

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 17, 2025

1:32 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Kelly Merrick, Vice Chair
Senator Elvi Gray-Jackson
Senator Forrest Dunbar
Senator Robert Yundt

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 11

"An Act relating to flood insurance; relating to property insurance; establishing the Alaska Flood Authority and the Alaska flood insurance fund; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 17

"An Act establishing the crime of airbag fraud."

- MOVED SB 17 OUT OF COMMITTEE

SENATE BILL NO. 98

"An Act extending the termination date of the Board of Veterinary Examiners; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 11

SHORT TITLE: FLOOD INSURANCE

SPONSOR(S): SENATOR(S) STEDMAN

01/10/25 (S) PREFILE RELEASED 1/10/25

01/22/25 (S) READ THE FIRST TIME - REFERRALS

01/22/25 (S) L&C, FIN
02/10/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/10/25 (S) Heard & Held
02/10/25 (S) MINUTE(L&C)
02/17/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 17

SHORT TITLE: CRIME COUNTERFEIT/NONFUNCTIONING AIRBAG
SPONSOR(s): SENATOR(s) CLAMAN

01/10/25 (S) PREFILE RELEASED 1/10/25
01/22/25 (S) READ THE FIRST TIME - REFERRALS
01/22/25 (S) L&C, JUD
02/10/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/10/25 (S) Heard & Held
02/10/25 (S) MINUTE(L&C)
02/17/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 98

SHORT TITLE: EXTEND BOARD OF VETERINARY EXAMINERS
SPONSOR(s): LABOR & COMMERCE

02/12/25 (S) READ THE FIRST TIME - REFERRALS
02/12/25 (S) L&C, FIN
02/17/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR BERT STEDMAN, District A
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 11.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community and
Economic Development (DCCED)
Anchorage, Alaska
POSITION STATEMENT: Answered questions on SB 11.

LISA BUSCH, representing self
Sitka, Alaska
POSITION STATEMENT: Testified in support of SB 11.

LAURA CURTIS, Assistant Vice President
American Property Casualty Insurance Association (APCIA)
Rocklin, California

POSITION STATEMENT: Testified in opposition to SB 11.

SENATOR MATT CLAMAN, District H
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 17.

MATT CHURCHILL, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented an overview of SB 98.

KRIS CURTIS, Legislative Auditor
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified by invitation on SB 98.

SYLVAN ROBB, Director
Division of Corporations, Business and
Professional Licensing (DCBPL)
Department of Commerce, Community and
Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Testified by invitation on SB 98.

HAL GEIGER, Public Member
Board of Veterinary Examiners
Juneau, Alaska

POSITION STATEMENT: Testified by invitation on SB 98.

ACTION NARRATIVE

[1:32:38 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:32 p.m. Present at the called to order were Senators Merrick, Gray-Jackson, Dunbar, Yundt and Chair Bjorkman.

SB 11-FLOOD INSURANCE

[1:33:30 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 11 "An Act relating to flood insurance; relating to property insurance; establishing the Alaska Flood Authority and the Alaska flood insurance fund; and providing for an effective date."

[1:34:05 PM](#)

SENATOR BERT STEDMAN, District A, Alaska State Legislature, Juneau, Alaska, speaking as sponsor presented a brief recap of SB 11 and stated that his office is working on a solution to Alaska's challenges with the National Flood Insurance Program for two main reasons:

- Alaskans pay far more in premiums than Alaskans receive in claims.
- Federal building codes tied to the program are hindering coastal development.

He said because this program is nationwide, Alaska is paying for flood losses in high-risk areas like the Gulf Coast and East Coast, even though Alaska has minimal exposure to floods losses. He said Federal Emergency Management Agency's (FEMA) rules also override local planning and zoning, placing heavy burdens on communities. With Alaska's vast coastline and many fishing towns, these restrictions are especially harmful. He stated that Alaska is a large state with a small population, and Alaska is not being treated fairly. He said his office is hoping to work with the Division of Insurance and the committee to refine the issue and find a solution that works for Alaskans without being dragged down by FEMA's massive deficits.

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CHAIR BJORKMAN requested to know how the FEMA flood maps will affect the concept of SB 11 and what is the connection between the flood maps and those taking up insurance.

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SENATOR STEDMAN answered that if flood maps are going to include hundreds or thousands of Alaskans, it raises concerns, especially with how inconsistently zones are drawn. He stated that the issue of flood zones is growing, not shrinking, with more people and communities affected over time. He gave an example of Ketchikan's new maps that add 1,100 people to the flood zone, that's nearly 10 percent of the town despite little to no flooding along its waterfront. There's also very little flooding along the waterfront in Wrangell, Sitka, and Juneau. He said the FEMA flood maps are a longstanding and growing problem that need attention.

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CHAIR BJORKMAN asked how an insurance program will ensure risk is shared fairly among those truly at risk of flooding so

people's property that is unlikely to flood aren't just paying premiums that end up subsidizing high-risk areas.

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SENATOR STEDMAN answered that the Division of Insurance would be able to answer that more technical question. He stated that the goal isn't to exclude the 1,100 people in Ketchikan, but to include them in a better system with lower premiums, better coverage, and less federal control over local zoning. He said it's not about avoiding insurance but creating a more efficient and fairer program.

[1:42:21 PM](#)

SENATOR YUNDT stated his belief that shifting control from federal government to the state or local level usually leads to a more efficient system that better serves residents. He asked if a borough or community like Ketchikan, creates an insurance captive, where residents in flood zones pool together and self-insure and asked if this is something that has been explored.

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SENATOR STEDMAN answered that his office didn't look at individual communities in isolation but considered a statewide approach. A broader pool helps manage risk more fairly. He said the Division of Insurance can give more insight regarding the possibility of local captives. Some areas also face risks like landslides and earthquakes, so SB 55 would lay the groundwork for a broader solution if done right. He expressed that the new program won't be a free ride, premiums won't be state-subsidized and if the state can't run the program more economically than the federal government, the State of Alaska would end up back in the federal system: high premiums, few claims, and heavy restrictions.

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SENATOR YUNDT asked if the insurance captive would be at the state level or broken down by communities and would the captive just be for those in the pool or would others outside of the pool be involved.

[1:45:57 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Anchorage, Alaska, answered questions on SB 11 and responded that the captive would be for those in the pool.

SENATOR YUNDT asked how many captives operate in Alaska and has she ever seen it used for [flood coverage].

MS. WINGHEIER answered that she's not aware of any captives for flood coverage. Alaska doesn't have a captive law, so the individual would need to go to another jurisdiction to start one. She stated that there are a few captives for transportation companies like Lynden and Carlyle, but they're based elsewhere. She said most flood insurance nationwide is still handled through the National Flood Insurance Program, with limited private options.

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SENATOR DUNBAR asked if Alaska currently owns any insurance programs, like the old high-risk pool before Obama care and does that still exist. Second, are there other industries, like earthquake or flood, where insurance is federally mandated to access financing.

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MS. WINGHEIER answered that the high-risk pool is still active but only has about eight members. The division keeps it going mainly because Alaska lacks Medicare supplements. She said Alaska is too small to attract products like Medicare Advantage. She stated that she is not aware of any lender or state requiring flood or earthquake insurance. She said lenders typically ask for general property insurance, but not for specific coverage like flood or earthquake, even in disaster-prone areas.

SENATOR DUNBAR stated for this instance it's not a private party requesting insurance, it's the federal government. He asked if the federal government is asking in the capacity of a lender and how does that mandate work.

MS. WINGHEIER responded that the federal government is asking as a lender. She stated that she's not aware of any federal mandate requiring people in specific geographic areas to buy flood insurance.

SENATOR DUNBAR asked that in practice, since the federal government is so involved in home lending, the federal government can effectively require everyone in certain areas to carry this insurance.

MS. WINGHEIER answered that is correct.

SENATOR DUNBAR asked if she was aware of a time the federal government has tried to force certain insurance.

MS. WINGHEIER answered that she is not aware of a time that the insurance was forced by the federal government.

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CHAIR BJORKMAN asked what the options are to create a viable insurance pool for those who've had or may have flood damage in the future.

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MS. WINGHEIER answered that for this program to work, it depends on how many people buy insurance. She said if only a few people join and there's a major flood, the pool won't hold but, if enough Alaskans statewide participate, the risk can be spread out. She stated that right now, few people buy flood insurance, often because it's not required or it's too expensive on top of homeowners' coverage. The division hasn't set rates yet, but success depends on strong participation to keep the program self-sustaining.

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CHAIR BJORKMAN opened public testimony on SB 11.

[1:52:24 PM](#)

LISA BUSCH, representing self, Sitka, Alaska, testified in support of SB 11 and stated that she led the Sitka Sound Science Center (SSSC) during the 2015 landslide. SSSC formed a group of researchers, agencies, and communities, stretching from Yakutat to Prince of Wales, to address natural hazards, not just landslides. The SSSC meets with communities to discuss risks, warning systems, and monitoring. SB 11 would help those at risk from landslides, mudflows, and atmospheric rivers by offering potential insurance options. She said every public meeting the SSSC holds the first question is always about insurance. The Science Center and RAND corporation published a white paper on landslide insurance that can be shared with the committee. She stated that she is working with Central Council of the Tlingit & Haida Indian Tribes of Alaska, supported by United States Geological Survey (USGS), to create a regional landslide information hub. People want to know if insurance is available and how it works. She said the Alaska people are a coastal people, vulnerable not only to floods but also to landslides triggered by extreme weather.

[1:55:45 PM](#)

LAURA CURTIS, Assistant Vice President, American Property Casualty Insurance Association (APCIA), Rocklin, California,

testified in opposition to SB 11 and stated that APCIA respectfully opposes SB 11, as it would create an unnecessary financial burden on the state and duplicate flood insurance options already available. SB 11 proposes a state run flood insurance program to increase access, but flood coverage is already available through the National Flood Insurance Program (NFIP) and private insurers. She said any area that participates in the NFIP is eligible, but many Alaska communities don't currently participate. NFIP participation is crucial for setting minimum standards that help reduce flood losses and insurance costs. SB 11 would also mandate property insurers to join a new state-run residual market something no other state requires. She said Alaska can't afford to take on the full burden of flood losses, especially compared to NFIP, which spreads risk nationwide and is backed by the federal government. She said requiring insurers to take on this extra risk would reduce availability, not improve it. That's one reason NFIP was created is to avoid overwhelming states with risk. She stated that instead of creating a new program, APCIA believes the state should focus on encouraging communities to join NFIP and invest in mitigation, planning, and stronger building codes to improve resilience and reduce costs. SB 11 also proposes up to \$10 million in state funds to cover losses if premiums fall short. That money would be better spent on reducing risks and expanding NFIP participation. She said while the APCIA understand the concerns about flood insurance access, mandatory participation in a potentially underpriced program would be financially disastrous.

[2:00:07 PM](#)

CHAIR BJORKMAN closed public testimony on SB 11.

[2:00:23 PM](#)

CHAIR BJORKMAN held SB 11 in committee.

[2:00:27 PM](#)

At ease.

SB 17-CRIME COUNTERFEIT/NONFUNCTIONING AIRBAG

[2:02:48 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 17 "An Act establishing the crime of airbag fraud."

[2:03:16 PM](#)

SENATOR MATT CLAMAN, District H, Alaska State Legislature, Juneau, Alaska, sponsor of SB 17 presented a brief recap as follows:

[Original punctuation provided.]

To recap, Senate Bill 17 establishes airbag fraud as a crime. It prohibits dangerous actors from knowingly selling, installing, or manufacturing these dangerous and improper devices.

Passage of this legislation will support federal efforts to stop the importation of counterfeit or nonfunctioning airbags through the federal Unfair Trade Practices Act. It will allow federal authorities to seize these products at Alaska's border.

Counterfeit airbags are a serious threat to drivers and passengers in Alaska - that is to say, almost each and every one of us and our constituents.

[2:04:10 PM](#)

SENATOR DUNBAR stated in the last committee meeting, the committee discussed generic airbags, and a member from the industry noted that generic airbags essentially don't exist. He said that raises concerns for him, possibly pointing to industry capture, though he knows that it's not the intent of SB 17. He emphasized that federal safety standards should not be used to block airbags that are functionally identical due to trademark or other industry-imposed barriers. He asked for an elaboration on the issue.

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SENATOR CLAMAN answered that from personal experience buying auto parts, he often has used aftermarket parts—like body panels—that fit well but aren't from the original manufacturer. He said there's a strong market for many of those parts, but with airbags, the tech and cost to develop them make it hard for third-party companies to compete. That's not necessarily anti-competitive, airbags are a tougher, more complex market compared to something like bumpers.

SENATOR DUNBAR asked for confirmation, for the benefit of future prosecutors of defense attorneys, if this crime were brought against someone, it is the intent of the legislature that it does not create a law punishing safe aftermarket products simply because they do not meet industry proprietary standards.

SENATOR CLAMAN answered that's true.

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CHAIR BJORKMAN opened public testimony on SB 17; finding none, he closed public testimony.

[2:07:58 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[2:08:02 PM](#)

SENATOR MERRICK moved to report SB 17, work order 34-LS0183\A, from committee with individual recommendations and attached fiscal note(s).

[2:08:19 PM](#)

CHAIR BJORKMAN found no objection and SB 17 was reported from the Senate Labor and Commerce Standing Committee.

[2:08:35 PM](#)

At ease.

SB 98-EXTEND BOARD OF VETERINARY EXAMINERS

[2:11:15 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 98 "An Act extending the termination date of the Board of Veterinary Examiners; and providing for an effective date."

[2:11:46 PM](#)

MATT CHURCHILL, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, presented an overview of SB 98 as written:

[Original punctuation provided.]

The Board of Veterinary Examiners, the five-member panel that regulates the profession of veterinary care in the state, will currently sunset on June 30, 2025. This Bill extends the sunset date of the Board by six years to allow the Board to continue working in the public interest.

The State's 2024 audit of the board concluded that the board served the public's interest while recognizing the continued need for legislative oversight.

The audit ultimately recommended that the legislature extend the Board's termination to June 30, 2031. Kris Curtis, Legislative Auditor, will speak further to the Committee today regarding the details of the State's audit.

The Committee will also be hearing today from Director Sylvan Robb of the Division of Corporations, Business and Professional Licensing.

Board member, Hal Geiger, is present today and Dr. Robert Gerlach, Chair of the Board of Veterinary Examiners will be on the line as well to help with any questions the Committee might have.

[2:13:17 PM](#)

CHAIR BJORKMAN announced invited testimony on SB 98.

[2:13:32 PM](#)

KRIS CURTIS, Legislative Auditor, Alaska State Legislature, Juneau, Alaska, testified by invitation on SB 98. She read the provided report conclusions:

[Original punctuation provided.]

**The Sunset Review of the department of Commerce,
Community and Economic Development (DCCED), Board of
Veterinary Examiners (board)**

April 24, 2024

Audit Control Number 08-20142-24

REPORT CONCLUSIONS

The audit concluded that the board served the public's interest by conducting meetings in an effective manner; actively amending regulations to address statutory changes, protect the public and improve the licensing process; and effectively licensing veterinary professionals. The audit also concluded that board related cases were not consistently investigated in a timely manner, two board positions

had expired terms, and as of January 31,2024, one board position had been vacant for 31 months. Additionally, the audit found that the final version of regulation changes published in 2023 was not reviewed or approved by the board.

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MS. CURTIS continued:

In accordance with AS 08.03.010(c)(22), the board is scheduled to terminate on June 30,2025. We recommend that the legislature extend the board's termination date six years to June 30,2031, which is two years less than the maximum allowed statute. The reduced extension reflects the need for more routine oversight of the board in light of the audit findings.

MS. CURTIS stated that on page 6 licensing information shows that as of January 2024 the board had 716 active licenses, a 7 percent increase since the 2016 audit. Page 8 shows finances; the board had a \$200,000 surplus. She said the Legislative Audit department made three recommendations starting on page 11:

Recommendation 1

She said the Division of Corporation, Business, Professional Licensing (DCBPL) director should create procedures to ensure the final draft of regulations are provided to occupational boards for review and approval before regulations are filed and made effective. She stated that the final Veterinarian-Client-Patient Relationship (VCPR) regulation omitted language the board intended, due to technical edits by the Department of Law they believed were minor.

Recommendation 2

She said the Boards and Commissions director should work with the board to identify potential applicants to fill board seats in a timely manner. The board had five members, with two serving on expired terms and one seat vacant for 31 months.

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MS. CURTIS continued:

Recommendation 3

Department of Commerce, Community and Economic Development (DCCED) commissioner should work with policymakers to improve the recruitment and retention of investigators. She said the Legislative Audit reviewed nine cases open for over 180 days and found four with significant, unjustified delays some lasting 111 to 695 days, often due to staff vacancies and competing priorities.

MS CURTIS stated that the commissioner of DCCED, board chair and governor's board and commissions' director agreed with all three recommendations. The response can be found starting on page 23 in the audit report.

[2:17:14 PM](#)

SYLVAN ROBB, Director, Division of Corporations, Business and Professional Licensing (DCBPL), Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, testified by invitation on SB 98 and stated that the first recommendation that ensures the board reviews regulations and make sure the regulations align with intent before adoption and finalization has been resolved. She stated the Department of Law changed a law on how regulation process flows. The Department of Law now reviews proposed regulations before they go to public comment, instead of after. She said this change prevents public input on regulations that may later be rejected for legal reasons and has improved the process for boards, the public, and licensees. She stated that all five board seats are currently filled. The division works with the Governor's Office to notify active licensees of vacancies and encourages them or their peers to apply. She said as for the third recommendation, the division continues working to improve investigator recruitment and retention. While the division struggled during the pandemic with 35 percent vacancies, the DCBPL now has only a few open positions. She stated that the division has better training, and stronger oversight. She said the DCBPL expect future audits to reflect shorter investigation timelines.

[2:21:48 PM](#)

HAL GEIGER, Public Member, Board of Veterinary Examiners, Juneau, Alaska, testified by invitation on SB 98 and stated that the board has handled many complex technical issues responsibly, always mindful of how public resources are being used. While most people think of veterinarians as caring for pets, veterinarians also play critical roles in food security and public health, like managing rabies, a fatal disease in humans. He said veterinarians also handle controlled substances and

treat high value animals in hatcheries being released in the marine environment. He said the board is needed to fulfil the complex, technical, and essential work that needs to be completed. He stated that one major challenge the board faced was addressing the unintended consequences of the prescription drug monitoring program, and the board appreciates the Legislature's help in resolving that. He said the board also supports adding a licensed veterinary technician to the board, as many states have done. With only five members, vacancies strain the board's capacity, especially when emergencies arise. He said the board agrees fully with the audit recommendations. He said the issue with the Department of Law altering the finalized Veterinarian Client Patent Relationship (VCPR) regulation is serious. He stated that the board has worked for years on getting expert testimony and a key provision for allowing associate vets to treat an animal after another vet's exam was removed. He said the current regulation is impractical, and despite the boards repeated requests since late 2023, the board hasn't received help from the Department of Law to fix it.

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CHAIR BJORKMAN stated that as the board reviews regulations and related matters he asked whether the board makes recommendations on larger policy questions such as food security or the clean list of animals allowed into Alaska and asked whether the board offers any kind of professional position from the veterinary community on those types of issues.

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MR. GEIGER answered that generally, the board has left those broader policy issues to the Alaska Veterinary Medical Association (AVMA) and focused on regulations within the boards statutory authority. He said the only time the board really stepped in was with the prescription drug monitoring program, which caused significant issues for the board.

[2:30:15 PM](#)

CHAIR BJORKMAN held SB 98 in committee.

[2:30:50 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:30 p.m.