

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 15, 2024

1:34 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. 44

"An Act relating to the practice of naturopathy; establishing the Naturopathy Advisory Board; relating to the licensure of naturopaths; relating to disciplinary sanctions for naturopaths; relating to the Department of Commerce, Community, and Economic Development; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 225

"An Act relating to occupational licensing fees; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 237

"An Act establishing a corporate income tax credit for certain expenditures on child care services, utility rates, residential housing, and food security and availability; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 44

SHORT TITLE: NATUROPATHS: LICENSING; PRACTICE

SPONSOR(s) : SENATOR(s) GIESSEL BY REQUEST

01/25/23 (S) READ THE FIRST TIME - REFERRALS
01/25/23 (S) HSS, L&C, FIN
02/23/23 (S) HSS AT 3:30 PM BUTROVICH 205
02/23/23 (S) Heard & Held
02/23/23 (S) MINUTE(HSS)
03/07/23 (S) HSS AT 3:30 PM BUTROVICH 205
03/07/23 (S) Moved CSSB 44(HSS) Out of Committee
03/07/23 (S) MINUTE(HSS)
03/08/23 (S) HSS RPT CS 1DP 4NR SAME TITLE
03/08/23 (S) NR: WILSON, TOBIN, KAUFMAN, DUNBAR
03/08/23 (S) DP: GIESSEL
05/15/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
05/15/23 (S) -- Invited & Public Testimony --
03/04/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/04/24 (S) <Bill Hearing Canceled>
03/15/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 225

SHORT TITLE: OCCUPATIONAL LICENSING FEES

SPONSOR(s) : RULES BY REQUEST OF THE GOVERNOR

02/12/24 (S) READ THE FIRST TIME - REFERRALS
02/12/24 (S) L&C, FIN
03/15/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 237

SHORT TITLE: TAX CREDIT CHILD CARE/UTILITY/HOUSE/FOOD

SPONSOR(s) : RULES BY REQUEST OF THE GOVERNOR

02/19/24 (S) READ THE FIRST TIME - REFERRALS
02/19/24 (S) L&C, FIN
03/15/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR CATHY GIESSEL, District E
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 44.

JANE CONWAY, Staff
Senator Cathy Giessel
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Offered a presentation on SB 44.

TIMOTHY BIRDSALL, ND
Avante Medical Center, LLC
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 44.

CARRIE BALDWIN-SAYRE, ND, Associate Vice President
Advancement and Community Engagement
National University of Natural Medicine
Portland, Oregon

POSITION STATEMENT: Testified by invitation on SB 44.

CLYDE JENSEN, PhD, representing self
Saint George, Utah

POSITION STATEMENT: Testified by invitation on SB 44

ROB DOWNEY, MD, Founder
Seaworthy Functional Medicine
Homer, Alaska

POSITION STATEMENT: Testified by invitation on SB 44.

CHRISTINE SAGAN, NP, Owner
Vitae Integrative Medical Center
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 44.

NATALIE WIGGINS, ND
Vitae Integrative Medical Center
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 44.

SYLVAN ROBB, Director
Corporations, Business & Professional Licensing
Department of Commerce, Community and Economic Development
(DCCED)
Juneau, Alaska

POSITION STATEMENT: Introduced SB 225 on behalf of the
administration.

FADIL LIMANI, Deputy Commissioner
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Introduced SB 237 on behalf of the
administration.

MICHAEL WILLIAMS, Acting Deputy Director
Tax Division

Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Presented the sectional analysis for SB 237 and answered questions.

ACTION NARRATIVE

[1:34:13 PM](#)

CHAIR JESSE BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:34 p.m. Present at the call to order were Senators Bishop, Dunbar, Gray-Jackson, Merrick, and Chair Bjorkman.

SB 44-NATUROPATHS: LICENSING; PRACTICE

[1:35:10 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 44, "An Act relating to the practice of naturopathy; establishing the Naturopathy Advisory Board; relating to the licensure of naturopaths; relating to disciplinary sanctions for naturopaths; relating to the Department of Commerce, Community, and Economic Development; and providing for an effective date."

[Before the committee is CSSB 44 (HSS), work order 33-LS0297\S.]

[1:35:30 PM](#)

SENATOR CATHY GIESSEL, District E, Alaska State Legislature, Juneau, Alaska, sponsor of SB 44, said she is an advanced nurse practitioner with a national board certification in family practice. She briefly described her educational experience obtaining a master's degree at the University of Alaska Anchorage, which included study of naturopathic medicine. She explained that after graduation she spent time working in an alternative medicine clinic alongside a physician, nurse practitioners, and several naturopathic doctors (ND). She emphasized the degree of knowledge that she gained as a result of working alongside naturopaths and briefly described their method of patient care. She explained that naturopaths are not able to prescribe medications and would bring patient cases to her and request prescriptions (typically for thyroid or hormone replacement medications). She pointed out that naturopaths tend toward a limited use of prescription medications. She commented that many Alaskans seek out naturopathic care. She acknowledged that she has sponsored SB 44 by request; however, she emphasized that naturopathic doctors are credible healthcare providers.

[1:39:56 PM](#)

JANE CONWAY, Staff, Senator Cathy Giessel, Alaska State Legislature, Juneau, Alaska, offered a presentation on SB 44 and advanced to slide 2:

[Original punctuation provided.]

WHAT IS A NATUROPATHIC DOCTOR?

- A primary care provider with a four-year post graduate medical degree who:
 - practices evidence-based primary care, with a patient-centered focus,
 - prioritizes disease prevention and discovering root cause of illness,
 - whose treatments focus on lifestyle modifications, nutrition and low-risk intervention

MS. CONWAY explained that NDs attempt to answer the question "why?" and directed attention to recent Health Resources and Services Administration (HRSA) data indicating that, in the next decade, Alaska will need 237 primary care doctors. In addition, HRSA recommended creating interdisciplinary care teams. She pointed out that Alaska currently has 48-50 NDs who could help fill this requirement and SB 44 would make them primary care doctors in the state.

[1:42:11 PM](#)

MS. CONWAY advanced to slide 3:

[Original punctuation provided.]

WHAT ABOUT THEIR EDUCATION?

Education

4-Year Medical School Program accredited by the Council of Naturopathic Medical Education with

- 2 years of medical sciences (anatomy, physiology, microbiology, immunology, etc.)

Pre-requisites

- 4-yr undergraduate degree and additional pre-med coursework

Residency

- Less common because they are not trained as hospitalists
- 1-3 year residency options available; nationwide there's a shortage

- Note that residencies are not required for independent primary care providers who hold prescriptive privileges

Licensing

Naturopaths must pass the two-part Naturopathic Physicians Licensing Examination (NPLEX) before being licensed to practice

MS. CONWAY noted that Dr. Carrie Baldwin, who is an authority on ND education, is available for questions on this topic.

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MS. CONWAY advanced to slide 4:

[Original punctuation provided.]

WHO IS NOT A NATUROPATHIC DOCTOR?

- Other conventionally-trained or allied health care providers practicing integrative, functional, or holistic healthcare such as Medical Doctors (MD), Doctors of Osteopathy (DO), Chiropractors (DC), Nurse Practitioners (NP), Physicians Assistants (PA), or Massage Therapists (LMT)
- Other licensed or unlicensed providers marketing themselves as natural care providers, holistic healthcare providers or healers
- Health food store employees
- Essential oil sales representatives
- Someone who completed an online certificate course

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MS. CONWAY advanced to slide 5, displaying a multi-colored US map with the heading, "Regulation of Naturopathic Doctors in the United States." She explained that 24 states regulated NDs while 10 states have active licensure initiatives. Texas and Wyoming have active advocacy initiatives; there is growing interest in the practice of naturopathy across the country.

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MS. CONWAY advanced to slide 6, displaying a multi-colored US map with the heading, "Scope of Practice by State: Prescriptive Authority." She pointed out that Alaska is among the 10 states that do not allow NDs prescriptive authority. 12 states do give NDs prescriptive authority and California gives limited

prescriptive authority. She noted that Dr. Clyde Jenson is available to answer related questions.

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MS. CONWAY advanced to slide 7, displaying a multi-colored map titled, "Scope of Practice by State: Controlled Substances." She pointed out that six states allow NDs to prescribe controlled substances. She clarified that SB 44 would not allow NDs to prescribe controlled substances.

[1:46:09 PM](#)

MS. CONWAY advanced to slide 8:

[Original punctuation provided.]

SENATE BILL 44

- Modernizes statutes for Naturopaths
- Cleans up outdated language
- Imposes the same public health duties on Naturopaths as other medical providers
- Updates scope of practice for Naturopaths that includes limited prescriptive authority
- Allows minor office procedures
- NO MORE duplicative office visits
- Improved access to care for Alaskans
- More choice for patients

MS. CONWAY emphasized that NDs would most likely prescribe basic medications as a last resort. This would be more convenient and less costly for patients. She gave examples of minor office procedures.

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MS. CONWAY stated that increasingly, people are seeking alternative healthcare options that can help them understand why they feel a certain way - without relying heavily on prescription medications.

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SENATOR BISHOP asked for clarification that Senator Giessel had worked in a facility with a ND and a medical doctor (MD) and asked if this is a common practice.

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SENATOR GIESSEL replied that this is correct and explained that it was an integrative healthcare facility, meaning that

practitioners of allopathic (conventional medicine) and alternative medicine worked alongside one another in an "alternative medicine" clinic. She shared that she visits a clinic that is owned by a nurse practitioner who employs naturopaths.

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SENATOR BISHOP asked for an example of what is considered "limited prescriptive authority."

SENATOR GIESSEL explained that NDs may need to prescribe thyroid hormones (a common medication for women over 40) or hormone replacement therapy (HRT). Occasionally, they may need to prescribe antibiotics (most often a last resort). She stated that these were the main prescriptions she wrote for NDs while working at the aforementioned clinic.

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SENATOR BISHOP shared his understanding that NDs would not be able to write prescriptions for schedule class III drugs and asked if this is correct.

SENATOR GIESSEL agreed that this is correct - NDs would not be able to write prescriptions for controlled substances. She explained that the ability to write prescriptions for controlled substances is limited - even for conventional healthcare providers - and briefly explained the requirements. She offered to provide a handout describing the five categories of controlled substances (e.g. oxycodone and certain sleeping pills). She explained that medications on this list are commonly addictive.

[1:52:03 PM](#)

TIMOTHY BIRDSALL, ND, Avante Medical Center, LLC, Anchorage, Alaska gave a brief overview of his educational and work experience. He explained that NDs have worked in Alaska for over 35 years and in the US for over 100. He described the educational requirements and clinical hours needed to become an ND and noted that there is an immense amount of oversight by NDs, MDs, and Doctors of Osteopathy (DO) during training. He stated that ND training programs are subject to the same accreditation and oversight as other medical training programs. He named Bastyr University and the National University of Health Sciences as the two oldest Naturopathic medical schools in the US. They are accredited by the same agency that accredits the University of Alaska. He noted that the naturopathic programs each have additional accreditation through the Council on Naturopathic

Medical Education. Once students have graduated from an accredited program, they sit for the national board exam, which includes an exam on pharmacology. He stated that the education received by ND is comparable to that of nurse practitioners, who have broader prescriptive authority than what is proposed by SB 44.

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DR. BIRDSALL asserted that, with this level of training, NDs have shown themselves to be safe and effective providers. SB 44 allows NDs to practice to the extent of their education, experience, and training. He said that this education training includes the use of minor office procedures and prescriptions when appropriate. He stated that he would personally prescribe less than 10 percent of the time. He gave an example of a patient who needed an antibiotic for strep but he couldn't prescribe due to restrictions on his ND license in Alaska. He added that he had to refer this patient to a nurse practitioner for the prescription and reiterated that his ND training is as extensive as a nurse practitioner's. He said that being unable to prescribe necessary medications results in treatment delays, added costs, and some patients do not follow through to receive the necessary care. He pointed out that Alaska has a shortage of primary care providers that NDs can help to fill. He asserted that NDs are safe primary care providers who are trained to understand their scope of practice and will refer patients to other providers when necessary. He shared a story of a patient he recently referred to a specialist and emphasized his desire for his patients to have the best care and the most positive outcome, regardless of the therapies employed.

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DR. BIRDSALL discussed the safety of an ND scope of practice that includes limited prescriptive authority. He referred to the rate of disciplinary action and directed attention to a document from the Federation of Naturopathic Medicine Regulatory Authorities to gain perspective on the rates of disciplinary action in all states that regulate NDs. The rate of disciplinary action for NDs is one tenth of that for MDs and half of that for DOs. He then turned his attention to malpractice insurance claims against NDs nationwide, the rate of which is 0.0001 percent. He emphasized that this is a very low number and added that this is reflected in the premiums, which are also low. He pointed out that currently, NDs are not required to report malpractice claims and added that SB 44 closes this reporting loophole. He reiterated that NDs receive formal education and training that is comparable to nurse practitioners and supports

independent prescribing rights. He stated that SB 44 is a comprehensive rewrite that adds additional responsibilities and expressed his support for these changes. He asserted that these changes would allow NDs to practice as trained while ensuring the safety of Alaskans and requested support.

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SENATOR BISHOP asked if NDs have the ability to do physicals for Federal Aviation Administration (FAA) flight exams and Commercial Driver's License (CDL) exams.

DR. BIRDSALL replied that he does not know the answer and offered to find out. He shared his understanding that this is not currently done by NDs and stated that he is not aware that SB 44 would address this.

2:02:40 PM

CARRIE BALDWIN-SAYRE, ND, Associate Vice President, Advancement and Community Engagement, National University of Natural Medicine, Portland, Oregon, gave a brief work history. She stated she can speak to the education and training that NDs receive - and how this is overseen and regulated by national accreditation organizations. She explained that all NDs attend accredited naturopathic medical schools. The National University of Natural Medicine has both a program accreditation (via the Council on Naturopathic Medical Education (CNME)) and an institutional accreditation (via the Northwest Commission on Colleges and Universities (NWCCU))- both are overseen by the US Department of Education. CNME sets the standard for the naturopathic program, ensuring that graduates are well-trained to provide excellent and safe patient care. NWCCU is the same accreditor for the state's allopathic medical school (Oregon Health Sciences University) and the University of Alaska. She stated that the processes are rigorous and expressed pride that NUNM meets the same high standards as these institutions.

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DR. BALDWIN-SAYRE discussed the content of Naturopathic Medical training programs, which are four-year graduate training programs. NUNM's program includes 5047 hours of total education, including 1254 hours of direct student involvement in clinical care. She detailed the admissions requirements, pointing out that the prerequisite requirements are nearly identical to DO and MD programs throughout the US. She emphasized that the 1254 clinical training hours are comparable to the requirements for many other medical programs and exceed the 1000-hour requirement for the two-year nurse practitioner program at OHSU. She pointed

out that, though they have less training than naturopathic doctors, nurse practitioners have fully autonomous prescription authority - including controlled substances. She added that nurse practitioners do not have a post-graduate residency requirement, yet they play a vital role in Alaska's healthcare system.

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DR. BALDWIN-SAYRE explained that ND Education covers the following areas of study:

Years 1-2

Biomedical Sciences and Diagnostic Training, courses include:

- Anatomy
- Physiology
- Biochemistry
- Histology
- Pathology
- Microbiology

Diagnostic methods and procedures, courses include:

- Physical examination
- Laboratory diagnosis
- Diagnostic imaging

Years 3-4

Translating basic scientific knowledge into clinical application, courses include:

- Cardiology
- Gastroenterology
- Gynecology
- Endocrinology
- Disease management & prevention
- Nutrition
- Lifestyle medicine
- Botanical medicine
- Pharmaceutical prescribing
- Minor surgical procedures
- And more

DR. BALDWIN-SAYRE emphasized that, in years 3-4, students receive education specific to prescribing pharmaceuticals throughout 15 courses. This is in addition to the prescribing

they do in a primary care clinical setting during their internship. They receive extensive didactic and hands-on clinical training in dermatologic and minor surgical procedures during their final two years. This includes suturing techniques, biopsies, cryotherapy, and laceration repair. Students receive hands-on training in a variety of clinical settings, with increasing levels of responsibility as they progress. They must pass three hands-on clinical examinations to graduate. The final exam occurs after a full year of their own supervised patient load in a state credentialed, primary care medical home - serving mostly Medicaid patients with complicated medical needs.

[2:07:15 PM](#)

DR. BALDWIN-SAYRE said that following the completion of their education, all NDs must pass two board examinations. She asserted that this medical training ensures that NDs are competent, safe, effective healthcare providers and are prepared to care for patients. She stated that allowing NDs to perform minor surgeries and giving them prescriptive authority for non-schedule C drugs is a very low risk addition to their current scope of practice. She added that this is well within the confines of their training.

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CLYDE JENSEN, PhD, representing self, Saint George, Utah, gave a brief overview of his work history in pharmacology and teaching MDs, DOs, NDs, among others. As a result, he is in a position to compare the pharmacology education received by these professions. He added that he is currently a professor of pharmacology at an osteopathic medical school with campuses in Colorado, Utah, and Montana. He stated that when he has taught and designed pharmacology courses for naturopathic medical students, he has ensured that the number of pharmacology contact hours - along with the content of the hours - is identical to what is taught in MD and DO schools. He has done this in order to ensure that naturopathic physician graduates are prepared to prescribe in jurisdictions where they have pharmaceutical prescription authority. He explained that this also ensures that NDs can collaborate with their MD and DO colleagues to provide patient care. In addition, teaching NDs to the same level as MDs and DOs ensures that naturopathic medical graduates are aware of important drug/herb and drug/nutrient interactions. He stated that he testifies at hearings like this one because professionals need to be allowed to work to the level that they have been trained.

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ROB DOWNEY, MD, Founder, Seaworthy Functional Medicine, Homer, Alaska, gave a brief education and work history and stated that the education he received is similar to what is taught at naturopathic universities. He stated that he has worked in both Montana and Alaska and is a strong advocate for SB 44. He shared an account of an ND who treated a patient with an auto immune difficulties that had not responded to conventional medical treatment. The patient suffered from psoriatic arthritis and responded well to naturopathic treatment. He shared that this inspired him to seek additional training at the Institute for Functional Medicine. He continues to work alongside NDs and he expressed great respect for these doctors. He expressed his belief that NDs are well-trained and perfectly suited to provide much needed primary care to patients in Alaska. He said that the NDs he works with are very well trained in the use of pharmacologic agents. He said that he is not surprised by testimony that the curriculum used for ND education is the same as that of MDs and DOs. He stated that concerns related to the ND scope of practice proposed by SB 44 are unfounded and added that no evidence supports claims of harm. He pointed out that many states have an expanded scope of practice for NDs - and there is a low incidence of malpractice allegations.

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DR. DOWNEY stated that nurse practitioners do a wonderful job prescribing for Alaskans and pointed out that NDs receive post graduate education that that is equal to - or that exceeds - that of nurse practitioners. He opined that it is a dark irony that naturopathic physicians are not prescribing in Alaska already and added that this is an understatement. He commented that, while NDs tend to use medications as a last resort, they are very well-trained to know when a medication is necessary - and offered examples. However, patients must seek secondary appointments in order to receive treatment - which can have dire consequences. He explained that currently, there can be a lag of many days between appointments. He referred to the chain of treatment and stated that more links mean more delay - and more points for the chain to break. In this scenario, many suffer. He noted that NDs are trained to work with patients to determine when lifestyle changes can mitigate underlying health problems - and if ongoing medication is necessary. This is no different from a good MD or nurse practitioner would provide. He compared restricting NDs to restricting mechanics or tax accountants and recommended that common sense be used when determining the appropriate regulations. He stated that Alaska's primary care shortage limits access to affordable care and asserted that NDs who have graduated from accredited programs, passed post-

graduate exams, and passed the new exam required by SB 44 should be able to prescribe the medications allowed by this legislation.

2:19:57 PM

CHRISTINE SAGAN, NP, Owner, Vitae Integrative Medical Center, Anchorage, Alaska, stated that her clinic serves patients all over the state and has a large demand for primary care providers. The clinic's ND has openings to see patients but not the ability to prescribe, which precludes patients from establishing care. This delays access to primary care - the demand for which is significantly higher post Covid-19. She stated that nurse practitioners and naturopaths are filling this role. She added that access to healthcare is an urgent issue in Alaska and pointed out that many healthcare providers retired during the Covid-19 pandemic. Patients may wait up to a year for an office visit and some clinics are not accepting new patients. Primary care providers see an average of 2100 visits per year and NDs could take up 1000 of these visits.

MS. SAGAN stated that she has worked alongside NDs for the entirety of her 17 years in the field and added that her experience working with NDs puts her in a position to speak to their competency and training. She explained that this includes a knowledge of pharmaceutical medications and said that she often consults her ND colleagues for their expertise in this area. She has attended naturopathic continuing education courses - including pharmacology courses - and learned a great deal which she was then able to apply to her medical practice. She said that it is common for her ND colleagues to request that she see one of their patients in order to prescribe medications. She explained that this requires her to duplicate exams - only to prescribe the same medication that her colleague would have prescribed. She asserted that seeing multiple providers is not in the patient's best interest, as it wastes resources, finances, and time. She pointed out that nurse practitioners faced this issue 40 years ago when they updated their scope of practice to include prescriptive authority. She explained that some argued against this change, claiming that nurse practitioner education was inadequate because it does not include a post-graduate residency. However, the legislature decided to extend their scope of practice in spite of this, which has allowed nurse practitioners to serve a vital role in Alaska's healthcare system. She asserted that this work is done safely, in spite of the concerns raised previously. She pointed out that NDs receive extensive training; however some argue that they are not adequately trained since, like nurse practitioners,

they are not required to complete a residency. She emphasized that currently, NDs - who have a four-year doctorate degree - must turn to nurse practitioners to complete a component of their patient's care and opined that this situation defies logic. She urged support of SB 44 to extend NDs scope of practice.

[2:24:32 PM](#)

DR. NATALIE WIGGINS, ND, Vitae Integrative Medical Center, Anchorage, Alaska, urged support of the SB 44 for the benefit of Alaskans. She stated that the changes proposed by this legislation mirror what has been done in many other states for years. She shared a brief work history in Arizona, which included prescriptive authority, superficial wound repair, and biopsies; while there she worked alongside an MD and supervised students. She gave an overview of her education, which gave her the knowledge to perform these tasks. She said that when she came to Alaska, she had to give up the ability to work to the extent of her knowledge - a disservice to herself and to Alaskans. She pointed out that she is entrusted to perform the same tasks as a primary care provider and gave examples. However, when the treatment protocol includes prescribing medications, she is must refer them to other providers. She shared examples from her practice when medications were needed. She pointed to her experience in Arizona as proof that the expanded scope of practice proposed by SB 44 is both safe and essential for comprehensive patient care.

[2:29:05 PM](#)

CHAIR BJORKMAN referred to page 6 of SB 44, which describes the proposed scope of practice - including minor surgery. He asked what types of surgery are considered minor.

DR. WIGGINS replied that this would include stitches, superficial wound repair, and superficial lesions.

SENATOR BJORKMAN said that he has heard reports of NDs performing liposuctions in Arizona and asked if Dr. Wiggins is familiar with this.

DR. WIGGINS stated she had also heard this report and emphasized that she does not consider that to be a minor office procedure. She surmised that the ND had received additional training. She added that liposuction is not routinely included in ND training and would therefore would not be included in the expanded scope of practice.

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CHAIR BJORKMAN held SB 44 in committee.

[2:31:50 PM](#)

At ease

SB 225-OCCUPATIONAL LICENSING FEES

[2:33:14 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 225, "An Act relating to occupational licensing fees; and providing for an effective date."

[2:33:54 PM](#)

SYLVAN ROBB, Director, Corporations, Business & Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, introduced SB 225 on behalf of the administration. She began a presentation and advanced to slide 2:

[Original punctuation provided.]

What Does SB 225 Do?

- Removes investigation, legal, and hearing costs from the "regulatory costs" covered by professional license fees as required under AS 08.01.065.
- Shifts funding for investigations and hearings from professional licensing fees (1156) to corporations' fees (1005) so the division remains self-sufficient.

MS. ROBB explained that the division collects more from corporate filings than is needed to fund the program. This change does not require an increase in corporate fees (the division currently diverts lapses funds to the general fund from these fees).

[2:35:12 PM](#)

CHAIR BJORKMAN referred to SB 203, which would increase fees. He asked what those fees are for and where they would go.

MS. ROBB replied that this is another bill by the Governor that proposes to return business license fees to 2008 levels. She explained that licensing fees were reduced in 2009.

CHAIR BJORKMAN asked what account these fees go in to.

MS. ROBB replied that the collections come in as DGF collections and excess funds flow into the general fund. She noted that these are the funds referred to in slide 2. She explained that collectively - between corporations and business licensing - the division lapses over \$8 million to the general fund in a typical year. SB 225 proposes that some of these funds be used to help pay for investigations for professional licensing.

[2:36:36 PM](#)

MS. ROBB advanced to slide 3 and stated the important language regarding the calculation of professional licensing fees on the slide is bold print:

[Original punctuation provided.]

AS 08.01.065(a) & (c) Currently

(a) Except for business licenses, the department shall adopt regulations that establish the amount and manner of payment of application fees, examination fees, license fees, registration fees, permit fees, **investigation fees**, and all other fees as appropriate for the occupations covered by this chapter.

(c) Except as provided in (f) - (k) of this section, **the department shall establish fee levels under (a) of this section so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation.** The department shall annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to fee collections related to that occupation. If the review indicates that an occupation's fee collections and regulatory costs are not approximately equal, the department shall calculate fee adjustments and adopt regulations under (a) of this section to implement the adjustments. In January of each year, the department shall report on all fee levels and revisions for the previous year under this subsection to the office of management and budget. If a board regulates an occupation covered by this chapter, the department shall consider the board's recommendations concerning the occupation's fee levels and regulatory costs before revising fee schedules to comply with this

subsection...

MS. ROBB said that "investigation fees" includes the cost of certified investigators as well as legal costs for the Department of Law and hearing costs at the Office of Administrative Hearings, superior court, and supreme court. She explained that this will impact licensing fees for the associated professions in years with a high number of complaints or complex cases. SB 225 is an attempt to mitigate this.

[2:37:27 PM](#)

SENATOR GRAY-JACKSON asked for clarification that the lapsed money would cover the fees.

MS. ROBB returned to slide 3 and replied that currently, the professional licensing fees must cover the costs of regulating the program. She explained that the money that is lapsed to the general fund comes from dues paid for business license fees and corporate filing fees.

[2:38:15 PM](#)

SENATOR GRAY-JACKSON said that SB 225 removes investigation, legal, and hearing cost and clarified that these are the costs that her question is referring to. She asked if the money that lapses to the general fund would cover these costs.

MS. ROBB replied yes. She added that it does not take all the funds that currently lapse to the general fund as it would only require \$4.7 million.

SENATOR GRAY-JACKSON asked what would happen in the event that the division does not have enough lapsed funds to cover the costs.

MS. ROBB replied that the division would need to seek an additional source of funding. She added that the number of corporate filings and business licenses purchased have increased consistently over the years and this growth is expected to continue.

[2:39:37 PM](#)

MS. ROBB advanced to slide 4:

[Original punctuation provided.]

Primary Reasons for SB 225

- Currently volatile license fee rates would stabilize, as investigations, legal, and hearing costs are the most variable element of the fee setting equation.
- Licensing fees would be reduced for many programs, helping in the effort to attract professionals to Alaska.
- This would be fairer to Alaska's professional licensees who comply with the laws regulating their profession as law-abiding professionals would no longer bear the cost of investigations of licensees who have potentially violated licensing laws and/or on individuals practicing without a license.
- Remove a potential disincentive to report members of their profession.

MS. ROBB explained that investigations are the most volatile aspect of the equation for setting licensing fees as there is no way to determine what the costs will be. This can cause large swings in licensing fees from year to year. She reiterated that licensing fees are based on the costs to run the program and removing investigatory and hearing costs from this equation would reduce program costs and therefore reduce licensing fees. She clarified that this would not be the same across the board but would depend on how many investigations a particular profession has seen - and how complex the investigations are. However, no profession would be negatively impacted by the change. Lower licensing fees would also help to recruit professionals to work in much needed areas like veterinary medicine and nursing (both of which have high licensing fees relative to other states).

[2:41:19 PM](#)

SENATOR DUNBAR shared his previous understanding that SB 203 and SB 225 impacted the same kinds of fees. He asked for clarification that SB 203 impacts a flat fee while the fees in SB 225 are variable. He asked for more information on the fees and how they are calculated.

[2:42:02 PM](#)

MS. ROBB explained the difference between corporation, business licensing, and professional licensing fees. She said that corporation fees are set in regulation - there are 64 different corporate fees depending on the type of filing and the type of corporation. These fees are not impacted by SB 225. However, SB 225 proposes to use the funds collected to offset the costs of

investigations for professional licensing. She clarified that [SB 203] applies to business licensing, the fees for which are set in statute. She explained that "professional licensing" refers to 45 programs, including doctors, dentists, naturopaths, midwives, construction contractors, etc. Professional licensing fees must cover the cost of regulating the program. SB 225 proposes to remove investigatory fees from the calculations of the cost of regulating the program.

[2:43:20 PM](#)

SENATOR DUNBAR commented that transferring less money to the general fund results in a large fiscal note for the state as a whole. He pointed out that SB 203 raises more money by increasing licensing fees. He commented that this is causing a lot of volatility and asked if there is a way to stabilize at a slightly higher number so that the cost of SB 225 is roughly equivalent to the net raised in SB 203.

MS. ROBB replied she understands the question and surmised that the cost of investigations could potentially be parsed out further. She said that SB 225 only covers part of investigatory costs and acknowledged that the legislature could agree to cover a set amount from corporation fees to offset investigations. She added that the rest of the investigatory costs would remain a part of the fee setting equation. She commented that there are a number of ways to achieve what he is suggesting.

SENATOR DUNBAR clarified that he is wondering if it would be possible to reduce volatility by removing the investigatory fees from the equation and setting the licensing fees a bit higher (while still lowering them from their current amount) in order to cause less fiscal harm to the state.

[2:45:27 PM](#)

MS. ROBB expressed her understanding. She stated that part of the argument for SB 225 is that investigations into professional licensees and unlicensed practice is a public safety issue. She explained that, as currently structured, the onus to pay for this falls on licensees. She emphasized that these individuals are licensed and following the rules are paying for those who do not. She stated that professional licenses are intended to mitigate harm that can be done by those who are not trained in a particular profession.

SENATOR DUNBAR expressed his agreement. He commented that bad actors in these professions are imposing the costs on the state.

[2:46:27 PM](#)

MS. ROBB returned to speaking to slide 4 and reiterated that those following the rules are paying for the "bad apples." In addition, an understanding of how the fees are set could act as a disincentive for someone to report a member of their profession. SB 225 would remove this potential disincentive.

[2:47:09 PM](#)

MS. ROBB advanced to slide 5:

[Original punctuation provided.]

Example of Substantial Fee Increases in Past Years

- Certified Direct-Entry Midwife Certificate Fees:
 - In FY2017 initial and renewal application fee increased from \$1,750 to \$3,800.
 - That was after an increase from \$1,450 to \$1,750 in 2016.
 - Fees have since been reduced to \$2,800.
- Midwife Apprentices in 2015:
 - Initial and Biennial Renewal Certification Fees increased from \$125 to \$825.
 - Initial and Biennial Renewal Certification Fees increased from \$825 to \$1,275.
 - Fees have since been reduced to \$550.

MS. ROBB gave another example of a dentist who is currently involved in an Alaska Supreme Court case for performing a procedure while on a hoverboard. She said all other licensed dentists are paying for the ongoing investigation and court costs.

[2:48:40 PM](#)

MS. ROBB advanced to slide 6, displaying FY 2023 investigative stats. She explained that, in a typical year, anywhere from 1,200 to 1,600 investigations may be conducted by the division.

[2:49:03 PM](#)

MS. ROBB advanced to slide 7, displaying the top complaints received by the division. She noted that the second most common complaint is individuals operating without a license and reiterated that those who are operating lawfully (i.e. licensed professionals) are paying for those who choose to operate without a license. The top complaints are listed as follows:

- Continuing Education Violations (303)

- Unlicensed Practice or Activity (178)
- License Application Reviews (146)
- Violation of Licensing Regulation (144)
- Unprofessional Conduct (77)
- Falsified Application (53)
- Standard of Care (28)

[2:49:27 PM](#)

SENATOR BISHOP asked if the department interacts with every licensed business once a year or once every two years.

MS. ROBB replied that licenses are good for two years and all licenses for a particular profession expire on the same day.

SENATOR BISHOP asked how the department finds a continuing education violation.

MS. ROBB answered that when continuing education is required for license renewal, applicants attest to meeting these requirements on their application. The division selects a sample of applicants to audit and these individuals are then required to submit documentation showing that they have completed their continuing education requirements.

[2:50:41 PM](#)

SENATOR BISHOP expressed his understanding that the division does not check every business but is doing a random sample.

MS. ROBB replied that this is correct. She stated that the division has 109,000 professional licenses and would require a lot more staff to check each licensee.

SENATOR BISHOP agreed and compared this to the Occupational Safety and Health Administration (OSHA), where the large number of businesses makes it impossible to investigate each one for possible violations. He surmised that complaints come in and are then investigated.

[2:51:21 PM](#)

MS. ROBB agreed that a majority of investigations are complaint driven, though they do conduct inspections for some professions.

[2:51:37 PM](#)

SENATOR GRAY-JACKSON said that she had the same question as Senator Bishop.

[2:51:47 PM](#)

SENATOR DUNBAR referred to the current license renewal schedule in which every person in a particular field is renewed on the same day. He surmised that this would cause a variety of challenges in certain professions (such as nursing). He asked if there has been discussion of a rolling application process.

MS. ROBB expressed her understanding and explained that licensees are required to comply with regulations, which can frequently change. She stated that without a firm date to determine compliance, it would be difficult to track expiration dates. She offered an example of nursing, which has 32,000 licensees. Tracking which had expired - and then notifying those who need to renew would create a great administrative burden - especially adding the extra burden of cross-referencing individual expiration dates with regulation changes. She added that the division needs to notify licensees in a timely fashion when renewal is required. She pointed out that the 45 licensing programs are spread out over the 2-year period in order to minimize the burden on the division.

[2:53:38 PM](#)

SENATOR DUNBAR expressed hope that the technology to automate this process would someday be available. He commented that if all nursing licenses expire on January 1 - and someone becomes licensed on December 30 - this means they would have to complete the entire process again two day later.

MS. ROBB replied that the renewal process for professional licenses can be done online, although some things require hands on consideration or further viewing in order to renew. She added that those who receive their licenses within three months of the expiration date are grandfathered in and do not owe a fee for the subsequent two-year period.

[2:54:53 PM](#)

MS. ROBB advanced to slide 8, displaying the top ten programs that received complaints and number of licensees per program in FY 2023:

Top 10 Programs Receiving Complaints:

- Board of Nursing (369 complaints; 32,169 licensees)
- State Medical Board (164 complaints; 9,221 licensees)
- Board of Pharmacy (138 complaints; 6,428 licensees)

- Big Game Commercial Services Board (70 complaints; 1,521 licensees)
- Board of Barbers and Hairdressers (67 complaints; 7,086 licensees)
- Real Estate Commission (59 complaints; 4,335 licensees)
- Board of Massage Therapists (54 complaints; 1,232 licensees)
- Construction Contractors (43 complaints; 10,290 licensees)
- Board of Social Work Examiners (43 complaints; 1,351 licensees)
- Business Licensing (38 complaints; 99,599 licensees)
- Board of Dental Examiners (38 complaints; 3,355 licensees)

[2:55:21 PM](#)

SENATOR BISHOP asked for an example of a Construction Contractors complaint.

MS. ROBB replied that many of the complaints received about construction contractors are related to the maintenance of required bond and insurance. Other complaints are related to unlicensed practice. She added that the division sometimes receives complaints that are outside of the division's jurisdiction (e.g. someone may be unhappy with the way their construction project looks when completed).

[2:56:11 PM](#)

MS. ROBB advanced to slide 9 and discussed the top 10 professions receiving complaints in FY 2023:

Top 10 Professions Receiving Complaints

- Registered Nurse (252)
- Physician (142)
- Massage Therapist (54)
- Certified Nurse Aide (53)
- Pharmacy (43)
- Real Estate Salesperson (42)
- Wholesale Drug Distributer (41)
- Dentist (38)
- Clinical Social Worker (37)
- Advanced Nurse Practitioner (37)

[2:56:41 PM](#)

CHAIR BJORKMAN expressed curiosity about the possibility of adjusting the statute to allow licensing boards to maintain a larger fund balance in their board account to act as a shock absorber for large spikes in investigatory costs. He shared his understanding that boards are required to draw their fund balance (if they have one) down to nearly zero. He questioned whether it would be possible to allow these boards to maintain a larger fund balance to level out their fees.

MS. ROBB stated that this is an excellent idea and explained that there is carry forward language for all professional licensing fees that are collected. She added that the division tries to maintain one year's worth of expenses for the program in order to provide some amount of shock absorption. The division tries to keep fees from changing excessively. Generally, if a program has accrued a significant amount of surplus, the division is conservative on the number of potential license renewals and new applications while being generous with what the potential costs might be. She acknowledged that this carry-forward ability has allowed the division to smooth the fee changes somewhat.

[2:58:46 PM](#)

At ease

[3:00:02 PM](#)

CHAIR BJORKMAN reconvened the meeting.

[3:00:10 PM](#)

CHAIR BJORKMAN held SB 225 in committee.

SB 237-TAX CREDIT CHILD CARE/UTILITY/HOUSE/FOOD

[3:00:16 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 237, "An Act establishing a corporate income tax credit for certain expenditures on child care services, utility rates, residential housing, and food security and availability; and providing for an effective date."

[3:00:41 PM](#)

FADIL LIMANI, Deputy Commissioner, Department of Revenue, Juneau, Alaska, introduced SB 237 on behalf of the administration and explained that this legislation is also called the Alaska Affordability Act (AAA). He emphasized that

this is a top priority for the Governor, who wants to ensure families continue to call Alaska home while attracting more people and families to the state.

[3:01:37 PM](#)

MR. LIMANI advanced to slide 2 of the SB 237 Bill Overview:

[Original punctuation provided.]

SB 237 Bill Overview

This proposed legislation focuses on four key areas:

- Childcare
- Housing
- Energy
- Food Security

The idea behind this legislation is that it creates a tax incentive for Corporations and businesses to offset their corporate income tax liability for qualified expenditures in those key areas.

The Department of Revenue will define the qualified expenditures through regulations.

Further, the tax credits are limited to 50 percent of qualified expenditures and may not exceed 50 percent of the Corporation's tax liability for any year.

MR. LIMANI pointed out that the state does not have broad based taxes; therefore, the corporate income tax is one of the few levers available to incentivize businesses to develop communities and provide economic development.

[3:02:40 PM](#)

MR. LIMANI advanced to slide 3, showing FY 2023 general fund (GF) revenue from corporate income tax. He noted that the total is approximately \$436 million and pointed out that 70 percent of this is tied to oil and gas. He stated that the \$436 million does not include the \$7.6 million that is deposited into the Constitutional Budget Reserve Fund (CBRF).

[3:03:14 PM](#)

SENATOR GRAY-JACKSON referred to the chart on slide 3 and asked why tourism is a negative amount.

MR. LIMANI answered that this is due to the carryover from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and deferred to Acting Deputy Director Mike Williams.

[3:03:43 PM](#)

MICHAEL WILLIAMS, Acting Deputy Director, Tax Division, Department of Revenue, Anchorage, Alaska, explained that under the federal CARES Act, corporations that had net losses during the years of 2018, 2019, and 2020 were allowed - under federal statute - to carry back those losses for up to five years and claim refunds. There was a process for filing those claims - due to the timing of filing claims and paying out refunds, some of this refund process carried over into FY 2023. The roughly \$18 million in negative revenue is attributed to those refund claims.

[3:04:37 PM](#)

MR. LIMANI advanced to slide 4:

[Original punctuation provided.]

SB 237 - Estimated Revenue Impact

At this time, we don't have clear visibility on the revenue impact as we can't predict taxpayer behavior and how much they may contribute to each of these areas; however, we have run an analysis and determined the maximum revenue impact to the State on Corporate Income Tax Revenue would range from (\$238) million in FY25 to (\$267) million in FY30.

MR. LIMANI explained that the chart on slide 4 looks at the maximum impact on both non-petroleum and petroleum corporate income tax revenue for FY 2025 (\$87.5 million non-petroleum, \$(150.1) million petroleum) through FY 2030 (\$(126.3) million for non-petroleum, \$(140.5) million petroleum).

[3:05:39 PM](#)

MR. LIMANI advanced to slide 5:

[Original punctuation provided.]

SB 237 - Implementation Cost

The department will need to make minor changes to its Tax Revenue Management System (TRMS) and tax forms to implement this bill. The Tax Division will use

existing resources to absorb the costs to update tax forms, TRMS, and other miscellaneous implementation costs.

[3:06:21 PM](#)

MR. WILLIAMS advanced to slide 6 and discussed the sectional analysis for SB 237:

[Original punctuation provided.]

SB 237 - Sectional Analysis

Section 1: Adds a new section at 43.20.022 which creates a new tax credit—the Alaska affordability tax credit. The amount of the credit is up to 50 percent of a corporation's tax liability. The credit is 50 percent of qualifying expenditures for employer-provided childcare, residential heating and electricity affordability, housing affordability, and food affordability. The bill authorizes the department to adopt regulations that define qualifying expenditures.

A contribution claimed as an Alaska affordability tax credit could not also be the basis for a different tax credit or be allowed as a federal tax deduction, which is the basis for computing the Alaska corporate income tax.

The credit is nontransferable and cannot be carried forward or backwards.

Section 2: The credit takes effect January 1, 2025.

[3:07:43 PM](#)

SENATOR DUNBAR presented an example of a large corporation that used the tax credit to set up a childcare facility for employees. They offset overhead costs using the tax credit and charge a fee to their employees (a subsidized rate). He asked how this would interact with the tax credit and if the corporation would be prohibited from charging a rate - or if there would be any restrictions on the rate charged to employees. He questioned whether the corporation could potentially make money off of the daycare or if it would be revenue neutral.

[3:09:07 PM](#)

MR. WILLIAMS said that this is a complex question, some of which would require follow-up. He explained that under Section 129 of the Internal Revenue Code an employer can provide a certain amount of childcare to employees before it is considered "compensation" to the employee. Likewise, the employee can make elected, tax-free deferrals for childcare after a certain amount (typically \$5,000) of provided childcare for employer or employee. He stated that anything beyond this could be considered compensation to the employee. If an employer is charging the employee for childcare, up to \$5,000 could be excluded but anything beyond this amount would be considered taxable. He stated that there is no prohibition on how much an employer can charge an employee for the daycare (other than market factors). He opined that charging above market prices would not benefit employee retention.

[3:10:48 PM](#)

SENATOR DUNBAR asked - if the employer is free to continue charging for the daycare while taking advantage of the tax - how 50 percent is the "right number". He surmised that the intention is to tip the daycare into affordability and questioned why not use 20 or 30 percent.

MR. WILLIAMS stated that this would be a policy call and added that he does not know what would incentivize corporations to provide this service.

[3:11:56 PM](#)

MR. LIMANI stated that childcare is a critical need across the state, particularly since emerging from the Covid-19 pandemic. Parents returning to the workforce are facing difficulty finding affordable childcare and often choose to stay home, causing a reduction in the workforce in some areas. He explained that 50 percent was chosen to incentivize corporations and provide affordable childcare for employees.

[3:13:01 PM](#)

SENATOR DUNBAR stated that, while he understands this, over \$200 million is a lot. He pointed out that the Governor vetoed \$7.5 million out of Head Start, which functions as daycare for many low-income families. SB 237 would benefit middle-class and upper middle-class families. He acknowledged that childcare support is needed and suggested that adjusting the fiscal note to \$150 million would still tip childcare into affordability. The remaining \$50 million could be used to expand head start programs. He opined that, without additional data, 50 percent appears to be an arbitrary number. He requested additional data

utilizing different percentages and information from other states that have implemented something similar.

[3:14:20 PM](#)

MR. LIMANI stated that from that perspective - and considering the education component, where there are contributions - the maximum contribution is not reached. He reiterated that the intention of SB 237 is to make it worthwhile for corporations to do offer these services. He stated that even at 50 percent, it is not known whether businesses would entertain the necessary infrastructure to consider this. He indicated that this may be even more difficult to ascertain for energy and housing, which are much more complex and costly than childcare.

[3:15:38 PM](#)

CHAIR BJORKMAN held SB 237 in committee.

[3:16:22 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:16 p.m.