

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 12, 2025

3:19 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

COMMITTEE CALENDAR

HOUSE BILL NO. 75

"An Act relating to national criminal history record checks for certain employees of the Department of Revenue; relating to allowable absences for eligibility for a permanent fund dividend; relating to the confidentiality of certain information provided on a permanent fund dividend application; relating to electronic notice of debt collection executed on a permanent fund dividend; and providing for an effective date."

- HEARD & HELD

OVERVIEW(S): UNEMPLOYMENT INSURANCE

- HEARD

HOUSE BILL NO. 121

"An Act relating to the practice of accounting; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 123

"An Act relating to vehicle rental taxes; relating to the issuance of subpoenas related to tax records; and providing for an effective date."

- HEARD & HELD

HOUSE BILL: UNEMPLOYMENT INSURANCE

- REMOVED FROM AGENDA

PREVIOUS COMMITTEE ACTION

BILL: HB 75

SHORT TITLE: PERM FUND; EMPLOYMENT; ELIGIBILITY

SPONSOR(s): REPRESENTATIVE(s) BYNUM

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| 01/31/25 | (H) | READ THE FIRST TIME - REFERRALS |
| 01/31/25 | (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) |
| 02/22/25 | (H) | STA AT 1:00 PM GRUENBERG 120 |
| 02/22/25 | (H) | Heard & Held |
| 02/22/25 | (H) | MINUTE(STA) |
| 02/27/25 | (H) | STA AT 3:15 PM GRUENBERG 120 |
| 02/27/25 | (H) | Moved CSHB 75(STA) Out of Committee |
| 02/27/25 | (H) | MINUTE(STA) |
| 02/28/25 | (H) | STA RPT CS(STA) 5DP |
| 02/28/25 | (H) | DP: HOLLAND, HIMSCHOOT, MOORE, STORY, CARRICK |
| 03/12/25 | (H) | L&C AT 3:15 PM BARNES 124 |

BILL: HB 121

SHORT TITLE: ACCOUNTING; PRACTICE PRIVILEGE

SPONSOR(s): REPRESENTATIVE(s) SCHRAGE

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| 02/28/25 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/28/25 | (H) | L&C |
| 03/10/25 | (H) | L&C AT 3:15 PM BARNES 124 |
| 03/10/25 | (H) | -- MEETING CANCELED -- |
| 03/12/25 | (H) | L&C AT 3:15 PM BARNES 124 |

BILL: HB 123

SHORT TITLE: TAXATION: VEHICLE RENTALS, SUBPOENAS

SPONSOR(s): REPRESENTATIVE(s) MCCABE

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| 03/05/25 | (H) | READ THE FIRST TIME - REFERRALS |
| 03/05/25 | (H) | L&C, FIN |
| 03/12/25 | (H) | L&C AT 3:15 PM BARNES 124 |

WITNESS REGISTER

REPRESENTATIVE JEREMY BYNUM
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 75.

TREVOR SHAW, President & CEO
Alaska Society of Certified Public Accountants
Anchorage, Alaska

POSITION STATEMENT: Presented a summary of changes and sectional analysis relating to a proposed committee substitute for HB 75.

SENATOR JESSE KIEHL
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 75.

KARI NORE, External Affairs Director
Alaska Chamber
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 75.

GENEVIEVE WOJTUSIK, Director
Permanent Fund Dividend Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 75.

PALOMA HARBOUR, Director
Division of Employment & Training Services
Department of Labor & Workforce Development
Juneau, Alaska

POSITION STATEMENT: Co-presented the Unemployment Insurance overview.

LENNON WELLER, Administrative Services Director
Division of Research & Analysis
Department of Labor & Workforce Development
Juneau, Alaska

POSITION STATEMENT: Co-presented the Unemployment Insurance overview.

REPRESENTATIVE CALVIN SCHRAGE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 121.

AMANDA NDEMO, Staff
Representative Calvin Schrage
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Schrage, prime sponsor, gave a PowerPoint, titled "House Bill 121."

BETH STUART, Chair
Managing Partner
KMPG LLC
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 121.

THOMAS NEILL, Chair
Uniform Accountancy Act Committee
Joint American Institute of CPAs/National Association of State Boards of Accountancy
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony during the hearing on HB 121.

KAREN TARVER, Former Chair/Legislative Liaison Chair
State Board of Public Accountancy/Alaska Society of Certified Public Accountants
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 121.

REPRESENTATIVE KEVIN MCCABE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 123.

ACTION NARRATIVE

[3:19:38 PM](#)

CO-CHAIR ZACK FIELDS called the House Labor and Commerce Standing Committee meeting to order at 3:19 p.m. Representatives Coulombe, Burke, Fields, and Hall were present at the call to order. Representatives Nelson, Saddler, and Carrick arrived as the meeting was in progress.

HB 75-PERM FUND; EMPLOYMENT; ELIGIBILITY

3:20:00 PM

CO-CHAIR FIELDS announced that the first order of business would be HOUSE BILL NO. 75, "An Act relating to national criminal history record checks for certain employees of the Department of Revenue; relating to allowable absences for eligibility for a permanent fund dividend; relating to the confidentiality of certain information provided on a permanent fund dividend application; relating to electronic notice of debt collection executed on a permanent fund dividend; and providing for an effective date." [Before the committee was CSHB 75(STA).]

3:20:32 PM

REPRESENTATIVE JEREMY BYNUM, Alaska State Legislature, as prime sponsor, presented HB 75. He said HB 75 is an important bill, particularly for mariners. He paraphrased the second and third paragraphs of the sponsor statement [included in the committee file], which read as follows [original punctuation provided]:

The Permanent Fund Dividend is a cornerstone of economic stability for many residents, but outdated regulations create unnecessary barriers for Alaskans pursuing education, maritime careers, and medical care.

House Bill 75 addresses these issues by modernizing allowable absences, enhancing program security, and improving administrative efficiency. HB 75 ensures that time spent in a U.S. merchant marine academy is treated the same as attending college, allowing Alaskans to pursue this vital technical training without losing their PFD eligibility. The bill also provides relief for college students who cannot afford to return home for winter or spring breaks, ensuring that these short-term absences do not jeopardize their qualification. Additionally, it simplifies the rules governing out-of-state medical care, preventing Alaskans with unexpected health emergencies from being penalized.

To strengthen program security, HB 75 requires fingerprint-based background checks for PFD Division employees who handle sensitive personal data, reducing the risk of fraud and identity theft. The bill also makes the PFD applicant list confidential, further

protecting Alaskans from fraudulent claims and identify theft. Additionally, it improves overall administrative efficiency by allowing residents to opt-in to electronic levy notices, cutting costs associated with printing and mailing.

REPRESENTATIVE BYNUM spoke to the updated sectional analysis, stating that the previous committee of referral had changed "armed services" to "uniform services".

[3:23:25 PM](#)

TREVOR SHAW, President & CEO, Alaska Society of Certified Public Accountants (AKCPA), as invited testifier, presented a summary of changes from the original bill version to CSHB 75(STA) [included in the committee file], which read as follows [original punctuation provided]:

1. Changes all instances of "armed services to "uniformed services".
2. Adds Section 3 defining "family members" by relationship.
3. Adds to Section 3 defining Uniformed Services as "Army, Navy, Air Force, Marine Corps, Coast Guard, Space Force, and the Commissioned Corps of the National 2 Oceanic and Atmospheric Administration and Public Health Services".
4. Renumbers the following sections.

MR. SHAW noted that the major change was the addition of merchant mariner training at the Merchant Marine Academy as an allowable absence for permanent fund dividend (PFD) eligibility.

MR. SHAW further noted that HB 75 would not expand statutory protections for voluntary out-of-state activities such as Peace Corps or participation in the Olympic games, for example. He clarified that CSHB 75(STA) "preserves and aligns protections already granted to individuals whose careers require extensive training and certification outside of Alaska." He explained that existing statute already allows for eligible absence for those "serving under foreign or coastal articles of employment aboard an ocean-going vessel of the United States Merchant Marine." He stated that HB 75 would clarify additional relevant educational programs that should qualify as allowable absences.

He further stated that an individual who received necessary out-of-state medical care would not be exempted from PFD eligibility. He stated that HB 75 would protect students unable to return home [to Alaska] during their spring or winter breaks, "as long as they ... return to their educational program." He stated that PFD Division employees would be required to provide fingerprints under the proposed legislation, noting that many professions are subject to Federal Bureau of Investigation (FBI) background checks, such as nurses, hairdressers, massage therapists, retail estate appraisers, et cetera. Additionally, he stated that the PFD applicant list would be confidential under CSHB 75(STA). He concluded that the proposed legislation also would allow individuals to opt in to electronic communications regarding their PFD.

MR. SHAW paraphrased the sectional analysis for CSHB 75(STA) [included in the committee file], which read as follows [original punctuation provided]:

Section 1. Requires the Permanent Fund Division to conduct background checks on and fingerprint its employees and applicants for employment within the Division.

Section 2. Modifies the allowable absences for Permanent Fund Dividend eligibility to include:

- Absences for school breaks and holiday, not including summer break, during the academic year.
- Education (1) to become a merchant mariner, and (2) through other vocational programs approved by the United States Coast Guard.
- Prevents medical absences from limiting the length of voluntary absences.

Section 3. Provides definitions relating to "family members" and "uninformed services".

Section 4. Aligns to Sect 1., requiring the Permanent Fund Division to conduct background checks on and fingerprint its employees and applicants for employment within the Division.

Section 5. Makes the names of Permanent Fund Dividend applicants confidential.

Section 6. Allows an opt-in option for Permanent Fund Dividend recipients to receive levy notices electronically.

Section 7. Establishes an effective date of January 1, 2026.

[3:27:28 PM](#)

SENATOR JESSE KIEHL, Alaska State Legislature, began by stating that HB 75 contains half of the elements originally proposed by the governor in a previous legislature. He further surmised that the proposed legislation contains "important tune-ups" to allowable absences, and the safety and efficiency of the PFD. He concluded that CSHB 75(STA) is not a PFD formula bill; rather, it is a "clean-up bill," noting that it nearly passed in the prior year.

[3:28:58 PM](#)

KARI NORE, External Affairs Director, Alaska Chamber, gave invited testimony in support of HB 75. She gave prepared testimony [included in the committee file], which read as follows [original punctuation provided]:

The Alaska Chamber was founded in 1953 and is Alaska's largest statewide business advocacy organization. Our mission is to promote a healthy business environment in Alaska. The Chamber has more than 700 members and represents businesses of all sizes and industries from across the state, representing 58,000 Alaskan workers and \$4.6 billion in wages.

The Chamber has a formal policy position to support clarifying vocational training absences for purposes of receiving PFD benefits. We support the enactment of clarifying changes to the PFD statute in order to assure Alaskans who are members of the uniformed services or those attending merchant marine training programs remain eligible to obtain their PFD, provided they have met all other eligibility criteria.

Since 1997, over 700 Alaskans have been recruited, trained, and placed in deep-sea maritime employment by attending the Paul Hall Center for Maritime Training and Education. Many of these candidates were youth, Alaskan Natives, displaced workers, and veterans who

attended an apprentice program paid for through a labor-management training trust fund. In so doing, management can be assured the individuals they hire to crew their vessels are thoroughly trained to USCG [United States Coast Guard] standards and uniformly meet their security, safety, and competency standards. Furthermore, by recruiting Alaskans for this apprenticeship opportunity companies in the Alaska maritime trade, like Alaska Tanker Company, Crowley Maritime, Matson Navigation, and TOTE Maritime Alaska, continue to meet their commitment to hire local. Denying PFD benefits to Alaskans, particularly younger Alaskans, while engaged in this required training, discourages them from considering this pathway as a career opportunity. The purpose for the local hire effort is for these individuals to be trained outside and to return to Alaska to spend their earned wages and enjoy their benefits on their time off.

In closing, the Chamber supports [HB 75] and encourages swift passage of this straightforward and good for business bill. Thank you for considering the Alaska Chamber's comments.

[3:31:37 PM](#)

CO-CHAIR FIELDS noted that a transportation company has an apprenticeship program due to efforts by both former Congressman Don Young and former Senator Ted Stevens to develop local workforce. He explained that CSHB 75(STA) was a multi-decade piece of legislation. He stated that swift passage was his goal.

[3:32:21 PM](#)

REPRESENTATIVE COULOMBE stated that she is in support of legislation that aids in developing Alaska's workforce. She noted there is a zero fiscal note. She queried whether current employees, future employees, or both would be fingerprinted under CSHB 75(STA).

REPRESENTATIVE BYNUM deferred to Ms. Wojtusik.

[3:33:14 PM](#)

GENEVIEVE WOJTUSIK, Director, Permanent Fund Dividend Division, Department of Revenue, replied that, were CSHB 75(STA) to pass,

the division would take six months to develop regulations for background checks.

[3:33:37 PM](#)

REPRESENTATIVE COULOMBE asked whether the exemption for emergency medical leave was a new exemption.

[3:33:58 PM](#)

MS. WOJTUSIK replied that an emergency-related exemption would be a new piece of statute. She explained that, currently, there are 16 different allowable absences in Alaska Statute (AS) that qualify as an emergency. She further explained that there are exemptions for medical leave and family medical leave, but not for emergency medical leave.

[3:34:26 PM](#)

REPRESENTATIVE NELSON queried the reason for changing armed services to uniform services in the proposed legislation, thereby including the National Oceanic and Atmosphere Administration (NOAA).

[3:34:48 PM](#)

REPRESENTATIVE BYNUM replied that the change occurred in the previous committee of referral, House State Affairs Standing Committee. He explained that the chair of the committee requested that change be included.

MR. SHAW responded that the change was proposed by Representative Andi Story in House State Affairs Standing Committee. He explained that it was technical change that would create allowable absences for an additional 50 people or less.

[3:36:15 PM](#)

REPRESENTATIVE NELSON asserted that NOAA was not militarized. He stated that he would like to see NOAA removed from the proposed legislation.

[3:36:52 PM](#)

MR. SHAW noted that the Peace Corps also fall under allowable absences, because of their service as commissioned officers

through a federal agency. He stated their office was open to refinement of CSHB 75(STA).

[3:37:38 PM](#)

REPRESENTATIVE SADDLER echoed concerns about changing the exemption from "armed services" to "uniformed services". He shared additional concerns that exemptions are "always expanded, never contracted."

REPRESENTATIVE SADDLER noted that members of armed services cannot decline assignments and asked whether members of NOAA or the public health service could decline moves.

[3:39:10 PM](#)

CO-CHAIR FIELDS thanked the various speakers for CSHB 75(STA).

REPRESENTATIVE BYNUM thanked the committee members for their time and stated that his office was always open to questions.

[HB 75 was held over.]

OVERVIEW(S): Unemployment Insurance

[3:39:42 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be the Unemployment Insurance overview.

[3:40:15 PM](#)

PALOMA HARBOUR, Director, Division of Employment & Training Services, Department of Labor & Workforce Development, introduced herself for the public record.

[3:40:29 PM](#)

LENNON WELLER, Administrative Services Director, Division of Research & Analysis, Department of Labor & Workforce Development, introduced himself for the public record.

[3:40:46 PM](#)

The committee took an at-ease from 3:40 p.m. to 3:42 p.m.

[3:42:07 PM](#)

MS. HARBOUR, as co-presenter of the Unemployment Insurance overview, began by giving an overview of the federal unemployment tax requirements, located on slide 2 of the PowerPoint, titled "Unemployment Insurance 101," [included in the committee file], which read [original punctuation provided]:

- Required federal unemployment taxes paid by employers are reduced as long as the state maintains a federally compliant unemployment system (from \$420 to \$42 maximum per employee)
- Federal funding for the state's unemployment insurance program is also reliant on the state maintaining a federally compliant unemployment system
- Federal requirements include that the state's unemployment trust fund (UTF) can be used solely for the payment of unemployment compensation (Federal Unemployment Tax Act Section 3304(a)(4))

MS. HARBOUR drew committee members' attention to a flow chart on slide 3, representative of the employer and employee contributions to the unemployment insurance (UI) program. She explained that both employers and employees benefit from the program in times of economic downturn or layoff. She further explained that the federal requirements are limited to employers and not every state collects contributions from employees and stated that [Alaska] has flexibility in how employee contributions to the trust fund are treated. She stated that there are two training programs supported by the employee contributions: the State Training and Employment Program (STEP) and the Technical Vocational Education Program (TVEP). She stated that 0.5 percent is the employee minimum tax rate, explaining that 0.1 percent goes towards STEP and 0.25 percent goes toward TVEP. She noted that STEPs pilot program was started in 1989, made permanent in 1996, and that the 0.1 percent employee contribution has not changed since its inception. She further noted that TVEP was started in 2000 with an employee contribution of 0.1 percent and has risen steadily over time with regular authorization from the legislature. She stated that TVEP was made permanent in 2024.

[3:46:14 PM](#)

REPRESENTATIVE COULOMBE asked for confirmation that STEP and TVEP money comes only from employee contributions, and not every state requires employee contributions.

MS. HARBOUR confirmed that is correct.

REPRESENTATIVE COULOMBE further asked for clarification that employer contributions are required to go towards benefits.

[3:46:41 PM](#)

MS. HARBOUR replied that Alaska Statute (AS) dictates the amount of employer contributions to the system and confirmed that the employer contributes to the benefits system.

[3:46:56 PM](#)

REPRESENTATIVE COULOMBE asked for confirmation that a percentage of employee paychecks are taken for training. She additionally asked for confirmation that TVEP has a set list of programs for which the money is put into whereas STEP is more competitive.

MS. HARBOUR confirmed that is correct.

[3:47:29 PM](#)

CO-CHAIR FIELDS asked how the STEP process application works.

MS. HARBOUR explained that STEP funding was appropriated by legislature to the Alaska Workforce Investment Board. She further explained that appropriated funds are made available to training programs to apply for grant solicitation annually in the spring. She noted that the Alaska Workforce Invest Board tries to make awards no later than July 30.

MS. HARBOUR noted that both employee and employer are meant to share a portion of the system cost, meaning that increased diversion increases the cost of the employer contributions. She reported that employee contribution is currently 0.35.

MS. HARBOUR drew committee members' attention to the table chart on slide 4, which represents the 21-employer unemployment tax rate classes.

MS. HARBOUR noted that employers with less than four quarters of wages are assigned an industry-tax rate based on other employers in that same industry that have more than four quarters of wages. She stated that employers with more than four quarters of wages are grouped into 21 different rate classes that are supposed to pay an experience-based tax rate. She explained that "large fluctuations in wages ... pay higher tax rate ...

[and] lower fluctuations ... pay a lower tax rate." She further explained that, due to the solvency of the trust fund, all 20 non-penalty rate classes are paying the statutory minimum one-percent tax rate. She further noted that the twenty-first tax rate class is 5.4 percent and explained that it is assigned to employers with delinquent filings or payments.

MS. HARBOUR moved to slide 5 and drew committee members' attention to a bar graph, whose x-axis represents the current benefits schedule from January 2020 to November 2024, with the y-axis representative of the number of claimants.

MS. HARBOUR described the minimum and maximum claims and benefits, which read [original punctuation provided]:

Minimum base wage \$2,500 = Benefit of \$56 per week
Maximum base wage \$42,000 = Benefit of \$370 per week
Dependent allowance \$24 per, max of 3
\$45.3 million paid out in FY2024
[19,651] total claimants in 2024

MS. HARBOUR noted that Alaska is one of 13 states with dependent allowance. She further reported that Alaska is currently experiencing a historic low in claim filings and noted that Alaska was experiencing historic lows prior to the COVID-19 pandemic. She reported that in 2024, DOLWD paid out 19,651 total claimants.

MS HARBOUR concluded by stating that, due to the historic low claim filings and Alaska's high covered claim wages, the annual revenue into the trust fund far exceeds the annual cost of benefits.

[3:52:31 PM](#)

REPRESENTATIVE SADDLER questioned whether the unemployment benefits are designed to provide a guaranteed basic income sufficient to live. He noted that a person with three dependents could claim approximately \$1,700 a month in benefits.

[3:53:01 PM](#)

MS. HARBOUR replied that the unemployment benefits are meant to sustain an individual as they are seeking new employment and referred to the benefits as a stopgap.

[3:53:19 PM](#)

MS. HARBOUR, in response to questions from Co-Chair Fields, stated that the unemployment rate was last changed in "legislative year 2008, calendar year 2009." She further stated that the allowance for dependents has not been updated since its implementation. She stated that she could not recall when the dependent allowance was instated. She further stated that benefits in general are intended to support the economy when there is a significant reduction of force. She reiterated that only 13 states have a dependent allowance.

MR. WELLER, in response to a question from Co-Chair fields, responded that the dependent allowance was first implemented in 1979 at roughly \$16 and was increased to \$24 in 1983.

CO-CHAIR FIELDS requested an inflation adjustment to the numbers provided by Mr. Weller.

[3:54:57 PM](#)

MS. HARBOUR continued with the presentation, citing "in Fiscal Year 2024, the Unemployment Trust Fund brought in \$169.5 million in revenue and only paid out \$45.3 million in benefits."

[3:55:31 PM](#)

MR. WELLER drew committee members' attention to three line graphs on slide 6 of the presentation, noting that they are representative of the relationship between chargeable benefit costs to the system, net UI contributions, and the resulting trust fund balance. He noted that the line graphs tend to correspond to activity in the economy, explaining that the trust fund balance corresponded to national and state-level recession, such as the 2008 housing crisis and the COVID-19 pandemic. He further noted that the trust fund balance has increased significantly over time since the 2000s. He stated that current statutes do not have the parameters to lower rates for exceptionally low costs. He noted that, while tax rates currently are sitting at statutory minimums, DOLWD is still "pulling in far more than we need to." He stated that the resulting fund balance is beyond targets and has no current mechanism for relief. He identified the minimum [tax] rates as a significant component and stated that the benefits schedule has an additional affect.

[3:59:05 PM](#)

REPRESENTATIVE SADDLER noted that slides 5 and 6 of the PowerPoint show an influx of claims during 2020. He asked an additional question about the 19,651 total claimants in 2024.

MR. WELLER replied that an individual can qualify for up to 26 weeks of benefits, noting that the numbers month to month could be representative of repeat claimants.

REPRESENTATIVE SADDLER asked for historical averages, not including 2020, given the COVID-19 pandemic.

MR. WELLER responded that the total number of claimants fluctuates and typically increases as the employee base experiences growth. He identified a different figure that might better answer the question as the insured unemployment rate, which, he explained, was "individuals filings as a percentage of individuals covered by the program." He stated that this figure ranged between 2.5 percent and 5.5 percent, in the past 15 to 20 years, and further noted that it fluctuates in correlation with Alaska's highly seasonal economy.

[4:01:25 PM](#)

REPRESENTATIVE COULOMBE reiterated that the balance of the trust fund is over \$700 million. She noted that the fund has to be used for benefits but is constrained by statute. She asked what the legislature can do to help.

[4:02:13 PM](#)

MS. HARBOUR emphasized that revenues are currently exceeding costs and identified some options. She stated that the legislature could increase costs and adjust the benefits schedule. She further stated that the legislature could decrease revenue, and divert more revenue into training, thus reducing the statutory minimum.

MS. HARBOUR stated that all of the "levers" could be pulled, and the trust fund would remain solvent.

[4:02:54 PM](#)

REPRESENTATIVE COULOMBE asked if the legislature could divert funds from STEP or TVEP to something like family paid leave.

MS. HARBOUR stated that the legislature could do what Representative Coulombe described with change to statute. She

also stated that the funds would have to come from employee contributions or from another program. She said 0.35 of employee contributions are diverted into the trust fund.

[4:03:36 PM](#)

CO-CHAIR FIELDS stated they would be introducing a committee bill.

[4:03:43 PM](#)

REPRESENTATIVE CARRICK asked which items come out of the employee portion and employer portion of the trust fund. She further inquired why only the employee portion was subject to legislative change, not the employer portion.

[4:04:09 PM](#)

MS. HARBOUR offered her understanding that training funding was established to provide state infrastructure to re-employ unemployed Alaskans. She explained that the employee contributions go into three places: STEP, where funding is competitively awarded; TVEP, where funding goes towards named recipients in statute; and the unemployment trust fund.

MR. WELLER, in response to a previous statement made by Ms. Harbour, clarified that 0.15 from employee contributions is diverted into the unemployment trust fund, while 0.35 from employee contributions is diverted into training programs. He spoke to a solvency adjustment, explaining that employers could pay in the backend any potential loss in the fund, were the balance to fall below actuarial standards.

REPRESENTATIVE CARRICK asked what the UI balance should be to remain solvent, assuming a stable population.

[4:07:25 PM](#)

MR. WELLER replied that, historically, the full solvency ratio should be between three and three-point-three percent of covered wages. He stated that currently the reserve has approximately 4.5 percent. He further noted that a solvency tax could be applied when the reserve goes below three percent and that credit could be applied when the reserve goes above 3.3 percent.

MS. HARBOUR stated that there was currently \$180-190 million in excess above the target reserve ratio.

REPRESENTATIVE CARRICK asked for clarification that those numbers were above 3.3 percent.

MS. HARBOUR clarified that her numbers were from September 2024 and stated that, at that time, the trust fund balance was \$724.4 million at a reserve ratio of 4.44 percent, \$186.2 million above the target reserve ratio of 3.3 percent. She noted that the fund, at the target reserve ratio of 3.3 percent, would sit at approximately \$540 million. She reiterated that revenues were currently exceeding costs by about three times, and that there was currently no pathway in AS to bring the fund into alignment.

[4:09:35 PM](#)

CO-CHAIR FIELDS shared that he was concerned by a lack of paid parental leave in Alaska pushing parents out of workforce. He repeated that he would be drafting a committee bill regarding the UI reserve and thanked Ms. Harbour and Mr. Weller for their presentation.

HB 121-ACCOUNTING; PRACTICE PRIVILEGE

[4:09:55 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 121, "An Act relating to the practice of accounting; and providing for an effective date."

[4:11:20 PM](#)

REPRESENTATIVE CALVIN SCHRAGE, Alaska State Legislature, as prime sponsor of HB 121, gave a prepared sponsor statement [included in the committee file], which read as follows [original punctuation provided]:

The accounting profession is essential to Alaska's economy, ensuring financial transparency for businesses, organizations, and government entities. However, outdated regulatory barriers are limiting the number of qualified professionals entering the field. The demand for accountants is growing nationwide, with employment in the field expected to increase by 6% over the next decade. However, the number of CPA's practicing in Alaska is shrinking. Between fiscal years 2019 and 2024, CPA licensure in the state grew by only 3%. If this trend continues, Alaska will face

a worsening shortage of accounting professionals, limiting access to essential financial services.

HB 121 addresses these issues by:

- Making technical and housekeeping changes to practice privilege for out-of-state firms to allow them greater flexibility.
- Removing the outdated and onerous requirement that students complete an extra year of college, beyond the 120-credit hour bachelor's degree with a concentration in accounting.

These changes align Alaska with national trends toward greater flexibility in CPA licensure while maintaining professional integrity. Candidates will still be required to pass the Uniform CPA Exam, meet education and professional experience requirements, ensuring competency without imposing unnecessary costs. I encourage my colleagues to support this important legislation.

[4:13:17 PM](#)

AMANDA NDEMO, Staff, Representative Calvin Schrage, Alaska State Legislature, on behalf of Representative Schrage, prime sponsor, moved to the second slide of the PowerPoint [included in the committee file], titled "HB 121 Accountancy Act Changes," which read as follows [original punctuation provided]:

The accounting profession in Alaska faces workforce shortages.

- Current regulations create unnecessary barriers to entry.
- Aligning with national standards will improve access to services.
-

HB 121 makes key changes to modernize the profession.

MS. NDEMO reported that there had been a 30-percent decrease in candidates sitting for the exam nationally since 2016. She moved to the third slide and stated that the proposed legislation would make two key changes relating to the education requirements for certified public accountant (CPA) licensure and practice privileges for out-of-state firms.

MS. NDEMO moved to the fourth slide, giving an overview of the current education requirements for CPAs in Alaska, which read as follows [original punctuation provided]:

Current requirements:

- 150-credit hours AND two years of experience for CPA licensure.

National Trends:

- 30 states have introduced legislation removing the 150 -credit hour requirement for licensure.
- Many states are moving toward a 'dual pathway'
 - a) 150 -credit hour + one year of experience OR
 - b) 120 credit hours (Bachelors degree) + two years of experience

MS. NDEMO noted that the current education requirements are higher than a standard bachelor's degree, which typically consists of 120 credit hours. She further noted that the current requirements add an additional year of college. She moved to the fifth slide and gave an overview of the proposed changes to the education requirements under HB 121. The fifth slide read as follows [original punctuation provided]:

HB 121:

- Removes the 150 -credit hour requirement for CPA licensure (moving to a bachelors + two years of experience model).
- Retains essential qualification requirements
 - Passing CPA exam
 - Bachelor's degree with an accounting concentration
 - Two years of relevant experience

MS. NDEMO moved to the sixth slide and gave an overview of the current out-of-state practice privileges. The sixth slide read as follows [original punctuation provided]:

Current requirements for out-of-state firms

- AS 08.04.240(k)
- Firms that do not have an office in Alaska but provide, or offer to provide, attest functions in the state are still required obtain CPA firm permits.

"Firm" means a sole proprietorship, partnership, limited liability company, corporation, or other legal entity that can organize as a legal person under state law. AS 08.04.680(6).

"Attest function" means audit, review, examination of prospective financial information, and other services as described in AS 08.04.680(1).

MS. NDEMO added that HB 121 would align practice privilege for out-of-state firms with out-of-state individuals. She moved to the seventh slide and gave an overview of out-of-state individual [CPA] privileges, which read as follows [original punctuation provided]:

Current requirements for out-of-state individuals (AS 08.04.420 and 08.04.422)

- Licensed to practice public accounting in another state
- The individual's licensing state satisfies substantial equivalency requirements to the qualifications required of an applicant for a license in Alaska.
- Principal place of business for the practice of public accounting is in that other state
- Consent to Alaska's jurisdiction and disciplinary authority of the board
- Assign home state's board as agent for service of process
- Do not need to provide notice, pay a fee, or submit documentation

CPA license: license granted by the state of application after all education, exam, and experience requirements have been met.

"Principal place of business" office location designated by an individual for the purposes of substantial equivalency and reciprocity. AS 08.04.680(17).

"Practice privilege" means a practice privilege authorized under AS 08.04.420. AS 08.04.680(15).

MS. NDEMO noted that the framework allows out-of-state individual CPAs to serve Alaska clients without facing additional licensure barriers while ensuring professional accountability. She further noted that these privileges are not extended to out-of-state firms under the current law.

MS. NDEMO moved to the eighth slide, stating that out-of-state firms are required to obtain a separate Alaska firm permit, even if they do not have a physical office in the state. She gave an overview of how HB 121 would address this inconsistency, which read as follows [original punctuation provided]:

HB 121 -Firm mobility

- Provides for firm mobility
- Aligns firm practice privilege with existing individual CPA practice privilege.
- Reduces administrative burdens.
- Maintains regulatory oversight.

MS. NDEMO moved to the ninth slide, giving an overview of the impacts of HB 121, which read as follows [original punctuation provided]:

Benefits of HB 121

Increases the pipeline of CPA candidates

Encourages business growth and supports business needs

Regulatory oversight remains intact

Makes Alaska a more accessible market for accounting professionals.

MS. NDEMO moved to the tenth slide, asserting that HB 121 would ensure that high professional standards are upheld. She stated that out-of-state individuals and firms would remain subject to oversight of the Board of Accountancy in their home state and Alaska's Board of Public Accountancy as a condition of granting practice privilege.

[4:19:09 PM](#)

BETH STUART, Chair, Managing Partner, KMPG LLC, stated that she obtained her CPA licensing in 1996 and has maintained licensure. She asserted that accounting professionals around the country are concerned about the decline of people entering the profession. She reported that studies have shown that the decline was partly due to time and costs of required education beyond a bachelor's degree. She stated that there was a "wave of legislation around the country" to remove the soft 30-credit requirement, which she noted are not required to be in

accounting or business. She asserted that removing this requirement would not be detrimental to the quality of education or accounting work; rather, the removal of the requirement would reduce professional and licensure barriers. She stated that the State Board of Accounting supports HB 121 and additionally stated that it would align firm mobility with individual mobility, as well as aligning Alaska's mobility laws with most other states and the Uniform Accountancy Act. She thanked the committee members for their consideration of HB 121.

[4:21:38 PM](#)

THOMAS NEILL, Chair, Uniform Accountancy Act Committee, Joint American Institute of CPAs/National Association of State Boards of Accountancy (AICPA/NASBA), explained that he was the current chair of the AICPA University of Alaska Anchorage (UAA) committee, which is joint committee of AICPA and NASBA. He reported that there are efforts around the country to modify model legislation in place to eliminate the 30-hour requirement or create additional pathway that allows a bachelor's degree in order to address the shrinking CPA population due to retirements and firm mergers and the issue of a lack of people coming into the profession. He stated that HB 121 would simplify the educational requirement for CPA licensure. He stated that he had additionally reviewed mobility requirements within HB 121 and stated that it aligned with proposed model legislation. He concluded by stating that HB 121 would not diminish existing public protection provisions in statute and welcomed questions from committee members.

[4:23:16 PM](#)

REPRESENTATIVE SADDLER asked for clarification that a graduate with a bachelor's degree in accounting was not automatically licensed to work as an accountant.

[4:23:43 PM](#)

MS. STUART responded that an individual must have a bachelor's degree in accounting with a minimum number of accounting-, business-, and finance-related classes. Additionally, she explained that an individual must pass the uniform CPA exam, which is a national exam that contains four parts of competency-based exams. Finally, one must also have two years of experience working in relevant work under a licensed CPA.

REPRESENTATIVE SADDLER asked where the 30-hour requirement comes in to the current requirements for licensure.

MS. STUART explained that an individual needs 150 credit hours. She explained that a bachelor's degree typically consists of 120 credit hours, meaning an individual would need to take an additional 30 hours. She noted that there was no specification on the type of classes needed to make up the remainder 30 credits. In response to a follow-up question from Representative Saddler, confirmed that his understanding of the requirements was correct.

[4:26:01 PM](#)

KAREN TARVER, Former Chair/Legislative Liaison Chair, State Board of Public Accountancy/Alaska Society of Certified Public Accountants (AKCPA), stated she has practiced accounting in Alaska for the past 30 years. She stated that the Alaska Society of CPAs consists of both CPAs and CPS candidates. She noted that the legislative committee met recently and voted in favor of HB 121. She testified that HB 121 would modernize the path for CPA licensure, thus allowing more people to become CPAs in Alaska. She asserted that many of her employees had finished their bachelor's degree with 120 credits and had challenges getting the additional 30 credits with increasing responsibilities and personal obligations due to student loans or financial obligations. She further reported that many put off getting the additional 30 credits in favor of working upon completion of the bachelor's towards their two-year working requirement for licensure. She shared a personal anecdote about her son who wanted to become a CPA. She stated that HB 121 would allow licensed CPAs in other states to work in Alaska and vice versa, noting that many clients, in Alaska or other states, are in desperate need of licensed CPAs. She noted that firm mobility was a long-term project of the State Board of Public Accountancy and AKCPA. She asserted that firm mobility would not diminish the public protection provisions in Alaska Statute (AS). She repeated that the AKCPA was in support of HB 121.

[4:29:44 PM](#)

REPRESENTATIVE COULOMBE offered her appreciation for HB 121.

[4:30:08 PM](#)

REPRESENTATIVE CARRICK asked for clarification of the credit hour requirement for current licensure of CPAs. She asked

whether the credit requirements necessitate an extra year of school.

[4:30:28 PM](#)

REPRESENTATIVE SHRAGE stated that the requirements to become CPA were found under AS 08.04.100, with the education and experience requirements found under AS 08.04.120. He clarified that 150 credit hours are currently required, which can be made up with a bachelor's degree in accounting or a bachelor's degree with a concentration in accounting. He stated that, after that, an additional 30 credit hours are required.

[4:31:20 PM](#)

REPRESENTATIVE CARRICK asked whether students in accounting typically graduate and go back to school for the additional 30 credits or stay in school until completion of the credit hour requirements.

REPRESENTATIVE SHRAGE shared a personal anecdote, noting that students did a combination of both while he was a student at UAA. He opined that the additional 30 credits do not have any value for the students understanding of the practice of accounting or better qualify them for accounting work.

[4:32:24 PM](#)

CO-CHAIR HALL queried the rationale behind the effective date.

[4:32:32 PM](#)

REPRESENTATIVE SHRAGE replied that January 2026 was chosen to allow [DCCED] to make any necessary regulatory changes before the proposed legislation would take effect.

[4:32:48 PM](#)

REPRESENTATIVE SHRAGE, in regard to a question from Representative Saddler regarding what one cannot do without a CPA license, replied that one cannot practice on their own without a CPA license. He stated that an individual can work in accounting under the supervision of CPA without meeting licensee requirements. He stated that one cannot do that work independently without passing the national exam for licensure and working under a licensed CPA for two years. He further deferred to Ms. Stuart to ensure his recollection was correct.

[4:33:33 PM](#)

MS. STUART stated that Representative Shrage's description was accurate. She confirmed that one could not provide independent accounting or tax services without a CPA license. She noted that her firm will not hire anyone who is not CPA-eligible and further stated that one could not get promoted to manager without a license at her firm.

[4:34:05 PM](#)

REPRESENTATIVE COULOMBE asked for a fiscal note.

[4:34:17 PM](#)

MS. NDEMO stated that she would pass the fiscal note to the committee.

REPRESENTATIVE SHRAGE stated that there was a zero fiscal note from DCCED.

[4:34:40 PM](#)

CO-CHAIR FIELDS set an amendment deadline for HB 121.

[HB 121 was held over.]

[4:35:24 PM](#)

The committee took a brief at-ease at 4:35 p.m.

HB 123-TAXATION: VEHICLE RENTALS, SUBPOENAS

[4:35:48 PM](#)

CO-CHAIR FIELDS announced that the final order of business would be HOUSE BILL NO. 123, "An Act relating to vehicle rental taxes; relating to the issuance of subpoenas related to tax records; and providing for an effective date."

[4:35:58 PM](#)

REPRESENTATIVE KEVIN MCCABE, Alaska State Legislature, as prime sponsor, gave the sponsor statement for HB 123 [included in the committee file], which read as follows [original punctuation provided]:

HB 123 fixes Alaska's broken vehicle rental tax system with a smarter, fairer approach. The state's 10% excise tax on passenger vehicle rentals—including Turo rentals—has sparked confusion and legal battles, leaving everyday Alaskan hosts to fend for themselves while platforms like Turo avoid collection duties. Last year, Senate Bill 127 tried to clarify this by requiring platforms to collect an 8% tax and remit it to the Department of Revenue, while shielding hosts from retroactive penalties. It passed with bipartisan support, but Governor Dunleavy vetoed it, leaving the issues unresolved. HB 123 steps in with a better plan.

This bill cuts the tax from 10% to 9% for all passenger vehicle rentals and cuts it even further to 7% for other vehicle rental platform companies such as Turo and Getaround —lower rates than SB 127's 8%, delivering bigger savings for renters and businesses. It protects vehicle rental platform company hosts by blocking the Department of Revenue from chasing back taxes on prebill rentals, ending unfair enforcement like bank garnishments. Vehicle rental platforms must now collect and remit the tax, streamlining the process without burdening non-platform rentals like those on Craigslist or Facebook Marketplace.

HB 123 resolves the legal gray area that has pitted the state against platforms such as Turo and Getaround, aligns state and local taxes—like Anchorage's 8%—for consistency, and supports Alaskans earning extra income. It's a practical reboot of SB 127's intent, with lower taxes, less red tape, and real relief. This is a win for affordability, competition, and fairness—a system built for Alaska's future.

REPRESENTATIVE MCCABE further noted that the Department of Revenue (DOR) sued Turo several years ago, and as a result, the judge rules that Turo cars and rental cars were "similarly situated." He further noted that owed taxes amount to approximately \$4,000-\$6,000 among as many as 1,500 people in Alaska.

[4:41:50 PM](#)

REPRESENTATIVE BURKE asked whether the litigation between DOR and Turo was current.

[4:42:01 PM](#)

REPRESENTATIVE MCCABE stated that he was not aware of any current court cases. He further stated that DOR put out a notice that the taxes must be collected.

[4:42:29 PM](#)

REPRESENTATIVE SADDLER noted that the proposed legislation would put the onus to collect taxes on the Turo application ("app"). He asked whether Turo collected taxes in other jurisdictions.

[4:42:42 PM](#)

REPRESENTATIVE MCCABE replied that the Turo app does have the ability to collect taxes through the app.

[4:42:59 PM](#)

REPRESENTATIVE CARRICK offered her support for the intent of the legislation, particularly the avoidance of retroactive penalties, which she remarked would be very difficult to collect. She remarked that she found the differential rate between Turo versus regular car companies frustrating, as Turo "has every ability ... to pay and remit this tax as any other car company." She asserted that, ultimately, the tax is paid by the end-user, not the person renting out cars through the platform. She queried the reason for the differential rate and suggested lowering all the taxes uniformly.

[4:44:31 PM](#)

REPRESENTATIVE MCCABE identified the protection of users in Alaska from retroactive taxes as his primary goal of the proposed legislation. He stated that it was unknown how much money Turo would bring in [through taxes] and reminded committee members that the tax goes towards the state parks.

[4:45:20 PM](#)

CO-CHAIR FIELDS clarified that about half of the tax goes toward the Department of Transportation (DOT) and about half of tax goes towards the state parks. He likened the tax to a "user fee."

[4:45:30 PM](#)

REPRESENTATIVE MCCABE further noted that the percentage under HB 123 was negotiated and agreed upon by the rental car companies and by Turo. He remarked that he did not particularly care about the exact tax percentage.

[4:46:08 PM](#)

REPRESENTATIVE CARRICK stated that she found an issue with the differential rate, given that the end-user is the same regardless of the platform. She further stated that Turo has been evading taxes in Alaska for many years. She said that she would like to see the same tax rate, but that she otherwise supported the proposed legislation.

REPRESENTATIVE MCCABE reminded committee members that rental recreational vehicles (RVs) and motorhomes are taxed at a differential rate of 3 percent. He stated that Turo doesn't consider themselves a rental car company; rather, they consider themselves a platform, with the car-owner as the host. He offered his understanding that the differential tax rate was the rental car companies' recognition of Turo as lacking a brick-and-mortar store.

REPRESENTATIVE CARRICK commented that Amazon was not a store.

[4:47:29 PM](#)

REPRESENTATIVE COULOMBE asked for confirmation that Turo does not pay taxes.

REPRESENTATIVE MCCABE replied yes.

REPRESENTATIVE COULOMBE asked what would happen if HB 123 did not become law.

REPRESENTATIVE MCCABE offered his belief that the State of Alaska would try to collect tax. He offered his belief that some Turo hosts are finding a way to collect the tax.

[4:48:45 PM](#)

CO-CHAIR FIELDS discussed amendment deadlines.

[HB 123 was held over.]

4:48:57 PM

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [4:49] p.m.