

HOUSE FINANCE COMMITTEE
March 27, 2025
2:15 p.m.

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CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 2:15 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Jamie Allard
Representative Jeremy Bynum
Representative Alyse Galvin
Representative Sara Hannan
Representative DeLena Johnson
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

Representative Nellie Unangiq Jimmie

ALSO PRESENT

Hunter Meachum, Staff, Representative Sara Hannan; Nancy Meade, General Counsel, Alaska Court System; Sylvan Robb, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Ken Alper, Staff, Representative Andy Josephson; Rob Corbisier, Executive Director, Alaska State Commission on Human Rights.

PRESENT VIA TELECONFERENCE

Brandon Spanos, Deputy Director, Tax Division, Department of Revenue,; Leena Edais, Self, Anchorage; Rick Dormer, President, Association of Alaska School Principals, Ketchikan; Heather Rogers, Admin Operations Manager, Division of Public Health, Department of Health, Anchorage;

Amber LeBlanc, Admin Services Director, Department of Law, Anchorage; Jonathon Torres, Deputy Director, Office of Public Advocacy, Anchorage; Renee McFarland, Public Defender Agency, Anchorage.

SUMMARY

HB 23 APPLICABILITY OF HUMAN RIGHTS COMMISSION

HB 23 was HEARD and HELD in committee for further consideration.

HB 49 TOBACCO/NICOTINE/E-CIG AGE; E-CIG TAX

HB 49 was HEARD and HELD in committee for further consideration.

HB 53 APPROP: OPERATING BUDGET; CAP; SUPP

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 APPROP: MENTAL HEALTH BUDGET

HB 55 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda.

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#hb49

HOUSE BILL NO. 49

"An Act relating to tobacco, tobacco products, electronic smoking products, nicotine, and products containing nicotine; raising the minimum age to purchase, exchange, or possess tobacco, a product containing nicotine, or an electronic smoking product; relating to the tobacco use education and cessation fund; relating to the taxation of electronic smoking products and vapor products; and providing for an effective date."

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Representative Hannan, as the sponsor of HB 49, introduced the bill.

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HUNTER MEACHUM, STAFF, REPRESENTATIVE SARA HANNAN, introduced the PowerPoint presentation "House Bill 49; Protecting Alaska's Youth from Lifelong Nicotine Addiction" dated March 27, 2025 (copy on file).

Ms. Meachum addressed slide 2, "House Bill 49":

Align state law with federal law in raising the minimum age to buy or possess tobacco and electronic smoking products (ESPs) from 19 to 21.

Establish a 25 percent sales tax for ESPs.

Representative Stapp queried the current effective sales tax rate for regular tobacco products.

Representative Hannan responded that there was not currently a state sales tax, but rather a wholesale tax.

Representative Stapp queried the wholesale tax rate.

Ms. Meachum would need to follow up.

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BRANDON SPANOS, DEPUTY DIRECTOR, TAX DIVISION, DEPARTMENT OF REVENUE, (via teleconference), responded that the wholesale tax for other tobacco products was 75 percent of the wholesale price.

Representative Stapp queried how materially different it was from what was being proposed in the bill.

Mr. Spanos responded that it would create a retail sales tax, which would be a different taxpayer base.

Representative Stapp asked why there would be a different tax structure if they were to tax wholesalers on tobacco.

Ms. Meachum responded that it was the best option because of the variety of products.

Representative Allard appreciated the bill.

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Ms. Meachum pointed to slide 3, "What are E-cigs?"

Vapes, vaporizers, Vape pens, hookah pens, electronic cigarettes, e-cigars, e-pipes are some of the many terms used to describe electronic nicotine delivery systems.

These products use a battery to heat up a liquid which creates an aerosol that is inhaled. The liquid in these products contain nicotine as well as flavorings, and harmful chemicals.

Representative Tomaszewski wondered whether there would be a ban on the flavored products.

Ms. Meachum responded that it did not ban flavored products.

Representative Tomaszewski suggested that the cigarettes should taste bad so no one would start, and he suggested that they should "taste like vomit."

Representative Hannan shared that when she was young, it was not uncommon for parents to make kids smoke an entire cigarette in order for the children to be deterred from smoking.

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Representative Stapp asked if it was legal for high school kids to use vape products.

Representative Hannan explained that the age was 19 and there were 19 year olds in high school.

Representative Stapp asked if it would be more or less likely that kids would smoke cigarettes instead of vape

Representative Hannan replied that when she started teaching, there were smoking areas for kids, and when she left teaching 30 years later, accusing someone of smoking was a harsh insult.

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Ms. Meachum continued on slide 4 and talked about the marketing for e-cigarettes.

Representative Tomaszewski asked if there was any discussion about marketing techniques that would target kids.

Representative Hannan responded that tobacco had been banned from TV broadcast for decades, and she could research the advertising on e-cigarette products.

Representative Tomaszewski noted that there were 6 states that had a ban on flavors.

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Ms. Meachum pointed to slide 5, "What e-cigs are NOT":

Healthy... These products deliver harmful chemicals and contain nicotine, which is highly addictive.

FDA-Approved Cessation Devices ... No e-cigarette product has been approved by the dFDA as a smoking cessation aid.

Ms. Meachum continued on slide 6. She stated that tobacco use impacted memory and attention, learning, mood, and impulse control.

Representative Galvin thanked the sponsor for taking up the bill. She had heard that one of the vape cartridges was the same as smoking over 200 cigarettes. She had heard that there were students that could not stay in class for more than 45 minutes due to their addiction. she asked what age were kids the most vulnerable.

Ms. Meachum responded that there was a kid as young as first grade using vape products.

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LEENA EDAIS, SELF, ANCHORAGE (via teleconference), was a student at the University of Alaska Anchorage (UAA). She educated students across the states about the dangers of

smoking. She remarked that children were using vape products.

Representative Tomaszewski asked if banning flavors would cut the use of vape products.

Ms. Edais responded that it would stop kids from starting because there were so many flavors and kids just get curious.

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RICK DORMER, PRESIDENT, ASSOCIATION OF ALASKA SCHOOL PRINCIPALS, KETCHIKAN (via teleconference), thought the vaping epidemic was out of hand, and spoke in support of the bill. He stated that easily over half of the students were actively vaping. He would love the idea of a tax because there were so many kids who wanted to quit

Representative Bynum asked what kind of penalty students would see if they were caught vaping.

Mr. Dormer responded that there was a set policy across the district.

Representative Bynum asked if there was a similar problem across other school districts.

Mr. Dormer responded that it was similar across many districts.

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Representative Stapp asked if there was framework for establishing a module within the department for collecting a statewide sales tax on the particular item.

Mr. Spanos responded that the module would be limited, and it could not be easily expanded in the system. He stated that the cost of the module was \$250,000

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Representative Galvin asked whether pouch tobacco products, such as Zin were included in the bill.

Representative Hannan responded that Zin was a brand name of an "otp", other tobacco products. She stated that it was taxed accordingly.

Representative Allard asked if they could exempt military people aged 18 to 21. I

Representative Hannan responded that the us military already banned tobacco products by soldiers.

Representative Allard agreed that she wanted more revenue for the state.

Representative Hannan mentioned marketing flavors and looked at page 12, line 20 of the bill, which stated that a licensed person under the section may not market an electronic smoking product.

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Ms. Meachum responded that the tax revenue would flow into the cessation fund and the leg could appropriate it.

Representative Allard was getting a lot of pushback from her constituents and wondered whether there could be an exception for military.

Representative Hannan responded no, she wanted to comply with federal law, with the impotence was the health and work conditions.

Co-Chair Josephson he asked if there was a "sweet spot" that would move the bill forward, and he had been told that part of the market did not even identify how many milligrams.

Ms. Meachum responded that the FDA had authorized 34 e-cigarette products, but it did not mean they were healthy. She stated that 50mg was about what was common and the 60mg to 70mg number was a higher nicotine concentration and the concentration had gone up over time.

Co-Chair Josephson felt that there was a split in the industry trying to participate in discussions. He shared that the industry was worried that if the bill aimed to disallow a mg content under 50, then smokers would simply move to the other side.

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Representative Tomaszewski asked about online sales.

Representative Hannan responded that starting on page 8, beginning on line 18, it was the shipping purchase that depended on the tax.

Representative Tomaszewski asked about whether it would be captured in the tax.

Representative Hannan did not know whether it would be captured in the tax or not capture in the tax.

Representative Tomaszewski queried the limit.

Representative Hannan replied that the tax required at or above 200.

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Representative Stapp asked about the military and the enforcement within the organization.

Representative Hannan deferred to Ms. Meade.

NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, responded that the violation of smoking mentioned on page 3 was something that law enforcement officers could write a ticket.

Representative Stapp assumed that the law was still applicable on a military base.

Ms. Meade responded in the affirmative.

Representative Stapp asked whether there was an exemption for products sold at a facility operated by one of the uniformed services in the US.

Representative Hannan responded that military base sales were already exempt.

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Representative Stapp asked whether it was all sales in general, not just vaping. He was worried about imposing a tax on a product that did not exist.

Representative Hannan asked if Mr. Spanos could be consulted on the question.

Mr. Spanos responded that the analysis was simple because it did not have data on electronic smoking products.

Representative Stapp he understood that vape sales were not tracked in Alaska

Representative Bynum he was struggling to understand how it would be enforced, and asked whether possession of the product was a potential crime.

Representative Hannan responded that it was already illegal for an 18 year old to possess tobacco.

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SYLVAN ROBB, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, reviewed DCCED fiscal note omb 2360, control code JpxDN

Ms. Meade reviewed the fiscal note from the courts.

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HEATHER ROGERS, ADMIN OPERATIONS MANAGER, DIVISION OF PUBLIC HEALTH, DEPARTMENT OF HEALTH, ANCHORAGE (via teleconference), reviewed the fiscal note OMB 2818, control poYjT, zero fiscal impact note.

AMBER LEBLANC, ADMIN SERVICES DIRECTOR, DEPARTMENT OF LAW, ANCHORAGE (via teleconference), stated that there was no fiscal impact on the department.

JONATHON TORRES, DEPUTY DIRECTOR, OFFICE OF PUBLIC ADVOCACY, ANCHORAGE (via teleconference), referenced the zero fiscal note.

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RENEE MCFARLAND, PUBLIC DEFENDER AGENCY, ANCHORAGE (via teleconference), discussed the fiscal note OMB 1631 control lbLgM.

Mr. Spanos reviewed DOR fiscal note RFVpO, OMB 2476.

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Representative Stapp asked about additional other fiscal notes with other ranges.

Mr. Spanos responded that they had not determined whether they would use the language or not.

HB 49 was HEARD and HELD in committee for further consideration.

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AT EASE

[4:02:58 PM](#)

RECONVENED

#hb23

HOUSE BILL NO. 23

"An Act relating to the definition of 'employer' for the purposes of the State Commission for Human Rights."

Co-Chair Josephson introduced the legislation.

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Representative Tomaszewski asked about the cooperation from minority members.

Representative Bynum stressed that there were some members of the minority that had input

Co-Chair Josephson explained that they were separate bills that were filed, and he was talking about completely separate issue. He noted that because the human rights commission was quasi-judicial, there was a legal opinion that governor appointed board members could only be removed for cause.

4:14:17 PM

KEN ALPER, STAFF, REPRESENTATIVE ANDY JOSEPHSON, introduced the PowerPoint presentation "HB 23: Applicability of Human Rights Commission" dated March 27, 2025 (copy on file). He continued to slide 2, "Alaska State Commission on Human Rights":

- State agency that enforces the Alaska civil rights law in AS 18.80
- Seven commissioners appointed by the Governor and confirmed by the Legislature
- Small staff and office in Anchorage
- Statewide powers to accept and investigate complaints from individuals across all regions of the state

Mission Statement:

To eliminate and prevent discrimination for all Alaskans

In Alaska, it is illegal to discriminate in:

- Employment
- Places of Public Accommodation
- Sale or Rental of Real Property
- Financing and Credit
- Practices by the State or its Political Subdivisions

Because of:

- Race
- Color
- Religion
- Sex
- National Origin
- Disability

Mr. Alper addressed slide 3, "Background: Current Jurisdiction":

- U.S. Equal Employment Opportunity Commission (EEOC) protects non-profit employees from discrimination if the employer has at least 15 employees
- Municipal commissions, like the Anchorage Equal Rights Commission (AERC) and the Juneau Human Rights Commission (JHRC), cover non-profit employees in those

communities

- The State commission has no jurisdiction to accept or pursue discrimination cases brought to them by non-profit employees
- (This is due to language in the definition of "employer" in the ASHRC statutes, AS 18.80.300(5))

Mr. Alper highlighted slide 4, "Nonprofit Workforce and Coverage":

- 5,688 non-profits in Alaska
- 35,302 direct jobs, about 12 percent of state workforce

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Representative Tomaszewski asked about small staff in Anchorage.

Mr. Alper deferred the question.

Mr. Alper looked at slide 5, "ASCHR: Annual Report":

For at least the past five years, the Alaska State Commission for Human Rights (ASCHR) has stated that one of their main legislative priorities is to:

"Work with the State Legislature to add non-profits to ASCHR's jurisdiction in an effort to include protections for 44,000 currently unprotected workers"

Mr. Alper discussed slide 6, "What does the bill do?"

1. Changes definition of "employer" to include non-profit organizations
 - The change in HB23 only applies to the State Commission for Human Rights [AS 18.80.300(5)]
 - Retains exceptions for social and fraternal organizations, and employees of religious organizations hired for a religious purpose
2. Change name of the commission to the Alaska State Commission for Civil Rights
3. New statute saying that the governor can only remove a commissioner for cause (incompetence, neglect, misconduct, etc.)

4. Change the timing of their annual report to November 15, and allow for it to be provided electronically

[4:21:37 PM](#)

ROB CORBISIER, EXECUTIVE DIRECTOR, ALASKA STATE COMMISSION ON HUMAN RIGHTS, appreciated Representative Prax for a past bill, and the legislation ended up getting more traction than previously thought. He explained that there would need to be a ministerial exception in the job description. He stated that statute required giving the legislature the annual report, however the commission stopped trying to do it in the 1980s.

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Mr. Corbisier gave a further history of the Human Rights Commission.

Representative Galvin shared that the definition had peaked her curiosity, and asked about megachurches.

[4:34:50 PM](#)

Mr. Corbisier responded that they would be excluded in their entirety as a church.

Representative Galvin understood that they were working to be more inclusive of, with the exception of churches, nonprofit workers.

Co-Chair Josephson replied that it carved out that the employer be a religious corporation and the employee required specification.

Representative Galvin thought some might be related to the constitution, and she asked about the governor only removing for cause. She was not familiar with how the commissions worked, and she was trying to understand the intent

Co-Chair Josephson there was a body of law about just cause or for cause.

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Representative Bynum asked about the removal provision.

Co-Chair Josephson recalled that when Dunleavy came into office, he combed through Title 8 to see how long terms could continue.

Representative Bynum could ask for additional info offline.

Representative Bynum wondered if someone from the public wanted a copy of the report, would it be available to them.

Mr. Corbisier responded "probably."

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Representative Bynum explained that it did not revolve around whether someone was transgender or not.

Mr. Corbisier responded that he had not considered it a "statutory carveout."

Co-Chair Josephson recalled that there was a case from about the boy scouts banning girls.

Representative Hannan stressed that she wanted the issues staggered, and a strong separation.

[4:52:32 PM](#)

Mr. Corbisier responded that it was currently staggered in the commission.

Representative Tomaszewski was going to ask about the terms, and whether they were paid.

Mr. Corbisier responded that they were unpaid volunteers.

Representative Tomaszewski wondered whether the commissioners discriminated against based on location

Mr. Corbisier responded that he did not speak to who the governor decided to make the boss.

[4:57:00 PM](#)

Co-Chair Josephson queried the impact of the bill.

Mr. Corbisier responded that they estimated it would be between 3 to 60 non-profit cases.

Representative Tomaszewski asked about the language used in the investigations and the number of complaints.

Mr. Corbisier responded that there were 120-ish complaints, and the commission asked the same types of questions during the investigation.

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Representative Bynum asked about the anecdotal impact.

Mr. Corbisier responded that the government as an employer operated differently than for profits, but the civil rights act applied to all employers the same.

Representative Bynum understood that the current statute defined an employer, and asked whether there was a data-driven approach.

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Mr. Corbisier responded that there had not been a data-driven approach to it.

Co-Chair Josephson stated that the commission supported the expansion, and they were ready to change the timeline of the report.

Mr. Corbisier reviewed the fiscal note.

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AT EASE

[5:08:46 PM](#)

RECONVENED

Co-Chair Josephson took over chairing the meeting. The budget bills would not be heard.

HB 23 was HEARD and HELD in committee for further consideration.

HB 53 was SCHEDULED but not HEARD.

HB 55 was SCHEDULED but not HEARD.

#

ADJOURNMENT

5:09:16 PM

The meeting was adjourned at 5:09 p.m.