

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

March 6, 2023

1:31 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Click Bishop, Vice Chair
Senator Elvi Gray-Jackson
Senator Kelly Merrick
Senator Forrest Dunbar

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 84

"An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System and Registry; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 83

"An Act relating to professional licensing; relating to temporary licenses for some professions; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 84

SHORT TITLE: MONEY TRANSMISSION; VIRTUAL CURRENCY

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/24/23 (S) READ THE FIRST TIME - REFERRALS
02/24/23 (S) L&C, JUD, FIN
03/06/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 83

SHORT TITLE: PROFESSIONAL LICENSING; TEMP PERMITS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/24/23 (S) READ THE FIRST TIME - REFERRALS
02/24/23 (S) L&C, FIN
03/06/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

ROBERT SCHMIDT, Director
Division of Banking and Securities
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Introduced SB 84 with a presentation on money transmission and virtual currency.

TRACY RENO, Chief of Examinations
Division of Banking and Securities
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Presented the sectional analysis for SB 84.

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

POSITION STATEMENT: Introduced SB 83 on behalf of the administration.

ERICK CORDERO, Vice President of Operations
Alaska Policy Forum (APF)
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 83.

TINA REIN, Nursing Home Administrator
Foundation House Partners, Denali Center
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 83.

COLLEEN KOWALCHUK, Nursing Director
Wound and Ostomy Care Clinic
Fairbanks Memorial Hospital
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 83.

JESSICA STRUBINGER, representing self
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 83.

LEAH HOPPES, Manager/Nurse
Fairbanks Memorial Hospital Emergency Department
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 83.

ACTION NARRATIVE

[1:31:20 PM](#)

CHAIR JESSE BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Dunbar, Bishop, Merrick, and Chair Bjorkman. Senator Gray-Jackson arrived during the meeting.

SB 84-MONEY TRANSMISSION; VIRTUAL CURRENCY

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CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 84 "An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System and Registry; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

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ROBERT SCHMIDT, Director, Division of Banking and Securities (DBS), Department of Commerce, Community and Economic

Development (DCCED), Anchorage, Alaska, introduced SB 84 with a presentation on money transmission and virtual currency. He advanced to slide 2 and began the presentation:

Introduction

This legislation amends and modernizes the Alaska Uniform Money Services Act (AS 06.55) and adopts pertinent sections of the Uniform Money Transmission Modernization Act (Model Law).

- In 2008, money transmission was sending a wire transfer at your local grocery store or purchasing a money order or traveler's checks at the bank.
- This bill will modernize Alaska's money transmission laws to include cryptocurrency (aka "virtual currency," Bitcoin, Ethereum, DogeCoin). Six states have adopted the Model Law in some form so far with 12 more introducing bills this year. Effective 1/1/23 DBS adopted regulations to include crypto in current law as an interim solution.
- Cryptocurrency remains one of the key tools of rogue actors. "North Korea stole more cryptocurrency assets in 2022 than in any other year[.]" (Reuters, 2/6/23)

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MR. SCHMIDT stated the following:

Thank you for holding this hearing to discuss the Money Transmission Modernization Act. I understand that 50+ page legislation on the financial industry may not sound exciting. But this bill impacts an industry that most Alaskans carry in their pocket and is used thousands of times an hour by our residents involving billions of dollars each year. And last year, the unregulated underbelly of this industry resulted in thousands of Alaskans losing tens of millions of dollars.

This presentation will have two parts. First, I will discuss what money transmission is (think PayPal), I will discuss the utilization of cryptocurrency by Alaskans, the Alaska impact of the crypto bankruptcies, and the explosive growth of money

transmission in Alaska. Then I will discuss the modernization act and how it will benefit Alaskans.

Money transmission dates back to the middle ages when the Knights Templar established a system for persons to deposit gold and silver in Europe and withdraw it in Jerusalem. In America, money transmission took hold with the western expansion of the country, with entities such as Western Union accepting money on the east coast, then sending a telegram to an office near the intended recipient, instructing the local office to give the money to the intended recipient. For over 100 years, this was the pattern of money transmission in America - the sender physically going to a money transmitter's office, instructing an amount of money to be sent to the recipient, and the recipient physically going into the local branch of the money transmitter to receive the money. Alaskans can and do still send money by physically going to a money transmitter. But the industry has grown into so much more.

As we will discuss, smartphones have revolutionized the sending and receiving of money. Alaskans now use their smartphones tens of millions of times a year to send billions of dollars.

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SENATOR GRAY-JACKSON joined the meeting.

MR. SCHMIDT continued speaking:

The Division of Banking and Securities enforces the Alaska Uniform Money Services Act (AS 06.55) which was passed by the Legislature in 2007 and implemented in 2008.

When passed in 2007, cryptocurrency did not exist and mobile money transmission was in its infancy. This legislation updates the licensing, recordkeeping, and enforcement provisions to support these business activities and protect Alaska consumers.

This bill is based on the Uniform Money Transmission Modernization Act (Model Law), which was developed by state regulators, the Conference of State Bank

Supervisors (CSBS), with input and participation from industry stakeholders.

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MR. SCHMIDT reviewed the purpose of the Alaska Uniform Money Services Act of 2008 on slide 3. He said the Act provides the legal framework for money transmission functions, including currency exchange, transfer or wiring of money, and loading and reloading payment instruments, including stored-value cards. Slide 3 reads:

What is covered by the 2008 Act?

- Money transmitters (wiring of funds)
- Issuers of traveler's checks, money orders, or stored valued cards
- Sellers or redeemers of traveler's checks, money orders, or stored value cards
- Currency dealers or exchangers

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MR. SCHMIDT reviewed slide 4, stating SB 84 defines virtual currency in statute and adds it to the definition of money transmission requiring licensure and supervision:

Virtual Currency and Money Transmission

Definition of virtual currency: Cryptocurrency or virtual currency means a digital representation of value that is used as a medium of exchange, unit of account, or store of value; and is not money, whether or not denominated in money. AS 06.55.990(45)

MR. SCHMIDT said:

Cryptocurrency was invented by the online community in response to the 2008 financial crisis. It is a digital representation of value, i.e., money, that does not pass through the banking system, is not backed by a government, that by design has a limited quantity - only so many bitcoin can ever be available (federal banks cannot just print more), and relies on decentralized public ledgers to verify transactions.

Many people are surprised when they learn about cryptocurrency, that it sounds like "Monopoly money." How can there be a currency that is not issued by a government and is outside the banking system? I am not here as an advocate for or against cryptocurrency, but I want to show you that Alaskans are using cryptocurrency, and they are using a lot of it.

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MR. SCHMIDT spoke to the chart on slide 5, "Money Transmission Licensees." He said:

Money transmission keeps on growing. In 2018, we had 111 licensed money transmitters. As of December 31, 2022, Alaska had 168 money transmitter licenses. Over the past five (5) years, money transmission licenses have increased 51 percent.

Today online transactions conducted by smartphone and virtual currency such as Bitcoin are now common means of exchanging or transferring payment or value. The proposed legislation is necessary to appropriately supervise and regulate money transmitters to protect Alaskans. The eight largest money transmitters in the state of Alaska all conduct over \$100,000,000 a year of business to, from, and within Alaska. The largest two each conduct over \$1 billion of business to, from, and within the state.

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MR. SCHMIDT spoke to slides 6 and 7, "Alaska Money Transmission Transactions." He reviewed the bar graph on slide 6 that illustrates the total number of money transactions in Alaska, including all money transmissions, payment instruments, stored value, and virtual currency from 2019 through 2022. He said:

This graph shows the explosive growth in Alaskans using money transmission. This graph shows how many times transactions were used; this graph does not show dollars. In three years, the number of money-serviced transactions has tripled from over 10 million in 2019 to over 31 million transactions last year. In 2022, Alaskans used money transmission on average, 3,540 times per hour, 24 hours a day, 365 days a year.

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SENATOR BISHOP asked whether the cited numbers exceed daily credit card transactions.

MR. SCHMIDT answered yes, they do. He clarified that credit card transactions are not a money service end-to-end payment transmission; for example, a PayPal transmission of money or a cash app transmission of money. These transmissions of money do not include debit or credit cards.

SENATOR BISHOP said the prepared statement he is reading from is fascinating. He requested a copy for distribution to committee members with the chair's permission.

MR. SCHMIDT replied that it is not his decision to make, but he hopes to share it.

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SENATOR GRAY-JACKSON asked if Zelle and Venmo are cryptocurrencies.

MR. SCHMIDT replied that cryptocurrency is a digital representation of value and has its own name. For example, the most widely recognized name in cryptocurrency is Bitcoin. Cryptocurrency is also known as virtual currency. An example of real money is U.S. dollars. An individual might find an item on the Facebook marketplace that costs \$20. That individual sends \$20 by PayPal or Meta Pay. Those are real U.S. cash dollars deposited into a bank account and withdrawn by a debit card. An individual could also elect to use cryptocurrency to buy the item. He said that cryptocurrency is so simple that it is confounding because of our ideas about money, but it is a digital representation of value.

SENATOR GRAY-JACKSON interrupted, stating it sounds like the answer to her question is no.

MR. SCHMIDT replied that cryptocurrency and cash are different things.

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MR. SCHMIDT continued his commentary on slide 6, stating the growth in the money transmission industry is driven by two factors. The first is mobile payment apps on smartphones. These are apps such as PayPal, Meta Pay, etc.

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MR. SCHMIDT reviewed the bar graph on slide 7:

The second factor driving money transmission growth is the emergence of cryptocurrency. Cryptocurrency exploded in the last two years largely for investment reasons - people bought crypto hoping it would increase in value. But crypto is now being used increasingly for its original purpose of exchanging value. People are using crypto in place of cash to pay for things.

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SENATOR BISHOP asked if that was because it is off-book.

MR. SCHMIDT replied that it is and is not off-book. Cryptocurrency does not pass through the banking system, but the transactions are available on publicly viewable ledgers. The ledgers look encrypted unless an individual's wallet address is known; then, it is publicly traceable. The wallet address comprises about 30 letters, commas, and other characters. Cryptocurrency does not pass through the banking system, is not subject to suspicious activity reporting, and knowing customer requirements is not always necessary. It lacks that regulation but, in some ways, is more public than most people realize.

MR. SCHMIDT continued his commentary of slide 7, stating:

In 2019, there were 84,719 cryptocurrency transactions in Alaska. In 2021, the heyday of cryptocurrency, there were 3,283,291 individual transactions. Last year, even with all the bankruptcies, Alaskans transacted 1,956,704 times. The key takeaway is whether we understand it fully or not, or like it or not, it is a reality that it is here and being used at-scale by Alaskans.

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MR. SCHMIDT reviewed the bar graph on slide 8, "Money Transmission Volume." He said:

In 2019, the volume of money transmission in Alaska was \$1.6 million. In 2021, it was over \$7 billion. In 2022, it went down slightly to \$5.8 billion due to cryptocurrency bankruptcies. This is not entirely an apples-to-apples comparison, but if you were to compare the volume of money transmission to the assets of the Alaska state-chartered financial institutions, they are about the same. That is to say, this is an

awful lot of money and it is a very common way for Alaskans to conduct their business.

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MR. SCHMIDT reviewed the bar graph on slide 9, "Money Transmission Volume - Virtual Currency." He said:

This graph shows the jaw-dropper of them all. In 2019, Alaska went from \$33.6 million in cryptocurrency transactions to, from, and within the state to \$1.9 billion in 2021. That is a growth of 5,789 percent from 2019 to 2021, 24 months.

Virtual currency transmission in Alaska grew 2,120 percent in 2021 alone. Virtual currency transactions have fundamentally changed the financial services world. This bill will add virtual currency activities to the definition of money transmission in statute to allow DBS to regulate this activity that accounted for nearly one-third of the total money transmission volume in Alaska in 2021. The dollar amount of volume dipped in 2022 due to the crypto company bankruptcies and market crash. But Alaskan's utilization of crypto remains far above its 2020 level.

Alaska did not regulate virtual currency activity until this year. A very limited regulations package became effective on January 1st, adding virtual currency to the definition of money transmission under the current statute and requiring additional companies to become licensed.

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MR. SCHMIDT advanced to slide 10, "2022 Crypto Bankruptcies - Alaska Consumer Harm:"

VOYAGER DIGITAL:

- 1,879 Alaskan Accounts
- \$4.96 million in Alaska accounts frozen

CELSIUS NETWORK:

- 526 Alaskan Accounts
- \$13.9 million in Alaska accounts frozen

CONSUMER COMPLAINTS RECEIVED: 0

MR. SCHMIDT reviewed slide 10:

Of course, we cannot talk about cryptocurrency without discussing its tumultuous year in 2022. This slide captures one of the biggest stories that you did not hear about in 2022, and that is the Alaska impact on crypto-bankruptcies. There were three main crypto-bankruptcies in 2022. The first two were Voyager Digital and Celsius Network. Twenty-four hundred Alaska accounts valued at almost \$20 million were frozen in those two bankruptcies. That is to say, on day one of the first bankruptcy, and on day one of the second bankruptcy, Alaska assets at \$20 million were frozen. It is unclear if, when, or how much impacted Alaskans might get back as these bankruptcies progress.

The impact of the crypto-bankruptcies on Alaskans makes these bankruptcies an exceptionally large consumer loss. Yet DBS received zero complaints. We often find that victims of financial harm often suffer in silence, but that silence does not mean Alaskans are not impacted. This is not the sort of situation where you want to wait for a squeaky wheel because we had this massive event, thousands of Alaskans, tens of millions of dollars, and no one has really said anything. This does not mean that it is not having an impact.

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MR. SCHMIDT advanced to slide 11, which outlined the biggest bankruptcy of 2022:

FTX Trading - Alaskan Consumer Harm

FTX - Bankruptcy in November 2022; largest crypto bankruptcy yet; former CEO facing federal criminal charges.

\$\$\$? ? ? ALASKA IMPACT UNKNOWN

"Never in my career have I seen such a complete failure of corporate controls and such a complete absence of trustworthy financial information as occurred here."

-FTX CEO-in-bankruptcy John Jay Ray III
(Mr. Ray was the CEO-in-bankruptcy of Enron)

MR. SCHMIDT spoke about the 2022 FTX bankruptcy:

The biggest crypto bankruptcy of 2022 was the spectacular collapse of FTX. DBS is closely monitoring this bankruptcy, but we have yet to get reliable data on the Alaska impact of this bankruptcy. What we do know is that FTX was bigger than Voyager and Celsius. Because of that, we expect the impact on Alaskans to be greater. FTX's former CEO, Sam Bankman-Fried, has been charged with financial crimes. Some of FTX's senior management has pled guilty to financial crimes. DBS believes that Alaskans lost many millions of dollars to FTX, and the chance of any recovery currently looks remote.

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MR. SCHMIDT advanced to slide 12 to discuss the fiscal impact of SB 84:

Fiscal Impact

- Receipts in FY2012 were \$12.4 million. The FY2012 budget was \$3.5 million.
- Receipts in FY2022 were \$22 million. The FY2022 budget was \$4.3 million.

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MR. SCHMIDT said:

This bill contains a fiscal note. Division receipts have grown 77% from FY2012 to FY2022. Receipts in FY2022 were \$22 million against a division budget of \$4.3 million.

The division will require additional staff and support costs to respond to the growth in money service activities, the complexity of new business models, and use of third-party partnerships. The positions will allow the division to implement the new law, incorporate changes in the operation of NMLS [Nationwide Multistate Licensing System], develop proficiency in the examination of electronic systems, and assessment of cybersecurity measures in a high-risk environment.

New program receipt revenue is estimated to be at the low end, with a minimum of \$110,000 for 35 new license applications by FY2025. It is difficult to anticipate the number of new applications, annual renewal fees/assessments, and resulting revenue for future years. However, the division expects to adopt an assessment fee model through new regulations that would ensure actual costs of supervision of the industry would be covered through annual program receipts and is expected to range between \$750K to \$1.2 million.

MR. SCHMIDT described this as an industry of minnows and whales. Alaska has:

- Two top money-service businesses over \$1 billion each,
- Eight money-service businesses over \$100 million each, and
- At least one locally owned, smaller money-service business that all pay the same fees.

MR. SCHMIDT said that the fees are inappropriately scaled for each business. SB 84 allows for a volume-based assessment, so the larger, higher-risk operations pay more than the locally owned, smaller business.

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SENATOR MERRICK asked if he could disclose who the top two operators are.

MR. SCHMIDT answered probably not, but those names would not surprise anyone. They are widely known.

SENATOR DUNBAR brought up Venmo that is owned by PayPal. He asked if they would pay a fee of some kind under SB 84's new regulatory package and, if so, how would the state get them to pay and collect the fee.

MR. SCHMIDT replied that all the data is self-reported through the Nationwide Multistate Licensing System (NMLS), an automated system used to regulate the financial services industry. Venmo and PayPal would report their data, and the state would adopt a formula based on fractions of a percent. They would pay through MNLS and pay the state annually instead of a \$3,000 license fee which is an annual renewal.

SENATOR DUNBAR sought confirmation that the fraction of a percent is so small that the consumer would not notice an increase in transaction fees.

MR. SCHMIDT replied that the consumer would not notice an increase in fees. He said he intends to discuss later how the fee model would benefit consumers. The change in the proposed fee model would have no impact on the consumer.

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MR. SCHMIDT reviewed slide 13:

Why do we need to change the Act?

- The current law has not kept up with the industry's explosive growth and innovation.

Consumer protection is insufficient; cryptocurrency is currently one of the top risks for consumer fraud.

- Reduce wasting staff time, increase automation, harmonize Alaska laws to encourage business, reduce regulatory burden.

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MR. SCHMIDT advanced to slide 14. He said SB 84 would let the Division of Banking and Securities (DBS) leverage the Nationwide Multistate Licensing System (NMLS) registry for submitting license applications, filing documents, reporting, and paying fees. The bill removes the currency exchange license type and adds currency exchange to the definition of money transmission, so only one license is needed. He summarized slide 14:

What does this bill do?

- Reduces regulatory burden by streamlining initial licensing and license renewal
- Protects Alaska consumers by conducting criminal background checks through the Nationwide Multistate Licensing System (NMLS)

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MR. SCHMIDT said he has a staff member who spends about 400 hours per year doing manual background checks because NMLS does

not allow the division to do automated background checks under current statute.

- Ensures regulatory costs of supervision keep pace with growth
- Broadens the definition of money transmission and defines virtual currency activities
- Requires licensees to comply with federal laws, including suspicious activity reporting
- Updates enforcement provisions by allowing a broader spectrum of orders to be issued
- Ensures DBS can coordinate with other states in all areas of regulation, licensing, and supervision to reduce regulatory burden on the industry and more effectively utilize regulator resources

MR. SCHMIDT continued paraphrasing his statement below:

The bill allows the implementation of a volume-based annual assessment. Licensees will be required to report money transmission volume, which will ensure licensees are treated fairly and equitably based on the level of volume and business conducted in the state. He said it does not make sense for a guy who is doing a couple of million dollars to pay the same couple of grand as someone who is doing billions.

The bill includes virtual currency transactions and other methods of moving or transferring monetary value to better protect Alaskans. Six states have adopted some version of the Model Law so far, and twelve have introduced bills this legislative session.

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MR. SCHMIDT said thank you for the opportunity to testify on SB 84. He expressed his hope that he communicated how expansive this field of the Alaska economy is, the importance of it, and the silent revolution and payment systems happening out there. He hoped the committee would view the bill favorably.

SENATOR DUNBAR asked which states adopted some version of the Model Law.

MR. SCHMIDT replied that Arizona adopted it, essentially fully. Connecticut, Georgia, South Dakota, Utah, and West Virginia partially adopted it. He pointed out that one of the things he likes about SB 84 is it has support from the industry and support from consumer rights advocates. Politically and geographically diverse states and urban and rural areas are adopting it. The Model Law has been well received nationwide.

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SENATOR BJORKMAN recalled that the director had said there is an unregulated financial transaction underbelly. He asked if there are people who endanger the financial security of Alaskans and whether SB 84 has the penalties and measures that punish bad actors.

MR. SCHMIDT replied yes. Before January 1 of this year, the division's approach was cryptocurrency was not money; therefore, DBS did not regulate it. Cryptocurrency in Alaska was entirely unregulated by the state. The exception was that DBS could regulate anything to the extent that it was an investment, but it could not regulate money transmissions. SB 84 was introduced last year and made good progress, but it did not pass. The division prioritized passing a regulations package that clarified that DBS could regulate cryptocurrency under existing statutes. The division applied a temporary fix under existing statute, including:

- enforcement provisions that allow DBS to enter enforcements orders, and
- revoke licenses to assess civil penalties.

MR. SCHMIDT said underbellies should be well regulated.

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CHAIR BJORKMAN invited Tracy Reno of DBS to present the sectional analysis.

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TRACY RENO, Chief of Examinations, Division of Banking and Securities, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska stated the sectional analysis is available on BASIS under the SB 84 "Documents" tab. She presented a shortened version, and the following excerpts show the points she highlighted:

Sectional Analysis

SB 84 version A

An Act Relating to Money Transmission; Virtual Currency

The proposed bill is not a simple repeal and reenactment of AS 06.55. Instead, it is a line-by-line overhaul of the Act carefully considering the Model Law and selectively adopting and revising the statutes. The bill repeals the currency exchange license and includes that activity in the definition of money transmission so only one license type will be required in AS 06.55 going forward.

Section 1. Adds a section of uncodified law explaining the purpose of the bill.

Section 2. Amends AS 06.05.101(a) requires a license to engage in the business of money transmission (MT). The amendment inserts a citation to the exemption statute, AS 06.55.802, and clarifies that an authorized delegate may not engage in MT if the actions taken are outside the scope of the exemption.

Section 3. Repeals and reenacts AS 06.55.102 to conform with the Model Law providing application requirements for a MT license and allows the Department of Commerce, Community, and Economic Development (DCCED or the department) to change or update the forms to be consistent with licensing requirements in NMLS [also referred to as the registry].

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Section 7. Amends AS 06.55 to add new sections to Article 1A concerning virtual currency derived from the Model Law. Virtual Currency (VC) Business Activity replaces Currency Exchange Licenses as the heading for Article 1A. AS 06.55.150 - 06.55.170 provide the details of what is considered and what is not considered licensed activity for companies engaging in VC business activity. The bill will allow regulation and supervision of persons that issue VC or that provide services that allow others to transfer VC, provide exchange services to the public, or offer to take custody of VC for other persons.

AS 06.55.150 provides that VC business activity is MT and unless exempt, the activity requires a MT license.

AS 06.55.155 concerns required disclosures granting the department discretion to require additional disclosures and to regulate the time and form required for disclosure.

AS 06.55.160 requires VC business with control over VC to maintain an amount of each type of VC sufficient to satisfy the aggregate entitlements of the persons to each type of VC ensuring consumer protection and reducing regulatory burden on the licensee without increasing net worth requirements.

AS 06.55.165 allows a licensee engaged in VC business activity to include VC in its tangible net worth calculation and details record keeping requirements specific to VC businesses.

AS 06.55.170 contains a list of exempted activities and provides an exemption for business activity of \$5,000 or less.

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Section 10. Amends AS 06.55.401 relating to supervision and the department's powers with respect to examination. It allows the department to accept examination reports from other states [for network supervision], the federal government, or an independent accounting firm. This section requires licensees to pay all costs associated with examinations, references confidentiality requirements, and eliminates the existing requirement to notify a licensee 45 days prior to an examination.

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Sections 11 - 14. Repeals and reenacts or amends subsections of AS 06.55.403 for consistency with the Model Law. It requires quarterly reports of condition for a licensee's activities and their authorized delegates. It maintains existing requirements for immediate reporting knowledge of filing a bankruptcy petition, a proceeding to revoke or suspend a license in another state or country, bond cancellation and

criminal charges. Allows the department to utilize the NMLS for reporting required by AS 06.55.403.

MS. RENO said this section change would help the division regulate virtual currency companies it did not previously regulate.

Section 15. Repeals and reenacts AS 06.55.404 regarding acquisition of control of a MT licensee containing procedural and reporting requirements for the acquisition or transfer of control of licensees. It allows exceptions for acquisition of control and contains discretionary provisions for the department for ease and flexibility of administration and the utilization of the NMLS. It adds details for aggregation of interest of ownership for family members for consistency with the Model Law.

Sections 16 and 17. Amends AS 06.55.405(a) and (d) for consistency with the Model Law. It details record keeping obligations of licensees, increasing the time period from 3 years to 5 years [to follow the Bank Secrecy Act], and makes conforming language changes.

Section 23. Adds a new subsection (f) to AS 06.55.407 stating when department records may be made public and what information is confidential.

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Section 24. Amends AS 06.55 to add new sections to Article 4 from the Model Law

AS 06.55.408 requires licensees to submit an annual audited financial statement to the department within 90 days after the end of the licensee's fiscal year.

AS 06.55.409(a) grants the department discretion to enter into agreements with other state and federal agencies to improve efficiencies and reduce regulatory burden.

AS 06.55.409(b) grants the department broad discretion to administer, interpret, and enforce the chapter, to adopt rules and regulations, and to recover its costs through imposition and collection of fees.

AS 06.55.410 expands the department's ability to participate in multistate supervisory processes such as joint investigations.

AS 06.55.411 provides that in the event of an inconsistency between state and federal law, the federal law governs to the extent of the inconsistency.

AS 06.55.412 contains the requirements and procedures applicable when a licensee adds or replaces a key individual allowing the department to disapprove a change of key individual due to certain criteria.

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Sections 27 and 28. Amends subsections (a) and (b) of AS 06.55.502 concerning permissible investments for consistency with the Model Law.

Subsection (a) does the following:

1. Incorporates ACH items in transit to licensees and payees, cash in transit via armored car, cash in smart safes, etc. ACH funds are in the banking system and the Model Law defines cash in transit via ACH as a permissible investment;
2. allows letters of credit as a permissible investment; and
3. allows excess bonding as a permissible investment type.

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Section 29. Amends AS 06.55 to add a new section to Article 5.

AS 06.55.503 contains the requirements for letters of credit to align with the Model Law

Amends AS 06.55 to add new sections to Article 5.

AS 06.55.505 proposes applicable forms of security (AS 06.55.104) and is a hybrid of the Model Law and the existing Act. It requires a licensee to hold a security bond or with the department's approval, a deposit, with a

maximum amount of \$1,000,000 and be maintained for no less than 5 years with the details to be determined by the department in regulation or order.

AS 06.55.506 provides a significant expansion of net worth requirements from \$25,000 to a new net worth based on a tiered level of total assets held, requiring a licensee to demonstrate net worth at application. It also allows the department to exempt applicants or licensees from net worth requirements.

Section 30. Amends AS 06.55.601 for consistency with the Model Law regarding the suspension and revocation of a license by deleting unnecessary language and inserting new terms such as key individual and the replacement of transmission for services.

[2:02:11 PM](#)

Section 37. Amends AS 06.55.605 regarding civil penalties allowing the department to assess its costs and expenses for investigation.

[2:02:21 PM](#)

Sections 40 and 41. Amends subsections of AS 06.55.607 to remove citations to AS 06.55.201, which is repealed. The existing AS 06.55.201 contains the currency exchange license requirements and this license is being eliminated in the bill in favor of one license type including currency exchange as a money transmission activity.

Section 43. Amends AS 06.55.802 for consistency with the Model Law revising licensing exclusions and renames the section to exemptions. It adds new exemption types and would allow the department to add additional exemptions if it is in the public interest creating consistency from state-to-state. It also adds the term federally insured depository financial institution for consistency with other statutes the division regulates under AS 06.60.990(9).

MS. RENO said that SB 84 gives payroll processors an exemption at the request of industry.

[2:03:06 PM](#)

Section 46. Amends AS 06.55.810 by adding a new subsection (d) that requires licensees and authorized

delegates include on a receipt or through disclosure on the licensee's website or mobile application, the name and phone number of the department and a statement on how customers can contact the department with questions or complaints.

[2:03:27 PM](#)

SENATOR BISHOP sought confirmation that payroll processors are third parties that run payroll for a small mom-and-pop business.

MR. SCHMIDT clarified that payroll processors run payroll for small and large businesses. The division found that except for one multi-state licensed payroll processor, DBS never required payroll processors to license their operations. There was concern about imposing a \$2,000 regulatory requirement on them. The division decided that, given the past practice, DBS would exempt them from this version of the legislation.

SENATOR BISHOP asked if there are many payroll processors in the state.

MR. SCHMIDT replied he expects there are over 100.

[2:05:01 PM](#)

MS. RENO continued highlighting excerpts from the sectional analysis:

Section 46. Amends AS 06.55.810 by adding a new subsection (d) that requires licensees and authorized delegates include on a receipt or through disclosure on the licensee's website or mobile application, the name and phone number of the department and a statement on how customers can contact the department with questions or complaints.

Section 48. Repeals and reenacts AS 06.55.830 regarding receipts for consistency with the Model Law. Subsections (a) - (b) include content and format requirements for transaction receipts and define receipt. Receipts are required to be in English and any other language principally used by the licensee or authorized delegate to negotiate a transaction. Subsection (c) describes exceptions to the receipt requirement including stored value. Subsection (d) provides a definition of receipt.

Section 53. Amends AS 06.55.850 by adding a new subsection (f) that states an annual renewal fee must be based on a licensee's total volume of money transmission in the state with the annual renewal fee to be determined by the department by regulation or order.

MS. RENO said the division is sensitive to small businesses but acknowledges the risk of large, multi-state international companies. So, the administration proposes tiers based on volume to address annual renewal fees in this section.

[2:05:56 PM](#)

Sections 54 - 61. Amends definitions found in AS 06.55.990 for consistency with the Model Law. Changes include the incorporation of the words in this state to ensure AS 06.55 protects Alaska consumers and ensuring revisions are made to align the language of the Act with the model law. It also includes an exception for a loyalty reward card, amends the definition of control to at least 25 percent of ownership and amends the definition of stored value.

[2:06:27 PM](#)

Section 62. Amends AS 06.55.990 to renumber and add definitions for terms introduced by the Model Law including the following terms:

1. Accredited state
2. Acting in concert
3. Average daily money transmission liability
4. Bank Secrecy Act
5. Closed loop stored value
6. Control of virtual currency
7. Dollar equivalent
8. Eligible rating
9. Eligible rating service
10. Federally insured depository financial institution
11. In this state
12. Individual
13. Key individual
14. Passive investor
15. Payroll processing services
16. Registry
17. Tangible net worth
18. Virtual currency

2:06:41 PM

Section 63. Amends AS 06.55.995 to refer to the Act or Chapter as the Alaska Uniform Money Transmission Modernization Act instead of the Alaska Uniform Money Services Act.

2:06:53 PM

Section 64. Amends AS 12.62.400(b) to read that an applicant under AS 06.55 may submit fingerprints to the registry.

2:07:04 PM

Section 65. Repeals several sections in AS 06.55. AS 06.55.104 and AS 06.55.107 are repealed and reenacted in Article 5 concerning prudential standards. All statutes in Article 2 regarding currency exchange licenses are repealed as the activity was added to the definition of money transmission. AS 06.55.890 and AS 06.55.990 contains definitions that are no longer necessary.

2:07:30 PM

Section 66 - 68. are transitional provisions amending uncodified law to avoid interference with existing contracts, to allow a transitional period for holders of existing money services licenses and for payroll processors, to allow adoption of transitional regulations by DCCED, and to instruct the revisor of statutes to amend certain headings.

2:07:36 PM

Section 69. provides for an immediate effective date for sec. 68, which would allow DCCED to begin the regulation promulgation process.

Section 70 provides for an effective date of January 1, 2024.

2:07:55 PM

SENATOR BISHOP remarked that the administration is proposing many statutory changes and repeals. He sought confirmation that the goal of SB 84 is to weed out bad actors and protect Alaskans.

MR. SCHMIDT replied that this is one of the goals.

SENATOR BISHOP drew attention to Section 64, which states, "... an applicant under AS 06.55 may submit fingerprints to the registry." He asked why the proposed change does not read "shall" rather than "may" since one of the bill's objectives is to weed out bad actors.

[2:08:27 PM](#)

MS. RENO replied that the bill uses "may" rather than "shall" to give DBS the flexibility of choosing a different licensing and regulation system.

MR. SCHMIDT added that an applicant must submit their fingerprints; one way an applicant may do it is through NMLS.

[2:09:12 PM](#)

SENATOR GRAY-JACKSON said she would like to meet offline to understand SB 84 better.

MR. SCHMIDT replied that he is in Juneau all week.

[2:09:45 PM](#)

CHAIR BJORKMAN opened public testimony on SB 84; finding none, he stated he would hold public testimony open.

CHAIR BJORKMAN held SB 84 in committee.

[2:10:29 PM](#)

At ease

SB 83-PROFESSIONAL LICENSING; TEMP PERMITS

[2:14:39 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 83 "An Act relating to professional licensing; relating to temporary licenses for some professions; and providing for an effective date."

[2:15:13 PM](#)

SYLVAN ROBB, Director, Division of Corporations, Business and Professional Licensing (CBPL), Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, introduced SB 83 on behalf of the administration.

[2:15:40 PM](#)

MS. ROBB advanced to slide 2 to explain universal temporary licensure (UTL) and the three ways to qualify. A universal

temporary license aims to get people to work faster in Alaska. She reviewed slide 2:

What is Universal Temporary Licensure?

Universal Temporary Licensure (UTL) is a measure that establishes a pathway for limited reciprocity for qualified professionals who:

- Hold substantially equivalent licenses in other U.S. and Canadian jurisdictions or
- Have demonstrated substantial compliance with licensing requirements in Alaska but live in a U.S. jurisdiction or Canadian territory/province where the profession is not licensed or
- Meets the qualifications for Alaska licensure through military education, training, and service and does not already hold a license in another jurisdiction

[2:16:58 PM](#)

MS. ROBB turned to slide 3, "How Does One Qualify for UTL?" She relayed the following information:

Applicant cannot:

- Be the subject of disciplinary action related to their profession or be the subject of ongoing review or disciplinary proceeding by the professional licensing entity in another jurisdiction or
- Have committed an act in another jurisdiction within the past 10 years that would have constituted grounds for denial or revocation of a license in Alaska at the time the act was committed

Applicant must:

- Submit application and provide documents required to verify:
 - Licensure in good standing in another jurisdiction
 - Lack of licensure in their jurisdiction of residence and proof of meeting Alaska's qualifications or

- Proof of meeting Alaska's qualifications with military education, training, and service per AS 08.01.064(a)
- Undergo a criminal history background check if required for that profession in Alaska
- Pay all required fees

MS. ROBB said professionals cannot obtain a UTL if they are from a jurisdiction with substantially different licensing requirements, which further ensures these professionals are safe to practice in Alaska.

[2:18:32 PM](#)

MS. ROBB advanced to slide 4, "How Does UTL Work?" and reviewed the following:

- Temporary licenses are **valid for up to 180 days**
- Applicants can apply for one 180-day extension (approved at the department's discretion)

MS. ROBB explained the 180-day extension applies to temporary licensees who show they are working towards permanent licensure but still need to meet the requirements because a required class was not available or extenuating life circumstances prevented them from submitting final, permanent licensure items.

- Temporary license holders are authorized to temporarily practice the profession for which the license was granted **in compliance with Alaska's laws**

MS. ROBB emphasized UTL holders are required to comply with statutes and regulations that cover their practice in Alaska, not the state laws of the jurisdiction from which they came.

[2:19:40 PM](#)

CHAIR BJORKMAN drew attention to the bullet point at the bottom of slide 3 regarding a criminal history background check. He remarked that people report long wait times for background checks. He inquired about the efficiency of this when the bill aims to expedite licensure.

MS. ROBB replied that a handful of professions require a criminal background check. The division's standard operating procedure is to issue a temporary license as soon as fingerprint cards are submitted to the Department of Public Safety (DPS). CBPL does this to ensure background checks do not hold up the

licensing process. Permanent licenses are not issued until DPS returns background check results.

[2:21:16 PM](#)

SENATOR BISHOP sought clarification about the process, asking who takes the fingerprints.

MS. ROBB replied that local law enforcement offices have standard fingerprint cards and can take prints. Individuals submit their cards to CBPL. The cards are available elsewhere, and she expressed her belief an individual could download the cards from the division's website.

SENATOR BISHOP expressed alarm. He sought confirmation that after a UTL applicant's fingerprint cards are submitted to DPS and while that agency runs a criminal background check, the applicant is issued a temporary license.

MS. ROBB replied this is correct, but she said to bear in mind the applicant must have a license in good standing from another jurisdiction with substantially similar licensing requirements to qualify for a UTL. She emphasized that if Alaska requires a criminal background check, the other licensing jurisdiction must also require it.

[2:22:51 PM](#)

MS. ROBB returned to slide 4:

How Does UTL Work? [continued]:

- The department has the **authority to revoke** a temporary license if the license was secured under deceit, fraud, or intentional misrepresentation

MS. ROBB said three professions in Alaska require Alaska-specific knowledge and are not covered by this statute:

- Temporary license provisions **do not apply to:**
 - AS 08.48: Architects, Engineers, Land Surveyors, and Landscape Architects;
 - AS 08.54: Big Game Guides and Related Occupations; or
 - AS 08.62: Marine Pilots

[2:24:14 PM](#)

MS. ROBB advanced to slide 5, stating SB 83 allows CBPL to streamline and expedite the licensure process to get qualified professionals working in Alaska faster. She reviewed the need for universal temporary licensure on slide 5:

Why is UTL Needed?

- Boards were given the authority to create temporary licenses under AS 08.01.062, but many still have not
- Processing times are long for many programs due to increased workloads
 - Increase of 64% in the number of professional licenses (FY12-FY22)
- Allows the department to issue qualified professionals a temporary license as part of the permanent licensure process once the required items for the temporary license have been received
 - Allows qualified professionals to begin working more quickly
 - Limits the additional work created by making the temporary license part of the permanent licensure process (if the applicant wants a permanent license)

MS. ROBB said the universal temporary licensure concept gives CBPL one more tool to address the division's licensing challenges. Eighteen other states have a temporary licensing option. CBPL wants this option to get vetted professionals to work faster.

[2:25:39 PM](#)

MS. ROBB spoke to professionals seeking permanent licensure. She said the department would issue a temporary license automatically if and when an applicant meets the qualifications for temporary licensure as part of the permanent licensure process. This reduces the need for multiple applications and reduces the number of documents the division processes. The bill gets people into the workplace quicker without increasing the number of license applications.

MS. ROBB said all boards have the option to offer temporary licenses, but only some actually do. Some boards offer multiple temporary licenses. The division wants to streamline the UTL

process by offering just one standardized temporary license to communicate that Alaska is open for business.

[2:28:41 PM](#)

MS. ROBB advanced to slide 6:

How Do We Know UTL Will Help?

- The Alaska State Medical Board and Alaska Board of Nursing led the way in making temporary permits part of the permanent licensure process

MS. ROBB said temporary licensure requires additional tracking and communication beyond what is necessary for permanent licensure, but it eliminates the need for applicants to submit and licensing staff to review multiple applications. This streamlines the process for licensing staff and makes it easier for the license applicant.

- These temporary permits allow physicians, physician assistants, registered nurses, and licensed practical nurses to get to work quicker while we wait on items from third-parties (such as verifications of work experience, verifications of hospital privileges, etc.)

MS. ROBB explained that many licenses require primary source verifications. CBPL must receive source documents directly from schools, employers, and other entities, not the applicant. These documents include employment verifications and transcripts. She said the primary source verification requirement aims to protect the division from people manipulating documents and falsifying records. Former employers do not always prioritize employment verifications, which can delay documentation. SB 83 alleviates these types of temporary document delays.

- Previously, applicants would have to specify if they wanted a temporary license when submitting their application for a permanent license or apply for it separately from the permanent license

[2:30:48 PM](#)

MS. ROBB said standardizing the process across all programs would reduce processing times. For example, out of 1,000 temporary nursing licenses in the last eight months, 200 applicants did not submit any paperwork to get a permanent license. It was helpful for licensing staff to know they did not

need to communicate with those applicants about permanent license paperwork requirements.

- Medical and nursing professionals, hospitals, and health care facilities are happier under this current process
- We currently have similar provisions available to active-duty military members and their spouses under AS 08.01.063 (*due to SB 21 passed last year*)

MS. ROBB said military spouses have the option of getting a UTL or a military courtesy license. CBPL is required to issue military courtesy licenses within 30 days.

[2:31:59 PM](#)

SENATOR DUNBAR sought confirmation that the temporary licensing process already exists for nurses through the Alaska Board of Nursing.

MS. ROBB said that is correct.

SENATOR DUNBAR commented that the committee heard testimony previously that one justification for the Nurse Licensure Compact (NLC) is the length of time it takes to get a nurse up and running with a temporary license. He said CBPL has already implemented and operates under an improved, faster temporary license process, yet the division recently requested an NLC because the process is not fast enough. He asked why the committee should consider the proposed standardized UTL for other professions when it does not seem to have helped the nurse's temporary licensure situation.

MS. ROBB replied that the standardized UTL process for nursing clearly identifies which applicants do not want a permanent license, thus saving time with the following tasks:

- reviewing applications to see what is missing to obtain a permanent license,
- communicating that to the applicant, and
- following up on notification deadlines.

SENATOR DUNBAR sought confirmation that a temporary license is available through the Board of Nursing now, but SB 83 takes it a little further and is a little different.

MS. ROBB replied that is correct. She said SB 83 repeals temporary licensure language for boards with that provision and replaces it with standard temporary license language. A standard temporary license is easier for applicants and staff.

[2:34:03 PM](#)

MS. ROBB advanced to slide 7, stating the division seeks legislative help with UTL and NLC as tools to accelerate processing times. She said the division views NLC as the best option; it would reduce the number of applications submitted to CBPL. UTL complements the nursing compact. There are 39 compact states. UTL creates a pathway for a temporary license for professionals who are not in a compact state. She said NLC is a great option for improvement. She added that many of the division's professions do not offer a temporary license option, so people cannot work until licensing staff process their documents. Universal temporary licensure and compact criteria are listed on slide 7:

UTL vs. Compacts

Criteria	Universal Licensure Recognition Laws	Interstate Licensure Compacts
Requires practitioners to abide by the scope of practice of the state in which they are practicing	Yes	Yes
Allows for expeditious interstate movement of practitioners during emergencies	Yes	Yes
Reduces barriers for out-of-state practitioners aiming to practice within a state	Yes 1	Yes
Reduces barriers for in-state practitioners intending to practice in other state(s)	No	Yes
Allows military spouses to maintain a single home state license for the duration of the service member's active duty, regardless of relocations, without submitting a separate application to each state's licensure board	No	Yes 2
Allows practitioners to work in multiple state, both in person and via telehealth/telework, without submitting a separate application to each state's licensure board, requiring verification of the current license or obtaining a new background check	No	Yes
Brings together a coalition of states to establish consistent and enforceable interstate licensure standards tailored to the public protection requirements of a given profession	No	Yes

Enhances public protection by creating a multistate database of licensure information to facilitate collaboration on license verification and investigations of potential misconduct	No	Yes
Allows multistate practice without requiring practitioners to change state of residence	Sometimes 1	Yes 3
Allows practitioners to work in multiple states while adhering to only one state's continuing education requirements and license renewal schedule	No	Yes

- 1 Some states—such as Arizona and Iowa—have universal licensure recognition laws that require practitioners to reside in the state, while others—such as Colorado and Idaho—do not
- 2 This is true only if practitioners relocate to a compact member state. License verification is based on practitioners complying with compact criteria for privilege to practice in another member state.
- 3 This is applicable when practitioners travel from one compact member state to another.

[2:35:53 PM](#)

MS. ROBB advanced to a map on slide 8 that shows which states enacted some type of universal recognition policy for out-of-state licensed professionals as of May 2022. The Council of State Governments (CSG) identified the following 18 states as having UTLs: Montana, Idaho, Nevada, South Dakota, Wyoming, Utah, Arizona, Colorado, New Mexico, Iowa, Kansas, Oklahoma, Missouri, Mississippi, Pennsylvania, New Jersey, Vermont, and New Hampshire.

[2:36:21 PM](#)

MS. ROBB completed the presentation and offered to answer questions.

[2:36:30 PM](#)

SENATOR GRAY-JACKSON asked if she is aware of any opposition to SB 83.

MS. ROBB said none that the division is aware of now. Boards are aware of the bill and are looking at it.

CHAIR BJORKMAN invited her to present the sectional analysis.

[2:37:17 PM](#)

MS. ROBB introduced the sectional analysis. It is available on The Alaska State Legislature website under the bill "Documents" tab. She addressed the following points from the sectional analysis:

Section 1:

Repeals and reenacts AS 08.01.062 - temporary license - to allow the Department of Commerce, Community, and

Economic Development ("department") to issue a temporary license if the applicant:

- Is licensed in another U.S. jurisdiction or province/territory of Canada that has license requirements substantially equivalent or greater than Alaska's, or authorizes a scope of practice substantially equivalent to the scope of practice for the license in Alaska;
- Meets the qualifications and requirements of a license in Alaska and resides in a U.S. jurisdiction or province/territory of Canada that does not license the respective profession; or
- Meets the qualifications and requirements for the Alaska license through military education, training, and service under AS 08.01.064(a) and doesn't already hold a license in another jurisdiction.

[2:38:19 PM](#)

SENATOR BISHOP asked who decides what qualifies as substantially equivalent. He wondered if the boards decide that for themselves.

MS. ROBB replied the department makes that determination with the help of a paralegal. She said that substantially equivalent is many states' standard language to compare professional licensing. She elaborated, stating:

- a person might have graduated from a college accredited by an entity different from that listed in a profession's threshold qualifications, or
- a profession might require 250 hours of experience in Alaska, but another jurisdiction only needs 240 to meet their qualifications.

She said listing substantially equivalent qualifications for every profession in every jurisdiction would be impossible. For professions with a board, CBPL seeks board guidance to ensure safe practitioners are licensed in Alaska if the applicant's credentials are uncomfortably shy of qualification thresholds.

SENATOR BISHOP said his goal is to protect Alaskans and he asked the question to ensure due diligence.

MS. ROBB said that the division's first and foremost goal is to ensure licensed service providers have the education, training, and skills necessary to provide safe services to Alaskans.

[2:40:21 PM](#)

MS. ROBB continued the sectional analysis, addressing the following points:

Section 1 [continued]:

To qualify for a temporary license, the applicant cannot:

- Be the subject of disciplinary action related to the profession in another jurisdiction or be the subject of an ongoing review or disciplinary proceeding by the profession's licensing entity in another jurisdiction.
- Have committed an act in another jurisdiction within the 10 years before the application that would have constituted grounds for denial or revocation of a license in Alaska at the time the act was committed.

To qualify for a temporary license, the applicant must:

- Pays all required fees
- Undergo a criminal history background check if the department or applicable board requires such for the professional license.
- Disclaimer: The department may consider an application and grant a temporary license before obtaining any resulting report. If the department subsequently receives criminal record information that would authorize the department or board to take disciplinary action, that authority shall be exercised.

Temporary licenses are valid for up to 180 days. Applicants can apply for one 180-day extension, which the department approves at its discretion. Temporary license holders are authorized to practice the profession for which the license was granted temporarily. The department has the authority to

revoke a license issued under this section if secured under deceit, fraud, or intentional misrepresentation.

Temporary license provisions under this section do not apply to AS 08.48 (Architects, Engineers, Land Surveyors, and Landscape Architects), AS 08.54 (Big Game Guides and Related Occupations), or AS 08.62 (Marine Pilots).

Section 2:

Amends AS 08.01.063(a) - under military courtesy licenses - to change the term "temporary courtesy license" to "temporary military courtesy license", and to refer to a "license or certificate" versus just a license.

[2:42:19 PM](#)

MS. ROBB said sections 3-27 are conforming changes.

Section 28:

Adds a TRANSITION: REGULATIONS section under the uncodified law to allow DCCED to adopt regulations necessary to implement the changes made by this Act.

Section 29:

Adds a TRANSITION: SAVINGS CLAUSE section under the uncodified law to:

- Provide for litigation, hearings, investigations, appeals, and other proceedings pending under a law amended or repealed by this Act to continue and completed notwithstanding a transfer or amendment or repeal provided in the Act.
- Allow certificates, orders, permits, licenses, and regulations issued or adopted under the authority of a law amended or repealed by this Act to remain in effect for the term issued or until revoked, vacated, or otherwise modified under the Act's provisions.
- Allow contracts, rights, liabilities, and obligations created by or under a law amended or repealed by this Act - and in effect as of the date of the Act - to remain in effect.

[2:43:36 PM](#)

Section 30:

Provides an immediate effective date for Sections 28-29.

Section 31:

Provides for a July 1, 2024, effective date for Sections 1-27.

[2:43:50 PM](#)

CHAIR BJORKMAN asked if there were questions.

[2:44:04 PM](#)

CHAIR BJORKMAN opened public testimony on SB 83.

[2:44:48 PM](#)

ERICK CORDERO, Vice President of Operations, Alaska Policy Forum (APF), Palmer, Alaska, testified in support of SB 83. He said that according to the Goldwater Institute, a quarter of all jobs in the United States require an occupational license, essentially a government-issued permit to work. Licensed individuals may find it difficult to move to another state to work because of additional testing or training requirements and extra fees to obtain a new license. He said that licensure can sometimes be excessive, limit competition, raise consumer prices and impact minorities and low-income residents unequally. Temporary licensure of individuals who previously completed training or testing requirements in another state would eliminate costly, time-consuming, and often unnecessary barriers to employment. There is a shortage of skilled workers in Alaska, such as school bus drivers, speech pathologists, construction and transportation services workers, and healthcare professionals. Universal licensing may benefit businesses and organizations dependent on these professionals. States like Arizona adopted universal licensing reforms, and there was a growth in the number of professionals working in diverse fields, such as medicine and engineering. Reducing licensing barriers and increasing occupational mobility can increase competition, lower prices, and boost economic growth.

[2:46:45 PM](#)

TINA REIN, Nursing Home Administrator, Foundation House Partners, Denali Center, Fairbanks, Alaska, testified in support of SB 83. She spoke of the difficulties associated with getting licensed staff. She said Alaska does not have a supply of nurses to fill vacant positions. This is evident in the number of applicants and the length of time positions stay open. She said the facility employs traveling nurses and nurses relocating with

the military to fill the vacancy gap. She said 40 percent of the job offers extended to applicants were not accepted because the applicants found jobs in other states while waiting for Alaska licensure. She said the average license processing time exceeds eight weeks and sometimes takes over 15 weeks. The Denali Center and other long-term care facilities lose candidates to licensure delays; applicants find jobs elsewhere. As a result, facilities cannot accept new residents due to staffing shortages. She said the issue causes a healthcare system domino effect, creating a backup of patients in the hospital medical-surgical units, intensive care, and emergency rooms. It affects Alaskans who end up traveling out-of-state for critical care needs. She asked the committee to pass SB 83 to support her staff and the elders at the Denali Center, who need the safe care that adequate staffing provides.

2:49:40 PM

COLLEEN KOWALCHUK, Nursing Director, Wound and Ostomy Care Clinic, Foundation Health Partners, Fairbanks, Alaska, testified in support of SB 83. She said Fairbanks is experiencing unprecedented nursing vacancies for various reasons; licensing delays are one of the biggest hurdles. The hospital uses travel nurses more than normal, and there is sometimes fierce competition for them. Many travel nurses indicate the Alaska licensure process is slow and choose to work in other states. This affects the ability to provide safe care without asking permanent staff to work additional shifts. Extra shifts increase the risk of burnout. It creates a chain reaction. Fairbanks has a small dialysis program and has experienced delays with travel nurse licensure, so much so that the inpatient program was put on hold while nurses awaited their Alaska licenses. This is a critical problem. It is common for licensing to take longer than ten to twelve weeks. She said having flexible nurses who can obtain immediate licensing would benefit patient care in Alaska.

2:51:29 PM

JESSICA STRUBINGER, representing self, Fairbanks, Alaska, testified in support of SB 83. She said she had been a licensed nurse for 22 years. She had worked at Fairbanks Memorial Hospital for the last 8.5 years. She said that she returned to bedside nursing Monday through Friday at the tail end of the COVID surge and worked extra shifts on the weekend to help her nursing brothers and sisters in the medical-surgical unit. She said the workload is unsustainable, nurses work all the time, and there is no work-life balance. She fears a shortage of nurses will interrupt Fairbank's way of life. Nurses wait 6 - 12 weeks while CBPL processes their licenses; it is soul-crushing

for those waiting to go to work and unsafe for patients. Patients are not turned out in the street because nurses are picking up the slack and caring for the dying, tending to the elderly who await placement and have nowhere else to go, for babies and mothers that just gave birth, and for patients just out of surgery. Hospitals need to fill position vacancies, so the nurses carrying the extra load can be with their families and take time off. Nurses are tired. Alaska needs to figure out how to bring nurses to Alaska, license them, and get them working. She said SB 83 needs to pass for Foundation Health Partners staff and patients.

[2:54:56 PM](#)

LEAH HOPPES, Senior Manager/Nurse, Emergency Department (ED), Fairbanks Memorial Hospital, Fairbanks, Alaska, testified in support of SB 83. She said the long wait for a temporary Alaska license had affected staff morale and the safety of patients and staff. The Emergency Department has lost traveling nurses who could have filled vacancies and closed the gap on many open shifts. The hospital has seen:

- staff burnout and turnover from working short and picking up extra shifts to alleviate staff shortages, and
- increased wait times for a patient to see a provider due to throughput issues.

MS. HOPPES said throughput issues occur either because inpatient units are short-staffed and cannot take a patient to the Emergency Department or because ED is short-staffed and the time to complete a task takes longer than usual.

MS. HOPPES said the University of Alaska Fairbanks (UAF) produces 15 to 20 nurses each year and that ED might get two or three of those nurses. A new ED nurse takes a full year to gain the skills and confidence to care for the sickest patients independently. A quarter of the nurses left the ED in 2022, and with them, the department lost knowledge and skills, which take time to replace. The Emergency Department needs to be able to recruit and onboard from outside Alaska promptly. SB 83 would help, and she asked for favorable consideration of the bill.

[2:57:00 PM](#)

CHAIR BJORKMAN held SB 83 in committee with public testimony open.

[2:57:23 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:57 p.m.