due to the commonalities in regulation and practice, as well as the profound impact on the public and environment, we unequivocally support the continued licensure of architecture, engineering, interior design, landscape architecture, and surveying." The joint statement concluded that oversight of the professions was essential to protect the public's health, safety and welfare while minimizing

risks. The statement relayed that including interior design under the same body offered operational efficiency and regulatory consistency across related disciplines.

Ms. Nunn discussed an earlier question about the scope of practice. She noted that the sponsor had been correct in that it had been through the nine meetings over 18 months (comprising over 30 hours of working time) that it was determined to pull the defined scope of practice out of the proposed bill language. It had been determined that the definition was more appropriately handled in the regulatory framework that the board would have purview over. She shared some elements of the discussion of the scope of practice. She mentioned AELS support and reviewing minutes of the board that indicated the board was had a neutral position on the bill. She asked the committee to support the bill.

[10:15:16 AM](#)

JESSICA CEDERBURG, PRESIDENT, AMERICAN INSTITUTE OF ARCHITECTS, ALASKA CHAPTER (via teleconference), spoke in opposition to the bill. She relayed that she was a lifelong Alaskan and licensed architect with over 30 years of practice. She emphasized that the American Institute of Architects-Alaska Chapter had rigorously reviewed interior design regulation bills for the past four years and worked to make changes to SB 73 that were in the best interest of consumers and industry. She asserted that the bill version did not represent consensus, and that the bill sponsor had been unwilling to make changes to make the bill "palatable." She respectfully disagreed with Senator Claman's representation of the working group meetings.

Ms. Cederburg listed what she considered to be major problems with the legislation. She asserted that the bill separated types of interior designers that did not have the same level of qualifications. She considered the bill would create a special class of individuals with special privileges above others that were equally capable. She argued that the bill added two more seats to the AELS Board, which was already the state's largest licensing board. She emphasized that the bill disregarded the recommendations of the AELS Board. She contended that most of services provided by interior designers were not related to the health and safety of the public as other regulated design professionals.

Ms. Cederburg opined that the bill was excessively broad and failed to create a legal limit of practice. She used the example of Section 30, line 24 of the bill, which she thought was a broad definition that invited unqualified practice, especially in fire and life-safety systems. She thought the broad definition was a direct threat to public safety. She reasoned that the legislation was unnecessary and that the current regulation of designed professionals worked well. She contended that interior designers were successfully working around the state, and that the 21 individuals that had NCIDQ certification were already able to compete on federal contracts. She stated that a license to practice in Alaska was not a requirement of the core contracts. She contended that while some federal agencies encouraged or required NCIDQ certification for portions of projects that contained interior design, state regulation of the NCIDQ certificate was not a federal requirement. She pointed out that there were federally funded projects in every state, yet only two states regulated the practice of interior design.

Ms. Cederburg considered that if a state interior design license was required to perform the federal projects, the interior designers in most states would not be eligible. She suggested that a call to the procurement officer would resolve the issue. She thought that if the legislature thought regulation was needed, there were other options to offer the recognition sought by interior designers. She expressed her desire to go back to the collaboration stage to design a different solution to regulate interior design.

[10:19:21 AM](#)

Senator Kiehl referenced Ms. Cederburg's comment that the bill would leave out individuals that had equivalent qualifications to those that passed the NCIDQ. He asked what other methods showed the same qualifications.

Ms. Cederburg noted that there were other exams within the interior design practice such as "ASID." She offered to get back to the committee with additional information.

Co-Chair Olson referenced Section 31 of the bill that concerned immunity for third party design professionals. He asked if she was in agreement with the provision.

Ms. Cederburg asked for the section to be read aloud.

Co-Chair Olson asked the sponsor and his staff to address concerns listed by Ms. Cederburg.

Co-Chair Olson recalled that Ms. Cederburg had cited that the bill would segregate interior designers so that some individuals would not be eligible to work in areas where they had been eligible to work for many years.

Senator Claman did not believe the assertion was true. He noted that in the House version of the bill there had been a minor amendment to one section of the bill that pertained to individuals that had been working interior design but were not interested in stamping drawings. He referenced Section 27, Subsection 8, which looked at adding the word "construction" on line 25, which would clarify a concern that had been raised by an interior designer that did not want to become registered and did not have NCIDQ qualifications.

[10:23:24 AM](#)

Co-Chair Olson identified another concern related to adding two seats to the board.

Senator Claman relayed that that additional seats were to add an interior designer to the board to be present for discussions related to the scope of practice. He understood that the board had expressed an interest in the additional seat for an additional engineer to add expertise. He did not see how either of the additions would do other than enhance the ability of the board to analyze questions about the scope of practice and other technical items.

Co-Chair Olson thought there was an assertion that only two other states had the same requirement that an interior designer have a certain qualification.

Senator Claman understood that several states had passed title acts that allowed an individual to use a title but did not grant stamping authority. He mentioned a practice act, which allowed stamping authority. He offered to get back to the committee with more information. He knew there were other states that were addressing the topic. He thought there were more states with a title act than a practice act. He thought there was interest in the

construction industry to have designers be able to stamp documents within their scope of practice, which he thought ended up saving money in the process.

Senator Bishop asked if the sponsor had a feel for how many architectural firms had interior design staff that supported or opposed the legislation.

Senator Claman did not have a number available but thought that a small-sized architect's office almost always had an interior designer on the team. He noted that his mother had been an architect in small offices with less than ten people and there had always been an interior designer as part of the team.

Senator Merrick referenced the objection from architects that they did not want to bear the costs of including interior designers. She referenced AS 08.01.065(f) that stated that all licensees regulated by the board must be charged the same fee. She asked if interior designers would be willing to pay an increased fee to help cover regulations and costs to the board as a result of having designers added.

Senator Claman understood that the anticipated increase in fees related to the legislation would be \$50 every two years. He agreed to get back to the committee with more information related to Senator Merrick's question.

Co-Chair Olson referenced the fiscal note.

[10:28:00 AM](#)

SYLVAN ROBB, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS, AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, spoke to a new fiscal note from the Department of Commerce, Community and Economic Development (DCCED), OMB Component Number 2360. She cited that beginning in FY 25, the division showed costs of \$157,100, almost all of which was related to the cost of adding an additional occupational licensing examiner. She pointed out that the amount decreased in the out years by about \$17,000. The decrease was related to commodities costs in the first year and the regulations projects related to the bill. The funds would be paid through the fees paid by licensees.

Co-Chair Olson asked about the end user, and whether the proposed license would save or cost a contractor money.

Ms. Robb thought the question was outside her purview. She mentioned covering the cost of doing business. She noted that the board currently licensed about 8,000 individuals and businesses.

10:30:30 AM

Co-Chair Stedman asked for Ms. Robb to discuss the department's position on the bill.

Ms. Robb relayed that the department was neutral on the bill. She pondered that the need to regulate interior designers was more of a policy question and the division would defer to the board as well as the legislature as to whether there was a public safety need for the change.

Co-Chair Stedman asked if there were problems within the construction industry that would warrant the change proposed in the bill. He asked about background for the bill.

Ms. Robb offered that the division typically received complaints that were related to licensees, and interior design was currently not a licensed profession and therefore was not in the division's jurisdiction.

Co-Chair Olson thought Ms. Robb had indicated that the bill was not needed for health and safety.

Ms. Robb deferred the question to professionals in the field as to whether the bill was health and safety requirement.

Senator Bishop referenced Ms. Robb's answer to Co-Chair Stedman's question. He assumed that if there was a complaint against a licensed individual, there would be grounds for the complaint. He wondered if the division kept track of complaints and had granular detail.

Ms. Robb relayed that the type of complaints typically received by the division were normally related to scope of practice, when individuals went beyond the scope of licensed practice or operated without a license. The division would take action to investigate and pass to the

board to determine if licensing action was needed. She mentioned individuals failing to complete continuing education to renew a license.

[10:33:41 AM](#)

Senator Wilson was confused about Ms. Robb's answer to Co-Chair Stedman, that the department did not have a position, but the board did have a position. He thought the sponsor had indicated the board failed to support the legislation by one vote. He wondered what kind of potential hostility passing the legislation would bring to a board environment. He asked whether incoming regulation packages would be viewed negatively.

Co-Chair Olson asked if the board had failed to support the legislation.

Ms. Robb relayed that the former board chair was available to answer questions.

Ms. Robb addressed Senator Wilson's question. She thought that having a seat added to the board, without overwhelming interest and support, would create a less collegial working environment than that of a board that sought to have to change made. She explained that there had been boards in the past that experienced personality clashes, and that the division had tried to assist and ensure the boards could continue to function.

Senator Wilson made reference to many letters in the bill packet.

Senator Kiehl mentioned hearing testimony that the proposed new license might only apply to two dozen individuals. He made note of the fiscal note's mention of a new occupational licensing examiner. He asked about Ms. Robb's estimate of how many individuals would be seeking the new license.

Ms. Robb did not have a good sense of how many interior designers there would be applying in the future. She thought earlier invited testifiers had mentioned two dozen interior designers that were NCIDQ-qualified. The division anticipated more individuals would be seeking the certification.

Senator Kiehl asked about the average number of regulated professionals per licensing examiner in the division.

Ms. Robb did not have an answer and made note of the differences in regulation and degree of complexity and requirements for obtaining licenses in different professions. She used the example of a physician that was licensed in 50 states versus an application to be licensed as a manicurist.

10:38:00 AM

AT EASE

10:40:51 AM

RECONVENED

Co-Chair Olson noted that there had been a reference to a vote by the board. He asked for clarification.

10:41:31 AM

CATHERINE FRITZ, FORMER CHAIR, BOARD OF REGISTRATION FOR ARCHITECTS, ENGINEERS, AND LAND SURVEYORS, mentioned a letter dated July 26, 2023, from DCCED (copy on file) that referenced actions from the May 2023 board meeting. She recounted that at the meeting the board had voted against adding interior design to its responsibilities. She noted that a board member presented the motion to add interior design to the board and had spoken against the motion. A vote was taken, and the motion failed. She thought there had been confusion due to the way the motion was presented, and that because the motion was presented as positive and failed, there was some interpretation that the board remained neutral. There had not been another vote on the matter.

Co-Chair Olson understood that Mr. Bell had put the objection forward, and the vote failed, indicating that the board did not support having interior designers as part of the board.

Ms. Fritz clarified that Mr. Bell put a motion to approve the addition to the board, and the motion had failed. The implication and discussion were that there was not sufficient support for the addition to the board. She noted that there was a second part to the letter that listed

specific recommendations in the case that the legislature felt the bill should move forward.

Senator Wilson asked if the sponsor could address the concerns outlined in the letter, and whether the concerns had been addressed via amendments or a Committee Substitute.

Co-Chair Olson handed the gavel to Co-Chair Stedman.

10:44:44 AM
AT EASE

10:46:57 AM
RECONVENED

Senator Claman related that there were four issues in paragraph two of the letter mentioned by Ms. Fritz. The issues had come from the AELS board. The first recommendation was an objection to the additional seats on the board. There was objection to the provision related to kitchen design in Section 15 and Section 27. Section 30 also stayed in the bill after a lengthy discussion with the Legislative Legal Department. He thought Section 37 was based on the concept that there was not an interior designer on the board. He thought all the objections were related to having an interior designer on the board.

Co-Chair Stedman handed the gavel to Co-Chair Olson.

SB 73 was heard and HELD in Committee for further consideration.

Co-Chair Olson discussed the agenda for the following day.

ADJOURNMENT
10:48:44 AM