

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

May 8, 2024

1:48 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Elvi Gray-Jackson
Senator Forrest Dunbar

MEMBERS ABSENT

Senator Click Bishop, Vice Chair
Senator Kelly Merrick

OTHER LEGISLATORS PRESENT

Senator Matt Claman

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 88(L&C)

"An Act relating to work quotas for employees at warehouse distribution centers; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 203 AM

"An Act relating to wage payments."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 226(L&C)

"An Act relating to insurance; relating to pharmacy benefits managers; relating to dispensing fees; and providing for an effective date."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 189(L&C) AM

"An Act relating to the sale of alcohol; relating to the posting of warning signs for alcoholic beverages; and providing for an effective date."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 233(TRA) AM
"An Act relating to rates and time allowances for motor vehicle warranty work; and relating to unfair practices by manufacturers."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 146(STA)
"An Act relating to fireworks; repealing restrictions on the sale of fireworks; directing the Department of Public Safety to adopt fireworks regulations; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 88

SHORT TITLE: WAREHOUSE WORK QUOTAS

SPONSOR(S): REPRESENTATIVE(S) RAUSCHER

02/27/23	(H)	READ THE FIRST TIME - REFERRALS
02/27/23	(H)	L&C, JUD
03/29/23	(H)	L&C AT 3:15 PM BARNES 124
03/29/23	(H)	Heard & Held
03/29/23	(H)	MINUTE(L&C)
04/10/23	(H)	L&C AT 3:15 PM BARNES 124
04/10/23	(H)	<Bill Hearing Canceled>
04/12/23	(H)	L&C AT 3:15 PM BARNES 124
04/12/23	(H)	Heard & Held
04/12/23	(H)	MINUTE(L&C)
04/14/23	(H)	L&C AT 3:15 PM BARNES 124
04/14/23	(H)	Heard & Held
04/14/23	(H)	MINUTE(L&C)
04/17/23	(H)	L&C AT 3:15 PM BARNES 124
04/17/23	(H)	Moved CSHB 88(L&C) Out of Committee
04/17/23	(H)	MINUTE(L&C)
04/19/23	(H)	L&C RPT CS(L&C) 3DP 4NR
04/19/23	(H)	DP: FIELDS, CARRICK, SUMNER
04/19/23	(H)	NR: SADDLER, PRAX, WRIGHT, RUFFRIDGE
01/29/24	(H)	JUD AT 1:00 PM GRUENBERG 120
01/29/24	(H)	Heard & Held
01/29/24	(H)	MINUTE(JUD)
01/31/24	(H)	JUD AT 1:00 PM GRUENBERG 120

01/31/24 (H) Moved CSHB 88(L&C) Out of Committee
 01/31/24 (H) MINUTE(JUD)
 02/02/24 (H) JUD RPT CS(L&C) 6DP 1NR
 02/02/24 (H) DP: C.JOHNSON, GRAY, CARPENTER, SUMNER,
 GROH, VANCE
 02/02/24 (H) NR: ALLARD
 04/26/24 (H) TRANSMITTED TO (S)
 04/26/24 (H) VERSION: CSHB 88(L&C)
 04/29/24 (S) READ THE FIRST TIME - REFERRALS
 04/29/24 (S) L&C
 05/06/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 05/06/24 (S) Heard & Held
 05/06/24 (S) MINUTE(L&C)
 05/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 203

SHORT TITLE: PAYMENT OF WAGES; PAYROLL CARD ACCOUNT

SPONSOR(S): REPRESENTATIVE(S) SUMNER

05/16/23 (H) READ THE FIRST TIME - REFERRALS
 05/16/23 (H) L&C
 01/26/24 (H) BILL REPRINTED
 02/09/24 (H) L&C AT 3:15 PM BARNES 124
 02/09/24 (H) -- MEETING CANCELED --
 02/16/24 (H) L&C AT 3:15 PM BARNES 124
 02/16/24 (H) -- MEETING CANCELED --
 02/23/24 (H) L&C AT 3:15 PM BARNES 124
 02/23/24 (H) Scheduled but Not Heard
 02/28/24 (H) L&C AT 3:15 PM BARNES 124
 02/28/24 (H) -- MEETING CANCELED --
 03/01/24 (H) L&C AT 3:15 PM BARNES 124
 03/01/24 (H) Scheduled but Not Heard
 03/04/24 (H) L&C AT 3:15 PM BARNES 124
 03/04/24 (H) Heard & Held
 03/04/24 (H) MINUTE(L&C)
 03/11/24 (H) L&C AT 3:15 PM BARNES 124
 03/11/24 (H) Heard & Held
 03/11/24 (H) MINUTE(L&C)
 03/18/24 (H) L&C AT 3:15 PM BARNES 124
 03/18/24 (H) -- MEETING CANCELED --
 03/20/24 (H) L&C AT 3:15 PM BARNES 124
 03/20/24 (H) Moved HB 203 Out of Committee
 03/20/24 (H) MINUTE(L&C)
 03/21/24 (H) L&C RPT 4DP 3NR
 03/21/24 (H) DP: RUFFRIDGE, PRAX, SADDLER, SUMNER
 03/21/24 (H) NR: FIELDS, CARRICK, WRIGHT

05/01/24 (H) TRANSMITTED TO (S)
05/01/24 (H) VERSION: HB 203 AM
05/03/24 (S) READ THE FIRST TIME - REFERRALS
05/03/24 (S) L&C
05/06/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
05/06/24 (S) Scheduled but Not Heard
05/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 226

SHORT TITLE: PHARMACIES/PHARMACISTS/BENEFITS MANAGERS

SPONSOR(S): REPRESENTATIVE(S) SUMNER

01/16/24 (H) PREFILE RELEASED 1/8/24
01/16/24 (H) READ THE FIRST TIME - REFERRALS
01/16/24 (H) HSS, L&C, FIN
02/27/24 (H) HSS AT 3:00 PM DAVIS 106
02/27/24 (H) Heard & Held
02/27/24 (H) MINUTE(HSS)
02/29/24 (H) HSS AT 3:00 PM DAVIS 106
02/29/24 (H) Moved CSHB 226(HSS) Out of Committee
02/29/24 (H) MINUTE(HSS)
03/04/24 (H) HSS RPT CS(HSS) 6DP 1NR
03/04/24 (H) DP: SUMNER, RUFFRIDGE, MCCORMICK,
SADDLER, MINA, PRAX
03/04/24 (H) NR: FIELDS
03/06/24 (H) L&C AT 3:15 PM BARNES 124
03/06/24 (H) Scheduled but Not Heard
03/11/24 (H) L&C AT 3:15 PM BARNES 124
03/11/24 (H) Heard & Held
03/11/24 (H) MINUTE(L&C)
03/25/24 (H) L&C AT 3:15 PM BARNES 124
03/25/24 (H) Heard & Held
03/25/24 (H) MINUTE(L&C)
04/03/24 (H) L&C AT 3:15 PM BARNES 124
04/03/24 (H) <Bill Hearing Rescheduled to 04/05/24>
04/05/24 (H) L&C AT 3:15 PM BARNES 124
04/05/24 (H) -- MEETING CANCELED --
04/15/24 (H) L&C AT 3:15 PM BARNES 124
04/15/24 (H) Heard & Held
04/15/24 (H) MINUTE(L&C)
04/22/24 (H) L&C AT 3:15 PM BARNES 124
04/22/24 (H) Moved CSHB 226(L&C) Out of Committee
04/22/24 (H) MINUTE(L&C)
04/24/24 (H) L&C RPT CS(L&C) NEW TITLE 4DP 1DNP 1NR
04/24/24 (H) DP: WRIGHT, CARRICK, SADDLER, RUFFRIDGE
04/24/24 (H) DNP: PRAX

04/24/24 (H) NR: FIELDS
04/24/24 (H) FIN REFERRAL REMOVED
05/01/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
05/01/24 (S) <Pending Referral>
05/02/24 (H) L&C CS ADOPTED Y37 N3
05/03/24 (H) TRANSMITTED TO (S)
05/03/24 (H) VERSION: CSHB 226(L&C)
05/06/24 (S) READ THE FIRST TIME - REFERRALS
05/06/24 (S) L&C
05/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 189

SHORT TITLE: SALE OF ALCOHOL BY PERSONS UNDER 21

SPONSOR(s): LABOR & COMMERCE

05/03/23 (H) READ THE FIRST TIME - REFERRALS
05/03/23 (H) L&C
03/06/24 (H) L&C AT 3:15 PM BARNES 124
03/06/24 (H) <Bill Hearing Rescheduled to 03/08/24>
03/08/24 (H) L&C AT 3:15 PM BARNES 124
03/08/24 (H) Scheduled but Not Heard
03/11/24 (H) L&C AT 3:15 PM BARNES 124
03/11/24 (H) Heard & Held
03/11/24 (H) MINUTE(L&C)
03/22/24 (H) L&C AT 3:15 PM BARNES 124
03/22/24 (H) Moved CSHB 189(L&C) Out of Committee
03/22/24 (H) MINUTE(L&C)
03/25/24 (H) L&C RPT CS(L&C) 4DP 1NR
03/25/24 (H) DP: CARRICK, PRAX, RUFFRIDGE, SUMNER
03/25/24 (H) NR: SADDLER
03/27/24 (H) FIN REFERRAL ADDED AFTER L&C
04/29/24 (H) FIN REFERRAL REMOVED
05/06/24 (H) TRANSMITTED TO (S)
05/06/24 (H) VERSION: CSHB 189(L&C) AM
05/07/24 (S) READ THE FIRST TIME - REFERRALS
05/07/24 (S) L&C, FIN
05/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 233

SHORT TITLE: RATES: MOTOR VEHICLE WARRANTY WORK

SPONSOR(s): TOMASZEWSKI

01/16/24 (H) PREFILE RELEASED 1/8/24
01/16/24 (H) READ THE FIRST TIME - REFERRALS
01/16/24 (H) L&C, JUD
03/06/24 (H) L&C AT 3:15 PM BARNES 124

03/06/24 (H) Heard & Held
 03/06/24 (H) MINUTE(L&C)
 03/15/24 (H) L&C AT 3:15 PM BARNES 124
 03/15/24 (H) -- MEETING CANCELED --
 03/22/24 (H) L&C AT 3:15 PM BARNES 124
 03/22/24 (H) Heard & Held
 03/22/24 (H) MINUTE(L&C)
 04/18/24 (H) TRA REPLACES JUD REFERRAL
 04/22/24 (H) L&C AT 3:15 PM BARNES 124
 04/22/24 (H) Moved HB 233 Out of Committee
 04/22/24 (H) MINUTE(L&C)
 04/23/24 (H) TRA AT 1:00 PM BARNES 124
 04/23/24 (H) <Bill Hearing Canceled>
 04/24/24 (H) L&C RPT 2DP 4NR
 04/24/24 (H) DP: WRIGHT, CARRICK
 04/24/24 (H) NR: FIELDS, PRAX, SADDLER, RUFFRIDGE
 04/25/24 (H) TRA AT 1:00 PM BARNES 124
 04/25/24 (H) Heard & Held
 04/25/24 (H) MINUTE(TRA)
 04/27/24 (H) TRA AT 1:00 PM BARNES 124
 04/27/24 (H) Heard & Held
 04/27/24 (H) MINUTE(TRA)
 05/02/24 (H) TRA AT 1:00 PM BARNES 124
 05/02/24 (H) Moved CSHB 233(TRA) Out of Committee
 05/02/24 (H) MINUTE(TRA)
 05/06/24 (H) TRA RPT CS(TRA) NEW TITLE 2DP 4NR 1AM
 05/06/24 (H) DP: STUTES, MCCABE
 05/06/24 (H) NR: C.JOHNSON, VANCE, MCKAY, MINA
 05/06/24 (H) AM: SUMNER
 05/06/24 (H) TRA CS ADOPTED Y37 N1 A2
 05/06/24 (H) TRANSMITTED TO (S)
 05/06/24 (H) VERSION: CSHB 233(TRA) AM
 05/07/24 (S) READ THE FIRST TIME - REFERRALS
 05/07/24 (S) L&C
 05/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: HB 146

SHORT TITLE: REGULATION OF FIREWORKS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/29/23 (H) READ THE FIRST TIME - REFERRALS
 03/29/23 (H) STA, L&C
 04/13/23 (H) STA AT 3:00 PM GRUENBERG 120
 04/13/23 (H) Heard & Held
 04/13/23 (H) MINUTE(STA)
 04/27/23 (H) STA AT 3:00 PM GRUENBERG 120

04/27/23 (H) Moved CSHB 146(STA) Out of Committee
 04/27/23 (H) MINUTE(STA)
 05/01/23 (H) STA RPT CS(STA) 5DP 2NR
 05/01/23 (H) DP: CARPENTER, C.JOHNSON, ALLARD,
 WRIGHT, SHAW
 05/01/23 (H) NR: ARMSTRONG, STORY
 05/08/23 (H) L&C AT 3:15 PM BARNES 124
 05/08/23 (H) Heard & Held
 05/08/23 (H) MINUTE(L&C)
 01/24/24 (H) L&C AT 3:15 PM BARNES 124
 01/24/24 (H) Moved CSHB 146(STA) Out of Committee
 01/24/24 (H) MINUTE(L&C)
 01/26/24 (H) L&C RPT CS(STA) 7DP
 01/26/24 (H) DP: FIELDS, CARRICK, PRAX, WRIGHT,
 RUFFRIDGE, SADDLER, SUMNER
 03/21/24 (H) TRANSMITTED TO (S)
 03/21/24 (H) VERSION: CSHB 146(STA)
 03/22/24 (S) READ THE FIRST TIME - REFERRALS
 03/22/24 (S) STA, L&C
 04/18/24 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)
 04/18/24 (S) -- Public Testimony --
 05/02/24 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)
 05/02/24 (S) Moved CSHB 146(STA) Out of Committee
 05/02/24 (S) MINUTE(STA)
 05/03/24 (S) STA RPT SCS 2NR 2AM NEW TITLE
 05/03/24 (S) AM: KAWASAKI, WIELECHOWSKI
 05/03/24 (S) NR: MERRICK, BJORKMAN
 05/08/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

RYAN MCKEE, Staff
 Representative George Rauscher
 Alaska State Legislature
 Juneau, Alaska
POSITION STATEMENT: Presented HB 88.

CLARK BICKFORD, Staff
 Representative Jesse Sumner
 Alaska State Legislature
 Juneau, Alaska
POSITION STATEMENT: Presented HB 203.

DAN LEWIS, Vice President of Government Affairs
 Automatic Data Processing (ADP)
 Roseland, New Jersey

POSITION STATEMENT: Gave invited testimony and answered questions on HB 203.

SARENA HACKENMILLER, Staff
Representative Jesse Sumner
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 226.

LORI WING-HEIER, Director
Division of Insurance, Department of Commerce, Community and
Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Provided comments during the hearing on HB 226.

SARENA HACKENMILLER, Staff
Representative Jesse Sumner
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 189 and provided a summary of changes for SCS HB 189, version U.

JOAN WILSON, Director
Alcohol and Marijuana Control Office
Anchorage, Alaska

POSITION STATEMENT: Answered questions on the fiscal impacts of HB 189.

DAVID MCCARTHY, Owner/Co-brewer
49th State Brewing
Northern Hospitality Group
Healy, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 189.

DIANE THOMPSON, President
Alaska Hospitality Retailers Association
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 189.

SARAH OATES, President
Alaska CHARR
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 189.

CODIE COSTELLO, President and Chief Operating Officer

Alaska Center for Performing Arts
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 189.

DAVID GOFF, Staff
Representative Frank Tomaszewski
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview and explanation of changes for HB 233.

LESTER NICHOLS, President
Alaska Auto Dealers Association
Fairbanks, Alaska

POSITION STATEMENT: Gave invited testimony on HB 233.

LISA PURINTON, Director
Records and Identification
Department of Public Safety
Anchorage, Alaska

POSITION STATEMENT: Introduced HB 146 on behalf of the sponsor, House Rules Standing Committee by request of the Governor.

ACTION NARRATIVE

[1:48:35 PM](#)

CHAIR JESSE BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:48 p.m. Present at the call to order were Senators Gray-Jackson, Dunbar, and Chair Bjorkman. Senator Claman arrived thereafter.

HB 88-WAREHOUSE WORK QUOTAS

[1:49:41 PM](#)

CHAIR BJORKMAN announced the consideration of CS FOR HOUSE BILL NO. 88(L&C) "An Act relating to work quotas for employees at warehouse distribution centers; and providing for an effective date."

[1:50:16 PM](#)

RYAN MCKEE, Staff, Representative George Rauscher, Alaska State Legislature, Juneau, Alaska, said HB 88, the Warehouse Worker Protection Act was designed to provide transparency for warehouse and logistic workers when they agree to a pay scale based on a quota or production goal. HB 88 was also designed to provide protections for workers against counterproductive

methods employers [implement, but] miss the mark on to speed up production and save on costs.

[1:50:53 PM](#)

CHAIR BJORKMAN opened public testimony on HB 88; finding none, he closed public testimony.

[1:52:18 PM](#)

SENATOR DUNBAR moved to adopt Amendment 1, work order 33-LS0516\B.3, to CSHB 88 (L&C):

[Original punctuation included.]

33-LS0516\B.3
A. Radford
5/7/24

AMENDMENT 1

OFFERED IN THE SENATE
TO: CSHB 88 (L&C)

BY SENATOR DUNBAR

Page 1, line 9:
Delete "200"
Insert "100"

[1:52:37 PM](#)

CHAIR BJORKMAN objected for purposes of discussion.

[1:52:40 PM](#)

SENATOR DUNBAR explained that Amendment 1 (B.3) changes 200 to 100 in [HB 88 page 1,] line 9. He said HB 88 was a good bill with good protections, and that it was his intent to have the bill apply to more warehouses in Alaska.

[1:53:29 PM](#)

CHAIR BJORKMAN removed his objection.

[1:53:38 PM](#)

CHAIR BJORKMAN found no further objection and Amendment 1 (B.3) was adopted.

[1:54:06 PM](#)

CHAIR BJORKMAN held HB 88, as amended in committee.

[1:54:11 PM](#)

At ease.

HB 203-PAYMENT OF WAGES; PAYROLL CARD ACCOUNT

[1:55:15 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of HOUSE BILL NO. 203 am "An Act relating to wage payments."

[1:55:38 PM](#)

CLARK BICKFORD, Staff, Representative Jesse Sumner, Alaska State Legislature, Juneau, Alaska, read the following sponsor statement.

[Original punctuation included.]

HB203: Payment of Wages; Payroll Card Account
Sponsor Statement

Prior to the modern era, all payroll in private sector employment was conducted by traditional means, that is paying employees either in actual currency or with a paper paycheck delivered or mailed to an individual employee on payday. With time and modern technology advancements, many private employers and government entities have moved to electronic deposit, or electronic funds transfer, for paying their employees.

In Alaska, current law does not permit an employer to select an electronic payroll deposit system unless and until every employee specifically elects to be paid electronically. In other words, an employer who wishes to move the company to electronic wage payment may not be permitted to do so. Any given employer may have very good business reasons to switch the company's payroll system, including, business efficiency, cost-savings, environmental concerns about excess paper usage, or security of wage payment transactions.

Those employers in the private sector who elect to move to an electronic payment system should be entitled to do so. That decision rests with the employer, as with any of the many work-related

conditions of employment (choice of uniform; work hours and scheduling; conduct on the job; job duties and goals; leave time; vacation allowances; etc. etc.). The choice for an employer to pay employees via electronic means is no different, and should be permitted, if the employer so chooses.

Note that nothing in the proposed legislation would require an employer to switch to electronic payment of wages. It would simply authorize that decision, if the employer elects to do so. Any employer who wishes to continue paying employees with traditional paper paycheck methods may still do so.

Should an employee either not have a bank account or prefer an alternative to electronic funds transfer, that employee could elect to be paid via payroll card instead. That payroll card would be issued under a Visa or Mastercard partner, and would operate just like an ATM card, now accepted in lieu of cash almost universally. The payroll card is FDIC-insured, and secure for the employee receiving payments in this way.

[1:58:19 PM](#)

MR. BICKFORD explained the sectional analysis for HB 203:

[Original punctuation provided.]

HB203: Payment of Wages; Payroll Card Account
Sectional Analysis Version A.A

Section 1. This section amends AS 23.10.040(a) to require employers to pay wages or other compensation with lawful money of the United States or with negotiable checks, drafts, or orders payable upon presentation without discount by a bank or depository inside the state.

Section 2. This section adds a new section to AS 23.10 to allow employers to pay wages by credit to a payroll card account if the employee has voluntarily authorized the credit or has not authorized deposit of the employee's wages under AS 23.10.043. The section also requires employers to notify employees of their wage payment options, the payroll card terms and

conditions, and the fees associated with using a payroll card account. Additionally, the section requires payroll card accounts to provide employees with at least one cost-free withdrawal each week or pay period, and an unlimited cost-free mechanism to check the payroll card account balance. Finally, the section prohibits employers from offering payroll card accounts that charge fees for certain activities and requires that wages credited to payroll card accounts be insured on a pass-through basis to the employee.

[1:59:47 PM](#)

MR. BICKFORD gave a brief history of HB 203. He said HB 203 was referred to the House Labor and Commerce committee, where there were no amendments. When the bill made it to the House floor, an amendment was passed. He said the amendment [from the House floor] compromised the whole intent of HB 203 by allowing employees to choose instead of allowing the employer to choose [the method of payment]. He said the sponsor's intent was to return to the [original] intent of HB 203 in this [Senate Labor and Commerce Standing] committee.

[2:00:24 PM](#)

CHAIR BJORKMAN summarized to clarify his understanding of HB 203. He said the bill would allow for an employer to decide how they will pay their employees without the employees having a choice about how they will get paid.

[2:00:45 PM](#)

MR. BICKFORD replied that a better definition of HB 203 was that the employer would give the employee the option to be paid either by direct deposit or by payroll card. He said, in 2024 there is an effort to get away from paper checks if an employer would prefer not to issue them anymore, due to environmental concerns or various other business reasons.

[2:01:15 PM](#)

CHAIR BJORKMAN clarified his question and asked whether the employee would have protection under the law to receive a paper check as payment moving forward.

[2:01:25 PM](#)

MR. BICKFORD affirmed that [a paper check would not be an option] unless the employer offered that option. He described a scenario in which one employee out of one hundred requested a

paper check, [under HB 203] the employer could limit the choice to direct deposit or payroll card.

[2:01:52 PM](#)

SENATOR DUNBAR asked how many other states have adopted this sort of system which shifts the rights from employee to employer.

[2:02:04 PM](#)

MR. BICKFORD answered that it was an overwhelming number and deferred to MR. Lewis for a more accurate answer.

[2:02:29 PM](#)

SENATOR DUNBAR reflected on the current status of HB 203. He noted that under HB 203 the employer would be able to pay the employee by direct deposit without the employee's consent. He said [currently] the employee must give affirmative consent, but if there was an amendment that said an employee had the right to receive a paper check, HB 203 would still provide a different position for employers. He explained that by keeping the other language of the bill, it would follow libertarian paternalism principles and shift the default. He said it would take more effort [by the employee] to "opt out" but it would preserve the number of options for the employee. He asked whether that was the intent of the amendment from the House floor and if so, where the amendment was inserted in HB 203.

[2:03:26 PM](#)

MR. BICKFORD said the amendment ended up in AS 23.10 and said it would allow employers to pay wages by credit to a payroll card account if the employee has voluntarily authorized the credit. He said originally, HB 203 gave the employer the right to choose whether to give [employees] the choice between direct deposit and payroll card and with the amendment [from the house floor], employees also have the choice of a paper check. He restated that was what [the bill sponsors] were hoping to get away from.

MR. BICKFORD deferred to Mr. Lewis for a more eloquent explanation.

[2:04:10 PM](#)

CHAIR BJORKMAN announced invited testifier Mr. Lewis.

[2:04:23 PM](#)

DAN LEWIS, Vice President of Government Affairs, Automatic Data Processing (ADP), Roseland, New Jersey, said ADP was the

nation's largest provider of human capital management solutions, and that they pay one in every six US employees. As such, he opined, ADP is uniquely positioned to understand the importance of supporting electronic pay and transitioning away from paper pay. HB 203, as originally drafted and approved by the House labor and Commerce Committee, would eliminate the requirement that Alaska employers offer paper paychecks as a form of wage payment. Under the HB 203, employers would offer employees payment by direct deposit or by payroll card. He said it was ADP's position that paying employees by direct deposit or payroll card will benefit employers from a payroll management and expense perspective, while also providing significant benefits to employees. He said nothing in HB 203 would prevent employees from continuing to receive pay by direct deposit. He also said employers could offer paper paychecks if they so choose. He said HB 203 would protect rights to collective bargaining arrangements and does not impact regulations for payment of wages to state employees.

[2:05:44 PM](#)

MR. LEWIS said there were much better alternatives to paper paychecks. Advances in technology have improved the timeliness, consistency and security of electronic pay. He said electronic pay protects employers. He explained that under certain circumstances, it can be effectively impossible for employers to comply laws requiring the timely payment of wages if they must offer paper paychecks. He noted employees who receive paper checks can't get paid on payday if there are events preventing the timely issuance of paper, such as the all-too-common weather events in Alaska and he said electronic payments would eliminate this concern. In addition, he said HB 203, would make payments of wages better for employees. He explained that paper checks can interfere with employees' financial security decisions because they do not allow for easy and timely access to wages. He noted that employees often take extra steps to travel to the workplace to receive paper checks, travel to a bank to deposit the checks and wait for the check to clear. He pointed out that mail is slow, and employees may not receive their pay on schedule. He noted that some employees use costly check cashing stores and then carry their entire paycheck to cash, which is subject to loss or theft. Further, even employees who don't qualify for a bank account can get a payroll card from their employer, therefore protecting underbanked or unbanked employees.

[2:07:01 PM](#)

MR. LEWIS said that payroll cards offer employees better consumer protection convenience because they can use the payroll cards anywhere they would use a check, including free online bill payment, internet shopping, and the cards can be used for travel arrangements that require electronic payments, such as flights, hotels and rental cars. Unlike paper checks, payroll cards provide protections from fraud or unauthorized use. In addition, he said the cards provide pre-associated savings features as well as financial wellness tools. Finally, workers cannot overdraw their payroll card accounts, so there are no overdraft fees associated with usage. He said passing HB 203 in its original version would enable Alaska to align with the fact that most payments are already electronic. Virtually all government payments are electronic, including tax refunds and social security payments and according to the National Automated Clearing House Association, 93 percent of American workers are already paid by a direct deposit.

MR LEWIS concluded saying that most states already allow for electronic pay as the only option for employees to receive [their pay] This has been an effective means of pay in more than 30 states that permit electronic wage payments. From our experience, employees quickly adapt to and are thankful for the change.

[2:08:24 PM](#)

SENATOR DUNBAR asked whether employees living in the 30 states that permit electronic wage payment are denied the option to receive a paper check.

[2:08:49 PM](#)

MR. LEWIS affirmed that electronic means of payment only include direct deposit or payroll card for employees in those jurisdictions.

[2:08:59 PM](#)

SENATOR DUNBAR asked how quickly and where employees could convert payroll cards to cash.

[2:09:12 PM](#)

MR. LEWIS said the funds are immediately available to employees and in general are available more quickly than checks. He said the cards may be funded one to two days earlier than a [paper] check would be received.

[2:09:48 PM](#)

SENATOR DUNBAR requested an explanation of ADP's interest in [methods of payment for employees in Alaska]. He noted ADP is not Mastercard or VISA, who are the ones who issue the payroll cards. He asked whether ADP operated in Alaska currently and how ADP fit in the Alaska economy.

[2:10:13 PM](#)

MR. LEWIS explained that ADP, although headquartered in New Jersey, is a global company with global operations, paying employees in all 50 states including Alaska. He said ADP was very well situated to understand the expenses to employers in handling paper paychecks. He referred to estimates through Bank of America from several years back that the cost to employers for paper paychecks ranged from four to \$20 for each paycheck and said paper paychecks were expensive for employers to offer. In addition, ADP was significantly concerned with the potential risks related to paper paychecks. He said ADP was interested in reducing the number of paper paychecks and moving to the digital economy which he opined would be safer for both employees and employers. He noted that ADP took environmental concerns seriously, and that any reduction in the use of paper was beneficial to the environment, the economy, and the US.

[2:11:38 PM](#)

SENATOR GRAY-JACKSON expressed concern about the impact of lost paychecks and asked whether ADP could provide statistics for the number of checks lost and the costs related to the losses.

[2:11:58 PM](#)

MR. LEWIS said that he could not provide statistics for lost paychecks but that was one of ADP's concerns. He noted that paper checks delivered by FedEx or UPS and left on a porch or patio could be stolen or lost. He said ADP took those risks seriously and that was a big part of the reason they were supporting the effort to move to digital electronic pay.

[2:12:39 PM](#)

SENATOR DUNBAR noted that 30 states represented a good natural experiment and asked whether there was evidence that wage theft by employers was either higher or lower after laws like HB 203 had been adopted.

[2:13:01 PM](#)

MR. LEWIS said he did not have statistics on wage theft but suggested [digital methods of pay] were much safer ways of paying and of managing funds for employees. He explained that

the funds get deposited directly into the payroll card which would be accessible only by that employee and can't be accessed by anybody else. He said there was not any sort of forgery that would allow access to those funds. He suggested [digital pay] was a much safer means of protecting the individual employees than any paper medium available.

[2:13:42 PM](#)

SENATOR DUNBAR requested [wage theft] statistics for the next hearing. He defined wage theft as employers illegally underpaying employees for the hours they work. He implied that, if wage theft is less prevalent in states [with laws like HB 203], this could be powerful evidence for the bill, though perhaps circumstantial. He said that if there is any compelling argument that HB 203 would make it easier to commit the crime of wage theft, he would be disinclined to support HB 203.

[2:14:28 PM](#)

MR. BICKFORD said he would provide those statistics to the committee.

[2:14:38 PM](#)

CHAIR BJORKMAN noted that HB 203, page 2, line 7 mentioned fees assessed by the card issuer and that there may be additional fees. He requested more information about those fees.

[2:15:09 PM](#)

MR. BICKFORD said fees that may apply would be Automatic Teller Machine (ATM) fees for cash withdrawal, reload with cash [fees] and mobile check cashing [fees]. He said it appeared the fees would be anywhere between a dollar and seventy-five cents to upward of five dollars and ninety-five cents. He deferred the question to Mr. Lewis for further explanation.

[2:15:37 PM](#)

MR. LEWIS said the premise [for HB 203] was that any employee would have free access to all the funds on their payroll card. He said it would be like receiving a paper paycheck. The employee would be able to go to the bank, cash the check and get all those funds. He said it would be the same through the payroll card. He said there would be no fees associated with that on the payroll card issuer side. He said, in terms of transactions, there may be other fees for using a payroll card that are no different than any other card that an employee may be using. He said those fees may be generated on the merchant side. He noted service fees for using a card, as opposed to cash

and said that was not anything unique to the payroll card itself. He described the fees as "an attendant feature" that we're all familiar with and [a common occurrence] when we're using debit cards and credit cards in transactions.

[2:16:47 PM](#)

CHAIR BJORKMAN held HB 203 in committee.

[2:16:59 PM](#)

At ease

HB 226-PHARMACIES/PHARMACISTS/BENEFITS MANAGERS

[2:20:15 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of CS FOR HOUSE BILL NO. 226(L&C) "An Act relating to insurance; relating to pharmacy benefits managers; relating to dispensing fees; and providing for an effective date."

CHAIR BJORKMAN noted that HB 226 is the companion to SB 121, which Senate Labor and Commerce Standing Committee heard numerous times, including invited and public testimony.

[2:21:12 PM](#)

SARENA HACKENMILLER, Staff, Representative Jesse Sumner, Alaska State Legislature, Juneau, Alaska, said HB 226 would protect Alaskan patients access to the pharmacies and medications they need. She said Pharmacy Benefits Manager (PBMs) currently lack regulation and oversight, permitting exploitation of patients and providers in the state of Alaska. She explained that HB 226 would focus on protecting local pharmacies and would ensure that patients have access to affordable, convenient pharmaceutical care by regulating the harmful practices of PBMs. She said these practices have driven up drug costs and include anti-competitive tactics, prescription drug price inflation and unfair fees and restrictions imposed on pharmacy. She said HB 226 would also require transparency and reimbursement practices and would bar PBMs from practicing spread pricing. She concluded that HB 226 would support Alaskan patients, pharmacists and pharmacies. The bill would make critical changes that will lead to more affordable, accessible, and higher quality, pharmaceutical care.

[2:23:00 PM](#)

CHAIR BJORKMAN solicited a motion.

[2:23:06 PM](#)

SENATOR GRAY-JACKSON moved to adopt the Senate committee substitute (SCS) for CSHB 226(L&C), work order 33-LS0955\H, as the working document.

[2:23:18 PM](#)

CHAIR BJORKMAN objected for purposes of explanation.

[2:23:33 PM](#)

MS. HACKENMILLER pointed out the changes to HB 226 were removing "fiduciary duty" and replacing it with "duty of care". She also said there were multiple places in HB 226 where "health care plan" was replaced by "health care policy" at the request of the Division of Insurance. She noted that Ms. Wing-Heier of the Division of Insurance was available to answer questions.

[2:24:51 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, said HB 226 had been hotly debated and amended in both bodies of the legislature and covers an emotional topic. She acknowledged uncertainty about the best way to address the issue and highlighted the lack of regulation for PBMs nationwide. She said there had been various state and federal attempts to regulate them without significant progress. She noted the primary concern raised is the lack of transparency in drug pricing, with no clear understanding of what consumers, insurers, or pharmacists pay. She said HB 266 tries to put safeguards around [consumers and pharmacists] and she said, in the amendments [to HB 266] all entities have been deleted except for Title 21 which applies to insured plans. She noted that approximately 15 percent of Alaskans are in an insured plan through either the individual market or the small/large group. Excluded entities include the Department of Administration, Retirement and Benefits, Employee Retirement Income Security Act (ERISA) plans, and Medicaid.

MS. WING-HEIER said HB 266 included:

- a duty of care for pharmacists toward plan sponsors, administrators, and enrollees, ensuring accountability.
- the elimination of spread pricing, a practice which causes pharmacists to lose money due to fluctuating drug prices.
- the elimination of "white bagging and brown bagging", which applies to sensitive medications that are usually administered through IV. She explained that patients often

receive and transport these medicines themselves to reduce costs.

- consumer protection measures:
 - ability to choose mail-order or brick-and-mortar pharmacies.
 - transparency in drug pricing and pharmacist payments.

MS. WING-HEIER said HB 266 was the result of the combined effort of pharmacists, regulators, insurance companies, and other payors in the state. She said the desired result of HB 266 was to stabilize independent pharmacies, avoid excessive burdens on insurers due to fluctuating pharmaceutical costs and supply, and primarily to protect consumers by providing transparency around payment for drugs, how drugs are acquired, and how pharmacists are paid. She said HB 266 took a long time to develop. She said the bill was acceptable and acknowledged that none of the stakeholders would be getting everything they wanted, but all would benefit in some way.

[2:28:49 PM](#)

CHAIR BJORKMAN removed his objection; found no further objection and SCS CSHB 226 was adopted as the working document.

[2:29:07 PM](#)

CHAIR BJORKMAN [held HB 226 in Senate Labor and Commerce Standing Committee.]

[2:29:09 PM](#)

At ease.

[2:34:48 PM](#)

Senator Claman joined the meeting.

HB 189-SALE OF ALCOHOL BY PERSONS UNDER 21

[2:36:58 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of CS FOR HOUSE BILL NO. 189(L&C) am "An Act relating to the sale of alcohol; relating to the posting of warning signs for alcoholic beverages; and providing for an effective date."

[2:37:35 PM](#)

SARENA HACKENMILLER, Staff, Representative Jesse Sumner, Alaska State Legislature, Juneau, Alaska, paraphrased the following sponsor statement:

[Original punctuation provided.]

**HB 189: Sale of Alcohol by Persons Under 21
Sponsor Statement**

HB189 would aim to change existing Alaska statutes, that would allow employees between the ages of 18 and 20 to sell, serve, deliver, and dispense alcohol within restaurants and other specified license and endorsement types under appropriate supervision. This bill also modifies hours that a theater license holder may serve alcohol and updates alcohol warning signs content to include warnings against certain types of cancer.

Alaska is one of just three states that require employees to be over the age of 21 to sell, serve, dispense, and deliver alcohol, while 39 states allow servers to be 18-20. HB189 would create positive change by tackling labor shortages and a high rate of turnover in industries affected by this bill. Now, 18- to 20-year-olds who wish to work in these industries will have the opportunity to move into positions that increase their earning potential. Expanding the potential workforce strengthens businesses, allowing them to operate at full capacity, leading to greater economic contributions overall.

Many establishments already implement robust training programs to ensure responsible alcohol service practices. These measures, combined with on-site supervision, could effectively ensure responsible service by young adults within these industries.

With adequate training and supervision, employees aged 18-20 can responsibly and safely handle alcohol sales and service in a controlled restaurant environment. This change would benefit Alaska's economy, alleviate labor shortages, and promote fairness within our service industry.

[2:38:39 PM](#)

CHAIR BJORKMAN solicited a motion.

[2:38:42 PM](#)

SENATOR GRAY-JACKSON moved to adopt the Senate committee substitute (SCS) for CSHB 189, work order 33-LS0697\U, as the working document.

[2:38:55 PM](#)

CHAIR BJORKMAN objected for purposes of discussion.

[2:39:05 PM](#)

MS. HACKENMILLER provided a summary of changes for HB 189, version U:

- Removal of Section 11 referred to the posting of warning signs for alcoholic beverages, which had been added on the House floor.
- Section eight would amend AS 04.16.049(d) which listed license holders that would be allowing 18 to 20 year olds to serve. Version U would add seven more: brewery manufacturer, winery manufacturer, distillery manufacturer, brewery retailer, winery retailer and distillery retailer and limited brewed beverage and wine wholesalers.
- Section nine would add a beverage dispensary, or beverage dispensary tourism licensee that has a large resort endorsement [to license holders that would be allowing 18 to 20 year olds to serve]. She said Section nine would also give some age requirements for under 16 and over 16, ensuring that a legal guardian consents to [a 16 - 20 year-old's] access to the premises.

[2:40:31 PM](#)

At ease

[2:41:10 PM](#)

SENATOR DUNBAR asked for clarification regarding the substantive cancer warnings that had been added to HB 189 on the House floor. He asked whether the cancer warnings were removed in [version U].

[2:41:25 PM](#)

MS. HACKENMILLER replied that the cancer warning had been removed in the [SCS].

[2:41:34 PM](#)

SENATOR DUNBAR asked whether there were technical changes [to HB 189] other than the removal of cancer warnings. He asked whether there would be other changes necessary for HB 189 if the cancer warning were restored.

[2:42:07 PM](#)

MS. HACKENMILLER said the most substantive technical change to HB 189 would be a change to the title. She said the alcohol warning signs would be included in the title [of HB 189].

[2:42:24 PM](#)

CHAIR BJORKMAN asked for clarification about whether there was a relationship between a fiscal note for HB 189 and the [alcohol] warning signs.

[2:42:36 PM](#)

MS. HACKENMILLER said there were conflicting messages. She had been informed that the fiscal note had been removed but had not been able to confirm that with the Alcohol and Marijuana Control Office (AMCO).

[2:43:08 PM](#)

CHAIR BJORKMAN asked Ms. Wilson whether there was a relationship between a fiscal note for HB 189 and the [alcohol] warning signs.

[2:43:24 PM](#)

JOAN WILSON, Director, Alcohol and Marijuana Control Office, Anchorage, Alaska, said there would be no fiscal note required as long as only one sign was changed. She said there had been a fiscal note attached to another bill which specified changes to two signs and that would have required a fiscal note, but [the cost for] one sign would not.

[2:43:55 PM](#)

CHAIR BJORKMAN sought to clarify that if the amendment [to HB 189] that had been made on the House floor [to require warning signs] were reinstated, AMCO would be able to implement the signage with its current resources.

[2:44:29 PM](#)

MS. WILSON said that was correct.

[2:44:39 PM](#)

CHAIR BJORKMAN proposed that HB 189 be considered by the committee the next day after changes could be made to the [SCS].

[2:45:16 PM](#)

SENATOR DUNBAR clarified that the [SCS] for HB 189 had not been adopted by the committee yet and he could not support adopting it with the cancer warning signs amendment removed from the bill.

[2:46:29 PM](#)

SENATOR GRAY-JACKSON asked Ms. Wilson for clarification. She recalled that HB 189 originally included alcohol warning signs. She said she understood that there would be no cost if there were no warning signs [required by HB 189].

[2:46:54 PM](#)

MS. WILSON responded that there was a separate bill specific to warning signs that carried a \$25,000 fiscal note. She said that [fiscal note] was necessary for that bill because it would have changed two signs. She said HB 189 would only require an amendment to one [warning] sign and that cost could be borne within AMCO's internal budget. She acknowledged recent discussion about whether a fiscal note would be attached [to HB 189] and assured the committee there would not be.

[2:47:35 PM](#)

SENATOR GRAY-JACKSON specified that the SCS for HB 189, version U, no longer has the cancer warning, and asked if it would require a fiscal note if the cancer warnings were in the bill.

[2:47:52 PM](#)

MS. WILSON responded that with or without the cancer warning, there would be no fiscal note [for HB 189].

[2:48:05 PM](#)

At ease.

[2:52:57 PM](#)

CHAIR BJORKMAN reconvened the meeting and maintained his objection to the adoption of SCS for HB 189, work order 33-LS0697\U.

[2:53:15 PM](#)

CHAIR BJORKMAN opened [invited] testimony on HB 189.

[2:53:30 PM](#)

DAVID MCCARTHY, Owner/Co-brewer, 49th State Brewing, Northern Hospitality Group, Healy, Alaska, said HB 189 would help to

build stronger community and that it was part of the solution to the labor shortage in Alaska. He sought to debunk the idea that HB 189 would be dangerous and said if it was dangerous, there would be a national debate. Instead, the rest of the nation has already adopted [HB 189] with the exception of three states. He said [his business], was currently licensed, staff was trained and no one under 21, guests nor staff, were permitted to consume alcohol on the premises. He said Training for Alcohol Professionals (TAP) was required for all employees of all ages and HB 189 would strengthen the community by requiring alcohol consumption education for young adults who have not been legally allowed to consume alcohol, those between the ages of 18 and 20. He noted [some] states have already allowed staff of 18 and over [to serve alcohol] and there is currently debate about lowering that age to 16. He suggested that Alaska could follow the course already set by 47 states, learning from their experience.

[2:55:38 PM](#)

MR. MCCARTHY said the International Youth Foundation reported that creating opportunities for youth and young adults in hospitality [industry] should be something that all states focus on. He said youth critically need life and employable skills to prepare themselves to be motivated and confident decision-makers who can overcome adversity and realize their potential. He said that in developed economies we see 100% enrollment in secondary school, yet nearly one in five of these students do not acquire the minimum level of basic skills to function well in our society.

[2:56:23 PM](#)

MR. MCCARTHY said hospitality is a noble career path and service to others is important to build healthy and sustainable communities. Restaurants create a sense of place in our communities, and we've all learned a very tough lesson during the years of COVID, when restaurants were forced to be closed. He said passing HB 189 is part of the solution. He noted that one in every three Americans receive their first jobs in restaurants and food service industry and millions of those people will go on to have rewarding lifelong careers. He said passing HB 189 would allow hospitality to infuse in our young adult's self-confidence, ability to manage emotion, personal responsibility, respecting self and others, cooperating in teamwork, creative thinking, decision making, and one of the most important is conflict management.

[2:57:17 PM](#)

MR. MCCARTHY said [the hospitality] industry shatters the diversity and inclusion numbers compared to all other industries, employing more than 54 percent women. He said 40percent of those are non-white employees. The gender pay gap for entry level employees is also six percent higher than the national average in our industry. He said HD 189 would be good for young adults between 18 and 20 because it would allow them to meet new people and make new friends. He said they would broaden their skill set. HB 189 would allow flexibility in shifts, fun and social jobs, and would make more hours available during holiday breaks, especially to those that are going to school. He noted HB 189 would also allow increased earnings based on receiving tips.

[2:58:07 PM](#)

MR. MCCARTHY emphasized that Alaska was one of only three states in the nation that had not adopted these changes. He said it was critical in [the hospitality] industry and for Alaska to adopt HB 189 to build a brighter future for our communities and our youth and our state. He said it is also important to note that Alaska is one of only eight states that is not a tip credit state. In most states, they allow people to be paid less than minimum wage. HB 189 would allow young adults to be paid minimum wage, plus tips [thereby] increasing wages, which increases independence.

MR. MCCARTHY said, overall, allowing HB 189 to be approved would not only help with immediate labor needs, it would impact our communities through hospitality employment of young adults in development of the future leaders that we desperately need.

[2:59:24 PM](#)

DIANE THOMPSON, President, Alaska Hospitality Retailers Association, Anchorage, Alaska, said, he agreed with everything in the previous testimony and said, if passed, HB 189 would be a big win for Alaska restaurants, hotels, lodges, breweries, the Alaska Railroad, convention centers, etc.; and a big win for 18- to 20-year-old young adults by giving them a chance to earn a decent wage. Right now, she said, in Alaska, when college kids come home, all we can offer them is the job of bussing or hosting. The pay is okay, but it's not like it would be if they were able to serve, especially serve alcohol. With summer and tourist season approaching, really fast, she respectfully asked the committee to vote yes on HB 189.

[3:01:00 PM](#)

SARAH OATES, President, Alaska Cabaret Hotel Restaurant and Retailers Association, (Alaska CHARR), Anchorage, Alaska, said she served as president and CEO of Alaska CHARR, since 2018. She said Alaska CHARR was based out of Anchorage and had over 700 members across Alaska communities and represented over 2,000 hospitality establishments employing over 30,000 workers around the state. With the pandemic past its peak, Alaska's hospitality industry continues to face significant ongoing challenges to business operations, the greatest of which being ongoing and increasing labor shortages. She noted that Alaska was one of only three states, along with Utah and Nevada, that required a person to be 21 years of age or older to serve alcohol. She said employers struggle to promote or retain quality employees who are 18 to 20 years of age because they are prohibited from serving alcohol or supervising other employees who serve or sell alcohol. She said Alaska employers are not competitive in this space, and the hospitality industry is experiencing an out-migration of young workers. She said that when she was in her late teens and early twenties, she attended college while serving and bartending in the Pacific Northwest. During the summer break, she stayed in the Pacific Northwest rather than returning home to Alaska, because she could make significantly more money as a server or manager, positions that she was prohibited by law from working in in her home state. She reported that, in multiple years, she brought home six figures by serving and bartending as a young adult outside Alaska. She said, if she had returned to Alaska during those years, she would have been limited under current statute, to positions that paid 25 to 30 percent at the time, what she was able to make outside.

[3:02:36 PM](#)

MS. OATES said many young people are making the same choice in today's labor market and that is having a significant impact on Alaska's hospitality business. HB 189 would help hundreds of Alaskan-owned establishments around the state that collectively represent Alaska's largest private employer and second largest industry. She said, as the voice of Alaska's hospitality industry, she respectfully requested the committee to support thousands of workers and businesses around the state by voting in support of HB 189.

[3:03:33 PM](#)

CODIE COSTELLO, President and Chief Operating Officer, Alaska Center for Performing Arts (ACPA), Anchorage, Alaska, said , in addition to her role at ACPA, she was also the General Manager

of Broadway Alaska. She said the ACPA had been operating for over 35 years and partnered with presenters and producers from Alaska and around the world to provide world class arts experiences to the community, including those from eight resident companies. She said this season [2023/2024], the ACPA launched Broadway Alaska, a multiyear partnership with the Nederlander Organization. She spoke about the success of Broadway Alaska's first season and the enthusiastic attendance by people from across the state and all over the country. She noted that many other events were hosted at the performing arts center each year and PAC understood the importance of its role as an economic engine for downtown Anchorage and Alaska. She described the upcoming 2024/2025 season at the ACPA and said HB 189 would allow them to continue this work, expanding ACPA's local business operations and revenue while enhancing the theater experience for their patrons.

[3:04:57 PM](#)

MS. COSTELLO said under ACPA's current alcohol license, workers were limited. Patrons could only consume alcohol in the upper-level lobbies and within limited time frames, and there was no alcohol allowed in theater. She said HB 189 would provide an updated framework for the rules of ACPA's license, giving them flexibility to finally be able to respond to presenters', promoters' and patrons' requests for evolving the experience at the ACPA and keeping [up] with industry trends. In this spirit, ACPA recommends and requests that this license change to accommodate our clients and patrons and ensure their experience at the theater is relaxed and responsible, and our venue and services reflect the type of experience our patrons seek and that ACPA can support and promote. She explained that, currently, if a patron purchased a drink during a 15 to 20 minute intermission, they would have to procure a drink and be back in their seats within minutes. The system was rushed unnecessarily and led to a harried atmosphere and product waste. She said ACPA had an existing and robust operations plan for all events at the center with a well-trained event staff, staffed and contracted security, and contracted concessionaires. She said and this would include great support from the expansion of the workforce opportunities that everyone testifying today has been talking about. She said ACPA is poised to scale up and adjust their operations as needed to ensure their continued and successful operations with the passing of HB 189 and the removal of existing restrictions in their current license type.

[3:06:24 PM](#)

MS. COSTELLO concluded that HB 189 would increase ACPA's economic impact on and for downtown Anchorage and Alaska. She said HB 189 would drive increased operating revenue which would help them reinvest in facility and personnel. It would keep the theater license in line with national standards and increase the quality of patron experience. She said it would be a win for local businesses, the arts industry and the lively downtown experience that we all help to curate in Anchorage. She thanked Representative Sumner and his staff, Clark and Serena, for their work on the bill and their contribution to the vibrancy and economy of downtown Anchorage.

[3:07:36 PM](#)

CHAIR BJORKMAN asked Director Wilson whether a separate effective date [amendment to HB 189] to accommodate the warning signs would be helpful.

[3:08:03 PM](#)

MS. WILSON replied that an effective date of July 1, 2024, would be helpful and she acknowledged that HB 189 overall would carry an immediate effective date.

[3:08:36 PM](#)

MS. HACKENMILLER made closing comments on HB 189. She shared about her late father's work for CHARR and said he would be happy to see Alaska aligning with other states in allowing young folks to work in the service industry as they deserve, and to see labor shortages possibly get worked on.

[Objection to the adoption SCS for CSHB 189 was maintained.]

[3:09:23 PM](#)

CHAIR BJORKMAN held HB 189 in committee.

[3:09:29 PM](#)

At ease

HB 233-RATES: MOTOR VEHICLE WARRANTY WORK

[3:10:16 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of CS FOR HOUSE BILL NO. 233(TRA) am "An Act relating to rates and time allowances for motor vehicle warranty work; and relating to unfair practices by manufacturers."

[3:10:55 PM](#)

DAVID GOFF, Staff, Representative Frank Tomaszewski, Alaska State Legislature, Juneau, Alaska, gave a brief overview of changes to HB 233 by the House:

- Clarification that the guides for [repair] times were independent time guides, not the manufacturer [prescribed] time guides.
- Provision for dealers to be protected from penalties for doing manufacturers' warranty work. He said HB 233, section four prohibited surcharges to recoup costs for warranty work, similar to protections provided in 22 other states.
- Change in wording to allow [charging for] fractions of hours and not just [full or whole] hours.

[3:13:15 PM](#)

CHAIR BJORKMAN announced invited testimony for HB 233.

[3:13:45 PM](#)

LESTER NICHOLS, President, Alaska Auto Dealers Association, Fairbanks, Alaska, introduced himself and referred to an economic impact study of an Illinois law [similar to HB 233] that went into effect January 1, 2022. The report was titled "Improving the Motor Vehicle Franchise Act" [by the Illinois Economics Policy Institute and the Illinois Project for Middle Class Renewal]. He read from the report's Executive Summary:

[Original punctuation provided.]

By bringing pay for warranty work up to competitive local area standards, the Multiplier Act has generated positive economic impacts in Illinois. The Act:

- Boosts worker earnings at Illinois' auto dealers by between three percent and seven percent relative to similar workers, resulting in \$143 million annually for skilled mechanics in middle-class jobs that cannot be outsourced.
- Reduces employee turnover at Illinois' auto dealers by nine percent, helping to combat labor shortages.
- Increases hours worked per week at auto dealers by as much as six percent compared to other private industry workers in Illinois.
- Grows the state's economy by \$302 million, a \$2.11 economic multiplier per dollar in wage gains.

- Generates \$21 million in state tax revenues and \$21 million in local tax revenues every year.
- Promotes safety and reliability by ensuring that skilled mechanics can devote the proper time needed to correctly diagnose and fix vehicle problems.

[3:14:41 PM](#)

MR. NICHOLS highlighted several points from the summary, including that all auto dealer employees received pay increases of three to seven percent and skilled mechanics received \$143 million annually. He emphasized that employee turnover [in Illinois] was reduced by nine percent and pointed out that HB 233 is meant to combat labor shortages [in Alaska], pay mechanics better and hang on to mechanics [already employed]. He also highlighted the growth in the [Illinois] state economy and that safety and reliability were improved by correctly diagnosing and fixing vehicle problems. He stated this was in the best interests of everybody: consumers, manufacturers, mechanics and [auto dealership] business owners.

[3:16:05 PM](#)

MR. NICHOLS mentioned opposition to HB 233 which pointed out that chart eight on page eight of the report, "Improving the Motor Vehicle Franchise Act in Illinois" notes a wage increase of only 2.9 percent. He said the opposition pointed out that the increase in wages was less than the rate of inflation in the area. He contested that characterization by quoting the study, reading from the paragraph preceding figure eight, page eight:

[Original punctuation provided.]

A 2.9 percent net increase in monthly earnings translates into a \$180 gain (\$2,166 per year) for the 46,212 employees who were already employed at car dealerships prior to the law, or \$100.1 million annually. Moreover, higher earnings attracting and retaining 1.2 percent more employees relative to neighboring states means that an additional 543 workers were directly employed due to the law. At the average monthly earnings of \$6,549 (or annual earnings of \$78,588), these workers account for another \$42.7 million in labor income. Adding the earnings effect and the employment effect together produce a \$142.7 million total boost to employees at auto dealerships in Illinois in the first year of the law (Figure 8).

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MR. NICHOLS continued to read from the report, "Improving the Motor Vehicle Franchise Act in Illinois", page eight, final paragraph to support the expectation that HB 233 will significantly improve wages and opportunities, directly and indirectly related to auto dealerships in Alaska:

[Original punctuation provided.]

The \$142.7 million expansion of mechanics' pay creates more than 1,500 jobs across Illinois, including the 543 jobs directly at car dealerships themselves (Figure 9). Over 200 indirect jobs are created throughout the supply chain as auto dealers are reimbursed the correct amount for work performed, their bottom lines are improved, and they can make additional purchases for their establishments. Finally, nearly 800 jobs are created as the skilled auto mechanics and technicians—and indirectly employed workers as well—have more money to spend at local stores, restaurants, and other small businesses.

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MR. NICHOLS read from the report, "Improving the Motor Vehicle Franchise Act in Illinois", page nine:

[Original punctuation provided.]

ADDITIONAL IMPLICATIONS OF THE LAW

The Multiplier Act ended the practice of underpaying certified mechanics and technicians for completing warranty repairs. By promoting equal pay for equal work, the law reduced employee turnover at car dealerships and helped combat labor shortages. Instead of being expected to earn below-market rates for tasks completed at unrealistic time allotments mandated by out-of-state and foreign corporations, skilled mechanics can now devote the proper time to correctly diagnose vehicle problems to meet reliability standards and repair manufacturing defects that are the fault of the automakers. This improvement in safety for drivers has occurred at no cost to Illinois consumers, with warranty work remaining free to car owners (McMahon, Alfirevich, & Marquardt, 2023).

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MR. NICHOLS countered the arguments of auto manufacturers against HB 233 that the bill would not really change anything except to line the pockets of [auto dealership] businesses, charging that the manufacturers would prefer to line their own pockets. He said the [manufacturers'] comments that HB 233 would raise prices [for warranty repairs] were a threat. He noted that the manufacturers' response to changes in franchise law in 22 states was to introduce surcharges. He said the surcharges were not a punishment to the dealers as much as to the entire state economy, to consumers and to everybody.

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CHAIR BJORKMAN expressed appreciation for the testimony and the committee's support for HB 233.

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MR. GOFF highlighted that, according to Mr. Nichols' testimony, \$14-15 million additional revenue would come into the state through the pockets of auto dealership [mechanics and other] employees as a result of HB 233 and that would be a great benefit to the state. He advocated for the potential of HB 233 to keep mechanics in dealerships in Alaska and keep the dealerships businesses healthy.

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CHAIR BJORKMAN held HB 233 in committee.

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At ease

HB 146-REGULATION OF FIREWORKS

[Before the committee for consideration is SCS CSHB 146(STA).]

[3:21:58 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of CS FOR HOUSE BILL NO. 146(STA) "An Act relating to fireworks; directing the Department of Public Safety to adopt fireworks regulations; and providing for an effective date."

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LISA PURINTON, Director, Records and Identification, Department of Public Safety, Anchorage, Alaska, stated she is also the department's legislative liaison. She said HB 146 would modernize statutory restrictions on consumer fireworks to comply

with current federal requirements and industry standards. HB 146 would protect the public, remove compliance barriers for businesses, and improve enforcement by the State Fire Marshal's Office. She said the changes in HB 146 would set minimum standards for the sales, storage, distribution, and use of fireworks, addressing the outdated nature of current statutes.

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MS. PURINTON noted that the current statutes, AS 18.72, adopted in 1972, were severely outdated, and did not comply with federal standards and industry best practices. She said the public was at risk because the statutes did not meet the standards set by the US Consumer Product Safety Commission, the American Pyrotechnics Association, the US Department of Transportation, the Bureau of Alcohol, Tobacco, Firearms and Explosives and Title 49 of the code of federal regulations. She noted that the current outdated statutes included only 12 different definitions for consumer fireworks and there were currently 11 categories and well over 40 definitions [for consumer fireworks].

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MS. PURINTON summarized that HB 146's intent was to modernize the statutes to reflect current industry and federal standards, ensuring public safety and compliance. She noted changes to HB 146 as it moved through the House and the Senate:

- The House version of the bill included a minor change, modifying "any" to "a" in a section related to buildings entered by the State Fire Marshal.
- The Senate version included a committee substitute that:
 - significantly altered the scope of HB 146 to provide a stronger statutory foundation for the changes, ensuring compliance with federal and industry standards, and
 - modified several repealed statutes to make HB 146 more workable and flexible for future regulatory updates.

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CHAIR BJORKMAN held HB 146 in committee.

[3:27:35 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:27 p.m.