

HOUSE FINANCE COMMITTEE
May 17, 2025
10:05 a.m.

10:05:50 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 10:05 a.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 Nellie Unangiq Jimmie
Representative DeLena Johnson
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Representative Donna Mears, Sponsor; Talia Eames, Staff, Representative Donna Mears; Lauree Morton, Deputy Director, Alaska Network on Domestic Violence and Sexual Assault, Juneau; Brodie Anderson, Staff, Representative Neal Foster; Senator Matt Claman, Sponsor; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Brodie Anderson, Staff, Representative Neal Foster; Senator Jesse Bjorkman, Sponsor; Lori Wing-Heier, Director, Division of Insurance, Department of Commerce, Community and Economic Development.

PRESENT VIA TELECONFERENCE

Keely Olson, Executive Director, Standing Together Against Rape, Anchorage; Derek Bos, Chief of Police, City and

Borough of Juneau, Juneau; Brad Ewing, Director, Division of Shared Services of Alaska, Department of Administration; Mary Knopf, Self, Anchorage; Barbara Cash, Self, Anchorage; Elizabeth Johnston, Self, Fairbanks; Larry Cash, Self, Anchorage; Dana Nunn, Chair, Government Advocacy Committee, American Society of Interior Designers, Alaska Chapter, Anchorage; John Pekar, President, Alaska Professional Design Council, Anchorage; Jessica Cederberg, Past President, American Institute of Architects, Alaska Chapter, Anchorage; Brian Meisner, Self, Anchorage; Ramona Schimscheimer, Self, Anchorage; Melissa Tribyl, Self, Anchorage; Kelsey Conway, Member, American Society of Interior Designers, Eagle River; Colin Maynard, Chair, Board of Architects, Engineers, and Land Surveyors; Sylvan Robb, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Janette Schlaeder, Chair, Alaska Board of Nursing; Leitoni Tupou, Chair, Alaska Board of Parole.

SUMMARY

HB 104 ADDRESS CONFIDENTIALITY PROGRAM

HB 104 was HEARD and HELD in committee for further consideration.

CSSSSB 54(FIN)

ARCH, ENG, SURVEYORS; REG INT DESIGN

CSSSSB 54(FIN) was REPORTED out of committee with six "do pass" recommendations and five "no recommendation" recommendations and with one previously published fiscal impact note: FN2 (CED).

CSSB 132(FIN)

OMNIBUS INSURANCE BILL

CSSB 132(FIN) was HEARD and HELD in committee for further consideration.

CSSB 137(FIN)

EXTND BDS:MIDWIVE/NURSING/VET EXAM/PAROLE

CSSB 137(FIN) was REPORTED out of committee with seven "do pass" recommendations, one "no

recommendation" recommendation, and one "amend" recommendation and with two previously published fiscal impact notes: FN2 (COR) and FN3 (CED).

Co-Chair Foster reviewed the meeting agenda.

#hb104

HOUSE BILL NO. 104

"An Act creating and relating to the address confidentiality program; and providing for an effective date."

[10:07:44 AM](#)

Co-Chair Foster asked the sponsor to introduce the bill.

REPRESENTATIVE DONNA MEARS, SPONSOR, introduced the bill with prepared remarks:

There's a small but important group of people in the state that have reasons to keep their addresses out of the public record. This includes peace officers and correctional officers who may be targets of retribution due to their roles in the justice system. It also includes victims of domestic violence, stalking, sexual assault, and other people who have protective orders. The purpose of a program like this is to allow someone who faces these serious threats to be able to participate fully in everyday life without further endangering themselves or their families. HB 104 creates an address protection program for survivors of sexual assault and domestic violence, peace officers, correctional officers, and their families. There are many times an address must be provided in order to participate in society. This includes voting, working, sending children to school, and much more. HB 104 establishes a program whereby these at risk individuals can receive mail at a centralized, anonymized P.O. box. Mail received by the state on behalf of enrollees will then be forwarded to participants home address, which will remain confidential under penalty of law.

Representative Mears asked her staff to provide a sectional analysis of the bill.

[10:09:27 AM](#)

TALIA EAMES, STAFF, REPRESENTATIVE DONNA MEARS, reviewed the sectional analysis (copy on file):

Sec. 1: Adds the program to the duties of the Department of Administration.

Sec. 2: Creates the program.

(b) requires a Post Office Box as a substitute mailing address for enrollees and instructs the department to forward mail to participants. It charges the department with protecting confidentiality and requires regulations to govern enrollment and withdrawal.

(c) describes eligible participants as people sheltered by a protective order for domestic violence, stalking, human/sex trafficking or sexual assault, and their parents, guardians, children, and household members. It also admits peace officers and correctional officers.

(d) prevents registered sex offenders from enrolling in the program.

(e) requires state and municipal agencies to accept the P.O. Box.

(f) describes the eligibility period.

(g) prevents the department from charging a fee.

(h) allows access to confidential addresses subject to a search warrant.

(i) establishes penalties for unlawfully revealing a protected individual's address.

(j) defines certain terms.

Sec. 3: Establishes a transition period for the department to adopt regulations to implement the program.

Sec. 4: Lets the department begin promulgating regulations immediately.

Sec. 5: Sets an effective date of Jan. 1, 2026 for the rest of the bill.

[10:11:39 AM](#)

Representative Mears provided more context for who the bill aimed to help. She explained it pertained to individuals

who were doing various things to protect their locations such as moving and anonymizing their voter records in places the option was available. She explained that there was not the ability to be anonymous in other places where individuals needed to protect their identity. The bill would provide additional layers in order for individuals to be safe. She detailed that an individual could be anonymous with their address by obtaining a P.O. box, but if the individual was being stalked and they moved to a small community, just knowing the community a person was living in would be a threat to their safety. She noted there was invited testimony to help provide more context.

[10:13:24 AM](#)

KEELY OLSON, EXECUTIVE DIRECTOR, STANDING TOGETHER AGAINST RAPE (STAR), ANCHORAGE (via teleconference), testified in support of the bill. She considered it to be a critical piece of legislation. She read from prepared remarks:

Prior to working at STAR, I have worked as a victim advocate with the prosecuting attorney's office in Washington State and managed a domestic violence shelter program in Montana. Both states had address confidentiality programs, which were essential tools used by victim advocates to assist someone with stalking or highly bodily risk to be safer. These efforts were combined with comprehensive safety planning and emergency relocation plans. The address confidentiality program helps save lives and helps survivors cope with the constant fear of their address being compromised. I applaud making the program accessible to law enforcement and peace officers. I have worked with those in law enforcement who either go by a different professional name or to try to keep their locations from being searched. I know people who work in the public sector who placed their homes in a family member's name to protect their address, particularly in places where residential property can easily be searched, and people can be located through that.

Ms. Olson thanked Representative Mears for sponsoring the legislation. She explained that it was not a program for everyone. She noted it was not a substitute for a P.O. box for example. She added that it was not convenient as it was her understanding that only first class mail could be

transferred. She shared that in the 30-plus years of her domestic violence and sexual assault advocacy, she had only worked with a handful of people who were appropriate for the address confidentiality program. She elaborated that the program was beneficial for individuals whose lives were uprooted sometimes repeatedly in their efforts to escape an obsessed stalker. Usually, the stalker was a person of means who was able to hire private investigators. She expounded that the stalker may have moved on with their life and have another relationship, but they were obsessed with the particular person. The stalker hired private investigators to surveil the person's immediate and extended family members, they scoured the social media of the person's friends and manipulated and tricked the friends into providing information about the victim's location. She explained that the stalker did not give up and was not dissuaded when the victim moved to another state.

Ms. Olson explained that in domestic violence shelters it was not unusual for a victim to be transferred from another state to escape stalking. She highlighted that there were certain things that made people particularly vulnerable in Alaska, such as property owners, voter registration, and DMV. She noted that the program would not be suitable for someone with shared custody agreements or where continuing contact was forced on a person by the court. She relayed that children were a liability in the situation because they could be forced or manipulated into sharing a private location. She thanked the committee for its attention to the matter. She reiterated her support and greatly appreciated the committee's work to increase safety for survivors of domestic violence, sexual assault, and stalking.

[10:17:54 AM](#)

Co-Chair Foster moved to the next invited testifier.

DEREK BOS, CHIEF OF POLICE, CITY AND BOROUGH OF JUNEAU, JUNEAU (via teleconference), spoke in favor of the legislation, which created an address protection program for survivors of sexual assault, domestic violence, peace officers, correctional officers, and their families. He read from prepared remarks:

As a law enforcement officer, I have witnessed first-hand the trauma sustained by victims of sexual assault and domestic violence. That trauma is only exacerbated when they are stalked, harassed, and continually targeted by the offenders who initially assaulted them. Address confidentiality protects these individuals from further victimization. Further, law enforcement officers are frequently the target of unwanted harassment, stalking, and physical retaliation by offenders, offenders' families, or arbitrary members of the public who are just angry with law enforcement in general. As a law enforcement officer, I have personally experienced this. There have been multiple occasions throughout my career where I have been targeted at my home, by offenders whom I have arrested. There have been other occasions where random members of the public who are angry with police in general, who have no relationship with me whatsoever, have come to my home intent on causing me physical harm, just because I am a police officer. Far worse, there have been other occasions in which dangerous individuals have come to my home, intent on causing harm to my family, targeting them because they are related to me. They've done this as a means simply to retaliate against me. My family has been innocent in all of this.

I would also like to highlight the 2013 assassination of the Colorado Department of Corrections Executive Director Tom Clements who was targeted by a prison gang and murdered at his home in the presence of his family because of his position. Home should be a place of peace and relaxation. Coming home should not be a thing that triggers stress, anxiety, or fear. In closing, I would like to state that from a law enforcement officer's perspective, House Bill 104 is pivotal for supporting the safety of our survivors and victims of sexual abuse, domestic violence, human trafficking, as well as essential for enhancing safety of our law enforcement and correctional officers who protect our communities day in and day out. Again, thank you very much for letting me testify this morning.

[10:20:58 AM](#)

Co-Chair Foster OPENED public testimony.

LAUREE MORTON, DEPUTY DIRECTOR, ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT, JUNEAU, read from prepared remarks:

Thank you for the opportunity to testify on HB 104, Address Confidentiality Program. My name is Lauree Morton. I'm the Deputy Director for the Alaska Network on Domestic Violence and Sexual Assault; the membership organization of domestic violence and sexual assault response service providers. The Network supports HB 104 and thanks Rep. Mears for bringing it forward.

Address confidentiality programs are one tool in part of a larger safety plan. Safety planning will explore the necessity of subscribing to the program and afford the victim an opportunity to balance the potential gains in participating, against any detriments.

Violence frequently escalates when people who choose to cause harm believe they are losing control of the victim. One of the most dangerous times for victims is when they attempt to leave. If victims are successful in escaping, the person causing harm will usually focus energy on finding and stalking the victim; often searching public records for the new address.

Stalking can include tactics like:

- Sending unwanted letters or emails
- Following or spying on the victim
- Driving by or waiting around at places frequented by the victim such as home, work, or school
- Leaving or sending unwanted items, "presents", or flowers for the victim to find
- Looking through the victim's property such as trash cans, mail, or cars.

Stalking increases the risk of intimate partner homicide by three times. Among female victims of attempted and completed intimate partner homicide by male partners, in the 12 months prior to the attack: 85 percent of attempted and 76 percent of completed homicide victims were stalked.

The address confidentiality program will provide enhanced safety options for survivors. Will the program be used frequently? I think it will be used occasionally when the circumstances are extreme, the danger real, and secrecy is critical to a victim's survival.

We appreciate the ability given to the department to set standards in addition to protective orders when making enrollment decisions. There are times and situations where protective orders are not in the best interest of the victim, when lethality is particularly high and providing information through the protective order is considered placing the victim at greater risk. In such situations it will be even more beneficial to allow the victim to enroll in the address confidentiality program.

Thank you for taking public testimony today and for your thoughtful consideration in moving the bill forward.

[10:24:56 AM](#)

Representative Allard stated that she thought HB 104 was a good bill, but she was not happy with the fiscal note. She directed a question to Chief Bos. She provided a hypothetical scenario where a person on the sex offender registry was being stalked. She wondered if under the bill the individual's address could be confidential.

Chief Bos asked for clarity on the question.

Representative Allard stated she was asking about a sex offender.

Chief Bos replied that a sex offender was not eligible for the address confidentiality program.

Representative Hannan thanked Chief Bos for his testimony and work for Juneau.

Representative Jimmie stated that many survivors went back to their home communities to reconnect with family and cultural traditions. She asked how the program ensured they could do so without compromising their safety.

10:27:05 AM

Representative Mears answered that if someone was returning to their home community, their mail could go to a central address rather than indicating they had returned to their home community. She explained it would be a P.O. Box located likely in Juneau or Anchorage so that it may appear the individual was still living somewhere else.

Representative Jimmie asked about rural communities.

Representative Mears replied that the P.O. box would be centralized in a larger city like Juneau or Anchorage so it would appear an individual's mail was going there. Once the mail was collected by the state it would be mailed out to an individual's confidential address. The individual's actual address was protected by the state so that it would appear perhaps, they were living wherever the P.O. box was located.

Representative Jimmie asked what resources were in place for individuals to access programs if they were struggling financially after relocating.

Representative Mears replied that she did not have information on hand about other available resources. She relayed that the program would not cost anything to survivors.

Representative Jimmie asked how the program would coordinate with local tribe councils and victim service organizations to connect survivors with the service.

Ms. Eames replied the fiscal note included money for some advertising working with different programs, which would include heads of communities, often tribal councils in rural communities. She added that one of the reasons the bill was important for remote communities was that in small villages, all a person had to know was what community an individual was in and the first person on the street could tell someone exactly where the individual was living. The centralized P.O. box would be located in Juneau or Anchorage and mail would be forwarded to the community without mention of the community name.

Co-Chair Foster noted that the meeting would recess shortly. He asked if any committee members had questions to the three testifiers.

Representative Tomaszewski directed a question to Chief Bos. He shared that he went out knocking on constituents' doors and felt safer with an officer in the neighborhood. He understood that sometimes police officers were required to bring their police cruisers home. He asked there would be something for police officers who were being targeted where they did not have to bring their cruisers home and park in front of their house.

Chief Bos responded that he could not speak to any other agency, but the Juneau Police Department (JPD) would work with an officer and would not mandate they take their patrol car home or they would provide them with an unmarked car or facilitate them driving a personal car to work. He elaborated that JPD would not require an officer to take a marked car home if there were any concerns, threats, or known issues.

Co-Chair Foster relayed that the committee would come back to the bill when the meeting resumed after floor session. He reviewed the schedule for the remainder of the meeting.

10:32:50 AM

RECESSED

4:08:21 PM

RECONVENED

Co-Chair Foster asked his staff to review the fiscal note for HB 104.

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, reviewed the fiscal note from the Department of Administration, OMB component 2333. The note included a request of \$297,100 in personal services, \$3,000 in travel, \$112,800 for services, and \$10,600 for commodities, for a total of \$423,500 in FY 26. The funding source was the general fund. The fiscal note included funding for two new full-time positions in FY 26. He noted there was a fluctuation in appropriations starting in FY 27, primarily in the services and commodities lines. The department recognized there would need to be regulation changes if the bill went into law. The department highlighted that changes

from previous fiscal notes resulted from an increase in personal services, services, and commodities due to eligible participants. The second page of the fiscal note explained that the two positions included a business service projects manager 2 and an administrative officer. The note included travel funding for the positions to attend a three-day conference by the National Association of Confidential Address Programs. Contractual services costs were for the estimated number of participants and the cost of getting mail to the participants. The commodities line included a startup expense including the purchase of equipment. The department noted that if the number of participants increased, the cost of the program would increase. He directed detailed questions on the fiscal note to the department.

[4:12:00 PM](#)

Co-Chair Foster noted the Department of Administration was available online for questions on the fiscal note.

Representative Hannan stated that the fiscal note changed, but it was her understanding the legislation had not changed. She asked why the calculation in the number of participants had increased dramatically between the two versions of the fiscal note.

BRAD EWING, DIRECTOR, DIVISION OF SHARED SERVICES OF ALASKA, DEPARTMENT OF ADMINISTRATION (via teleconference), relayed that the department had reviewed other states with address confidentiality programs when developing the fiscal note. He detailed that the bill was broader in scope in terms of eligible participants when compared to other states. He elaborated that there would likely be more participants in the program due to the inclusion of correctional officers and peace officers; therefore, the department had increased the number in the fiscal note.

Representative Hannan asked what would change for the department that would drive the cost so high.

Mr. Ewing answered that an increased number of participants would increase postage cost and supplies for the program, as well as department staff working with participants, developing materials, and engaging with various agencies and nonprofits to help share information about the program and answer participants' questions.

Representative Hannan asked if the department was anticipating the participants would need the same amount of support whether they were a survivor of domestic violence (who the outreach and services would be extended to) or a police officer (who likely had a clear understanding of programs and resources).

[4:15:17 PM](#)

Mr. Ewing replied that he imagined there would be differences in the amount of work that would go into engaging with the different potential participants in terms of outreach, training, and materials. He did not know exactly what it would look like, but he believed it would be slightly different depending on the participant.

Co-Chair Foster CLOSED public testimony.

Representative Bynum understood the intent of the bill that was trying to protect people in bad situations. He referenced the inclusion of peace officers and correctional officers. He stated that extending protection to people that may have exposure to people who may not like what they were doing would open the door up quite a bit. He used officers of the court and elected officials at the municipal and state level as examples. He asked why the bill was not constrained only to victims of sexual assault and domestic violence.

Representative Mears replied that the core of the bill and the impetus was for protection of individuals with protective orders, which is where the movement started across the nation in many states. Since then, there was recognition that there were other individuals who could use protection and there had been advocacy for police officers and correctional officers. She agreed there could be an expansion of the program, but she supported expansion as a phase 2. Under the bill, there was no fee to participants and the number of potential participants was unknown. She suggested that if the bill was extended to additional categories of individuals, perhaps a subscription program could be established as many of those individuals would have more [financial] means and a more stable environment.

[4:19:47 PM](#)

Representative Bynum thought it would be better if the bill contained a narrower window. He did not intend any offense to police and correctional officers. He started it was not generally a secret where officers lived. He thought the bill should be aimed at protecting individuals with court orders. He did not want to extend the program beyond those individuals currently, especially given the fiscal note. He asked what was preventing someone currently from having their mail delivered somewhere differently than their home. He stated that many people in his community and surrounding areas used P.O. boxes.

Representative Mears shared a story provided by Senator Jesse Keihl who was carrying the companion bill in the Senate. Senator Keihl knew a woman who was under a protective order and had a P.O. box. When the woman went to get her mail, her stalker was there waiting for her. She noted that the woman recognized the man and was able to get out of the situation. She highlighted that particularly in small communities, the location of P.O. boxes was known. She explained that if a person's mail was being forwarded to a larger community like Anchorage or Juneau where the mail was centralized and sent out, it was not possible to know where they were.

Representative Bynum asked if the services were not currently available. He noted that in his community there were services for forwarding mail. For example, there were many people who lived out of state for half the year and their mail received in Alaska was forwarded. He understood it was very important to try to protect the individuals [the bill aimed to protect], but he wondered if the legislation tried to make solving a problem too complicated.

Representative Mears responded that the bill applied to anything that would generate a public record. She explained that sometimes services could not be used because they required a real address. She asked her staff to elaborate.

Ms. Eames explained that there were fees associated with a post office box and many times people fleeing violence did not have a lot of resources and had a lot of other things going on. She explained that having a program that centralized the mail for them, so they did not have to think about that issue, was significant for people in the situation. She explained that under the bill,

municipalities had to accept the centralized mail. Under the program, an individual would be able to use an address they would not otherwise be able to use in a different situation. For example, for voting purposes, individuals could have another address they could put in that otherwise may not be accepted. She noted that in villages where the only way in was via boat, even if there was a post office, it was not hard to find someone just by knowing what community they were in.

[4:25:07 PM](#)

Representative Bynum asked about the scope of the number of people the bill aimed at helping. He remarked that the bill had a pretty big fiscal note of \$400,000 per year and if it was only aiming to help a small group of people, he was trying to understand the fiscal benefit was. He wondered if there was a way to do something in the law to make records confidential on public records. He thought there may be a better way to protect the individuals without creating more bureaucracy in the state. He highlighted that the state was strained for funds and there were many agencies helping people in the situations. He noted there were organizations directly helping people in Alaskan communities that would help. He wondered if alternatives had been explored.

Representative Mears deferred the question to Keely Olson with STAR.

Ms. Olson replied based on her experience with the address confidentiality programs she had worked with in Washington State and Montana. She explained that while those programs were constrained to domestic violence and sexual assault survivors with protective orders or a letter vouching for them from a domestic violence/sexual assault agency or prosecutor's office, over her 30 years of experience, she had only worked with a handful of people who needed the program. She elaborated that it was not a common response and went hand in hand with a lot of safety planning. She detailed that meant coming up with plans for monitoring one's safety and being responsive to any kind of threat including alarm systems, changing patterns from day to day, and sometimes relocating.

Ms. Olson explained that the Montana address confidentiality program resided in the secretary of state's office and had two staff who were the only individuals with

access to the addresses. The program had been implemented in 2006 and in 2023 it had 68 participants with only 20 receiving mail on a regular basis. The staff processed the mail and forwarded it to the confidential address. In 2006, the program cost \$50,000 to implement, with a total cost of \$375,000 over the subsequent 17 years.

Ms. Olson stated that while she applauded making the bill open to peace officers and law enforcement officers, she believed that as they found out more about the constraints of hiding their address and potential relocation that domestic violence, sexual assault, and stalking victims were faced with, they would not find it conducive to their daily lives. She listed precautions that someone who was being harassed and stalked went through including relocating (sometimes to a different community), forgoing voting, registering their vehicle with DMV, social media, and removing themselves from their families' and friends' lives to protect themselves. She explained that the program did not replace a P.O. box that most people could get if they wanted to keep their address secure. She underscored that there were people who would not stop looking for their victims and who would pay money to have someone surveil and track their victims. The address confidentiality program was for those extreme situations. She did not believe the fiscal note matched the everyday use of the program. She reiterated her earlier statement that over 17 years, the Montana program had 68 participants and only 20 people who were receiving mail on a usual basis. She stated it was her experience with the type of program could and should help.

[4:32:28 PM](#)

Co-Chair Foster asked the sponsor for any closing comments.

Representative Mears thanked the committee for hearing the bill. She was available for questions offline.

HB 104 was HEARD and HELD in committee for further consideration.

#sb54

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 54(FIN)

"An Act relating to registered interior designers and interior design; relating to project costs for the construction, enlargement, or improvement of airports;

extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; relating to the State Board of Registration for Architects, Engineers, and Land Surveyors; establishing requirements for the practice of registered interior design; relating to the practice of architecture, engineering, land surveying, landscape architecture, and registered interior design; relating to the scope of the certification requirements for architects, engineers, land surveyors, landscape architects, and registered interior designers; relating to immunity for design professionals; relating to the cost of construction for recreation centers; relating to liens for labor or materials furnished; relating to the procurement of landscape architectural and interior design services; relating to the cost of construction of safe water and hygienic sewage disposal facilities in villages; and providing for an effective date."

[4:34:02 PM](#)

SENATOR MATT CLAMAN, SPONSOR, introduced the bill with prepared remarks:

Senate Bill 54 will extend the statutory authorization for the Board of Architects, Engineers, and Land Surveyors (AELS Board), add Registered Interior Designers to the board's jurisdiction, and make statutory changes requested by the board. This bill will allow the AELS Board to continue the important work of regulating design professionals in Alaska and add a qualified interior designer to the board.

The 2024 Sunset Audit of the AELS Board concluded that the board served the public's interest and recommended that we extend it for eight years. In this bill, the AELS Board is taking the opportunity to update outdated language based on their analysis since the last sunset audit.

SB 54 establishes the opportunity for qualified interior designers to register with the AELS Board. Those wishing to practice registered interior design in buildings of public occupancy within a regulated scope of services impacting public health, safety, or welfare will now have a pathway to registration. It

will provide another measure of public safety protection and risk-mitigation for commercial buildings. And it will increase the number of design professionals able to work independently within the commercial real estate industry.

The National Council of Interior Design Qualifications (NCIDQ) Exam is a three-part, 11-hour examination that was established to identify interior design professionals with the skills and experience to take on additional responsibility. This test is designed to assess the competency of candidates to protect the public through the practice of interior design, and covers subjects such as fire safety, ADA compliance, emergency egress, and material flammability. A candidate unable to prove their understanding of life safety, codes, and standards would be unlikely to pass the exam.

The goal is not to measure Interior Designers by the standards used by architects. While there are shared skillsets between architects and interior designers, interior designers focus on a narrower scope of work. By comparison, there are different licensing requirements for nurse practitioners and doctors even though they sometimes perform many similar activities.

Currently, there is no state licensing of the interior design profession in Alaska. One consequence of this licensing gap is that Registered Interior designers do not have access to a construction stamp that would allow them to submit their work for permitting.

Passage of SB 54 will allow Alaska to join other forward-looking states in providing a construction document stamp to allow registered interior designers to submit their own work for permitting.

SB 54 does not restrict the requirements or daily practice for any other professional in design or construction including architects, engineers, contractors, trades people, decorators, or residential designers.

SB 54 is intended to be cost neutral to the State, as it is self-funded within the AELS Registration Board through application, registration, and renewal fees.

As shown in the attached fiscal note, the passage of this bill would enable the AELS Registration Board to hire a much-needed additional Occupational Licensing Examiner and increase the salary of their Executive Administrator.

We often talk about making Alaska open and ready for business. This bill turns those words into action and will make Alaska a better place to do business. Please join me in supporting SB 54.

Co-Chair Foster OPENED public testimony.

MARY KNOPF, SELF, ANCHORAGE (via teleconference), shared that she is a certified interior designer. She supported the bill. She stated that SB 54 would support the health, safety, and welfare of Alaskans in public buildings. The bill would enable Alaska businesses to compete on federal contracts, attract professionals to Alaska, and provide another option for consumers with projects in the commercial sector where there was a shortage of licensed professionals who could take a project from conception into permit and through construction. She asked the committee to pass the legislation.

[4:39:46 PM](#)

BARBARA CASH, SELF, ANCHORAGE (via teleconference), shared that she is a certified interior designer. She strongly supported the legislation. She believed a failure to recognize the interior design profession would directly lead to loss of employment opportunities for interior designers, deter skilled designers from relocating to Alaska, and lose instate revenue to licensed outside contractors. She asked the committee to pass the legislation and thanked members for their hard work.

Co-Chair Foster appreciated testifiers' willingness to hang in there and testify. He remarked that some individuals calling in to testify had joined as early as 9:30 a.m.

[4:41:01 PM](#)

ELIZABETH JOHNSTON, SELF, FAIRBANKS (via teleconference), testified in favor of the bill. She shared that she is a registered electrical engineer and was the current president of the National Council of Examiners for

Engineering and Surveying. She stated that interior designers were qualified by examination, experience, and education to perform the vital work. She supported the bill's separation of the mechanical and electrical engineering seats on the board. She had just been taken off the board and was replaced by the governor with a mechanical engineer; therefore, there was no longer the expertise to review applicants in the field of electrical engineering. There were more electrical engineers in Alaska than architects, and architects had two dedicated seats on the board. She encouraged passage of the bill in its current form.

[4:42:28 PM](#)

LARRY CASH, SELF, ANCHORAGE (via teleconference), is an architect and strongly supported voluntary state registration for interior designers and permitting privileges for qualified interior designers as provided in SB 54. He urged the committee to pass the bill. He thanked the committee for its time and service to the state.

[4:43:22 PM](#)

DANA NUNN, CHAIR, GOVERNMENT ADVOCACY COMMITTEE, AMERICAN SOCIETY OF INTERIOR DESIGNERS, ALASKA CHAPTER, ANCHORAGE (via teleconference), testified in favor of the current version of the bill. She stated the bill was reasonable regulation that represented nearly 10 years of collaboration. In addition to extending the AELS Board for another eight years and incorporating recommendations from the AELS Board, the bill included compromise language to move the needle forward substantively for interior designers practicing in Alaska, while heeding the concerns of related disciplines. She stated that the bill would improve public health, safety, and welfare, while establishing means for qualified interior designers to become registered and practice independently with stamp and seal privileges. She stated there had been whispers that another amendment may come forward that would strip interior design. She underscored that the organization was unequivocally opposed to that idea. She asked the committee to move the bill from committee.

Co-Chair Foster noted there were two invited testifiers and the legislative auditor who would speak to the bill as well.

Representative Bynum thanked Ms. Nunn for her testimony. He asked for clarity on an amendment she had referenced.

Ms. Nunn replied that there was a rumor of a forthcoming amendment to SB 137 that would strip out the interior design language and limit action to the extension of the board.

[4:46:30 PM](#)

Representative Allard believed only three other states had similar legislation pertaining to interior designers. She wondered why it was so important to include interior designers, aside from financial gain. She remarked that the bill did not define what interior designers were.

Ms. Nunn responded that with the advancement of interior design regulation in Nebraska, there were currently 31 U.S. jurisdictions and eight Canadian providences that regulated interior design. She elaborated that 18 jurisdictions in the U.S. allowed qualified interior designers to practice independently with stamp and seal privileges. There were three states and two jurisdictions that would mandate regulation in order to practice. She shared that it was frustrating and limiting to be required to have an architect stamp the work an interior designer was qualified to do independently. For example, in 2015 she had been between firms and intended to open her own firm. Her specialty was in commercial and institutional work. She designed schools, hospitals, clinics within the corrections system, court houses, and more. The specialty meant it was not financially feasible to run her own firm and practice independently because by statute, all of those institutional clients had to hire a registered professional in order to use public dollars. She explained it meant she would have needed to hire an architect to do the work, or the school district or boroughs would go directly to an architect instead in order to eliminate the extra charge. She relayed that it would be beneficial for interior designers to have the freedom to practice in a firm or independently.

[4:48:50 PM](#)

Representative Allard wanted to find out what work interior designers did that architects needed to sign off on.

JOHN PEKAR, PRESIDENT, ALASKA PROFESSIONAL DESIGN COUNCIL (APDC), ANCHORAGE (via teleconference), shared that APDC represented 1,000 design professionals regulated by the Board of Architects, Engineers, and Land Surveyors. The group strongly supported the bill as written including the board recommended changes and creating registration for interior designers. He asked the committee to pass the bill.

[4:50:07 PM](#)

JESSICA CEDERBERG, PAST PRESIDENT, AMERICAN INSTITUTE OF ARCHITECTS-ALASKA, ALASKA CHAPTER, ANCHORAGE (via teleconference), shared that the organization had worked with the bill sponsor to address a primary concern with previous interior design legislation. The organization appreciated that SB 54 was now offered as a title act with permitting privileges rather than a practice act. While the organization did not feel that any regulation for interior design was necessary, if the legislature chose to enact legislation establishing a title act, the organization could live with it. She elaborated that a title act was the essential condition for the organization to remain neutral on the bill. She countered a statement earlier in public testimony that interior designers were required to be registered to compete for federal contracts and that SB 54 would resolve a current practice of hiring non-Alaskan interior designers. She explained that state registration was one way to meet minimum federal qualifications. Another way was to hold NCIDQ registration, which was already held by many Alaskan interior designers. She noted that the statement did not impact the nature of the bill, but she wanted to correct the record. She thanked the committee.

Representative Allard asked for a repeat of the information about the federal contracts.

Ms. Cederberg answered that there seemed to be some misinformation about federal contracting requirements. She relayed there were two ways for interior designers to get federal work in Alaska. One was to hold NCIDQ certification.

Representative Allard asked if it was the CIDANSID.

Ms. Cederberg replied it was the NCIDQ certification. She relayed that she had sent the committee a written statement including a white paper (copy on file) the prior evening and it included a link to the information on the second page related to federal requirements for interior design to access federal contracts.

Representative Allard asked if Ms. Cederberg had heard of the AIA-Alaska.

Ms. Cederberg answered that she was representing the AIA-Alaska.

[4:54:03 PM](#)

Representative Allard referenced a whitepaper she had received in February from AIA-Alaska. She read the first sentence from the whitepaper: "Competing for federal contracts does not require professional registration of interior designers." She asked if the statement was accurate.

Ms. Cederberg answered affirmatively. She explained that interior designers could compete [for federal contracts] if they held an NCIDQ certification. She stated that the information showing federal work interior designers could be found online.

Representative Allard was trying to compare the white paper to what Ms. Cederberg was saying and she thought the two things conflicted.

Ms. Cederberg answered that it was not necessary to be a registered interior designer to do federal work. She explained that if an individual had the NCIDQ certificate they could do federal work without being registered.

Representative Hannan asked for verification that AIA-Alaska had no opposition to the current version of the bill where interior designers would be under a title act.

Ms. Cederberg agreed.

Co-Chair Josephson referenced scope of practice and asked if was yet to be determined by the board.

Senator Claman replied affirmatively. He explained that part of the process of making it a title act with permitting privileges as distinct from a practice act, left it to the board to define the scope of practice of what interior design could do for permitting privileges. He clarified that other states had done the same thing to give interior designers stamping authority. He elaborated that defining the scope of practice in statute would turn it into a practice act, which the architects were opposed to. He added that architects had long opposed a practice act but had agreed to a title act with permitting privileges.

[4:57:10 PM](#)

Representative Allard asked if the sponsor thought interior designers may be getting pushback because they may be able to step out on their own and create competition.

Senator Claman replied that the legislative history on the topic had been going on for some time. He explained that the earlier proposals were for a practice act, which brought on significant opposition from the architects. He shared that his mother had been an architect and it was common at the time and currently for there to be interior designers working in architecture offices.

Senator Claman elaborated that in prior versions of the bill he had largely seen architects reluctant to let interior designers have any amount of permitting privileges and with limiting stamping privileges because architects did structural and weightbearing design involving engineers, while interior designers did not. The compromise had been made in the negotiations to make it a title act with permitting privileges and where the board would determine the scope of practice.

Senator Claman had heard from contractors who recognized there were times in which, depending on the work being done on a commercial building, having an interior designer design and stamp the work (e.g., paint and what carpets to put in), resulted in a lower price. He explained that in the market competition, it gave the interior designers an ability within the more limited scope of practice to compete with architects for the same work. Currently, under Alaska law, if someone wanted to go to the permitting shop to get the paint and carpet stamped, an interior designer could not stamp the work. The bill would allow interior

designers to open an independent shop. Unrelated to the legislation, the majority of interior designers in Alaska were not trying to do work in commercial buildings. He elaborated that interior designers in Alaska were largely doing home decoration, bathroom changes, kitchen remodels, which were not structural, and it was highly unlikely they would be registering to be a registered interior designer.

Co-Chair Foster continued with public testimony.

[5:01:07 PM](#)

BRIAN MEISNER, SELF, ANCHORAGE (via teleconference), shared that he is an architect in Anchorage and spoke in strong support of the bill. He strongly supported registration of interior designers. He asked the committee to pass the bill.

[5:01:22 PM](#)

RAMONA SCHIMSCHEIMER, SELF, ANCHORAGE (via teleconference), shared that she is an architect in Anchorage and did not support the bill. She did not understand how the bill was being considered. She stated there was no public health and safety issue to be solved by the bill. She asked how the interior design portion of the bill could be implemented given the governor's recent freeze on developing new regulations. She thought the bill had become too complicated. She supported the AELS Board but did not believe interior design needed to be added to the board. She thought the interior design portion of the bill should be considered separately from the board extension. She thought the board extension should be straightforward. She asked the committee to amend the bill or hold it in committee until the state's financial conditions improved.

[5:02:53 PM](#)

MELISSA TRIBYL, SELF, ANCHORAGE (via teleconference), testified in support of the legislation. She is an NCIDQ certified interior designer and local business owner of an architectural firm. She stated that the bill would offer more opportunities to the community and would encourage growth in the state. She implored the committee to continue its consideration of the bill and extend the AELS Board. She clarified that to be a designer of record (DOR) for a military project, an individual had to be a licensed

professional. She explained that an individual had to be NCIDQ certified to do the job and if they wanted to be responsible for the work - the DOR - they had to be a licensed professional. Her firm had specifically gotten around the issue by being licensed in Texas.

5:05:43 PM

KELSEY CONWAY, MEMBER, AMERICAN SOCIETY OF INTERIOR DESIGNERS, EAGLE RIVER (via teleconference), testified in support of the bill. She relayed that she is an Anchorage business owner and NCIDQ certified interior designer. She thanked the committee for its continued consideration and asked for the passage of the bill.

5:06:06 PM

Co-Chair Foster CLOSED public testimony.

Co-Chair Foster asked to hear the invited testimony.

COLIN MAYNARD, CHAIR, BOARD OF ARCHITECTS, ENGINEERS, AND LAND SURVEYORS (via teleconference), shared that at the board's February 2025 meeting, the AELS Board voted 7/2 to support the bill and at its April meeting it voted 8/1 to support the amendments made in the Senate Finance Committee. He stated he would email his written testimony to the committee. He addressed the fiscal note cost and explained that most of the cost was based on the addition of a licensing examiner, which would expand the board's staff from three to four. He explained it was necessary due to the existing workload. The addition of interior designers would add about 1 percent to the number of registrants and the cost would be borne by the ~6,700 active registrants and 800 corporations and limited liability companies. He thanked the committee and urged passage of the bill.

Co-Chair Foster asked to hear from the legislative auditor.

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, relayed that members should have a copy of the audit on the AELS board in their bill packets (copy on file). She stated the audit was very clean, there were no recommendations for improvements, and an eight-year extension was recommended.

Representative Galvin observed that the work would take two full-time licensing examiners. She asked if that was standard.

Ms. Curtis deferred the question to the bill sponsor. She relayed that her review was limited to the extension of the board and did not include the addition of interior designers.

[5:10:48 PM](#)

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, reviewed the fiscal impact note from the Department of Commerce, Community and Economic Development (DCCED), OMB component 2360. The fiscal note reflected an FY 26 request of \$101,700 in personal services, \$9,100 for travel, \$49,800 for services, \$12,000 for commodities, for a total request of \$172,600. The cost would come from receipt services (designated general funds) from fees collected by participating professionals. There would be one new employee added and a change in receipt authority adding additional fees collected. The department recognized it would require regulation changes. He noted that the board to be extended was already included in the FY 26 budget at a total of \$169,000 in personal services, \$57,700 in travel, \$21,500 in services, and \$2,000 in commodities, at a total operating cost of \$251,000. The new position was one full-time licensing examiner. The FY 26 budget appropriated \$169,800 for the continuation of the executive administrator position. There was an annual increase of \$9,100. Currently the budget included \$57,700 for annual travel for 11 board members and the new travel cost in the fiscal note would cover the two new board members. There were some one-time commodity costs for standing up the new portion of the board. He relayed that DCCED was available online for questions.

[5:13:51 PM](#)

Representative Bynum disclosed that he is licensed electrical engineer and he paid fees for the board for relicensing. He did not believe it would impact his opinion on the bill because his work had nothing to do with architects and/or interior designers. He remarked that the bill added personnel to administer the new licensing process. He did not see how many new registrants the state expected to see come into the program.

Senator Claman replied that the need for the additional examiner was not related to adding interior designers to the group registered. He explained that the one examiner was not enough to do the current work. He detailed that adding an additional examiner was to address the existing workload. Testimony indicated that the number of people who would likely register as an interior designer was in the range of 40 to 70.

[5:15:52 PM](#)

Representative Bynum thought the current fiscal note was to cover existing workload and not the addition of a new licensing class. He wondered why the department gave a fiscal note for an existing need as opposed to a fiscal note specifically tied to the impact of the passage of the bill. He wondered if there would be a problem in the long term executing the mission of the board without the positions specifically related to the interior designers.

Senator Claman deferred the question to the department. He had always understood that part of the bill was adding the additional examiner. The bill specifically added the additional examiner into the list of employees.

Representative Bynum was asking because if they were covering between 40 and 70 people and the fiscal note showed a cost of \$389,000 continuing into the future, it was a pretty big cost for the system as a whole and new registrants would not be able to cover the additional cost. He thought the fiscal note was indicating \$389,000 was directly associated with adding the new classification. He was trying to get a better understanding of how people paying into get registered for other classifications would potentially be picking up the cost of adding the new class [of interior designers].

[5:18:31 PM](#)

Mr. Anderson replied that the only new additional cost for FY 26 was the \$172,600. The AELS was already funded at a level of \$251,000. He explained that if the bill passed, the new cost of the board would be \$388,800 going forward. the new position was only encapsulated in the FY 26 request.

Representative Bynum asked for verification that the full burden of the \$172,000 was not just for the 40 to 70 people and it reflected the additional need for the board as a whole. He asked if his understanding was accurate.

Mr. Anderson replied that it was his understanding. He deferred to the department for additional detail.

SYLVAN ROBB, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), asked for a repeat of the question.

Representative Bynum explained that he was trying to get a better idea if the \$172,000 cost was directly related to managing the 40 to 70 new licensees or if it was also associated with taking the burden off the board for ongoing needs.

[5:20:52 PM](#)

Ms. Robb responded that a number of things contributed to the increase of \$173,000. The majority of the increase was for a licensing examiner 2 that would handle the registration of the interior designers. She noted that while 70 individuals covered by a board with over 7,000 licensees was not a huge number, it still represented more work than existing staff had the ability to absorb. There had been growth in the number of licensees in the past several years and the department was hitting the ceiling on what it could absorb. The remainder of the new cost was comprised of the addition of several more board members, travel to board meetings for the individuals, and a salary in statute for the executive administrator that was higher than the current salary, which would increase the board's cost by \$48,000.

Co-Chair Josephson stated that the fiscal note suggested \$101,700 was dedicated to the interior design registrants. He asked for verification it also included other duties as assigned.

Ms. Robb responded affirmatively. She confirmed that the work was not apportioned out by license type because it would not be efficient. She explained that it was the overall body of work that would be expanded by the registration of interior designers. She elaborated that

after absorbing additional registrants for many years, the department no longer had the capacity to do so without additional staff in order to meet the needs of licensees.

5:23:37 PM

Representative Bynum asked how many current licensees the board currently oversaw.

Ms. Robb answered that there were 7,803 licensees in FY 24, which was an increase of almost 400 from the prior year.

Representative Bynum asked if the current cost of the board was \$251,000.

Ms. Robb replied that the current cost to run the program inclusive of all of the costs to register the professions covered by the board averaged about \$600,000 per year.

Representative Bynum asked for a repeat of the last portion of her statement.

Ms. Robb complied.

Co-Chair Foster set an amendment deadline the following day at 5:00 p.m.

Representative Stapp stated they heard the bill numerous times the previous year. He MOVED to REPORT CSSSSB 54(FIN) out of committee with individual recommendations and the accompanying fiscal note.

Representative Johnson OBJECTED.

A roll call vote was taken on the motion.

IN FAVOR: Bynum, Galvin, Representative Tomaszewski, Hannan, Stapp, Jimmie, Allard, Josephson, Schrage, Foster
OPPOSED: Johnson

The MOTION PASSED (10/1). There being NO further OBJECTION, it was so ordered.

CCSSSB 54(FIN) was REPORTED out of committee with six "do pass" recommendations and five "no recommendation" recommendations and with one previously published fiscal impact note: FN2 (CED).

Senator Claman thanked the committee.

#sb137

CS FOR SENATE BILL NO. 137(FIN)

"An Act extending the termination date of the Board of Certified Direct-Entry Midwives; extending the termination date of the Board of Nursing; extending the termination date of the Board of Veterinary Examiners; extending the termination date of the Board of Parole; and providing for an effective date."

[5:28:47 PM](#)

SENATOR JESSE BJORKMAN, SPONSOR, introduced the legislation. The bill would extend the sunset date of the Board of Certified Direct-Entry Midwives, the Board of Nursing, the Board of Veterinary Examiners, and the Board of Parole from their current sunset dates of June 30, 2025. The 2024 audits of the Board of Certified Direct-Entry Midwives, the Board of Nursing, and the Board of Veterinary Examiners each recommended a six-year extension. The audit for the Board of Parole recommended a four-year extension. He noted that Kris Curtis would review the audits and the department was available for questions.

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, reviewed the audit recommendations for each of the boards beginning with the Board of Veterinary Examiners (copy on file). The audit found the board to be serving the public's interest, conducting meetings in an effective manner, actively amending its regulations, and effectively licensing veterinary professionals. The audit also concluded that board related cases were not consistently investigated in a timely manner, two board members were serving with expired terms, and one board seat had been vacant for 31 months. The audit recommended a six-year extension of the board.

Ms. Curtis directed members' attention to page 6 of the audit showing the schedule of licensing activity. As of January 2024, the board had 716 active licenses and permits. The board's schedule of expenditures was located on page 8 of the audit and as of January 2024, the board had a surplus of \$200,000. There were three audit recommendations beginning on page 11. The audit recommended

the Division of Corporations, Business and Professional Licensing (CBPL) create procedures to ensure the regulations for occupational boards were presented to the boards for final review and approval before they were made effective. The audit found the final version of the veterinary and client relationship regulations omitted language the board had intended to be enacted. She explained it was due to changes made by the Department of Law that were intended to be inconsequential. The second recommendation was for the governor's Boards and Commissions director to work with the board to identify interested applicants to fill board seats in a timely manner. The third recommendation was for the Department of Commerce, Community and Economic Development (DCCED) commissioner work with policy makers to improve the recruitment and retention of investigators.

Ms. Curis next reviewed the audit findings for the Board of Parole. The audit recommended a four-year extension, which was half of the eight-year maximum allowed for in statute. She reviewed the conclusions beginning on page 8 of the audit (copy on file). The audit found that board staff positions that had been added based on criminal justice reform continued to be funded despite the subsequent repeal of the reforms. The main criminal justice legislation, SB 91, was passed in 2017 and it awarded the board four additional hearing officers and one additional criminal justice technician, for an annual recurring cost of \$591,000. The positions helped the board effectively cope with the increase in its workload. She explained that most criminal justice reform laws were repealed in 2019 by House Bill 49 and as a result the board was decreased. She pointed to Exhibit 3 on page 9 of the audit report showing that the discretionary parole hearings returned to the level existing before criminal justice reform. The exhibit also showed that the number of parole revocation hearings were actually lower than prior to justice reform after HB 49 passed.

Ms. Curtis elaborated that despite the decrease in workload, HB 49 continued to fund the positions. The audit questioned whether the positions continued to be necessary. Page 10 of the report showed the audit's conclusion that the Board of Parole approved parole in accordance with state law; however, the audit noted that parole was approved at a much lower rate than before criminal justice reform. Exhibit 5 on page 11 showed that on average, the

board granted parole 63 percent of the time before 2017 compared to only 25 percent of the time after 2020. She relayed that the board could not provide a specific explanation for the decrease.

Ms. Curtis reviewed the audit's three recommendations for improvements for the Board of Parole beginning on page 14. The audit recommended that the Department of Corrections (DOC) commissioner and the board chair work together to ensure all hearings were conducted in a confidential manner. The audit found that the Hiland Mountain Correctional Center was conducting preliminary revocation hearings at times in the general population area that was violating the offenders' rights to confidentiality. Second, the audit recommended that the board chair should ensure regulation changes occurred in a timely manner. The audit found that parole eligibility regulations had not been changed since 2015, despite significant statutory changes. She noted the recommendation was recurring from the previous audit. Third, the audit recommended the commissioner ensure fiscal notes for pending legislation reflect decreases as appropriate.

[5:35:19 PM](#)

Representative Tomaszewski referenced Exhibit 5 and thought Ms. Curtis had stated that the board had not responded to the specific finding. He observed a written response from the board stated that the finding presented an inaccurate comparison. He asked for detail.

Ms. Curtis responded that the board could find no explanation or reason. She noted that the board's response letter stated that they did not believe the finding was an accurate representation. The board believed that all discretionary parole hearings were unique and could not be compared. She disagreed with the interpretation in that the data was from the Board of Parole and it was presented to the public to show the rate at which parole hearings were occurring. In previous sunset audits where a change in the rate parole was being approved was observed, the board had been able to provide an explanation. For example, two cycles back, there had been a change in the rate because there were fewer providers in the community; therefore, there were less available services for offenders and the board was not approving parole at as high of a rate as a result. She explained that in the current audit, the board

had been unable to provide an explanation of why the rate had changed so dramatically.

Representative Hannan looked at page 8 of the Board of Parole audit, which noted that the criminal justice reform legislation SB 91 added positions and the positions had been retained after subsequent legislation repealed most of the reform. She asked whether the positions had been filled with staff to the parole board or if only the money had been retained.

Ms. Curtis answered that the board positions had been fully staffed.

Representative Hannan asked if all of the positions were working for the Board of Parole versus in other DOC positions.

Ms. Curtis responded affirmatively. She highlighted that the audit noted that HB 49, which repealed the reforms, also added another position. The audit noted that the admin position approved in the first bill had not been moved to the Division of Administrative Services after HB 49 was passed. She summarized that five positions had been added as part of SB 91 and one position had been added under HB 49. Additionally, the department transferred one of its other positions to the Division of Administrative Services.

Representative Hannan thanked Ms. Curtis and noted she had a committee assignment already for next year's DOC budget.

[5:38:37 PM](#)

Co-Chair Josephson asked it could be that DOC was so desperate for parole and probation officers that the department seconded (loaned) them out for general parole and probation work not exclusively for the board.

Ms. Curtis answered that DOC had not told auditors that the positions were being used outside of the parole board in the general institutions. She did not believe the department provided any explanation.

Co-Chair Josephson looked at page 11 of the audit and noted there was a change in Title 33 or 34 to the burden of proof, effectively the lens the board had to look through to make decisions. He stated it was an incredibly generous

lens after passage of SB 91, favoring the defendant. He stated it had been repealed and brought back to the previous burden of proof, which was not as favorable. Additionally, under SB 91, even if someone did not apply for parole, it required applications to be completed for the individual. He thought it could explain a lot of the statistics in Exhibit 5.

Ms. Curtis responded that she did not look at the burden of proof but, the audit looked at the impact of SB 91 and the fact that incarcerated individuals were eligible whether or not they applied. She noted that it had driven the number of hearings up. She elaborated that the change had been repealed by HB 49 and the hearings went back to the level that existed before the board was awarded the five positions. The auditors could not get an explanation for why the board needed to keep the five positions when its workload appeared to revert back to the level prior to being awarded the positions.

Co-Chair Josephson referenced the audit's third recommendation pertaining to ensuring fiscal notes. He stated his understanding that the recommendation meant the [DOC] commissioner should cut the budget \$591,000.

Ms. Curtis answered, "That is what the law says." The audit included the criteria in recommendation 3. In the opinion of the auditors, the department did not follow the law when presenting the bill to reflect the decrease in its workload and decrease in staff.

Co-Chair Josephson asked for verification that if the department needed more probation and parole officers in the normal course of events, it should have just said so. He thought they were both saying the same thing.

Ms. Curtis responded that she did not know. She explained that the department did not provide any explanation as to why it was necessary to retain the positions. She remarked that the department could have given auditors anything for evaluation.

[5:42:11 PM](#)

Ms. Curtis reviewed the audit report for the Board of Nursing. The audit found the board was serving the public's interest, conducted its meetings effectively, actively

amended its nursing regulations, and effectively licensed nursing professionals. The audit also found that board related cases were not consistently investigated in a timely manner and one board seat was vacant for an extended period. The audit recommended a six-year extension. There was licensing information on page 8 of the audit report (copy on file) and the audit also looked at the rate at which nursing licenses were approved. Page 7 summarized the review of the timeliness of license issuances. The audit found that 30 percent of the renewed licenses took over four months to be issued due to turnovers and vacancies. Page 8 showed why the board's workload increased. She explained that as of February 2024, the board had just over 27,000 licenses and permits, which was a 37 percent increase when compared to the 2018 sunset audit. She stated it was a huge increase in the number of licenses, which the board chair attributed to the increase of registered nurses in Alaska serving during the [COVID-19] pandemic. The board's schedule of revenues and expenditures was located on page 10 of the audit. As of February 2024, the board had a surplus of \$3.4 million. The board was not planning on decreasing fees because they believed the number of licenses would naturally decrease as licensees did not renew.

Ms. Curtis moved the audit's one recommendation on page 14. The audit recommended that DCCED commissioner or the board chair work with policy makers to improve the recruitment and retention of investigators. The audit looked at 35 nursing related investigations and found nine of the 35 had unjustified periods of inactivity. The nine audits were listed on page 14. She detailed that the delays were caused by turnover, vacancies, and the time to train new employees.

Co-Chair Josephson pointed to the audit finding on page 7 that licensing delays had been caused by staff shortages. He asked if it was DCCED division staff and not board staff.

Ms. Curtis answered that statutes authorized an executive administrator for the board and in addition DCBPL employed the following board specific staff: a licensing supervisor, eight licensing examiners, two office assistants, a nurse consultant, and two investigators. The specific board had dedicated DCBPL staff.

Co-Chair Josephson asked if there were vacancies [that could be filled] so that applications could be processed faster.

Ms. Curtis believed it was a result of the dramatic increase in workload. She elaborated that the pandemic had increased the workload significantly. She believed the board thought it would decrease naturally. The rate at which nursing licenses were being approved was found in the preliminary phase of the audit and auditors had looked into the issue in case there were complaints. The number was not as bad as auditors anticipated, they found that 30 percent were taking over four months. The main contributor being the increase in workload.

[5:46:02 PM](#)

Ms. Curtis addressed the audit for the Board of Certified Direct Entry Midwives (copy on file). The audit found the board was serving the public's interest by conducting its meetings in compliance with state law and by amending its regulations to enhance public safety and approve the certification process. The audit also concluded that the board generally certified midwives in compliance with state law; however, documentation improvements were needed. Furthermore, the board did not audit compliance with certification renewal requirements in a timely manner. The audit recommended a six-year extension. The audit noted there had been a change in how midwives were certified. Starting January 2023, the board began requiring midwives to obtain their certified professional midwife credential for the North American Registry of Midwives (NARM). As a result, some board functions duplicate functions of the national organization. Prior to the change, midwives already had one of the highest license fees of any occupation. The change increased the cost to obtain and maintain state certification. Exhibit 3 on page 7 of the audit showed there were 41 certified midwives as of January 2024.

Ms. Curtis relayed that the audit included three recommendations for improvement beginning on page 12. The audit determined that the Office of the Governor Boards and Commissions director should work with the Board of Certified Direct Entry Midwives to identify potential applicants to fill the board seat in a timely manner. The physician board seat had been vacant for a number of years.

Second, the DCBPL director should improve training to ensure certifications were supported by adequate documentation and the board should adequately review applications before approval. Third, the audit recommended that the commissioner work with policy makers to improve the recruitment and retention of investigators.

Co-Chair Josephson thought it felt almost like the direct entry midwives were coming before the committee every year. He noted the audit was recommending a six-year extension. He asked what the concern had been in the past five years that was less of a concern in the current audit.

Ms. Curtis answered that in the past four cycles, the board had been awarded a two-year extension three times and a four-year extension once. She explained that the auditors had not recommended the two-year extensions; the legislature had reduced the recommendation several times. There were several times where an investigation had not been handled timely or appropriately on behalf of DCBPL. She expounded that it had posed a public safety risk. Often times, the details could not be published in the audit report, but it was important enough to recommend a short extension in order to ensure the public safety risk was rectified. The one year she had recommended a four-year extension, she had been very concerned about the high licensure cost. She worried it was presenting a barrier to the occupation; therefore, at the time, she recommended the legislature consider alternate forms of regulating the profession due to the high certification fee.

[5:49:43 PM](#)

Ms. Curtis relayed that none of the other medical boards appeared to be interested, the legislature had not pursued the recommendation, and the board was willing to accept the high fees in order to regulate themselves; therefore, she did not make the recommendation going forward. The audit found that the investigative issues had been dealt with and it did not find any compelling reason not to recommend at least a six-year extension, but it did not recommend a full eight-year extension.

Co-Chair Foster OPENED public testimony.

JANETTE SCHLAEDER, CHAIR, ALASKA BOARD OF NURSING (via teleconference), spoke in support of the bill. She shared

that the board played a critical role in safeguarding public health and ensuring the highest standards of nursing in Alaska. She relayed that the board was due to vote in favor of the bill. She detailed that doing so would protect patients, support healthcare professionals, and strengthened the healthcare system. She thanked the committee.

Co-Chair Foster moved to the next testifier.

LEITONI TUPOU, CHAIR, ALASKA BOARD OF PAROLE (via teleconference), relayed that he was available for questions.

Co-Chair Foster CLOSED public testimony.

Co-Chair Foster asked for a review of the fiscal notes.

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, reviewed FN3 from DCCED, OMB component 2360. The note reflected what was already included in the governor's FY 26 budget including \$62,200 for travel and \$5,500 for services for a total cost of \$67,700 funded by receipts collected by professionals. The fiscal note also reflected a \$67,700 change in revenue. He provided a breakdown of the cost between the boards. He explained that \$29,400 in travel was allocated to the Board of Nursing, \$5,200 in travel for the Board of Certified Direct Entry Midwives, and \$27,600 in travel for the Board of Veterinary Examiners. Services were broken down into \$1,200 for board meeting advertising, \$4,000 for training and conference fees, and \$300 for board members attending meetings.

Mr. Anderson reviewed FN2 from DOC, OMB Component 695. The funding shown in the note was already included in the governor's budget. The note included \$1.849 million for personal services, \$29,900 for travel, \$26,700 for services, and \$33,200 for commodities, for a total cost of \$1,938,800 in general funds. The note included nine full-time positions. The legislation amending the Board of Parole extended the termination date. He noted that the departments were available online for questions.

[5:56:40 PM](#)

Representative Bynum stated that the committee had just heard a bill extending the Board of Architects, Engineers,

and Land Surveyors (AELS). He observed that the current bill looked like a cleanup bill to make extensions to current boards. He wondered why the eight-year extension for the AELS Board was not included in the bill.

Senator Bjorkman replied that the sponsor of the AELS bill included the extension in his bill [SB 54]. He explained that he had taken on the task of drafting SB 137, which contained the remainder of the board extensions that needed to pass during the current session due to their summer [June 2025] sunset date.

Representative Bynum saw that the AELS Board also expired [in the coming summer]. He thought they were hinging the extension of an existing board that provided an important function for registration of architects, engineers, and land surveyors on a bill. He thought it seemed a bit abnormal to make the extension of a board contingent on the passage of adding to the board. He asked if Senator Bjorkman would object to ensuring the AELS Board was protected in the event that SB 54 failed to pass.

Senator Bjorkman replied that after a sunset date was passed, a board went into a wind down phase where a sunset extension was needed, or work needed to wrap up and its advisory and regulatory role was transferred back to CBPL. He explained that the Board of Direct Entry Midwives was in that exact position, and it was currently in the winddown year. Without an extension in the current year, the direct entry midwives would lose their professional voice in crafting regulation for their profession. He relayed that SB 54 had been extremely well vetted over the past three years. He noted that it had reported out of the House Finance Committee and was headed for the House floor. He did not find it necessary to include the AELS Board extension as a duplicative measure in the current bill, but it was up to the will of the committee.

[6:00:39 PM](#)

Representative Bynum asked if there was cause for concern when a board went into a wind down status and additional duties the board had to take on to prepare for wind down. The committee had heard earlier the [audit] recommendation was to extend the [AELS] board an additional eight years. He recognized there was hope that SB 54 would pass, but he was a bit worried that if the bill did not pass that it

would create uncertainty for 7,803 licensees. He recognized that the legislature could come back in January to fix the issue.

Senator Bjorkman replied that the question would be more appropriately addressed to the director of the CBPL. He relayed that it was not an uncommon position for boards to be in, albeit not a desirable one. He did not have many doubts that the other bill [SB 54] would pass, but it was up to the House. He stated it was up to the will of the committee to decide whether it wanted to add a duplicative board extension to the bill. He remarked that it would be an uncommon thing to do. There had been a bill in the Senate that sought to extend the Board of Parole and it had been taken out of the other bill after he introduced SB 137. He personally felt confident SB 54 would pass. He stated that if the committee wanted to amend SB 137 it was the committee's prerogative.

[6:03:37 PM](#)

Representative Hannan stated that in her experience, the only thing being tweaked in a sunset bill was the date the board lived for, and sometimes multiple boards were included in one sunset bill even though they may have different extension dates. She elaborated that when a change of duty to a board was proposed, it ran as a separate bill. She would be very opposed to adding in the AELS Board extension to the current bill. She explained it meant there would be two bills dealing with the AELS Board in two different forms, one where the board would have expanded duties and membership and one with an extension of the board's sunset date. She stated the two bills were like oranges and tangerines - they were related, but they were not the same flavor. She did not believe she could support blending the two together.

[6:05:06 PM](#)

Representative Allard asked if adding the AELS Board extension to the bill would delay the processing of the midwives board extension.

Senator Bjorkman replied affirmatively.

Representative Allard emphasized that it was very important there was no delay. She had been working with the midwives

and they needed the bill to pass. She encouraged leaving the bill in its current form.

Representative Bynum reasoned that if the bill was amended it would have to return to the Senate for concurrence. He asked if that was what Senator Bjorkman was referring to. Alternatively, he wondered if Senator Bjorkman thought amending the bill would make it unlikely for the legislation to pass in the current session.

Senator Bjorkman replied that the delay would occur because the committee would have to draft an amendment or a committee substitute to the bill and it would take longer to get out of the committee, which would delay when it would arrive for a vote on the House floor. Additionally, it would have to go back to the Senate for concurrence.

[6:06:54 PM](#)

Representative Hannan MOVED to REPORT CSSB 137(FIN) out of committee with individual recommendations and the accompanying fiscal notes.

Representative Bynum OBJECTED. He did not agree with the path forward. He thought the bill should be amended to include the AELS Board. He stated that the AELS Board would go into the sunset phase in less than two months, and he did not like the situation when there was a bill before the committee extending other boards and commissions. He had provided an amendment to add the language to the bill. He did not support moving the bill forward, when there was an administrative amendment available that could correct the problem. He remarked that the issue was no fault of Senator Bjorkman. He would be a no vote on the passage of the bill. He wanted to protect the board from unforeseen hazards that would result if SB 54 did not pass. He was merely trying to ensure the legislature was protecting boards and commissions.

Co-Chair Schrage appreciated the concern; however, he believed both bills [SB 54 and SB 137] would receive bipartisan support based on conversations he had in the building. He believed making amendments to the bills would slow them down. He remarked that the legislative session was in its final days, and he would prefer to keep the bills moving on their way. He supported moving the bill in its current form.

Representative Allard asked Representative Bynum was looking at offering an amendment. She would support him if so.

Representative Bynum responded that the motion at hand was to move the bill from committee. He stated that if he wanted to take up an amendment, he would have to offer it on the House floor. He thought it did not sound like there was the will of the body even if he offered the amendment on the floor. He MAINTAINED the OBJECTION.

[Note: a first roll call was taken and voided.]

A roll call vote was taken on the motion.

IN FAVOR: Johnson, Galvin, Jimmie, Tomaszewski, Hannan, Schrage, Josephson, Foster
OPPOSED: Bynum, Allard

Representative Stapp was absent from the vote.

The MOTION PASSED (8/2).

CSSB 137(FIN) was REPORTED out of committee with seven "do pass" recommendations, one "no recommendation" recommendation, and one "amend" recommendation and with two previously published fiscal impact notes: FN2 (COR) and FN3 (CED).

Senator Bjorkman thanked the committee.

[6:13:16 PM](#)

AT EASE

[6:40:40 PM](#)

RECONVENED

#sb132

CS FOR SENATE BILL NO. 132 (FIN)

"An Act relating to insurance; and providing for an effective date."

Co-Chair Foster asked the sponsor to introduce the bill. There would be a committee substitute (CS) forthcoming.

[6:41:38 PM](#)

SENATOR JESSE BJORKMAN, SENATE LABOR AND COMMERCE COMMITTEE, SPONSOR, shared that the bill was a companion omnibus insurance bill that had been heard multiple times in the House Labor and Commerce Committee and elevated to the House Finance Committee. He explained that SB 132 contained a number of provisions that were technical and conforming changes throughout Title 21 including the correction of drafting errors and updating insurance technology to the National Association of Insurance Controller Standards to ensure Alaska was "singing by the same set of sheet music that other states are" when it came to the world of insurance. He explained that the Department of Commerce, Community and Economic Development (DCCED), Division of Insurance director would take the committee through the bill.

[6:42:53 PM](#)

LORI WING-HEIER, DIRECTOR, DIVISION OF INSURANCE, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, began with Section 1 of the bill. She explained that DCCED asked to have the statute of limitations changed from five years to 20 years because the Division of Insurance received complaints and concerns from consumers who discovered they had been taken on a life insurance or annuity product after the statute of limitations passed. She elaborated that it was typically an elder when they went to cash it in or use it. Under the scenario, there was nothing the department could do because the statute had passed.

Ms. Wing-Heier moved to Sections 2 and 3. She stated that she would talk about health maintenance organizations (HMOs) throughout the bill. She explained that HMOs had always been in the statute, but statute had been limited in allowing the use of HMOs in Alaska. She elaborated that because there was so much talk amongst employers, school boards, municipalities, and individuals about the cost of healthcare and healthcare insurance. She detailed that the bill would put the teeth back in statute so an employer or individual could choose to buy an HMO product to save a bit of money. She expounded that it was a managed care product that would cost a bit less than the common products currently on the market in Alaska. She underscored it was not a mandate. She relayed that the bill included a

provision that if there was a need for an out of network provider in an emergency or that was not available to a consumer, the HMO would be required to pay the bill as if it were an in-network provider.

6:45:03 PM

Representative Hannan asked for clarification on which bill version the committee was considering. She thought they were looking at the Senate version of the bill.

Ms. Wing-Heir answered that bill version T [the version passed by the Senate] was before the committee.

Ms. Wing-Heir moved to Sections 4 through 11 of the bill pertaining to financial reporting, reinsurance credits, taxes allowed on wet marine and transportation insurance, and the use of principle-based reserving for valuation of reserves. She explained that the sections would bring Alaska into alignment with the National Association of Insurance Commissioners (NAIC) model law 820. She would elaborate on wet marine and transportation insurance later in the bill. Sections 12 through 26 amended licensing statutes. She explained that the applicable statutes had been reviewed to determine primarily what was being adjusted out of state. She explained it could include out of state adjusters coming to Alaska to work (a non-resident adjuster) or for example when a person had a claim on their cell phone, and they had purchased the insurance package. She provided a scenario where the person called the 800 number, which was answered by a non-resident adjuster in Arkansas. She elaborated that the division had found there was an issue with those not being licensed because all states did not license adjusters. The bill would allow those adjusters to use Alaska as their home state. She detailed that the individuals would have to be fingerprinted and go through background checks just like a resident. They could receive a license from Alaska, but they would still be a non-resident adjuster. The bill would make the change throughout the title and would make things easier for the consumer and licensing staff to implement and regulate.

Ms. Wing-Heier turned to Sections 27 to 33 that amended taxes on surplus lines. The change allowed a broker to pay taxes on behalf of a non-admitted marine and transportation insurer. The bill also adjusted penalties, less for late

filing and more punitive for egregious conduct on behalf of the surplus lines broker. Sections 34 through 45 amended the unfair trade practices and consumer notices requirements by requiring notices of cancellation. The notice of cancellation would give an individual 20 to 45 days to replace their policy if necessary. Additionally, the bill would prevent the cancellation of a homeowner's policy in the event a consumer filed a claim simply to get a denial knowing there was no coverage, but knowing a denial was needed in order to qualify for state, local, or federal aid, primarily from the Federal Emergency Management Agency (FEMA). She explained that the situation had occurred recently in Juneau when the glacial dam burst, and several consumers had called the division.

Ms. Wing-Heier continued that the bill also amended the contractor controlled insurance programs (CCIP). She explained that when there were large projects such as the Trans-Alaska Pipeline System (TAPS) and the Anchorage airport, the projects were OCIPs [owner controlled insurance programs] or CCIPs where the owner or prime contractor buys insurance for everyone on the site. The insurance had to be a value of \$50 million with a defined location and site. The option saved the contractor and the subcontractors money because it eliminated any possibility of subrogation because it did not matter what insurance policy a claim was filed under, everyone was insured. She noted the method was very common in large projects. She referenced the existing housing shortage in Alaska and explained that in the hard insurance market insurers were having a difficult time getting the insurance necessary for projects; therefore, the bill extended the number down to \$20 million and 40 units for multi-owner residential with defined site and location. The bill also added a provision requiring health discount plans to disclose that they were not insurance. She detailed that the plans advertised the availability of a plan for one week for \$50. She underscored that they were not insurance plans. She recognized the option may be good and provide a benefit, but consumers should understand the option was not an insurance plan.

[6:50:13 PM](#)

Ms. Wing-Heier moved to Section 46 of the bill pertaining to workers' compensation. She began with assigned-risk workers' compensation and explained that small employers or

employers with a bad claim history put in the assigned risk - there were many reasons an employer could be put in the category - after \$3,000 in premium, the employer was surcharged 25 percent. In light of inflation, workers' compensation rates, and payroll, the bill increased the amount to \$6,000. She noted that she had worked for the division for 40 years and the number had never gone up. Section 47 allowed notices to be sent via email in addition to mail. Section 48 expanded coverage for colorectal cancer screenings. Section 49 amended the interest rate for individual deferred annuities to comply with NAIC model 805. Section 50 amended requirements for group life contracts. Section 51 amended the grace period by extending the number of days a person had to replace an insurance policy. Section 52 was a technical correction from agriculture to agricultural. Section 53 stipulated that the division would be responsible for approving forms of motor vehicle service contracts. She explained that the division had received complaints from people in scenarios where they purchased a new car and were told there was a policy they could purchase to bring the car back to be fixed in perpetuity. The division had never looked at those policies to see what consumers were being offered at what price. The bill would require the division to do so.

Ms. Wing-Heier moved to Section 55 that would ban the depreciation of labor in residential property claims. She explained it had been a concern of some consumers. There could still be depreciation, but the policy itself could not depreciate labor. The broker could offer an individual an amendment showing what the price differential would be and the individual would be able to choose whether to depreciate the labor or not.

Representative Bjorkman asked Ms. Wing-Heier to explain what it would mean for a person who purchased a plan who later experienced a loss and needed to make a claim.

Ms. Wing-Heier explained that if a person lost their roof in a terrible windstorm and the roof was 20 years old, the labor would be depreciated considerably to the point that a person could not afford to put the roof back on. She stated the division was increasingly seeing the situation. She elaborated that it was horrible when it was a full loss on a house built in 1970 and insurers were depreciating labor back to that date. She stated it was a significant problem to consumers for large losses.

Ms. Wing-Heier turned to Section 56 that included a technical change to the Joint Insurance Association and the way excess loss insurance could be purchased. She advanced to a technical change in Section 57 and explained that several years back a bill had passed pertaining to the Life and Health Guarantee Association and the full Medicare and Medicaid program had been inadvertently included. She explained that the error meant that if the federal programs were to go broke, the state would have to pay the claims through the guarantee association. Section 58 amended the HMO board. Sections 59 through 60 pertained to HMOs to put teeth back into statute and specifically state that out of network providers would be allowed. Section 61 required risk retention groups to file reports of their premiums with the division. Section 62 was a technical change pertaining to Section 1332 innovation waivers with the federal government Centers for Medicare and Medicaid Services (CMS). The bill added the U.S. Department of Treasury at the request of the federal government. Additionally, if the state were to come up with another idea similar to the Alaska Reinsurance Program, the division could apply for it without seeking approval from the legislature for the particular waiver. She detailed that there would be public hearings and the legislature would know about it, but the division did not want to wait one to two years to start the process if the opportunity presented itself.

Ms. Wing-Heier stated that Section 63 would add a definition for motor vehicles. Section 64 included repealers. Section 65 was uncodified laws of the owner controlled insurance program.

[6:55:25 PM](#)

Ms. Wing-Heier gave a summary of version T to version W. She began by explaining there were currently bills before both bodies, with the one on the Senate being SB 134. She explained that the legislature had passed HB 226 the previous year relating to pharmacy benefit managers. When the department went to draft regulations, it had been told by the Department of Law it did not have the authority because pharmacy benefit managers were registered, and they should be licensed. She elaborated that the actions taken in HB 226 had to be amended to change the statute to clarify that pharmacy benefit managers and third-party

administrators would be licensed in Alaska as opposed to registered. The change gave the division much more authority to deal with problems when they arose from pharmacists or consumers. She explained it was the crux of the summary of changes [between the bill versions]. Another change pertained to the OCIP and the reduction to \$20 million and 40 units. The House Labor and Commerce Committee made a change to cost sharing for colorectal cancer, which eliminated the cost sharing for biopsies and consultation for mammograms and for the screening of colorectal cancer. The age for colorectal cancer screening had been changed to meet the guidelines from the American Cancer Society. There was an immediate effective date for the OCIPs and CCIPs and the remainder of the bill had an effective date of January 1.

Co-Chair Foster thanked Ms. Wing-Heier for her summary. He asked for verification the explanation was for version T as well as the new changes in version W.

Ms. Wing-Heier responded affirmatively.

Representative Stapp declared a conflict with Section 20. He shared that the bill would allow him to get a license notification of expiration via email as opposed to mail.

[6:58:42 PM](#)

Representative Galvin asked for some clarity about the change related to agricultural. She asked if anything was changed other than a word.

Ms. Wing-Heier responded that the change was only the correction of a word in statute.

Representative Galvin noted she had a question pertaining to OCIP. She stated her understanding that the builders would like to see the insurance plan modernized because the ability to self-insure would enable them to get insurance quicker and at a lower price.

Ms. Wing-Heier responded that there was nothing in statute that allowed builders to self-insure or buy policies. She elaborated that she would expect rather large contractors with the [financial] means to self-insure a certain portion such as the first \$1 million or \$5 million of the loss and purchase umbrella insurance above that amount.

Representative Galvin asked if they were changing how much a project needed to be insured.

Ms. Wing-Heir responded that it was not included in Title 21 and the bill did not change anything pertaining to the amount of insurance required for a project.

Representative Galvin asked if it meant the state was allowing contractors to come up with their own process. She used an oil company as an example and stated companies had to buy a large bond or something in case there was a problem. She thought it was similar to insurance. She asked if it was similar to the topic at hand where a builder wanted to get their own insurance in order to protect themselves in case something went wrong.

Ms. Wing-Heir responded that it pertained to mega projects such as the North Slope, Anchorage airport, and schools that included framers, plumbers, dirt work, engineers, and architects. She explained that a contractor could buy a policy to insure all of the individuals. The option cost less money and they could get higher limits because many of the projects wanted limits of \$100 million or more, which was cost prohibitive for smaller contractors. She explained that the owner or the prime [contractor] would purchase the policy and name everyone so all of the workers had insurance protection.

Representative Galvin stated her understanding that the amount of protection was unchanged. She asked if it was a modernization to keep up with what other states were already doing.

Ms. Wing-Heir responded, "No." She relayed that the division had believed Alaska's statutes already allowed the option. She thought she was the only director of insurance who had to approve the projects. She elaborated that the division thought the state's statutes were correct until someone applied for an OCIP. She had been told by the Department of Law that statute did not allow contractors to name an additional insured person. She explained that the whole premise was to have everyone [on a project] insured under the policy. She noted that subsequently, the division had heard from contractors building residential projects and they had been added as well. She pointed out that the particular part of the legislation passed the House in

2024, but the bill did not make it out of the Senate Rules Committee.

[7:03:20 PM](#)

Representative Bynum which version he should refer to when asking a question.

Ms. Wing-Heir replied, "version W."

Representative Bynum looked at Section 76 that increased a workers' compensation premium from \$3,000 to \$6,000. He asked who the provision would impact monetarily.

Ms. Wing-Heir answered that the change would be a benefit to the employer. She explained that employers were currently surcharged at \$3,000 in premium. The bill specified the 25 percent surcharge did not apply until they reached \$6,000 in premium. She expected that many small employers and sole proprietors may not even get to the surcharge at a \$6,000 level.

Representative Bynum noted that employers were currently paying the surcharge. He asked if it would be a loss of revenue to companies.

Ms. Wing-Heier explained that the surcharge went to the National Council on Compensation Insurance. The division had spoken with the council, and it did not believe the change would result in a negative impact to the council.

Co-Chair Foster noted that the committee needed to adopt the new bill version as its working document.

[7:05:17 PM](#)

Co-Chair Foster MOVED to ADOPT the proposed committee substitute for CSSB 132(FIN), Work Draft LS0415\W (Wallace, 5/17/25) (copy on file).

Co-Chair Schrage OBJECTED for discussion.

Co-Chair Schrage WITHDREW the OBJECTION. There being NO further OBJECTION, it was so ordered.

Representative Tomaszewski wondered if Section 88 pertaining to motor vehicle service contracts pertained to factory warranties or after market service contracts.

Ms. Wing-Heir responded that the section applied to both. She explained that if it was a new car with a factory warranty where a business would replace the transmission or provide a certain number of oil changes. She explained that the division was finding that consumers were taking the policies home and not receiving the anticipated coverage. The division did not realize the situation was such a problem until it started receiving calls. She noted that the division had not reviewed the forms previously, but it would start to do so.

Representative Tomaszewski looked at Section 96 pertaining to federal agency waivers. He asked if the state would automatically enroll into new types of regulations or health insurance requirements. He asked if it would cost the state money. He requested more detail.

Ms. Wing-Heir replied that in 2015 and 2016, healthcare insurance had almost doubled in the individual market. She noted it was right after the Affordable Care Act (ACA).

Representative Tomaszewski noted he had lost his insurance policy at the time.

Ms. Wing-Heier elaborated that health insurance had become incredibly expensive in a number of years. She detailed that Alaska lost Moda off the individual market for a number of years and it was not a good time in Alaska for individuals trying to procure insurance for themselves or their families. She explained that the division had come up with an idea and the legislature had allocated \$55 million. She detailed that the division took the highest cost claims out and the state paid them. The idea was that because the market was so highly subsidized, the division went to CMS (that was already paying the subsidies) and offered to lower the premiums through a reinsurance program. The division had provided a scenario where CMS was paying \$200,000 in subsidies and the number was reduced to \$140,000 because the state took the highest claims out. The division had asked if it could have the \$60,000 if CMS was only paying \$140,000. She explained that the offer had been accepted. She relayed that the program had been operating for close to ten years and it had brought in over \$800

million in federal funds from the advance premium tax credits or subsidies. She explained that if the opportunity presented itself to apply for another 1332 waiver to address the cost of healthcare insurance, that the division would have the flexibility to do so without having to make the request to the legislature and possibly delaying the project for two years.

[7:10:09 PM](#)

Representative Galvin asked if the state currently had managed care. She asked how the new insurance section played a role.

Ms. Wing-Heir responded that Alaska had managed care in "bits and pieces." She relayed that she was the director under Title 21, and it included 118,000 Alaskans in the individual market, small group, and some large group. She explained there was not much managed care in those areas. She expounded that self-insured such as AlaskaCare and union plans with the coalition were managed care. The state had not been able to offer managed care to the aforementioned consumers under Title 21. The bill would "put the teeth back into" an HMO as an option for employers or individuals to choose a managed care plan. She remarked that the Alaska did not have a Medicare Advantage program and it could not get the program without some type of managed care statute. She recognized there had been some issues with how the programs were sold or distributed in the Lower 48. The division was hoping to get some offers of Medicare Advantage and to give consumers an option. She reasoned it made sense to give consumers an option to select a less expensive health insurance for employees and their families.

Representative Galvin stated that hearing the context around Medicare Advantage made sense. She thought Ms. Wing-Heir had stated previously there would also be some protections in place for individuals or an employer choosing a managed care plan to ensure they receive coverage for items like congenital conditions or cancer. She asked for more details.

Ms. Wing-Heir responded that she did not know of any product under Title 21 that would do that. She knew there had been some short-term limited plans with some conditions, but most plans were pretty heavily regulated.

She explained that under an HMO, typically because it was a managed care product, an individual went to a primary care physician who would provide a referral to a specialist if needed. She elaborated that they could do a capitated agreement where they took a given number of people. She noted there were all kinds of ways a managed care provider could manage costs. She relayed that there were limited medical resources in Alaska and some things that were not available, such as a burn unit. The bill specified that if an individual needed a specialist and there was not one in-network or the HMO, the insurance agency could not deny coverage. The same applied in the event of an emergency when an in-network provider was not available, the HMO had to accept and pay for a service as though it were in-network.

[7:14:44 PM](#)

Co-Chair Foster asked his staff to review the fiscal note.

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, reviewed the zero fiscal note from DCCED, OMB Component 354, control code mngAV. The note showed an increase of \$110,000 in receipt services collected. He deferred to the department for additional details.

Ms. Wing-Heir clarified that the fiscal note reviewed by Mr. Anderson was to version T of the legislation. There was a bit of an addition to the fiscal note for version W. She apologized that the committee did not have the updated note. She explained that the fees and penalties on surplus lines brokers and the wet marine and transportation tax had been adjusted. The bill deleted a provision that allowed the deduction for seating premiums and paid claims, which was in line with other insurers. The result was an expected revenue increase of approximately \$110,000. She explained how the fiscal note was impacted by version W of the bill. She detailed that when HB 226 passed the previous year, the division had been unable to get a fee in the new regulations resulting from the bill. She expounded that when the licensing bill had come back to the legislature, the legislature added a biannual fee of \$2,000 for third-party administrators and \$15,000 for pharmacy benefit managers (there were 34 who did business in the state). She believed the change added about \$300,000 in revenue; therefore, the total change in revenue under version W was about \$400,000.

Co-Chair Josephson asked for verification that the House had its own version of the bill.

Ms. Wing-Heir responded affirmatively.

Co-Chair Josephson asked how many hearings the House Labor and Commerce Committee had on the bill.

Ms. Wing-Heir responded that there had been four or five hearings.

Co-Chair Josephson assumed that Ms. Wing-Heier had the state's Aetna plan the way House Finance Committee members did.

Ms. Wing-Heier responded affirmatively.

Co-Chair Josephson asked if it was better than an HMO plan.

Ms. Wing-Heir responded that it was probably better, but she did not know for certain. She stated there was still some directed or managed care within AlaskaCare. For example, AlaskaCare set up the surgery center providers, which was managed care. She believed AlaskaCare may be a bit better, but the two should be close.

Co-Chair Josephson asked if the bill would enable employers in Alaska to opt out of a plan like Aetna's and move their employees into an HMO, which they currently could not do.

Ms. Wing-Heir responded that employers could currently do it, but no one offered it because there were no teeth in the current HMO statutes. Current statutes allowed employers to have an HMO, but employees would get to go wherever they wanted, meaning there was no benefit. The bill would put the benefit back in. She stressed that it was an option, not a mandate. Additionally, the bill included language allowing for out of network services when necessary.

Co-Chair Josephson asked if committee members should be concerned about a race to the bottom in terms of quality of care that employers might opt their employees into.

Ms. Wing-Heir responded, "I don't believe that at all." She believed there would be the same fine doctors that were

currently providing services. She thought perhaps those doctors would like the changes better. She compared it to the direct health care agreement that was passed in the prior year where more capitated agreements could be done. For example, a clinic could agree to see all of the employees of Joe's Plumbing for a given amount under an HMO insurance plan. She noted that all of Joe's employees would have to go to the same clinic.

Co-Chair Josephson asked if the bill Ms. Wing-Heier was referring to was former Senator David Wilson's bill.

Ms. Wing-Heier responded affirmatively.

Co-Chair Josephson recalled that there had been controversy associated with the bill.

Ms. Wing-Heier answered that the controversy was not so much about the direct healthcare, but about whether regulation should be taken on by the division. She elaborated that "they wanted it to be regulated somehow, somewhere," and it had ended up on the division's doorstep. She clarified that the division had not asked to be responsible for the regulation, but it had accepted it and the bill passed.

[7:20:32 PM](#)

Representative Bynum wished there was a way to get three more zeros added to the revenue projected in the fiscal note, but he understood that was not currently possible. He asked about a couple of hypotheticals that were not included in the bill. He stated there had been many conversations about having an opportunity for cities and boroughs, particularly for employees in Teachers' Retirement System (TRS) programs, to be able to partake in health insurance in a different way. He asked if the topic had been discussed or considered as part of the omnibus package.

Ms. Wing-Heier responded that Title 21 did not extend to the NEA [National Education Association] plans school districts were under and did not extend to AlaskaCare. She clarified that relatively speaking, Title 21 pertained to 118,000 of 730,000 Alaskans and represented a small piece of the insured market. She explained that Title 21 did not pertain

to unions, self-insured individuals, Medicare, Medicaid, or Tricare.

Representative Bynum remarked that he would not provide another hypothetical because he was certain it would not be included.

Senator Bjorkman added that it was important to reiterate what Ms. Wing-Heier had said about the private insurance market and its ability to have managed care. He explained that many school districts were self-insured, including the Kenai Peninsula Borough School District, the Mat-Su Borough School District, and the Public Education Health Trust. He detailed that all of the aforementioned entities had managed care with a network and preferred providers. He explained that the bill would set up HMO options for the private market. He clarified that it was not a substandard option and gave the private market an option that many people in the public market already had.

[7:23:15 PM](#)

Representative Bynum stated there had been substantial discussion over the past six months to a year in the insurance market, specifically about Alaskan homeowners being able to have their homes covered in the event of a landslide. He noted it had been a big discussion for Southeast Alaska. He asked if the topic had been under discussion pertaining to the bill.

Ms. Wing-Heier responded that it had been discussed almost daily. She did not know if there was anything she could do in statute. The division had spoken with insurers and there was not currently a market or company for landslide insurance. She elaborated that the property market was shrinking and natural disasters including wildfires, atmospheric rivers, and storms causing billions of dollars of property damage worldwide were impacting the cost of property insurance. She noted that landslides were on the list among other including wildfires in Central Alaska and melting permafrost. She emphasized that because of changes, it was becoming harder and harder to insure. She knew that Southeast Alaska had a huge problem with landslide and mudslide insurance.

Representative Bynum stated it was difficult to tell community members living in the middle of town that their

homes and live savings could be lost with no way to recoup them. He understood there was insurance against fire and other things. He stated that living right in the middle of a community with no assurances made people lose confidence in their ability to live in Alaska communities. He remarked that it was a big concern for him.

Co-Chair Foster asked if the fiscal note would be forthcoming later in the evening or the following day.

Mr. Anderson shared that he had been notified by DCCED that it trying to get the fiscal note to the committee hopefully for distribution during the current evening, so that if and when the bill moved, the attached fiscal notes would reflect the current version of the bill.

7:26:05 PM

AT EASE

7:29:19 PM

RECONVENED

Co-Chair Foster relayed that a bill could be passed without the updated fiscal note as long as the updated note was received before the bill was sent on from the committee to the House floor. He planned to have the updated fiscal note by the time the bill was heard by the committee the following day.

Representative Galvin referenced Ms. Wing Heier's earlier discussion about changing some fees from \$3,000 to \$6,000. She understood the fees had not been changed in many years. She asked if the updated fees would fall in line with other existing fees and move the target to the right number.

Ms. Wing-Heir responded that the \$3,000 to \$6,000 was a threshold for a surcharge on a workers' compensation policy and did not go to the state in any way. She explained that there was currently a \$300 biannual fee for third-party adjusters and the legislature was asking to increase the number to a biannual fee of \$5,000. There was not currently a fee on pharmacy benefit managers and the bill would add a \$15,000 biannual fee. She explained that those fees fell right in the middle of fees charged in other states. She relayed that Arkansas charged \$40,000 for a pharmacy benefit manager. She estimated that Alaska was probably on

the low end, but there were other states like New York with a fee of \$25,000 for three years.

Co-Chair Foster noted that due to the complexity of the bill, some committee members had indicated they would like to sleep on it. He discussed his schedule plan for the following day.

7:33:25 PM

AT EASE

7:35:16 PM

RECONVENED

Co-Chair Foster believed the soonest the bill could be read across on the floor was Monday.

Co-Chair Schrage relayed that the soonest the bill could be on the floor was Monday. He suggested holding the bill until the following day to receive the fiscal note and report it out.

CSSB 132(FIN) was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the schedule for the following day.

Mr. Anderson reviewed the bill numbers for the following day's meeting.

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ADJOURNMENT

7:38:36 PM

The meeting was adjourned at 7:38 p.m.