

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 19, 2025

1:31 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

PRESENTATION: HOW WORKERS' COMPENSATION WORKS

- HEARD

SENATE BILL NO. 39

"An Act relating to loans in an amount of \$25,000 or less; relating to the Nationwide Multistate Licensing System and Registry; relating to deferred deposit advances; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 98

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

- MOVED SB 98 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

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)

02/17/25 (S) Heard & Held
02/17/25 (S) MINUTE (L&C)
02/19/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 39

SHORT TITLE: LOANS UNDER \$25,000; PAYDAY LOANS
SPONSOR(s): DUNBAR

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
02/19/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

CHARLES COLLINS, Director
Division of Workers' Compensation
Department of Labor and Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Provided a presentation on how workers' compensation works.

TREVOR STORRS, CEO
Alaska Children's Trust (ACT)
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 39.

ASHLEY URISMAN, Director
State Government Affairs
American Fintech Council (AFC)
Washington, DC

POSITION STATEMENT: Testified by invitation on SB 39.

CLAIRE LUBKE, Economic Justice Lead
Alaska Public Interest Research Group (AKPIRG)
Anchorage, Alaska

POSITION STATEMENT: Testified by invitation on SB 39.

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

POSITION STATEMENT: Provided a brief recap of SB 98.

ACTION NARRATIVE

[1:31:43 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:31 p.m. Present at the called to order were Senators Merrick, Gray-Jackson, Dunbar, Yundt and Chair Bjorkman.

PRESENTATION: HOW WORKERS' COMPENSATION WORKS

[1:32:43 PM](#)

CHAIR BJORKMAN announced the presentation How Workers' Compensation Works.

[1:33:03 PM](#)

CHARLES COLLINS, Director, Division of Workers' Compensation, Department of Labor and Workforce Development, Juneau, Alaska, provided a presentation on how workers' compensation works and moved to slide 2. He provided information on an organization called Kids Chance. This organization is made up of those that are involved in the workers' compensation system including employers, adjusters, attorneys, insurers, and others. The organization holds an annual training event charging employees to attend. The proceeds to fund scholarships for children of injured workers. This event has been very successful. He stated that he was thrilled when Alaska became the 50th state with a chapter two years ago.

[1:34:49 PM](#)

MR. COLLINS moved to slide 3, What is Workers' Compensation. He stated that Alaska law clearly defines workers' compensation as an illness or death arising out of or during employment [AS 23.30.095]. He stated that workers' compensation is a no-fault system and if you're injured at work, you don't need to prove negligence to receive benefits like medical coverage or lost wages. All Alaska employers that have an employee must carry workers' compensation. He said the system, based on principles from Larson's legal text, shifts liability to the employer while recognizing the risks of work. The no-fault system is designed to avoid court and provide quick support to injured workers.

[1:36:58 PM](#)

MR. COLLINS moved to slide 4, History of Workers' Compensation. He stated that workers' compensation has existed for thousands of years, evolving with political systems. He said in the U.S.; it wasn't until the early 1900s that formal laws emerged. The federal government initially covered some workers, like the railroad employees. He stated that Wisconsin was the first state to implement a successful system, making it the oldest form of social insurance in the U.S. predating Social Security and

unemployment benefits. He stated that workers' compensation has changed a lot over time.

[1:38:12 PM](#)

MR. COLLINS moved to slide 5, Why Workers' Compensation. He stated that workers' compensation emerged during the Industrial Revolution in response to the "unholy trinity of defenses" that made it nearly impossible for injured workers to get help. He said in the feudal era, if a person was hurt on the job, you were simply out of luck, no medical aid or support. The unfairness led to unrest, and eventually, leaders recognized the need for change.

[1:39:11 PM](#)

MR. COLLINS moved to slide 6, Alaska Workers' Compensation, and provided a history of compensation since it began in 1913.

[1:44:14 PM](#)

MR. COLLINS moved to slide 7, Alaska Statute 23.30.001 Legislative Intent, and stated that Alaska workers' compensation today is guided by the legislative intent in AS 23.30.001: to deliver quick, fair, and predictable benefits to injured workers at a reasonable cost to employers. He said this principle drives all the work at the division and board level. He said the definition of fast can vary; especially due to medical delays and paperwork the division stays focused on fairness, efficiency, and cost control, taking this mission seriously.

[1:45:35 PM](#)

MR. COLLINS moved to slide 8 and explained his sandbox analogy. He stated that if you work with him, you stay within the "sandbox" the division's shared values and rules. He said if an employee steps outside, then that employee is off track. The division's boundaries are defined by the its mission, principles, focus, and culture. The division supports each other, prioritize claimants, follows the law strictly, and stays committed to delivering benefits quickly, fairly, and at a reasonable cost.

[1:46:56 PM](#)

MR. COLLINS moved to slide 9, Workers' Compensation Division. He stated that Alaska's workers' compensation system has several parts. First, is administration, handling travel, payroll, emails, and phone calls. He said some staff also assist claimants with forms and questions, always staying within legal boundaries. The division maintains all case records for 60 years, and some claims stay active for decades. Next,

adjudication handles disputes, with informal meetings and formal hearings that can result in benefit approval or denial. Next, reemployment benefits help injured workers get rehired, retrained, and back to work. He stated that most workers only receiving about two-thirds of their regular wage. It's meant for support, not profit.

[1:50:34 PM](#)

SENATOR GRAY-JACKSON asked for confirmation that workers compensation cases never close.

[1:50:40 PM](#)

MR. COLLINS answered that is correct. He stated that workers' compensation cases can remain open indefinitely for medical and other benefits. Some cases settle both indemnity and medical claims and reopening them is nearly impossible. Once the case is settled, to his knowledge, none have ever been reopened.

SENATOR GRAY-JACKSON asked if there is a settlement does the case remain open.

MR. COLLINS stated that internally, the division still considers a case open because it stays in the database for 60 years. If a medical provider later links a new issue to the original injury, even after a hearing and decision, the claimant can file again. He said while the division has never seen one reopen; they would review and hold a hearing if a new claim is filed.

[1:52:39 PM](#)

MR. COLLINS continued with slide 9, Workers' Compensation Division. He stated that his division's investigation unit investigates employer fraud, especially when a business lacks insurance and an injury occurs. The division also follows up on fraud tips from the hotline and review entire industries when needed. He said one team member monitors the "lapse list" to catch businesses whose policies may have expired. Often, it's just a switch in insurers, but the division stays proactive to prevent uninsured injuries. Next, the division has a Workers' Compensation Benefit Guaranty Fund that covers injuries from uninsured employers. It's funded by settlements, interest, and penalties, and pays benefits when employers don't have coverage. He said the division handles and resolves 6-12 claims a year. He stated that by the time the guaranty fund receives the claim the injured claimant has had medical treatment. Typically, the medical bills are high by the time the division gets involved, and sometimes ongoing care is needed. He said annual spending averages \$780,000 but can vary widely. Next, the division

oversees the Fishermen's Fund, which covers commercial fishermen since they're not included in Alaska's workers' compensation. In 1951, fishermen created the fund to support themselves. He said his team investigates and pays claims, and if the division denies one, the Fishermen's Fund Council made up of members appointed by the governor can review and overturn it. The fund remains strong, and the division has increased benefits in recent years. Lastly, the division manages the self-insurance program, used by entities like the Municipality of Anchorage, CBJ, and several boroughs. The self-insurance program handles most claims in-house and carry excess insurance for high-cost cases. The State of Alaska handles its own through risk management which works similar to market insurance.

[1:56:43 PM](#)

MR. COLLINS moved to slide 10, Alaska Workers' Compensation Board and stated that the board is overseen by an 18-member board. Nine members are from labor, nine are from industry and all members are appointed by the governor from each judicial district. The board has panels in the first judicial district, southeast Alaska, Fairbanks in judicial districts two and four, and five panels from the third judicial district, Anchorage and surrounding areas. The board approves all hearings, settlements, and regulations, making it a true working board. He stated that in the hearings, a judge is joined by one labor and one industry board member. All three people have equal say even if they don't agree on a decision. He said this system works well and is unique by law, he said he reports to the board, not just the commissioner.

[1:59:02 PM](#)

MR. COLLINS continued with slide 10 and said the board oversees two key committees. First, is the Medical Services Review Committee, which meets each summer with doctors and insurance experts to manage and reduce medical costs. Back in 2014-15, Alaska had some of the highest workers' compensation medical reimbursements in the country. Thanks to the committee's work, the state of Alaska has dropped to the national average around 20th. He said fee schedules are updated yearly based on Centers for Medicare & Medicaid Services (CMS) rates with adjustments to keep providers on board while controlling costs. The second committee is the Second Independent Medical Evaluation (SIME) Committee, made up of attorneys. The attorneys select specialty doctors to resolve conflicting medical opinions in claims. He said these high-level, often out-of-state evaluations are very costly and entirely employer-funded, making cost control a concern.

2:02:15 PM

MR. COLLINS moved to slide 11, How does it work. He stated that a typical workers' compensation claim starts with an injury; priority is medical care whether it's minor or serious. He said in Alaska, unlike some states, workers choose their own doctor. After treatment, a Report of Injury is filed by the employee, employer, or even a doctor. Then the division gets a first report of injury notification, but the division doesn't open a case until all paperwork is in. The division gets 17,000-20,000 reports a year, and over 90 percent require no further action. If treatment is simple and paid, either by the employer or insurer, the case ends there and just gets logged for records. He said it only becomes complex if a claim is denied or controverted.

2:05:08 PM

MR. COLLINS moved to slide 12, Adjudication Process. He stated that if benefits are denied, whether for medical or wage loss, the adjudication process begins. The employee can file a claim saying bills aren't being paid or they're not receiving lost wages. Once filed, the board notifies the employer and adjuster, and a pre-hearing conference is scheduled. He said this informal meeting aims to resolve the issue between the parties. Employers can also challenge claims by filing a petition arguing the injury didn't happen at work or the employee didn't return when cleared. He said both sides then meet in a similar informal setting. If no resolution is reached, the case moves to a formal process.

2:07:03 PM

MR. COLLINS moved to slide 13, Adjudication Process. He stated that when a case isn't resolved, it gets complicated, the division handles 5,000-6,000 cases a year. He said disputes over who pays or whether the injury is valid lead to pre-hearing conferences explaining each party's rights. The case then enters discovery phase, where medical records, sometimes going back years, are reviewed. He said employers may also request exams from their chosen doctors. Multiple informal conferences may follow to resolve issues. He stated that if there's a medical dispute, parties can agree to a Second Independent Medical Evaluation (SIME) or go to a hearing just on that issue. He said the division also offers mediation, either by our officers or outside attorneys, to help reach settlements. If mediation fails, and can't come to an agreed settlement, compromises and release then the case goes to a formal hearing with a panel. He said the panel hears evidence, evaluates credibility, and the

hearing officer issues a written decision within 30 days. He said these decisions are public and posted on the divisions website. If someone disagrees with the decision, an appeal can be made.

[2:11:03 PM](#)

MR. COLLINS moved to slide 14, Appeals. He stated that any board decision can be appealed to the Appeals Commission, which has operated independently since 2005. He stated that he generally oversees the appeals, the commission works on its own. The appeals commission reviews the board's record, sometimes accept briefs or oral testimony, and can affirm, reverse, or send the case back to the board. After the commission's decision, either party can appeal to the Supreme Court, which may restart the process. He said when someone says their appeal is taking forever, it's because due process takes time.

[2:12:27 PM](#)

MR. COLLINS moved to slide 15, Reports of Injury in Relation to Adjudication, and referenced a bar graph. He stated that each year the division gets many injury reports. There were over 17,000 reports of injury in 2023, but far fewer involve lost time, claims, or petitions. He said in 2023, there were over 3,800 lost-time cases, 627 claims, 853 petitions, and only 123 hearings. The division also had 68 mediations, which shows many cases settle before a hearing. He explained that lost time means missing at least seven days of work. In Alaska, the first three days aren't paid unless you're out 28 days, and benefits paid biweekly start on day 14.

[2:15:37 PM](#)

MR. COLLINS moved to slide 16, Benefits Under Workers' Compensation and said for legal help; injured workers pay at most \$300 for a consultation. If the worker wins their case, the employer pays the attorney fees. He said if attorneys turn someone down, it's usually because the case isn't financially viable. He stated that the State of Alaska has talked about expanding access to legal help, but that would be costly. The division does their best to assist self-represented workers. He said settlements involving future medical care often require board approval and may be denied if the board believes the medical needs won't be met. He stated that death and funeral benefits have been updated in recent years. Alaska offers higher funeral benefits than most states. The funeral benefits range from \$6,000 to \$12,000. He said indemnity payments (for disability or death) vary by state based on local laws and

wages, since workers' compensation is governed entirely by state law, not federal.

[2:19:52 PM](#)

SENATOR GRAY-JACKSON asked if the division offers language assistance.

[2:20:02 PM](#)

MR. COLLINS answered that the division does offer language assistance often virtually through Zoom or Teams, which have translation features. He said many seafood processing workers go through our system, and the division commonly assist with languages like Malaysian and various Filipino dialects. The division has contracted interpreters and in-house staff fluent in Spanish and Filipino dialects.

SENATOR GRAY-JACKSON asked if the division provides services to immigrant workers.

MR. COLLINS stated that the division does provide services for immigrant workers if they are legally working in the state of Alaska. He said as mentioned earlier, the division sees many seasonal workers, especially seafood and summer tourism workers, often on J-1 visas. The department's new office helps ensure the immigrants get the support they need. He stated that occasionally, the division encounters workers who may not be here legally but, the divisions investigation unit handles those cases, but the division still ensures the employee is taken care of.

[2:23:13 PM](#)

MR. COLLINS continued with slide 16 and stated that in Alaska, the division offers permanent total disability for those who can't return to work, often from severe accidents like plane crashes. The division also offers permanent partial impairment for less severe injuries, like losing a finger, based on AMA guidelines and a \$273,000 statutory cap, usually paid as a lump sum unless paired with reemployment benefits. He said temporary total and partial disability cover recovery periods. Many claimants receive a mix of these benefits. He said the division's main goal is helping people return to work, ideally in the same job, since work supports both recovery and social connection.

[2:25:19 PM](#)

CHAIR BJORKMAN stated the committee would continue the presentation at a later date.

[2:25:54 PM](#)

At ease.

SB 39-LOANS UNDER \$25,000; PAYDAY LOANS

[2:27:32 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 39 "An Act relating to loans in an amount of \$25,000 or less; relating to the Nationwide Multistate Licensing System and Registry; relating to deferred deposit advances; and providing for an effective date."

[2:28:10 PM](#)

CHAIR BJORKMAN solicited a motion.

[2:28:11 PM](#)

SENATOR MERRICK moved to adopt Amendment 1, work order 34-LS0357\A.1, to SB 39.

34-LS0357\A.1
Gunther
2/17/25

A M E N D M E N T 1

OFFERED IN THE SENATE

BY SENATOR DUNBAR

TO: SB 39

Page 4, line 30:

Delete "**AS 06.20.260(a)(1) - (5)**"

Insert "**AS 06.20.260(a)(1) and (3) - (5)**"

Page 5, following line 11:

Insert a new bill section to read:

"* **Sec. 12.** AS 06.20.330(b) is amended to read:

(b) This chapter does not apply to **a financial institution chartered under 12 U.S.C. 38 (National Bank Act) or 12 U.S.C. 1751 - 1795k (Federal Credit Union Act)** [INDIVIDUAL LOANS BY

(1) PAWNBROKERS WHERE SEPARATE AND INDIVIDUAL LOANS DO NOT EXCEED \$750; IN THIS PARAGRAPH, "PAWNBROKER" MEANS A PERSON WHO IS REGULATED UNDER AS 08.76.100 - 08.76.590; OR

(2) LOAN SHOPS WHERE SEPARATE AND INDIVIDUAL LOANS DO NOT EXCEED \$500]."

Renumber the following bill sections accordingly.

Page 5, line 31:

Delete ", 06.20.330"

[2:28:18 PM](#)

CHAIR BJORKMAN objected for purposes of discussion.

[2:28:24 PM](#)

SENATOR DUNBAR speaking as sponsor, explained Amendment 1. He stated that SB 39 was introduced last session and went through several changes. He said Amendment 1 updates the current version to reflect the final version that came out of House Finance.

[2:29:07 PM](#)

SENATOR YUNDT asked whether there has been an outreach to banks about offering small, non-collateralized loans in this sector.

[2:29:39 PM](#)

SENATOR DUNBAR stated his belief that the bank were working with the prior sponsor, which led to this amendment. He said some banks supported the change. He said later he will cover how traditional lenders still operate in states with similar laws.

[2:30:26 PM](#)

CHAIR BJORKMAN removed his objection; found no further objection and Amendment 1 was adopted.

[2:30:40 PM](#)

SENATOR DUNBAR presented the following sponsor statement for SB 39:

[Original punctuation provided.]

Senate Bill 39 brings regulations for payday lending businesses in line with those already governing traditional lenders and those offering loans to active-duty service members and their families. This bill, sponsored by former Representative Wright, passed through the other body last session and was considered in Senate Community and Regional Affairs. Session ended before it could come under consideration at the Senate Finance Table.

[2:31:10 PM](#)

SENATOR DUNBAR continued:

Payday loans are typically short-term, high interest loans, secured by providing the lender with authorization to debit the loan amount plus interest and fees from their bank.

Currently, payday lenders have a carveout in state law that permits them to change APR rates far beyond the cap on traditional loan products. The customers for these loans are typically in urgent financial need, and they frequently end up paying back multiple times the original loan amount and further engage in cycles of debt.

The Annual Percentage Rate (APR) of these loans is on average 421 percent in Alaska, according to data gathered by Alaska Public Interest Research Group in 2023. It would take \$137 to keep up with the first month's interest on the average \$440 payday loan taken in Alaska. Those needing less than \$500 to survive the month are not able to pay that amount several times over, which this statutory carveout allows for.

Alaska law already sets a 36 percent annual percentage rate (APR) limit on most other small dollar loans, and lenders are federally barred from offering loans with interest rates above 36 percent to active-duty service members and their families. SB 39 eliminates a loophole that puts Alaskans in vulnerable financial positions and brings these corporations in line with existing law. A non-evasion clause makes it so that any entity doing business in Alaska (including those operating online, out of state, or out of country) would have to comply with these regulations as well.

With the passage of SB 39, Alaska would join 19 other states, including South Dakota, New Mexico, Montana, West Virginia, and Nebraska, that have established a 36 percent APR rate cap for these loans. I urge your support.

2:33:32 PM

SENATOR YUNDT stated that predatory lending is terrible, and while it's highly regulated in Alaska, his understanding is lenders can only charge high APRs for about 6 to 8 weeks. After that, they stop charging and usually recover payment around PFD

time. He asked how long lenders are legally allowed to charge a customer.

[2:34:27 PM](#)

SENATOR DUNBAR answered that others with deeper expertise can provide more detail. He said his current understanding is that payday lenders in Alaska can charge 15 percent of the loan amount every two weeks, and that interest compounds, meaning borrowers pay not only on the original loan but also on any accumulated interest and fees. While it's true that these lenders are regulated, the structure of these loans can make the actual cost to the borrower significantly higher than what is initially advertised. He said even though the APR may be capped in theory, the compounding interest every two weeks makes the effective rate much steeper in practice. It really depends on how the borrow analyzes the repayment terms and timing.

[2:35:25 PM](#)

SENATOR YUNDT asked Senator Dunbar's office to get back to the committee with the exact maximum time limit. He stated that his concern is that shutting down the few brick-and-mortar payday lenders in Alaska might push people toward unregulated online or overseas lenders. While the state tries to regulate those, if they're based in another country and drain someone's bank account, there may be little the state can do to recover the money. He said the Center for Responsible Lending has useful information on how people can fall victim to these practices.

SENATOR DUNBAR answered that the concern raises an important point about online lenders, especially those operating illegally from outside the U.S. He stated that's a criminal issue his office hopes to be addressed. He said his research shows 19 states have passed similar laws, and in many of them, brick-and-mortar lenders still offer short-term loans within a 36 percent cap. He said the industry may change, but these loans remain available. He stated that this law would help regulators crack down on harmful online lending while still allowing local lenders to operate within new rules.

[2:37:58 PM](#)

CHAIR BJORKMAN announced invited testimony on SB 39.

[2:38:18 PM](#)

TREVOR STORRS, CEO, Alaska Children's Trust (ACT) Anchorage, Alaska, testified by invitation on SB 39 and read the following:

[Original punctuation provided.]

The Alaska Children's Trust offers its strong support for Senate Bill 39, which seeks to establish reasonable consumer protections for payday lending practices in Alaska.

As the statewide lead organization focused on the prevention of child abuse and neglect, ACT fully supports enacting legislation to prevent the long-term, negative impacts on Alaskan families that can result from high-interest small-dollar loans.

The detrimental impact of economic hardships and poverty on family well-being is widely acknowledged, serving as a major risk factor for child abuse and neglect. Financial strain can have far-reaching effects on family dynamics, amplifying stress, anxiety, and frustration within households.

Parents may find it increasingly difficult to provide for their children's basic needs, such as food, a safe place to live, clothes, and medical care. This scarcity of resources and the constant pressure to become financially solvent can lead to increased parental stress, increasing the risk of child abuse and neglect.

To alleviate short-term economic hardships, Alaskan families often rely on payday loans. However, financial strain resulting from payday loans can both cause and further exacerbate these challenges. The appeal of payday loans lies in their easy accessibility and quick cash disbursement. However, these types of loans are not ways of building credit and instead trap many Alaskans in a cycle of debt and poverty.

In recent years, banks and credit unions have begun to introduce alternatives to pay day loans with reasonable interest rates, helping families build credit instead of trapping them in poverty.

In 2020, neglect and medical neglect made up 75 percent of all substantiated child maltreatment cases in Alaska, illustrating how distinctly tied economic hardship is to Alaska's incredibly high rates of child abuse and neglect.

[2:40:51 PM](#)

MR. STORRS continued:

Senate Bill 39 addresses the need to standardize rational safeguards for low-income families who face financial instability, by ensuring payday loans are subject to a reasonable maximum interest rate in line with other small-dollar loans.

As Alaska continues to face one of the highest rates of child abuse and neglect in the nation, we must explore every possible solution to support and strengthen our children and families. Establishing consistent consumer protections during times of greatest need ensures economic stability and prioritizes the well-being of Alaska's children.

[2:41:48 PM](#)

ASHLEY URISMAN, Director, State Government Affairs, American Fintech Council (AFC), Washington, DC, testified by invitation in support of SB 39 and read the following:

[Original punctuation provided.]

AFC is a standards-based organization and the premier trade association representing the largest financial technology (Fintech) companies and innovative banks. Our mission is to promote a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members foster competition in consumer finance and pioneer products to better serve underserved consumer segments and geographies.

AFC represents responsible fintech companies of all sizes. We recognize that not all bank-fintech partnerships are created equal, but that certain guardrails are critical to protect consumers. Our association's position is that interest rates for consumer loans should not exceed 36 percent. This rate is nationally recognized as one that protects consumers and fosters healthy competition among lenders.

[2:43:00 PM](#)

MS. URISMAN continued:

As such, we applaud the Alaska State Senate for proposing this bill capping monthly interest for loans under \$25,000 at 36 percent. This rate gives consumers who need access to affordable credit the ability to take out the loans without being burdened with debt.

Responsible fintech companies partnering with regulated financial institutions have created safe, transparent, and affordable credit options for families long forgotten by traditional financial institutions. Our members have committed to advocating for a regulatory gold standard that offers access to credit without compromising consumer protection or regulatory compliance.

[2:43:56 PM](#)

CLAIRE LUBKE, Economic Justice Lead, Alaska Public Interest Research Group (AKPIRG), Anchorage, Alaska, testified by invitation on SB 39 and paraphrased the following:

[Original punctuation provided.]

I responded to a question from Senator Yundt regarding the typical term of payday loans. AS 06.50.470 establishes a minimum term of 14 days for a payday loan and a maximum loan renewal of two consecutive terms. Alaska Statute does not set a maximum term for payday loans. In practice, the typically short term of a payday loan is a driving factor behind the fact that individual borrowers take out an average of over five payday loans in a single year. Borrowers use payday loans one after the other in order to pay off an original payday loan once the loan term has been surpassed, which triggers pressure from debt collectors and threatens legal proceedings.

Economic justice means we have an economy that works for every Alaskan who chooses to participate in it. One important aspect of economic justice is having access to fair financial services and products. Payday lending in Alaska, which was legalized in 2004 by the creation of "deferred deposit advance" licenses, violates reasonable standards for fairness.

[2:46:34 PM](#)

MS. LUBKE continued:

I want to share some details about who gets the short end of the stick when it comes to payday lending. Because deferred deposit advance licensees in Alaska are not required to collect any demographic data on their borrowers, we're faced with some gaps in data.

However, we have some informative examples and can also look at national data for broad themes.

First, there's a common misconception that payday lending is an urban-or at least a road system- issue. This just isn't true. In 2022, 62 percent of all payday lending in Alaska was done online. The next year, AKPIRG partnered with the Mutual Aid Network of Anchorage to pay off payday loans held by Alaskans. The Payday Jubilee project aided individuals living in Fairbanks, Juneau, Eagle River, and Wasilla, but also in Bethel, Dillingham, and Teller.

Another important example of who is impacted by payday lending comes from Texas. A 2018 survey of over 150 Veterans in the Houston area found that 45 percent of Veterans had used a payday loan, compared to only 7 percent of the civilian adult population. In this report, Veterans recount haunting experiences of facing eviction or being harassed by debt collectors after taking out a payday loan for essential activities like repairing a car or paying a medical bill. I'd gladly share this report with Committee members to help illustrate how payday lenders target Veterans with their extortive financial products.

Please keep in mind that Congress passed the Military Lending Act in 2007, which required any business that provides a loan to an Active Duty servicemember to comply with a 36 percent rate cap. This was after a study found payday lenders were actively targeting military bases. The Department of Defense had lost billions of dollars as active-duty members were found unfit to serve because of steeply declining credit scores that resulted from predatory loans. While active-duty members are now protected by a 36 percent rate cap, we're all left to wonder why this protection was not extended to Veterans.

Alaska has the highest percentage of Veterans in our population of all 50 states. 10.1 percent of Alaskans are Veterans. With SB 39, Alaska has the opportunity to join 18 other states in extending minimum standards of fairness in small dollar lending to the thousands of Veterans that call this state home.

[2:50:39 PM](#)

[CHAIR BJORKMAN held SB 39, as amended, in committee.]

SB 98-EXTEND BOARD OF VETERINARY EXAMINERS

[2:50:45 PM](#)

CHAIR BJORKMAN 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."

[2:51:06 PM](#)

MATT CHURCHILL, Staff, Senator Jesse Bjorkman, Alaska State Legislator, Juneau, Alaska, provided a brief recap of SB 98:

[Original punctuation provided.]

As the Committee heard on Monday, February 17th, Senate Bill 98 seeks to extend the sunset date of the state Board of Veterinary Examiners by six years to June 30, 2031.

[2:52:11 PM](#)

CHAIR BJORKMAN opened public testimony on SB 98; finding none, he closed public testimony.

[2:52:30 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[2:52:32 PM](#)

SENATOR MERRICK moved to report SB 98, work order 34-LS0577\A, from committee with individual recommendations and attached fiscal note(s).

[2:52:49 PM](#)

CHAIR BJORKMAN found no objection and SB 98 was reported from the Senate Labor and Commerce Standing Committee.

[2:53:20 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:53 p.m.