

SENATE FINANCE COMMITTEE

April 9, 2024

9:02 a.m.

9:02:40 AM

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair

ALSO PRESENT

Senator Bill Wielechowski, Sponsor; David Dunsmore, Staff, Senator Wielechowski; Charles Collins, Director, Division of Workers Compensation, Department of Labor and Workforce Development; Senator Jesse Bjorkman, Sponsor; Raymond Matiashowski, Staff, Senator Jesse Bjorkman; Kris Curtis, Auditor, Legislative Audit; Sylvan Robb, Director, Division of Workers Compensation, Department of Labor and Workforce Development; Jason Bunch, Chairman, Big Game Commercial Services Board; Sam Rohrer, President, Alaska Professional Hunters Association; Senator Matt Claman, Sponsor; Breanna Kakaruk, Staff, Senator Matt Claman; Carol Beecher, Director, Division of Elections, Office of the Governor.

PRESENT VIA TELECONFERENCE

Heidi Drygas, Self, Juneau; Al Barrette, Self, Fairbanks.

SUMMARY

SB 60 REPEAL WORKERS' COMP APPEALS COMMISSION

SB 60 was HEARD and HELD in committee for further consideration.

SB 182 EXTEND BIG GAME COMM SERVICES BOARD

SB 182 was HEARD and HELD in committee for further consideration.

SJR 15 CONST. AM: VOTES NEEDED FOR VETO OVERRIDE

SJR 15 was HEARD and HELD in committee for further consideration.

#sb60

SENATE BILL NO. 60

"An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Workers' Compensation Appeals Commission; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules 202(a), 204(a) - (c), 210(e), 601(b), 602(c) and (h), and 603(a), Alaska Rules of Appellate Procedure; and providing for an effective date."

[9:03:37 AM](#)

SENATOR BILL WIELECHOWSKI, SPONSOR, introduced the legislation. He referred to the Sponsor Statement (copy on file):

Senate Bill 60 would save \$482,400 per year, remove an unnecessary bureaucracy, and make Alaska's Workers' Compensation program more sustainable by repealing the Alaska Workers' Compensation Appeals Commission. Passing SB 60 will return jurisdiction over appeals of Workers' Compensation Board decisions to the Superior Court. Currently the Appeals Commission handles these cases and their decisions can be appealed to the Supreme Court.

For decades, the Superior Court had handled these cases. Operating the Appeals Commission costs \$482,400 annually and it currently has two fulltime employees, while the Court System has testified that they can

handle these cases with their current budget and staffing levels. The Appeals Commission's workload has decreased considerably since it was created in 2005. In 2007, they had 49 new cases filed and published 42 decisions but by 2022 they only had 14 new cases and published only 5 decisions.

In 2015, the House Labor and Workforce Finance Subcommittee found the Appeals Commission to be "an ineffective division" and that "their closure rate and average time for closure is not demonstrably better than the process was before the establishment of the commission."

This bill would create a transition period between June 1 and December 1, 2024 when new cases would be filed with the Superior Court, but the Appeals Commission would continue to handle the cases that were already pending. On December 2, all pending cases would be transferred to the Superior Court and the Appeals Commission will be fully repealed on December 31.

Alaska's Workers' Compensation regulation is funded by service fees collected from insurance providers and self-insurers. In Fiscal Year 2021 the state collected \$6.3 million in fees and the Department of Revenue projects this will fall to \$5.8 million in FY 2024 and \$5.6 million in FY 2025. Given Alaska's budget deficit and this declining revenue, we simply cannot afford to spend \$482,400 to operate a separate commission when the courts are well equipped to handle these cases.

Co-Chair Olson noted that the superior court was not a court of appeals, but rather a trial court.

Senator Wielechowski replied that the cases would be heard by the Worker Compensation hearing officer, and an appeal would be heard by the superior court.

[9:06:36 AM](#)

DAVID DUNSMORE, STAFF, SENATOR WIELECHOWSKI, discussed the presentation, "Senate Bill 60, Repeal Workers' Compensation Appeals Commission" (copy on file). He pointed to slide 2, "Senate Bill 60":

Repeals the Alaska Workers' Compensation Appeals Commission

Returns jurisdiction over Workers' Compensation appeals to the Superior Court

Saves \$482,400 per year

Helps fill the Workers' Compensation budget deficit and make Alaska's Workers' Compensation system more solvent

Mr. Dunsmore addressed slide 4, " SB 60 Will Save \$482,400 Per Year":

Currently the Commission has 2 full-time employees and pays for commissioners' travel and per diem

Previously, the Court System has testified that they can absorb these cases with a zero fiscal note

Mr. Dunsmore pointed to slide 5, " WCAC Workload has Fallen Dramatically":

The Workers' Compensation Appeals Commission workload has declined from 49 cases filed and 42 published decisions in 2007 to 4 cases filed and 5 decisions issued in 2023.

Mr. Dunsmore highlighted slide 6:

"The Worker's Compensation Appeals Commission is an ineffective division... The Commission during the calendar year of 2013 closed 30 cases for a closure rate of 67 percent with an average time from filing to closure of seven months. This closure rate and average time for closure is not demonstrably better than the process was before the establishment of the commission."

House Department of Labor and Workforce Development Finance Subcommittee, February 25, 2015

Mr. Dunsmore looked at slide 7, " The Workers' Compensation Appeals Commission Has Not Closed Cases Faster than the Courts":

- The Superior Court took "8 to 18 months" to decide Workers' Compensation Appeals.
- When it was created, it was estimated that the Commission could decide cases in 6 months.
- Instead, in 2018 it averaged 371 days (12.2 months) to decide cases.
- Even as their workload decreased, in 2021 they still averaged 282 days (9.3 months) to decide cases.
- More Commission decisions are appealed to the Supreme Court, adding months to years before final resolution.

Sources: Testimony of Paul Lisankie, Director, Division of Workers' Compensation, Senate Labor and Commerce Committee, March 10, 2005.

Alaska Workers' Compensation Appeals Commission Annual Report for Calendar Year 2021.

[9:10:17 AM](#)

Mr. Dunsmore discussed slide 8, "SB 60 Will Reduce Appeals to the Supreme Court":

When the Superior Court handled appeals approximately 25 percent of their decisions were appealed to the Supreme Court.

Since the Commission was created in 2005, 37 percent of its decisions have been appealed to the Supreme Court.

Since 2011, 50 percent of Commission decisions have been appealed.

Sources: Testimony of Doug Wooliver, administrative attorney, Alaska Court System, Senate Labor and Commerce Committee, March 10, 2005.

Legislative Research Services Report 24.077.

Mr. Dunsmore looked at slide 9, "The Office of Management and Budget has identified potential staff turnover as a key component challenge":

"The WCAC is challenged to provide timely decisions and orders. WCAC is supported by two staff. While no immediate staff turnover is anticipated, any attrition could result in less support for the commission, making it more difficult to provide timely decisions and orders."

Mr. Dunsmore addressed slide 10, "Alaska's Workers' Compensation and Safety Program Faces a Growing Budget Deficit- SB 60 Will Help Fill It":

- Workers' Compensation and Safety are funded by a tax on Workers' Compensation payments
- Tax Revenue has fallen significantly and is expected to continue to decline.
- Saving \$482,300 will help close the growing budget gap.

Mr. Dunsmore looked at slide 11, "Bottom Line":

SB 60 saves \$482,400 annually

Preserves parties' right to have their cases heard in timely manner

Will reduce appeals to the Supreme Court

Makes Alaska's Workers' Compensation system more solvent

Co-Chair Olson wondered whether there was opposition to the legislation.

Mr. Dunsmore replied that there was some opposition in some previous committees from the Workers Compensation Insurance industry.

[9:13:19 AM](#)

CHARLES COLLINS, DIRECTOR, DIVISION OF WORKERS COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, introduced himself and stated that he could answer questions.

Co-Chair Olson noted that the fiscal note showed a \$236,000 decrease in FY 25, and then later a \$473,000 decrease, and wondered whether those were accurate numbers.

Mr. Collins replied in the affirmative.

Co-Chair Stedman wondered whether the appeals commission would create a precedence, and whether the court would uphold that precedence.

[9:15:02 AM](#)

Mr. Collins replied that the commission was a precedent-setting panel, so those decisions guided the board panels. The Supreme Court, however, could overturn those decisions.

Co-Chair Stedman surmised that the Department of Labor and Workforce Development (DLWD) would be neutral on the bill, and whether the bill did any harm.

Mr. Collins replied that he felt that the commission was effective.

Senator Bishop wondered whether there was disagreement on the data on the presentation.

Mr. Collins responded that he had some issues with the timing. He expressed concern about the court absorbing the cost, especially when there was a controversial claim.

Co-Chair Olson asked whether the commission had not had the decisions rendered within six months.

Mr. Collins replied there were many factors that contributed to the decisions.

Co-Chair Olson wondered whether a judge was involved in the decision.

Mr. Collins responded that the commissioner was an administrative law judge.

[9:20:34 AM](#)

Co-Chair Olson OPENED public testimony.

[9:21:00 AM](#)

HEIDI DRYGAS, SELF, JUNEAU (via teleconference), spoke in support of the bill.

Co-Chair Olson queried a percentage of the reversed appeals.

Ms. Drygas did not have those specific numbers, but recalled that in 2017, it was more than 50 percent.

Senator Wielechowski stated that he did not have anything to add.

SB 60 was HEARD and HELD in committee for further consideration.

[9:27:37 AM](#)

AT EASE

[9:31:23 AM](#)

RECONVENED

#sb182

SENATE BILL NO. 182

"An Act extending the termination date of the Big Game Commercial Services Board; and providing for an effective date."

[9:31:52 AM](#)

SENATOR JESSE BJORKMAN, SPONSOR, referred to the Sponsor Statement (copy on file):

Senate Bill 182 extends the termination date for the Big Game Commercial Services Board until June 30th, 2032. The board consists of two licensed registered guide outfitters, two licensed transporters, two private landholders affected by guided hunting activities or transportation, two public members, and one member from the Board of Game.

Legislative Audit conducted their review of this board and concluded that the board operated in the public's interest by conducting its meetings in an effective manner, supporting statutory changes when deemed necessary, and actively amending regulations. The audit also concludes that board licenses were not consistently supported by adequate documentation and

two private landholder board seats were vacant or had absences for extended periods.

The Big Game Commercial Services Board plays an important role in managing the activities of commercial game hunters in the interest of the State's wildlife resources.

[9:33:28 AM](#)

Co-Chair Olson queried the recommended extension from the audit.

Senator Bjorkman replied that it was six years.

[9:33:45 AM](#)

RAYMOND MATIASHOWSKI, STAFF, SENATOR JESSE BJORKMAN, stated that there were invited testimony.

Co-Chair Olson wondered whether the staff agreed with the six-year extension.

Mr. Matiashowski responded that six years was based off of some recommendations that the board was already addressing.

Senator Bjorkman explained that the bill requested a board extension of eight years.

Senator Kiehl asked whether there was an examination of the board's work to address the audit's recommendations.

Senator Bjorkman replied that the recommendations had more to do with the department, and how they executed their support for the board.

[9:37:18 AM](#)

KRIS CURTIS, AUDITOR, LEGISLATIVE AUDIT, explained the audit related to the Big Game Commercial Services Board (copy on file).

Co-Chair Olson wondered whether there had been an improvement over the years related to licensing.

Ms. Curtis replied that the previous audit also included the finding related to licensing.

[9:41:13 AM](#)

SYLVAN ROBB, DIRECTOR, DIVISION OF WORKERS COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, explained the fiscal note.

Co-Chair Olson wondered whether the nine-member board had been "plagued" with vacancies.

Ms. Robb responded that there had been some vacancies.

[9:43:00 AM](#)

JASON BUNCH, CHAIRMAN, BIG GAME COMMERCIAL SERVICES BOARD, stated that the board supported the legislation and remarked that there was a response on file to the audit.

Senator Bishop thanked Mr. Bunch for his service.

Mr. Bunch explained that substantial changes resulted in consequences.

Co-Chair Olson felt that the main complaints were about the Native land concerns, and appreciated the monitoring of that issue.

Mr. Bunch responded that there were regulations in draft to address transporters.

Co-Chair Olson OPENED public testimony.

[9:49:13 AM](#)

SAM ROHRER, PRESIDENT, ALASKA PROFESSIONAL HUNTERS ASSOCIATION, testified in support of the legislation.

Co-Chair Olson wondered how long the testifier had been the president of the Alaska Professional Hunters Association.

Mr. Rohrer replied that he had been president for approximately thirteen years.

[9:52:34 AM](#)

AL BARRETTE, SELF, FAIRBANKS (via teleconference), spoke in support of the bill.

Co-Chair Olson queried how long Mr. Barrette had been a member of the Board of Game.

Mr. Barrette replied that he had been member for seven years.

Co-Chair Olson CLOSED public testimony.

SB 182 was HEARD and HELD in committee for further consideration.

#sjr15

SENATE JOINT RESOLUTION NO. 15

Proposing an amendment to the Constitution of the State of Alaska relating to actions upon veto.

[9:54:56 AM](#)

SENATOR MATT CLAMAN, SPONSOR, referred to the Sponsor Statement (copy on file):

Senate Joint Resolution 15 amends the Constitution of the State of Alaska by changing the requirement to override a veto on revenue and appropriation bills or items from three-fourths of the legislature to two-thirds of the legislature in joint session. If Senate Joint Resolution 15 passes the legislature, it will put the resolution on the ballot for registered Alaskan voters to consider in the next general election.

According to Alaska's Constitution: A Citizen's Guide published by the Legislative Affairs Agency, "[f]ew other states make the distinction between a bill dealing with substantive law and an appropriation bill." Alaska may be the only state that has a three-fourths requirement to override the governor's veto on revenue and appropriation matters.

Amending this provision in our constitution will strengthen the legislature and improve the public's ability to influence executive and legislative decisions on revenue matters.

[9:57:23 AM](#)

Co-Chair Olson wondered whether the veto override would be for both legislation and a budgetary item.

Senator Claman replied that the legislation would make it a required two-thirds vote on both legislation and budgetary items.

Co-Chair Stedman queried the involvement of the governor as related to constitutional amendments.

Senator Claman replied that amending the constitution required a two-thirds vote in each body of the legislature, and the governor had no say in that process.

[9:58:55 AM](#)

BREANNA KAKARUK, STAFF, SENATOR MATT CLAMAN, discussed the Sectional Analysis (copy on file):

Section 1

The Constitution of the State of Alaska. Article II, Section 16.

Deletes the three-fourth vote requirement for the legislature to override vetoes for revenue and appropriation bills or items. Changes the vote requirement for the legislature to override vetoes for revenue and appropriation bills or items to a two-third vote.

Section 2

The Constitution of the State of Alaska.

Conforms with Article XIII, Section 1 of the Alaska Constitution and the state election laws to put the amendment proposed by this resolution before registered voters in the State of Alaska at the next general election.

Co-Chair Olson noted the fiscal note of \$38,000, and asked for comment on the fiscal note.

Senator Claman stated that the fiscal note related to the cost of additional pages in the voter pamphlet.

[10:00:18 AM](#)

CAROL BEECHER, DIRECTOR, DIVISION OF ELECTIONS, OFFICE OF THE GOVERNOR, agreed with Senator Claman.

Co-Chair Olson surmised that the legislation was in sync with previous constitutional amendments.

Ms. Beecher agreed, and furthered that there had been a recent increase in the cost of paper.

Senator Merrick wondered there were multiple pamphlets sent to households with more than one registered voter.

Ms. Beecher replied that it was done by household address.

Senator Wilson remarked that seven states had a three-fifths vote, which would put Alaska's vote threshold to thirty six.

Senator Claman replied that the two-thirds vote was reasonable, so that was the reason for making everything a two-thirds vote.

Senator Kiehl wondered about the requirement for vote totals during the joint session.

Senator Claman responded that there was an interesting numbers dynamic, because of the weight of each body.

Senator Wilson wondered when the last time the three-quarters vote had resulted in an override.

Senator Claman agreed to provide that information, and recalled that early in statehood there were some budgetary overrides, but remarked that it was overall fairly rare.

SJR 15 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[10:04:45 AM](#)

The meeting was adjourned at 10:04 a.m.

