

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

March 5, 2025

3:18 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Carolyn Hall, Co-Chair
Representative Ashley Carrick
Representative Robyn Niayuq Burke
Representative Dan Saddler
Representative Julie Coulombe
Representative David Nelson

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Jeremy Bynum

COMMITTEE CALENDAR

PRESENTATION(S): LEGISLATIVE UPDATE ON THE RESIDENCY
REQUIREMENTS FOR COMMERCIAL DRIVER'S LICENSES

- HEARD

HOUSE BILL NO. 99

"An Act relating to the business of money transmission; relating to licenses for money transmission, licensure requirements, and registration through a nationwide multistate licensing system; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to exemptions to money transmission licensure requirements; relating to payroll processing services; relating to currency exchange licenses; amending Rules 79 and 82, Alaska Rules of Civil Procedure; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 25

"An Act relating to disposable food service ware; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 113

"An Act relating to a tax exemption for qualified small businesses; and providing for an effective date."

- MOVED CSHB 113(L&C) OUT OF COMMITTEE

PRESENTATION(S): INFORMATIONAL HEARING ON PRIVATE EQUITY IN HEALTHCARE

- REMOVED FROM AGENDA

PREVIOUS COMMITTEE ACTION

BILL: HB 99

SHORT TITLE: MONEY TRANSMISSION; VIRTUAL CURRENCY

SPONSOR(S): REPRESENTATIVE(S) FIELDS

02/12/25	(H)	READ THE FIRST TIME - REFERRALS
02/12/25	(H)	L&C, FIN
02/21/25	(H)	L&C AT 9:00 AM BARNES 124
02/21/25	(H)	Heard & Held
02/21/25	(H)	MINUTE(L&C)
02/26/25	(H)	L&C AT 3:15 PM BARNES 124
02/26/25	(H)	Heard & Held
02/26/25	(H)	MINUTE(L&C)
03/05/25	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 25

SHORT TITLE: DISPOSABLE FOOD SERVICE WARE

SPONSOR(S): REPRESENTATIVE(S) JOSEPHSON

01/22/25	(H)	PREFILE RELEASED 1/10/25
01/22/25	(H)	READ THE FIRST TIME - REFERRALS
01/22/25	(H)	STA, L&C
02/18/25	(H)	STA AT 3:15 PM GRUENBERG 120
02/18/25	(H)	Heard & Held
02/18/25	(H)	MINUTE(STA)
02/20/25	(H)	STA AT 3:15 PM GRUENBERG 120
02/20/25	(H)	Heard & Held

02/20/25 (H) MINUTE (STA)
 02/25/25 (H) STA AT 3:15 PM GRUENBERG 120
 02/25/25 (H) Moved HB 25 Out of Committee
 02/25/25 (H) MINUTE (STA)
 02/26/25 (H) STA RPT 4DP 2AM
 02/26/25 (H) DP: HOLLAND, HIMSCHOOT, STORY, CARRICK
 02/26/25 (H) AM: MOORE, MCCABE
 03/05/25 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 113

SHORT TITLE: TAX EXEMPTION: SMALL BUSINESS

SPONSOR(s): LABOR & COMMERCE

02/24/25 (H) READ THE FIRST TIME - REFERRALS
 02/24/25 (H) L&C, FIN
 02/28/25 (H) L&C AT 9:00 AM BARNES 124
 02/28/25 (H) Heard & Held
 02/28/25 (H) MINUTE (L&C)
 03/03/25 (H) L&C AT 3:15 PM BARNES 124
 03/03/25 (H) Heard & Held
 03/03/25 (H) MINUTE (L&C)
 03/05/25 (H) L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

TETYANA ROBBINS, Executive Director

Project Alaska Inc.

Anchorage, Alaska

POSITION STATEMENT: Co-offered the Legislative Update on the Residency Requirement for Commercial Driver's Licenses presentation.

PATRICK FITZGERALD, Political Coordinator

Teamsters 959

Anchorage, Alaska

POSITION STATEMENT: Co-offered the Legislative Update on the Residency Requirement for Commercial Driver's Licenses presentation.

KATHLEEN WALLACE, Acting Director

Division of Motor Vehicles

Department of Administration

Anchorage, Alaska

POSITION STATEMENT: Answered questions during the presentation on the Residency Requirement for Commercial Driver's Licenses.

EVAN ANDERSON, Staff

Representative Zack Fields
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave the summary of changes for HB 99 from Version A to Version N on behalf of Representative Fields, prime sponsor.

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

POSITION STATEMENT: Answered questions during the hearing on HB 99.

DAWN HANNASCH, Division Operations Manager/Licensing Chief
Division of Banking and Securities
Department of Commerce, Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 99.

REPRESENTATIVE ANDY JOSEPHSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 25.

KEN ALPER, Staff
Representative Andy Josephson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave a PowerPoint on HB 25, titled "HB 25 Restrict Restaurant Use of Polystyrene," on behalf Representative Josephson, prime sponsor.

PAMELA MILLER, Executive Director & Senior Scientist
Alaska Community Action on Toxics
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 25.

ACTION NARRATIVE

[3:18:25 PM](#)

CO-CHAIR CAROLYN HALL called the House Labor and Commerce Standing Committee meeting to order at 3:18 p.m. Representatives Nelson, Saddler, Coulombe, Burke, Carrick, Fields, and Hall were present at the call to order.

PRESENTATION(S): Legislative Update on the Residency Requirements for Commercial Driver's Licenses

[3:19:53 PM](#)

CO-CHAIR HALL announced that the first order of business would be the Legislative Update on the Residency Requirements for Commercial Driver's Licenses presentation.

[3:20:24 PM](#)

REPRESENTATIVE COULOMBE explained that a couple years ago, she was made aware of an accessibility issue regarding commercial driver's licenses (CDLs). She further explained that Tetyana Robbins, the first invited speaker, was a constituent who worked with Ukrainian refugees. She stated that many Ukrainian refugees had experience with truck-driving but were unable to obtain their CDL due to a currently mandated one-year delay from obtaining a regular driver's license. She referred to a bill she had sponsored to update the statute [House Bill 124, passed during the Thirty-Third Alaska State Legislature], allowing for faster acquisition of a CDL. She reported that the Division of Motor Vehicles (DMV) was still experiencing problems issuing the CDLs due to old statutes regarding domicile status.

[3:21:59 PM](#)

TETYANA ROBBINS, Executive Director, Project Alaska Inc., explained that her organization, Project Alaska Inc., was dedicated to helping refugees in Alaska with career development and workforce integration. She stated that since 2022, over 2,000 Ukrainian refugees have arrived in Alaska, many of which have received services from her organization. She reported that there are many Ukrainian refugees who previously held CDLs in Europe and Ukraine and are well-qualified with extensive experience. She further reported that there is an estimated need for 500 more truck drivers in Alaska, noting that the profession directly impacts Alaska's economy. She explained that, due to outdated Alaska statutes regarding domicile status, some refugees are required to wait one full year before they are eligible to apply for a CDL. Additionally, she noted that non-domiciled residents were previously ineligible to apply for CDLs under Alaska law, despite it being legal on the federal level.

MS. ROBBINS thanked Representative Coulombe and Senator Kaufman for passing legislation in 2023 [the aforementioned House Bill

124 and Senate Bill 123, respectively] that modernized Alaska's CDL regulations. Additionally, she explained that another bill signed into law in August 2024 allows for non-domiciled residents to obtain CDL licenses. She additionally explained that this legislation was only two weeks away from full implementation, stating that the DMV informed her that full implementation would take one year from passage. She concluded by thanking the legislators and asserting that, due to legislative efforts, refugees can apply for and drive with a CDL and step into much-needed workforce roles.

[3:25:44 PM](#)

REPRESENTATIVE COULOMBE thanked Ms. Robbins for her efforts. She asked for confirmation that people could receive a CDL in the two-week timeline that Ms. Robbins referred to in her testimony.

[3:26:10 PM](#)

MS. ROBBINS explained that many of her clients left Alaska to acquire CDL licenses in other states. She clarified that it was her understanding that, in two weeks, the DMV staff would be fully trained and able to issue CDL licenses in-person.

[3:27:52 PM](#)

PATRICK FITZGERALD, Political Coordinator, Teamsters 959 ("Teamsters"), began by explaining that he would discuss two topics: the timeline of acquiring a CDL and acquiring CDL certification with a regular driver's license. He explained that, upon graduation of high school and application to the CDL program, applicants are required to hold a personal driver's license for at least one year. He explained that the minimum age to apply to the [CDL] apprenticeship program is 18, due to Teamsters' program standards. He stated that Teamsters 959 provides both the training and the examination, noting that the training instructor cannot administer the road-skill examination. Upon graduation, he explained, graduates receive a certification that they are required to take to the DMV for the issuance of a physical CDL.

MR. FITZGERALD additionally stated that Teamsters also offers a Center for Employment Education (CEE) class. He stated that the class is for individuals who can pass a CDL driving and written test. He explained that Teamsters function as a third-party

testing provider for all apprentices and for all applying for a CDL without going through the apprenticeship program.

CO-CHAIR HALL invited questions from the committee members.

[3:31:08 PM](#)

CO-CHAIR FIELDS asked for confirmation that the DMV would be issuing CDLs within a couple of weeks.

[3:31:18 PM](#)

KATHLEEN WALLACE, Acting Director, Division of Motor Vehicles, Department of Administration, responded that currently, applicants could be issued a CDL with a workaround. She continued that in April [2025], applicants would be issued official non-domicile CDLs.

[3:31:55 PM](#)

REPRESENTATIVE CARRICK asked whether the updated residency requirements were on schedule.

MS. WALLACE responded that the DMV is on schedule. She explained that upon passage of the aforementioned legislation, it was estimated to take one year to completion.

CO-CHAIR HALL thanked the invited presenters.

HB 99-MONEY TRANSMISSION; VIRTUAL CURRENCY

[3:32:59 PM](#)

CO-CHAIR HALL announced that the next order of business would be HOUSE BILL NO. 99, "An Act relating to the business of money transmission; relating to licenses for money transmission, licensure requirements, and registration through a nationwide multistate licensing system; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to exemptions to money transmission licensure requirements; relating to payroll processing services;

relating to currency exchange licenses; amending Rules 79 and 82, Alaska Rules of Civil Procedure; and providing for an effective date."

[3:33:25 PM](#)

CO-CHAIR FIELDS moved to adopt the proposed committee substitute (CS) for HB 99, Version 34-LS0543\N, Gunther, 3/3/25, as a working document. There being no objection, Version N was before the committee.

[3:33:50 PM](#)

EVAN ANDERSON, Staff, Representative Zack Fields, Alaska State Legislature, on behalf of Representative Fields, prime sponsor, gave the summary of changes from Version A to Version N [included in the committee file], which read as follows [original punctuation provided]:

Section 37 (Page 38, Line 22)

- Removes "\$1,000" and adds "\$10,000".
- This change will harmonize proposed money service business civil penalties with mortgage civil penalties in existing AS 06.60.420.

Section 68 (Page 55, Line 8)

- Inserts transition regulations: *"The Department of Commerce, Community, and Economic Development may adopt regulations to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulations."*
- This change adds a new section to allow the department to adopt regulations to implement the bill after its effective date.

Section 71, (Page 55, Line 18)

- Remove "January" and add "July"
- This change pushes the effective date out from January to July 1, 2026 to give the Department of Commerce the ability to accommodate regulation drafting, a public comment period, and a renewal period for licensees.

[3:35:33 PM](#)

REPRESENTATIVE SADDLER asked for the purpose of the mortgage civil penalties.

[3:35:49 PM](#)

MX. ANDERSON deferred to the department.

ROBERT SCHMIDT, Director, Division of Banking & Securities, Department of Commerce, Community & Economic Development (DCCED), explained that the mortgage statute allows a civil penalty of up to \$10,000 but does not have a "menu" of prohibited activities. He explained that the maximum penalty is for most the most egregious conduct. He further explained that his division works collaboratively to bring people into compliance with statute. He stated that penalties would approach the maximum were there any criminal conduct.

MR. SCHMIDT reported that the top two money transmitters in Alaska are conducting billions of dollars of business annually - to, from, and within Alaska. He further reported that the top five money transmitters in Alaska are conducting hundreds of millions of dollars of business. He pointed out that the penalties are appropriate in light of the risk and magnitude of business operations and potential for criminal conduct by a licensee.

[3:37:47 PM](#)

REPRESENTATIVE SADDLER queried what kind of activity would incur a civil penalty.

[3:38:03 PM](#)

MR. SCHMIDT provided a few examples, including stealing from borrowers, absconding from borrowers, and fleeing the country.

[3:38:19 PM](#)

REPRESENTATIVE SADDLER asked whether \$10,000 would be a sufficient disincentive.

[3:38:37 PM](#)

MR. SCHMIDT replied that the best sanctions for the worst conduct are found in Title XI, criminal code. He explained that a \$10,000 penalty is applied per day of continued offense.

[3:39:14 PM](#)

CO-CHAIR HALL began discussion on an amendment deadline and her intention to hold HB 99 over.

[3:39:36 PM](#)

The committee members discussed the amendment deadline.

[3:40:50 PM](#)

REPRESENTATIVE COULOMBE requested an explanation of the fiscal note.

CO-CHAIR FIELDS deferred to Mr. Schmidt.

REPRESENTATIVE COULOMBE stated that the fiscal note is nearly \$900,000.

[3:41:37 PM](#)

MR. SCHMIDT asserted that the proposed legislation would pay for itself, citing Section 51 of HB 99, which "contemplates fees based on volume." Currently, a money transmission licensee in Alaska pays \$1,000 for the license and then an additional \$3,000 for the renewal, regardless of volume of business in Alaska. He explained that Ohio and Texas were used as examples in drafting HB 99 and the creation of volume-based fee, which he asserts is the mainstream. Additionally, he reported that examiners have stated twice in the last couple of years that "Alaska is cheap."

[3:42:50 PM](#)

REPRESENTATIVE COULOMBE asked what the estimated \$879,000 was for. She requested details on the types and lengths of positions funded by the proposed legislation.

[3:43:11 PM](#)

MR. SCHMIDT stated that the number is reflective of the growth of the financial industry. He reported that the [Division of Banking and Security's] budget was \$3.5 million about 12 years ago and currently sat at about \$4.8 million. Additionally, he reported that the division's revenue has increased from approximately \$12 million to \$22.5 million. He noted that the numbers signify the growth of the industry and provided an

anecdote about a former employee who left due to the increased workload and consequential burnout.

[3:44:11 PM](#)

DAWN HANNASCH, Division Operations Manager/Licensing Chief, Division of Banking & Securities, Department of Commerce, Community & Economic Development, referred to page 2 of the fiscal note, which she stated would add five new position control numbers (PCNs) over a two-year period - three positions the first year, and two positions the second year. She explained that there would be positions added to address the anticipated increase in volume of examination, investigative, and application processing and licensing needs. She further explained that the volume-based fee assessment proposed under HB 99 would be "more than" sufficient to pay for the new positions.

[3:45:31 PM](#)

REPRESENTATIVE COULOMBE asked for confirmation that the five new positions would be permanent, and not temporary.

MS. HANNASCH replied that it was correct.

REPRESENTATIVE COULOMBE sought clarification that the funds would come out of the unrestricted general fund (UGF).

MR. SCHMIDT confirmed yes, the funds would come from DCCED.

[3:46:36 PM](#)

The committee took a brief at-ease at 3:46 p.m.

[3:47:05 PM](#)

MR. SCHMIDT clarified that the funds would be designated general funds (DGFs). He reiterated that the [Division of Banking & Securities] takes in approximately \$22.5 million and the cost would be approximately \$4.8 million. He explained that the positions included are: financial examiners to protect the people in Alaska and ensure businesses are compliant; and licensed examiners to ensure that businesses entering the state are conducting business in Alaska.

[3:47:52 PM](#)

REPRESENTATIVE CARRICK queried how many licensees are anticipated upon the passage of HB 99.

[3:48:06 PM](#)

MR. SCHMIDT reported that the number of licensees has grown about 60 percent in last five years, with no new financial examiners. He said that there were 113 licensees approximately five to six years ago, and currently there are 173 licensees, many of which are million- and billion-dollar businesses in Alaska.

[3:48:36 PM](#)

REPRESENTATIVE CARRICK requested some examples of the types of businesses that would fall under the purview of HB 99.

[3:48:56 PM](#)

MR. SCHMIDT replied that the current trend is the consolidation of a spectrum of financial services, such as banking and investing, into a single mobile application ("app") as an emerging industry. He gave Venmo as an example of a mobile payment app.

[3:49:34 PM](#)

CO-CHAIR FIELDS emphasized that DCCED is revenue positive and echoed that the new positions will pay for themselves. He acknowledged the "marketplace reality," that increasing popularity of virtual money transmission ushers in increased criminal activity. He shared an anecdote about online fraud targeting elders in Alaska and drug cartels utilizing cryptocurrencies.

[3:50:35 PM](#)

MR. SCHMIDT reported that there are between two and six instances a month of an elderly person in Alaska being scammed, typically involving cryptocurrency and typically going into a non-U.S. based cryptocurrency exchange. He stated that, according to cryptocurrency databases, funds that are scammed go into accounts that have received billions of dollars that are affiliated with human trafficking or organized crime.

[3:51:48 PM](#)

REPRESENTATIVE SADDLER asked for an explanation of the \$10,000 listed in the fiscal note for new equipment.

MS. HANNASCH responded that the cost would include onboarding new staff members and equipment for new staff [laptops]. She stated that it is a one-time expense. Additionally, she stated that staff travel to do [financial] examinations, so the fiscal note could include a portable monitor.

REPRESENTATIVE SADDLER echoed previous speakers in noting the increase in money transmission in Alaska. He asked whether five new positions were sufficient for future anticipated growth in the industry.

[3:53:46 PM](#)

MR. SCHMIDT responded that the mobile payment industry is certain to grow, despite the volatility in cryptocurrencies. He anticipated further increases in how often mobile payment processors are utilized in the future. He offered hope for the technology to provide financial services to remote communities, where Internet connectivity could replace the need for a brick-and-mortar store.

MR. SCHMIDT asserted that the five positions would be very helpful but would likely not be sufficient in the future.

[3:55:03 PM](#)

CO-CHAIR HALL set an amendment deadline for HB 99.

[HB 99 was held over.]

HB 25-DISPOSABLE FOOD SERVICE WARE

[3:55:33 PM](#)

CO-CHAIR HALL announced that the next order of business would be HOUSE BILL NO. 25, "An Act relating to disposable food service ware; and providing for an effective date."

[3:56:01 PM](#)

REPRESENTATIVE ANDY JOSEPHSON, Alaska State Legislature, gave opening remarks as prime sponsor of HB 25. He began by stating that he is the state lead for the National Caucus of Environmental Legislators (NCEL). He reported that Maryland was

the first state to ban polystyrene ("Styrofoam"), and stated there have been an additional 10 states and an estimated 250 counties to ban Styrofoam in the food service industry. He stated that polystyrene has proven to be carcinogenic. He further reported that Styrofoam could damage lymphocytes, white blood cells, the esophagus, pancreas, liver, and nervous system.

REPRESENTATIVE JOSEPHSON stated that the material is not biodegradable, and it cannot be recycled. He noted that it can be burned, but that process releases toxic airborne chemicals. He further noted that Styrofoam is lightweight and can travel easily through the airstreams and waterways, thus contaminating ecosystems, and impeding an animal's ability to digest food, as animals mistake Styrofoam for food. He stated that there are alternatives available, such as wood, paper, bamboo, and cardboard materials - some of which are produced in Alaska. He noted that the Alaska Community Action on Toxins (ACAT) tested 39 bodies of water in Southcentral Alaska and found microplastics in every single one.

[4:00:15 PM](#)

REPRESENTATIVE JOSEPHSON referred to literature posted on the Bill Action & Status Inquiry System (BASIS) that spoke to "the proliferation of plastic in the United States." He reported that the population of the U.S. fills up a stadium in Texas with plastic every half hour. He noted that Styrofoam, compared to other plastics, is particularly toxic, non-recyclable, and he reiterated that there are alternatives available. He cited communities that have successfully banned polystyrene, such as San Francisco, California; Charleston County, South Carolina; and Chesapeake Bay, Maryland. He asserted that bans are an effective measure at addressing the issue. He referred to a question in a previous committee of referral regarding enforcement and cited the [Alaska Food, Drug, and Cosmetic Act], which can be found in Title 17, Chapter 20 of the Alaska Statutes (AS). He noted that fines of up to \$1,000 could be imposed, with the worst penalty being a loss of licensing.

REPRESENTATIVE JOSEPHSON concluded by noting that plastic pollution has been a leading issue both nationally and internationally.

[4:03:49 PM](#)

CO-CHAIR FIELDS commented that the U.S. has the most dysfunctional Toxic Substances Control Act compared to other

Western countries, hence the need for state legislation. He stated that, in Alaska, there is a high level of concentrations of microplastics in marine animals. He thanked the bill sponsor.

[4:04:52 PM](#)

REPRESENTATIVE SADDLER stated there is a provision in the proposed legislation for exemptions for lack of affordable alternatives or undue hardship. He queried how the Department of Environmental Conservation (DEC) might define affordability and hardship under HB 25.

[4:05:19 PM](#)

REPRESENTATIVE JOSEPHSON offered his belief that DEC would make that decision at its discretion. He offered his belief that DEC would be authorized to create definitions under Title 18.

REPRESENTATIVE SADDLER asked whether there are other places in Alaska law that contain definitions for affordability or undue hardship. He offered his belief that there may already be a definition for hardship.

REPRESENTATIVE JOSEPHSON stated that he would follow up with more information for the committee. He noted that Representative Saddler's question concerns [sub]section (f) of the legislation.

REPRESENTATIVE SADDLER noted that profit margins for food service are typically slim. He commented that HB 25 might be business-breaking for small restaurants.

REPRESENTATIVE JOSEPHSON responded that, should the proposed legislation force a business to close, they would likely be eligible for an exemption under affordability. He cited three cities in Alaska - Bethel, Cordova, and Seward - that have implemented a ban.

[4:08:22 PM](#)

REPRESENTATIVE CARRICK requested the cost differential of alternative products and names of companies that provided these products.

[4:08:46 PM](#)

REPRESENTATIVE JOSEPHSON stated that literature reported, broadly speaking, that alternatives to Styrofoam are affordable. He stated he would follow up with committee members.

REPRESENTATIVE CARRICK recalled testimony in a previous committee of referral where ACAT reported that alternatives were more expensive by cents, not dollars. She additionally recognized that, with slim profit margins and inexpensive products, this might cause undue hardship.

REPRESENTATIVE JOSEPHSON referenced an article by The Ocean Conservancy, which noted that "three quarters of respondents [Americans] reported that they commonly collect foam takeaway," and "participants would be willing to participate in mitigation efforts."

[4:11:30 PM](#)

REPRESENTATIVE SADDLER cited a chart with biodegradable alternatives to Styrofoam and noted that, while there are a few cents difference, it could make or break a restaurant with thin profit margins.

[4:11:53 PM](#)

REPRESENTATIVE COULOMBE asserted that, were Styrofoam to be banned, the price of the alternatives would increase.

[4:12:38 PM](#)

KEN ALPER, Staff, Representative Andy Josephson, Alaska State Legislature, gave PowerPoint on HB 25 [hard copy included in the committee file], titled "HB 25 Restrict Restaurant Use of Polystyrene," on behalf of the bill sponsor. He began on slide 2 of the PowerPoint, titled "What Does HB25 Do?," which read as follows [original punctuation provided]:

Bans the use of disposable polystyrene packaging materials by restaurants and food carts

The State would also be banned from using or purchasing disposable polystyrene for food service, for example on the Marine Highway system

Does not apply to packaged food prepared out of state, nor does it apply to reusable products

Restaurants can apply to the Department of Environmental Conservation for exemptions

Effective date January 1, 2026

MR. ALPER moved to slide 3 of the PowerPoint, titled "What is Polystyrene?," which read as follows [original punctuation provided]:

A type of synthetic hydrocarbon polymer. In other words- a plastic

Two main forms:

1. Extruded polystyrene foam (XPS), best known as brand name "Styrofoam"

Invented by Dow Chemical in 1941

"Closed cell"; more rigid, buoyant, moisture resistant, and durable

Used in construction materials, refrigeration, floats, etc.

2. Expanded polystyrene foam (EPS)

"Open cell"; lighter weight, less durable, not as water resistant

Used in packaging material, crafts, coolers, etc.

Less expensive than XPS

MR. ALPER drew committee members' attention to slide 4, which contained images of examples of polystyrene containers. He noted that soup containers, cups, and clamshells commonly seen in restaurants contain polystyrene. Mr. Alper moved to slide 5, giving an overview of issues associated with polystyrene, which read as follows [original punctuation provided]:

Health Hazard

- Primary chemicals, benzene and styrene, are known carcinogens

Environmental Hazard

- Mistaken as food by animals
- Used as nesting material by birds
- Does not biodegrade
- Breaks down into microplastic form and lives forever
Can rarely be recycled ("Type 6" plastic)

MR. ALPER explained the phenomenon called "aspirational recycling," in which attempts to recycle Styrofoam contaminate other recyclable objects.

MR. ALPER moved to slide 6, an overview of key Styrofoam statistics, which read as follows [original punctuation provided]:

Ocean Conservancy estimates that at least 5.6 billion pieces of plastic foam is used by Americans each year

International Coastal Cleanup volunteers have collected 8.7 million pieces of plastic foam. This is their seventh most common item. (#1 and #2 are cigarette butts and plastic beverage bottles)

Ocean Conservancy survey found that 22% of all U.S. takeout and food delivery orders included plastic foam food ware packaging.

80% of Americans reported receiving plastic foam food ware with their takeout and delivery orders in the preceding two-weeks

At least 2.5 billion pieces of foam food ware are mistakenly put into recycling systems each year, contaminating the stream of materials

[4:17:00 PM](#)

MR. ALPER moved to slide 7, titled "Global Trends Away from Polystyrene," which read as follows [original punctuation provided]:

Jon Huntsman invented the "clamshell" sandwich box in 1974, sold the design to major fast food chains, and died a billionaire

Despite the benefits (keeping burgers warm, leak proof), McDonalds began phasing out polystyrene in the 1990s

Last McD's foam coffee cups eliminated in 2018

MR. ALPER moved to slide 8, which had an image of a world map, with countries and states that have banned polystyrene food ware colored in green. He noted that 69 countries have banned polystyrene food ware. He moved to slide 9, which had an image of a map of United States, with states that have total bans on polystyrene colored in green and states that have partial or local bans on polystyrene colored in purple. He reported statistics on Styrofoam bans, which read as follows [original punctuation provided]:

- Ten states and the District of Columbia have added statewide bans since this bill was first introduced
- Twelve other states have partial or local bans

- Alaska is shown because of local bans in Bethel, Cordova, and Seward

MR. APLER concluded with slide 10, giving a summary of public sentiment and government response, which read as follows [original punctuation provided]:

- Three-quarters of Americans are concerned about plastic foam litter

- Over 70% of Americans would support a national ban on foam food ware

- Maryland, the first state to ban restaurant polystyrene food ware, found a 65% decline in plastic foam food ware items collected as part of the International Coastal Cleanup

- The Farewell to Foam Act was introduced in the previous U.S. Congress; would have required food service providers, manufacturers, distributors, and retailers to transition to alternative materials by January 1, 2026

MR. ALPER welcomed questions from committee members.

[4:20:09 PM](#)

REPRESENTATIVE BURKE stated that many of her constituents are concerned about plastics. She cited instances where community members have caught walruses, and found their stomachs filled with Styrofoam containers.

[4:21:22 PM](#)

REPRESENTATIVE COULOMBE stated that she is no fan of plastics, and her concern was primarily about the impact on businesses. She noted that the bill would include street vendors and cited cost concerns about workforce shortages after COVID-19, the statewide ballot measures to raise minimum wage and mandate paid time off. She felt that food service businesses were under a lot of financial pressure. She opined that HB 25 would not be the solution to the plastic problem, stating that it would be heavy-handed. She stated anecdotally that most of the restaurants she visits in Anchorage do not use Styrofoam and

that businesses respond to customers' requests to stop using the material. She stated her discomfort with allowing DEC to decide which businesses would be exempt from the ban. She cited undue burdens, particularly on rural and small businesses, as her greatest concern with the proposed legislation, asserting that the risk of loss of licensure and \$1,000 fine was heavy-handed. She provided a personal anecdote about running a store when the Municipality of Anchorage (MOA) enacted its plastic bag ban and stated that the policy was poorly written. She suggested delaying the effective date of the proposed legislation, noting that many businesses purchase supplies in advance.

[4:24:25 PM](#)

REPRESENTATIVE JOSEPHSON offered his belief that the plastic bag ban in MOA included a delay in the effective date. He appreciated Representative Coulombe's concern over uneven application of the law by DEC. He opined that everyone should play their part in addressing the plastic problem, no matter how small a part. He stated that he was not wedded to the effective date of HB 25 and stated his appreciation for Representative Coulombe's comments.

CO-CHAIR HALL stated that the committee would next move to the invited testimony.

[4:26:03 PM](#)

PAMELA MILLER, Executive Director & Senior Scientist, Alaska Community Action on Toxics, gave a prepared statement [included in the committee file] in support of HB 25, which read as follows [original punctuation provided]:

Thank you, Co-Chairs Representative Fields and Representative Hall, and Members of the Committee for holding this hearing today. My name is Pamela Miller and I serve as Executive Director and Senior Scientist with Alaska Community Action on Toxics, a public interest, science-based environmental health and justice research and advocacy organization. We thank Representative Josephson for sponsoring HB 25, legislation that we strongly support because it is an effective measure to protect health and reduce plastic pollution of our lands and waters.

We offer several lines of reasoning and scientific evidence to substantiate our support for this bill.

1) Adverse health effects: The strongest evidence from our perspective is that polystyrene is a hazardous material. It should not be used in food and beverage containers because it is linked with adverse health effects in humans and animals. Polystyrene is a plastic polymer made up of the chemical monomer styrene. Styrene is classified as a human carcinogen. Exposure increases the risk for such cancers as leukemia and lymphoma, as well as genetic damage to the white blood cells or lymphocytes. There is also evidence for increased risk of cancer of the pancreas and esophagus. Studies found that styrene caused lung tumors. Styrene exposure is also associated with damage to the liver and harm to the nervous system such as vision and hearing loss, problems with memory, concentration, balance and slowed reaction time.

2) People are exposed to harmful chemicals through the use of polystyrene food and beverage containers: Styrene and other harmful chemicals can leach out of food and beverage containers into the food or liquids, especially when the food or liquids are hot, acidic, or high in fat. For example, a polystyrene cup used for coffee or tea releases harmful chemicals. Leaching of the chemicals in polystyrene is exacerbated by the heat and acidity of the liquid. These chemicals also concentrate in added milk because of the fat or lipid content which easily absorbs the chemicals and increases ingestion.

3) Plastics such as polystyrene are highly persistent in the environment and do not degrade: Polystyrene is harmful as an environmental pollutant. Once in the environment, polystyrene breaks into small particles known as micro- and nanoplastics. It is lightweight which makes it susceptible to be transported long distances and into our streams, rivers, and oceans where it can be ingested by fish, seabirds, and marine mammals. In landfills, the polystyrene continues to release toxic styrene and other chemicals and can contaminate drinking water. This is especially problematic in rural Alaska where landfills cannot contain these plastics and they are often burned without any controls on toxic emissions. In freshwater and marine environments, polystyrene microparticles are ingested by marine fish and wildlife because they mistake it for food. These animals can also absorb toxic chemicals from these microplastics and may

suffer harmful effects. Fragmented polystyrene cannot be recovered from the environment and will persist for centuries.

4) Polystyrene cannot be recycled: As with most plastics, polystyrene is comprised of styrene and many other chemical additives that make it undesirable as a recycled material. The chemical and plastics industry has attempted to promote chemical recycling as a technology to convert plastics to fuel. This process is highly polluting, inefficient, requires massive energy and use of solvents. These facilities generate toxic emissions and create highly hazardous waste. They are also prone to fires and explosions. The only chemical recycling facility in the United States capable of handling polystyrene closed in April 2024.

5) Safer alternatives are widely available: As of June 2024, eleven states and over 250 cities and counties in the United States have banned or placed restrictions on polystyrene foam. Food establishments have been substituting polystyrene for decades now, largely based on the interest of consumers to have safe, healthy alternatives. McDonald's stopped using polystyrene packaging in 1990. Degradable plant-based fiber food and beverage containers are widely available and affordable, including those made from wood, paper, cardboard, bamboo, bagasse, miscanthus, mushrooms, and seaweed. Green Alaska Solutions is a business that supplies plant-based food and beverage containers to many restaurants and food service providers throughout Alaska, and indicate that these establishments "have made the switch to such packaging for business reasons - they believe in the benefits the products provide and their customers appreciate and in some cases demand them." This reflects consumer demand for safe products and demonstrates the economic viability of these options. The Biodegradable Products Institute is a non-profit, science-driven organization that tests packaging and disposable products to ensure that they are truly compostable, and that they leave no toxic or plastic residues. It is the endorsement that most reliably describes whether a product is plastic-free, of low toxicity, and degradable. Reusable options are best when possible.

We urge your support for this HB 25 because it is an important step toward addressing the plastics crisis that threatens our oceans and waterways, food sources,

and health. Please pass the bill out of committee and ensure its passage during this session. Thank you for your consideration.

[4:33:54 PM](#)

REPRESENTATIVE COULOMBE stated that there was opposition to this bill from the American Chemistry Council and referenced a piece of paper for the committee members which contained a list of plastics purported to be banned under HB 25. She asked for confirmation that it was just the Styrofoam clamshells that would be banned under the proposed legislation.

REPRESENTATIVE JOSEPHSON noted that he saw non-polystyrene items on the piece of paper, which would not be banned under the proposed legislation. He deferred to Ms. Miller.

[4:35:27 PM](#)

MS. MILLER offered her understanding that HB 25 would include Styrofoam cups, bowls, clamshells, and trays that include polystyrene.

[4:35:51 PM](#)

CO-CHAIR FIELDS asked whether the proposed legislation would ban all types of plastic containers. He opined that the handout was misleading because it referenced non-polystyrene plastic containers.

[4:36:13 PM](#)

MS. MILLER clarified that HB 25 would not ban all forms of plastic, just polystyrene.

[4:36:38 PM](#)

CO-CHAIR HALL set an amendment deadline for HB 25.

CO-CHAIR HALL announced that HB 25 was held over.

[4:37:09 PM](#)

The committee took an at-ease from 4:37 p.m. to 4:41 p.m.

HB 113-TAX EXEMPTION: SMALL BUSINESS

[4:41:56 PM](#)

CO-CHAIR HALL announced that the final order of business would be HOUSE BILL NO. 113, "An Act relating to a tax exemption for qualified small businesses; and providing for an effective date."

CO-CHAIR HALL entertained amendments.

[4:42:21 PM](#)

REPRESENTATIVE SADDLER moved to adopt Amendment [1] to HB 113, labeled 34-LS064\A.1, Nauman, 3/3/25, which read as follows:

Page 2, following line 10:

Insert a new subsection to read:

"(f) The department shall notify a known corporation that qualifies under (a)(5) of this section at least one year before the expiration of the exemption under (a)(5) of this section."

Reletter the following subsection accordingly.

Page 2, following line 18:

Insert a new bill section to read:

"* **Sec. 3.** AS 43.20.012(a)(5), 43.20.012(e), 43.20.012(f), and 43.20.012(g) are repealed July 1, 2035."

Renumber the following bill sections accordingly.

Page 2, line 22:

Delete "AS 43.20.012(e) and (f)"

Insert "AS 43.20.012(e) - (g)"

Page 2, line 23, following "Act":

Insert "and before the repeal in sec. 3 of this Act"

CO-CHAIR FIELDS objected for the purpose of discussion.

[4:42:33 PM](#)

REPRESENTATIVE SADDLER explained that Amendment [1] would put a sunset provision back into HB 113. He stated that the amendment would require that the Department of Revenue (DOR) inform businesses that the tax credit was again available, require that the exemption sunset in 10 years, and require that businesses be notified in advance of its expiration.

[4:44:10 PM](#)

CO-CHAIR HALL stated that she supports the amendment, given that it ensures notifications of the sunset are sent to qualified businesses at least one year in advance.

[4:44:42 PM](#)

CO-CHAIR FIELDS removed his objection to adopt Amendment [1]. There being no further objection, it was so ordered.

CO-CHAIR HALL noted that Amendment [2] would not be offered.

[4:45:09 PM](#)

CO-CHAIR FIELDS moved to adopt Amendment 3 to HB 113, as amended, labeled 34-LS0641\A.3, Nauman, 3/4/25, which read as follows:

Page 1, line 1, following "**businesses;**":

Insert "**relating to the film production promotion program; creating a transferable tax credit applicable to certain film production expenditures incurred in the state;**"

Page 2, following line 18:

Insert new bill sections to read:

"* **Sec. 3.** AS 43.98 is amended by adding new

sections to read:

Sec. 43.98.031. Film production tax credit. (a) In cooperation with the film production promotion program, the department shall provide a transferable film production tax credit to a producer for qualified production expenditures.

(b) A tax credit provided under (a) of this section may be sold, assigned, exchanged, conveyed, or otherwise transferred in whole or in part.

(c) A taxpayer acquiring a transferable credit may use the credit or a portion of the credit to offset taxes imposed under AS 43.20 (Alaska Net Income Tax Act). Any portion of the credit not used may be used at a later period or transferred under (b) of this section.

(d) The department shall adopt regulations necessary for the administration of this section.

(e) A credit provided under (a) of this section, whether sold, assigned, exchanged, conveyed, or otherwise transferred, in whole or in part, must be used within three years after being provided by the department.

(f) The number of tax credits provided in the aggregate under this section may not exceed \$20,000,000.

Sec. 43.98.032. Eligibility. (a) A film production is eligible for a tax credit under AS 43.98.031 if the producer has \$100,000 or more in qualified expenditures, as determined under AS 43.98.036, in a consecutive 24-month period.

(b) The following productions are not eligible, regardless of the production costs:

- (1) news, weather, or current events programming;
- (2) a production produced primarily for industrial, corporate, or institutional purposes, and for internal use;
- (3) an advertisement, infomercial, or any other production that solicits funds, except for a commercial television advertisement produced for national distribution; or
- (4) a political advertisement.

Sec. 43.98.033. Qualification for film production tax credit. (a) A film producer may apply for the film production tax credit under AS 43.98.031 by submitting an application to the film production promotion program. The application must include

- (1) a script or synopsis of the production;
- (2) the names of the producer, director, and proposed cast;
- (3) estimated start, completion, and filming dates; and
- (4) other information the film production promotion program may require to determine the producer's eligibility for a credit and the estimated amount of the credit.

(b) If the film production promotion program approves an application submitted under (a) of this section, the film production promotion program shall issue a notice of qualification to the producer. The notice of qualification must include a determination by the film production promotion program of the estimated film production tax credit for which the production qualifies.

Sec. 43.98.034. Award of film production tax credit.

(a) Subject to AS 43.98.031(f), the film production promotion program, in cooperation with the department, shall determine the amount of the tax credit under AS 43.98.031 available to a producer who has obtained a notice of qualification under AS 43.98.033(b), based on the qualified expenditures of the production under AS 43.98.036.

(b) The base amount of a tax credit awarded under this section is equal to 25 percent of the qualified expenditures of the production.

(c) In determining the amount of the tax credit, the percentage provided by (b) of this section shall be increased by the film production promotion program based on the following criteria:

- (1) an additional 5 percent of qualified expenditures that are wages paid to Alaska residents;
- (2) an additional two percent of qualified expenditures made in a rural area; and
- (3) an additional two percent of qualified expenditures made in the state between October 1 and March 30.

(d) After completion of the production, the producer shall provide the film production promotion program with a production cost report detailing the qualified expenditures of the production, with verification by an independent certified public accountant approved by the film production promotion program that the costs claimed in the report are qualified expenditures under AS 43.98.036.

(e) Subject to (g) of this section, the film production promotion program, in cooperation with the department, shall determine the amount of the tax

credit based on the information provided by the producer under (d) of this section and shall award a tax credit in cooperation with the department if the producer has satisfied all requirements under AS 43.98.031 - 43.98.038.

(f) The award of a tax credit under this section is conditioned on the producer's and the production's full compliance with all applicable state laws and regulations. At the request of the film production promotion program, a producer shall provide any information necessary for the film production promotion program to determine the producer's and production's compliance with this subsection.

(g) In determining the amount of a tax credit awarded under this section, the film production promotion program may reduce the amount of the tax credit by any amount the film production promotion program considers necessary to allow the state, or a political subdivision of the state, to recover the cost of any damages caused by any act or omission of the producer or production.

(h) The film production promotion program, in cooperation with the department, may withhold the award of a tax credit under this section if the program determines that there are filed, but unresolved, legal actions in the state involving the producer or production.

(i) To qualify for the tax credit under AS 43.98.031, a producer shall include, in the end credits of each qualified film, the logo designed under former AS 44.25.105(b) and the words, "Filmed in Alaska with the Support of the State of Alaska."

Sec. 43.98.036. Determination of qualified expenditures.

(a) Expenditures made by a production company in connection with a film production approved by the film production promotion program that shall be considered qualified expenditures must be directly related to the production and be incurred in the state. Only expenditures that are ordinary, reasonable, and not in excess of fair market value and that are for real or tangible property, fees, services, or state or municipal taxes shall be considered. Expenditures may include

- (1) costs of set construction and operation;
- (2) costs of wardrobes, make-up, accessories, and related services;
- (3) costs associated with photography and sound synchronization;
- (4) costs of lighting and related services and materials;
- (5) costs of editing and related services;
- (6) rental of facilities and equipment;
- (7) leasing of vehicles;
- (8) costs of food and lodging;
- (9) costs of digital or tape editing, film processing, transfer of film to tape or digital format, sound mixing, and special and visual effects;
- (10) the total aggregate payroll for services performed in Alaska, including all salaries, wages, compensation, and related benefits provided to producers, directors, writers, actors, and other personnel that are directly attributable to services performed in Alaska;
- (11) the costs of the use of an Alaska business for

processing qualified payroll and related expenditures;

(12) costs of music, if performed, composed, or recorded by an Alaska musician, or released or published by an Alaska business;

(13) costs of intrastate travel, if provided by an Alaska business;

(14) costs relating to the design, construction, improvement, or repair of a film, video, television, or digital production or postproduction facility or related property, infrastructure, or equipment, except commercial exhibition facilities, as determined by the film production promotion program; or

(15) other similar production expenditures as determined by the film production promotion program in cooperation with the Department of Revenue.

(b) Production costs that may not be considered qualified expenditures include

(1) costs related to the acquisition, determination, transfer, or use of a film production tax credit under AS 43.98.031;

(2) postproduction expenditures for marketing and distribution;

(3) production financing, depreciation, and amortization costs, and other costs that are not cash or cash equivalent expenditures directly attributable to production costs incurred in the state;

(4) amounts that are later reimbursed or reasonably anticipated to be reimbursed, resulting in a reduction in production costs;

(5) amounts that are reasonably anticipated to be recovered through subsequent sale or other realization of value by disposal of an asset that has been claimed

as a qualified expenditure;

(6) amounts that are paid to a person or entity as a result of participation in profits from the exploitation of the production;

(7) costs incurred in the purchase of real or tangible property for which a qualified expenditure has, at any time, been claimed.

Sec. 43.98.037. Recovery of film production tax credit.

(a) The film production promotion program, in cooperation with the department, may review, audit, and bring legal proceedings to recover any amount of a tax credit awarded under AS 43.98.034 from a producer or production to which a credit was awarded if the film production promotion program determines that the film producer or production is liable for damages to the state, or any political subdivision of the state.

(b) Legal proceedings may not be brought under (a) of this section more than one year after the date the tax credit was awarded under AS 43.98.034.

Sec. 43.98.038. Definitions. In AS 43.98.031 - 43.98.038,

(1) "Alaska business" means

(A) a person who holds a current Alaska business license;

(B) a person who provides goods or services under the name as appearing on the person's current Alaska business license;

(C) a person who has maintained a place of business within the state staffed by the person or an employee of the person for a period of six months immediately preceding the date the goods or services were provided;

- (D) a person who is
 - (i) incorporated or qualified to do business under the laws of the state;
 - (ii) a sole proprietorship, and the proprietor is a resident of the state;
 - (iii) a limited liability company organized under AS 10.50, and all members are residents of the state; or
 - (iv) a partnership under former AS 32.05, AS 32.06, or AS 32.11, and all partners are residents of the state; and
- (E) if the business is a joint venture, a joint venture composed entirely of ventures that qualify under (A) - (D) of this subsection;
- (2) "department" means the Department of Revenue;
- (3) "film" includes television, commercials, and videos;
- (4) "film production promotion program" means the film production promotion program created under AS 44.33.231;
- (5) "producer" means a person who arranges financing for or supervises the production of a film, video, commercial, or television production or pilot;
- (6) "rural area" means a community with a population of 1,500 or less or a community with a population of 4,500 or less that is not connected by road or rail to Anchorage or Fairbanks.

*** Sec. 4.** AS 44.33.231(b) is amended to read:

- (b) The purpose of the film production promotion program is to
 - (1) work with organizations in the private sector for the expansion and development of film production

industries in the state;

(2) promote Alaska as an appropriate location for film production;

(3) provide production assistance through connecting film directors, makers, and producers with Alaska location scouts and contractors, including contractors providing assistance with permit applications; [AND]

(4) certify Alaska film production internship training programs and promote the employment of program interns by eligible productions; and

(5) in cooperation with the Department of Revenue, administer the Alaska film production promotion program.

* **Sec. 5.** AS 44.33.231 is amended by adding new subsections to read:

(d) Subject to appropriations for the purpose, the film production promotion program shall administer, in cooperation with the Department of Revenue, the Alaska film production promotion program to provide a tax credit under AS 43.98.031 for certain film production expenditures incurred in the state.

(e) The film production promotion program, in cooperation with the Department of Revenue, may adopt procedures and regulations to carry out its functions under this section."

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

NOTIFICATION. When the number of tax credits provided under AS 43.98.031(f), enacted by sec. 3 of this Act, in the aggregate and the estimated amount of tax credits that could be claimed based on notices of qualification issued by the film production promotion

program under AS 44.33.234(b), together equal \$20,000,000, the commissioner of revenue shall notify the presiding officers of each house of the legislature in writing."

Renumber the following bill sections accordingly.

CO-CHAIR HALL objected for the purpose of discussion.

[4:45:15 PM](#)

CO-CHAIR FIELDS stated that the original bill in 2012 included film tax credits, which expired with the small business tax exemption in 2023. He noted that there have been many Alaska films produced outside of Alaska. He explained that Amendment 3 would resurrect the film tax credit. He acknowledged that there was not much of a film industry in Alaska but attested to the potential for job creation.

[4:46:12 PM](#)

REPRESENTATIVE BURKE moved to adopt Conceptual Amendment 1 to Amendment 3 to HB 113, as amended, on page 7, line 1 [as numbered on Amendment 3] to replace "4,500" with "7,500".

REPRESENTATIVE BURKE explained that Conceptual Amendment 1 would ensure that rural hub communities are covered. She stated that Conceptual Amendment 1 aligns with the definition of rural, found in statute, defined as a community with a population of 7,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or a community with a population of 1,500 or less that is connected by road or rail to Anchorage or Fairbanks. She clarified that the conceptual amendment would cover larger rural communities not connected by road or rail to Anchorage or Fairbanks.

[4:47:02 PM](#)

CO-CHAIR FIELDS offered his support for Conceptual Amendment 1 to Amendment 3.

[4:47:15 PM](#)

REPRESENTATIVE BURKE, in response to a question from Representative Coulombe, responded that the conceptual amendment pertained to page 7, line 1 of the underlying amendment.

[4:47:49 PM](#)

CO-CHAIR HALL announced here being no objection to the adoption of Conceptual Amendment 1 to Amendment 3 to HB 113, it was so ordered.

[4:48:00 PM](#)

REPRESENTATIVE NELSON offered his appreciation for the intent of Amendment 3, as amended. He questioned the need for the amendment and stated that there are a lot of reality television shows filmed in Alaska, such as Deadliest Catch.

[4:48:48 PM](#)

CO-CHAIR FIELDS replied that the amendment was based on feedback from constituents who had lost work in film after the expiration of the tax credit. He opined that it is embarrassing for films produced about Alaska to be filmed in Iceland, for example.

[4:49:16 PM](#)

CO-CHAIR FIELDS, in response to a question from Representative Nelson, acknowledged that there was commercial filming activity in Alaska. He repeated that he had heard from constituents who had work producing films when the tax credit was in place, and that that work had expired after the expiration of the tax credit. He stated his intention of bringing back those jobs.

[4:50:05 PM](#)

REPRESENTATIVE CARRICK expressed her support for Amendment 3, as amended, to HB 113. She shared an anecdote about meeting with University of Alaska Fairbanks (UAF) film students who had difficulty finding industry opportunities in Alaska. She shared an anecdote about a movie set to be portrayed in Alaska that was moved to Iceland, given the expenses of producing a movie in Alaska.

REPRESENTATIVE CARRICK stated that while there are television shows filmed in Alaska, there are not many feature-length films produced in Alaska. She asserted, in that regard, that Alaska is not competitive.

[4:51:37 PM](#)

REPRESENTATIVE COULOMBE asked whether the tax credit was transferable.

[4:52:04 PM](#)

CO-CHAIR FIELDS remarked that the bill in 2012 had "multiple components." He deferred to the department for an answer.

CO-CHAIR HALL stated that her office would follow up with committee members.

[4:52:34 PM](#)

REPRESENTATIVE SADDLER asserted that it was debatable on whether the film tax credit was successful in its original incarnation. He stated that the film industry requires a lot of consistent investment, skilled workforce, significant infrastructure, consistent state policy, and promotion. He argued that a film tax credit would not "automatically bring jobs and investment in the film industry [in Alaska]." Additionally, he asserted that the loss of industry after the expiration of the original film tax credit was evidence that the industry was not sustainable. He finished by asserting that Alaska could not afford the tax credit.

[4:54:17 PM](#)

CO-CHAIR FIELDS reminded committee members that there would be no forgone revenue because the film industry in Alaska "dried up." He said that it would not be a significant part of the economy, but it could be a lot of local economic activity.

CO-CHAIR HALL offered her support for Amendment 3, as amended. She withdrew her objection.

REPRESENTATIVE SADDLER objected for reasons previously cited.

[4:55:27 PM](#)

A roll call vote was taken. Representatives Burke, Carrick, Fields, and Hall voted in favor of the motion to adopt Amendment 3, as amended, to HB 113. Representatives Nelson, Coulombe, and Saddler voted against it. Therefore, Amendment 3, as amended, was adopted by a vote of 4-3.

[4:56:15 PM](#)

REPRESENTATIVE CARRICK moved to adopt Amendment [4] to HB 113, as amended, labeled 34-LS0641\A.2, Nauman, 3/4/25, which read as follows [original punctuation provided]:

Page 2, line 3, following "January 1, 2012":

Insert ", subject to the restrictions in (f) of this section"

Page 2, following line 10:

Insert a new subsection to read:

"(f) The total amount of tax foregone by the state under (a)(5) of this section may not exceed \$1,400,000 each calendar year. If the total amount of tax foregone under (a)(5) of this section exceeds \$1,400,000 in a calendar year, the department shall allocate the tax exemption in order of returns received that year."

Reletter the following subsection accordingly.

CO-CHAIR FIELDS objected for the purpose of discussion.

REPRESENTATIVE CARRICK explained that Amendment 4 caps the amount of permissible foregone revenue at \$2.7 million for the duration of the provisions under HB 113. She explained that she was offering the amendment primarily in the spirit of recognizing Alaska's challenging fiscal climate.

[4:57:34 PM](#)

CO-CHAIR FIELDS withdrew his objection to Amendment 4 to HB 113.

[4:57:47 PM](#)

REPRESENTATIVE COULOMBE commented that the legislators were picking winners and losers with the proposed amendments.

[4:58:07 PM](#)

REPRESENTATIVE CARRICK responded that there is not a thriving film industry in Alaska and that she was comfortable offering Amendment 4 to HB 113, as amended, only because of the inclusion of a sunset provision. She stated that the sunset provision would allow legislators to reevaluate the efficacy of the film tax credit and decide whether "it needs to be capped or not." She explained that the cap she proposed was based on current economic activity and noted that there was no substantial economic activity in the film tax credit industry. She stated she did not feel it necessary to preemptively cap the film tax credit due to its minimal economic activity.

[4:59:08 PM](#)

REPRESENTATIVE COULOMBE stated that the prior amendment [Amendment 3] was transferable, commenting that there could be potential for a large loss of revenue.

[4:59:37 PM](#)

REPRESENTATIVE SADDLER shared concern over the language "in order of returns received that year", which he colloquially referred to as "first past the gate." He shared concern that the tax credit designed to benefit small businesses would be taken by larger businesses, which might have more resources to apply for tax credits.

[5:00:27 PM](#)

REPRESENTATIVE CARRICK offered her appreciation for Representative Saddler's comments and replied that "in recognition of that exact point ... that was why this [Amendment 4] was being offered ... raising the cap up to the current amount that we give out in exemptions, as opposed to a previous not-offered amendment which would have set it at a lower threshold."

CO-CHAIR HALL asked committee members for any additional comments or objections.

[5:01:04 PM](#)

REPRESENTATIVE SADDLER objected to the motion to adopt Amendment 4.

[5:01:13 PM](#)

A roll call vote was taken. Representatives Carrick, Burke, Fields, and Hall voted in favor of the motion to adopt Amendment 4 to HB 113, as amended. Representatives Saddler, Coulombe, and Nelson voted against it. Therefore, Amendment 4 was adopted by a vote of 4-3.

[5:02:02 PM](#)

CO-CHAIR FIELDS moved to report HB 113, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[5:02:16 PM](#)

REPRESENTATIVE SADDLER offered his appreciation for the intent of the underlying bill but reiterated his concerns for the adopted changes and offered hope that a future committee would amend the legislation.

[5:02:47 PM](#)

CO-CHAIR HALL announced there being no objection, CSHB 113(L&C) was reported out of the House Labor and Commerce Standing Committee.

[5:03:11 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:03 p.m.