

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

3486 HLAB HB 305 - HB 306

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 * DELIVER TO: JFOM *
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 * ORIGINAL *
 * SENT: 04/18/85 TIME: 13:10 *
 * FROM: JUNE GALLEY *
 * SUBJECT: POM *
 * PRINT DATE: 04/18/85 TIME: 13:10 *
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TO: ALL MEMBERS OF THE HOUSE LABOR AND COMMERCE COMMITTEE: M.
 NAVARRE, M. DAVIS, H.A. BOUCHER, V. COLLINS, A. HANLEY, N.
 KOPONEN AND D. PEARCE.
 SENATOR ZEIGLER
 REPRESENTATIVES SUND AND TAYLOR:

FROM: ELMO KIENBAUM
 2206 TONGASS
 KETCHIKAN, ALASKA 99901

RE: HB 305--BARBERS AND HAIRDRESSERS

MESSAGE: IF THIS PROFESSION IS SUNSETED----ALL THE WORK WE HAVE
 DONE TO UPGRADE OUR PROFESSION SINCE STATEHOOD WILL HAVE BEEN
 COMPLETELY LOST.----PLEASE HELP US TO GET HB 305 PASSED. I HAVE
 BEEN IN THE PROFESSION FOR 30 YEARS. THIS HAS BEEN MY CHOSEN
 EOM/JG

Alaska State Legislature
House of Representatives



Labor and Commerce Committee

Committee Schedule
April 22 to April 26, 1985

House Labor and Commerce	Capitol 102 465-3892	1:15-2:45 pm M W Th Fri
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Monday, April 22, 1985

- *SB 260 Relating to automobile service corporations, by Zharoff
- HB 317 An Act relating to the practice of Social Work and establishing the board of Social Worker Examiners, by Keponen
- HB 12 Municipally owned public utility regulations, by Davis

Wednesday, April 24, 1985

- *HB 318 Rehire of Injured State Workers, by Szymanski
- *HB 306 Relating to the Promotion of the marketing of Forest Products, by Taylor
- *HB 373 Repealing the regulation of concert promoters, by Marrou

Thursday, April 26, 1985

- *SB 268 An act relating to ice classics, by Sackett
- *HB 313 Requiring certain mental health insurance policies to cover the treatment of a mental or nervous condition, by Davis
- *HB 356 Relating to assignment of group life policies of insurance, by Gruenberg

Friday, April 27, 1985

Bills held over in Committee from Previous Hearings

A CERTAIN CHARM
Institut de Beaute
119 Seward Street, Suite 18
Juneau, Alaska 99801
586-1177

April 16, 1985

Dear Legislator:

On Thursday, April 18, a hearing for the Board of Barbers and Cosmetologists will be held and House Bill 305 with its accompanying amendments will be discussed.

As licensed professionals (2,595 current licensees) we are very concerned over the consequences if our board is sunseted.

We want to maintain our board as we feel that the alternative plan of registration and certification will be incapable of maintaining professional standards and consumer protection.

Our board's purpose insures that the practitioner has achieved a level of skill and responsibility by state examinations and inspections; it disciplines its' members when they perform a service in a manner that is incompetent or dangerous.

The attached are proposed amendments to House Bill 305, which will classify the bill. We would urge the licensing of Manicurists and Pedicurists with certification in false-nail procedures. This is seemingly innocuous, but the usage of toxic chemicals and problems with fungus infections, cross-infections and possibility of permanent nail damage warrant board approval training and licensing.

We would also urge the inclusion of a Grandfather Clause to protect those already practicing in Alaska before this bill.

Our concern is not only to maintain, but upgrade our profession. We agree that government regulations and boards are costly and a nuisance to operate; but when you are dealing with a vast public and a veritable "Pandora's Box" of treatments and products, that if misused, will render the client to a sorry, oftentimes painfully, unbeautiful state.

Firm guidelines and enforcement beginning at the school level and extending to the professional become mandatory. The best person to monitor is another professional in the same field.

Page -2-
Pedron to Legislators
April 16, 1985

An active, dynamic, conscientious board is our best policy for insuring competent and ethical professionals and ultimately safeguarding the public to whom our quality services are indispensable.

Respectfully

Victoria Pedron

AMENDMENTS TO HOUSE BILL 305

* Section 5. Occupational Licensing

Page 2, line 18 - Omit "once each calendar quarter in Anchorage."
line 19 - Keep "twice in every year."
line 20 - Omit "If there are at least five applicants."
line 21 - Omit "entirely"
line 22 - Omit "immediately after the examination in Anchorage."

* Section 8. Occupational Licensing

Page 4, line 2 - Change "program" to "board approved curriculum."
line 6 - Change "program" to "board approved curriculum."
line 10- Change "program" to "board approved curriculum."

** Section 8. (Ward & Pedron)

Between line 12 & 13 - Add "have successfully completed all courses that a school with a board approved curriculum is required to teach in order to be licensed under Sec. AS 08.13.082if applying for a license to practice Manicure and Pedicure."

* Section 8. Occupational Licensing

Page 4, line 17 - Delete [teaching] and insert "...student instructor training from a board approved curriculum..."
line 25 - Keep 2 years "provides a cushion in hardship cases."

* Section 9. Occupational Licensing

Page 5, lines 10-13 - Omit "There are no schools in Southeast Alaska at the present time."

* Section 10. Occupational Licensing

Page 5, line 18 - Omit "or a proctor." The 'committee of the board' mentioned in line 17 consists of proctors. Line 18 is redundant.

* Section 11. Occupational Licensing

Page 5, line 21 - Change "an" to "the." There are two examinations under AS 08.13.090, a written and a practical.

* Section 14. Occupational Licensing

Page 7, line 8 - Add colon ":" after "apply to."
Page 7, line 12 - Language used here is too broad. Professional products sold from supply warehouse stores also carry "chemicals available to the general public."
line 14-15 - Delete. The amendment as proposed is limited to medical doctors only. 'S 08.64 defines "practice of medicine."
Keep "A shampoo perscn."

** Section 15. (Ward & Pedron)

Page 7, line 17-23 - Omit "Professionals invited to teach or demonstrate are known already for their expertise. A temporary permit and \$30 fee represents an obstacle that is easily overcome by passing over the Alaskan professionals altogether."

** Section 16. (Ward & Pedron)

Page 7, line 27 - Change "to a" to "by a."
Page 8, line 1 - Keep Two Years.

** Section 18. (Ward & Pedron)

Page 8, After line 7 - Add "Practitioner of Manicure & Pedicure."

* Section 18. Occupational Licensing

Page 8, line 15 - Change reference "AS 08.01.080" to "AS.01. 065" to reflect the Occupational Licensing Fee Bill.

* Section 20. Occupational Licensing

Page 9, lines 13-21 - Omit. The board should not be involved in setting civil penalties. Civil penalties are determined by the Supreme Court of the State of the Legislature.

* Section 21. Occupational Licensing

Page 9, line 26.- Change "Health and Social Services" to "Environmental Conservation."

** Section 22. (Ward & Pedron)

Page 10, line 14 - Add "...after human body; temporary removal of superfluous hair; including skin and make-up for cosmetic purposes for a fee;."
line 15 - Add an "exemption for those persons who demonstrate makeup (sales persons) at cosmetic counters."
line 23 - Add (c) Esthetics "This is part of the cosmetologists training included in license."
Change "(c)" to "(d)" Manicure & Pedicure
Page 11, line 1-4 - Leave in "A shampoo person" provides invaluable service to shop.
After line 5 - Add "Grandfather Clause for Barbers, Cosmetologists, Estheticians, and Manicurists/Pedicurists already practicing in Alaska. Subject to board approval."

* Occupational Licensing Amendments

** Ward & Pedron Amendments

Original sponsors: Sund, Taylor
and Jenkins

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 305 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to barbers, cosmetologists, and
7 estheticians; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 08.01.010(24) is amended to read:

10 (24) Board of Barbers and Cosmetologists [HAIRDRESSERS]

11 (AS 08.13.010).

12 * Sec. 2. AS 08.03.010(c)(16) is amended to read:

13 (16) Board of Barbers and Cosmetologists [HAIRDRESSERS]

14 (AS 08.13.010) -- June 30, 1989 [1984].

15 * Sec. 3. AS 08.13.010 is amended to read:

16 Sec. 08.13.010. CREATION AND MEMBERSHIP OF BOARD. (a) There is
17 created the Board of Barbers and Cosmetologists [HAIRDRESSERS] con-
18 sisting of five members appointed by the governor.

19 (b) The board consists of

20 (1) two persons licensed as barbers under this chapter;

21 (2) two persons licensed as cosmetologists [HAIRDRESSERS]

22 under this chapter; and

23 (3) one public member.

24 * Sec. 4. AS 08.13.030 is amended to read:

25 Sec. 08.13.030. POWERS AND DUTIES OF THE BOARD. (a) The board
26 shall exercise general control over the vocations of barbering, cosme-
27 tology, esthetics, and manicure and pedicure [HAIRDRESSING, AND COSME-
28 TOLOGY].

29 (b) The board shall

1 (1) examine applicants and approve the issuance of licenses
2 and permits to practice;

3 (2) authorize the issuance of licenses for schools of
4 barbering, cosmetology, and esthetics [HAIRDRESSING, AND COSMETOLOGY].

5 (c) The board may

6 (1) suspend or revoke a license or permit;

7 (2) on its own motion or upon receipt of a written com-
8 plaint, conduct hearing and request the Department of Commerce and
9 Economic Development to investigate the practices of a person, shop,
10 or school involved in the practice or teaching of barbering, cosme-
11 tology, esthetics, or manicure and pedicure [HAIRDRESSING, OR COSME-
12 TOLOGY];

13 (3) adopt regulations or do any act necessary to carry out
14 the provisions of this chapter.

15 * Sec. 5. AS 08.13.040 is amended to read:

16 Sec. 08.13.040. MEETINGS AND EXAMINATIONS. The board shall meet
17 as often as necessary to conduct its business. It shall conduct
18 separate examinations covering each field of practice: barbering,
19 cosmetology, esthetics, and manicure and pedicure [HAIRDRESSING, AND
20 COSMETOLOGY]. Examinations shall be given at least once each calendar
21 quarter [TWICE IN EVERY YEAR] for each field of practice for which
22 applications for licensure are pending. An applicant may take an
23 examination in more than one field during the same testing session.

24 * Sec. 6. AS 08.13.050 is amended to read:

25 Sec. 08.13.050. RECORDS OF THE BOARD. The Department of Com-
26 merce and Economic Development [BOARD] shall keep a record of the
27 board's [ITS] proceedings related to the issuance, refusal, suspen-
28 sion, and revocation of each license and permit. The record shall
29 contain the name of the person to whom a license or permit is issued,

1 the person's place of business, the date of issuance for each license
2 and permit, and whether it is currently valid. The record shall be
3 open to inspection by the public at all reasonable times. The board
4 shall submit an annual report on its operations to the governor.

5 * Sec. 7. AS 08.13.070 is amended to read:

6 Sec. 08.13.070. LICENSE REQUIRED. A person may not

7 (1) practice barbering, cosmetology, esthetics, or mani-
8 curing and pedicuring [HAIRDRESSING, OR COSMETOLOGY] without a li-
9 cense, [TEMPORARY PERMIT,] or student permit unless exempted under
10 AS 08.13.160(d);

11 (2) practice barbering, cosmetology, esthetics, or manicure
12 and pedicure except in a shop or school licensed under this chapter
13 unless exempted under AS 08.13.160(d) or permitted under AS 08.13.-
14 160(e);

15 (3) open or conduct a school of barbering, cosmetology, or
16 esthetics [HAIRDRESSING, OR COSMETOLOGY] without a license;

17 (4) teach in a school of barbering, cosmetology, or esthet-
18 ics or supervise an apprentice without an instructor's license;

19 (5) [(3)] operate a shop in violation of AS 08.13.120;

20 (6) [(4)] permit an employee or other person being super-
21 vised who is not exempted under AS 08.13.160(d) to practice barbering,
22 cosmetology, esthetics, or manicure and pedicure [HAIRDRESSING, OR
23 COSMETOLOGY] without a license [,TEMPORARY PERMIT,] or student permit;

24 (7) [(5)] permit the use of the person's license [,TEMPO-
25 RARY PERMIT,] or student permit by another person;

26 (8) [(6)] obtain or attempt to obtain a license [,TEMPO-
27 RARY PERMIT,] or student permit by fraudulent means.

28 * Sec. 8. AS 08.13.080 is amended to read:

29 Sec. 08.13.080. QUALIFICATIONS OF APPLICANTS. An applicant for

1 examination must apply on a form provided by the board, submit a
2 recent unmounted, autographed photograph of the applicant, and must

3 (1) have successfully completed all courses that a school
4 with a curriculum [PROGRAM] in barbering approved by the board is
5 required to teach in order to be licensed under AS 08.13.110 if apply-
6 ing for a license to practice barbering;

7 (2) have successfully completed all courses that a school
8 with a curriculum [PROGRAM] in cosmetology approved by the board
9 [HAIRDRESSING] is required to teach to be licensed under AS 08.13.110
10 if applying for a license to practice cosmetology [HAIRDRESSING];

11 (3) have successfully completed all courses that a school
12 with a curriculum [PROGRAM] in esthetics approved by the board [COSME-
13 TOLOGY] is required to teach in order to be licensed under AS 08.13.-
14 110 if applying for a license to practice esthetics [COSMETOLOGY];
15 [OR]

16 (4) have served an apprenticeship under AS 08.13.082;

17 (5) have successfully completed all the courses that a
18 school with a curriculum in manicure and pedicure approved by the
19 board is required to teach in order to be licensed under AS 08.13.110
20 if applying for a license to practice manicure and pedicure; or

21 (6) specify the field of practice in which the applicant
22 intends to teach and have held a license to practice in the field for
23 three years or have held a license in the field for one year and have
24 completed 600 hours of student training as an instructor in the field
25 of practice from a licensed school with a curriculum approved by the
26 board.

27 * Sec. 9. AS 08.13.082 is amended to read:

28 Sec. 08.13.082. APPRENTICESHIP. (a) The period of apprentice-
29 ship required to qualify an applicant for a license to practice

1 barbering is 2,000 [1,500] hours. [THE APPRENTICESHIP MUST BE SERVED
2 IN A SHOP APPROVED BY THE BOARD.] The apprenticeship may not be com-
3 pleted in less than 12 [NINE] months from the date of its commencement
4 and must be completed in not more than two years from the date of its
5 commencement.

6 (b) The period of apprenticeship required to qualify an appli-
7 cant for a license to practice cosmetology [HAIRDRESSING] is 2,000
8 hours. [THE APPRENTICESHIP MUST BE SERVED IN A SHOP APPROVED BY THE
9 BOARD.] The apprenticeship may not be completed in less than one year
10 from the date of its commencement and must be completed in not more
11 than two years from the date of its commencement.

12 (c) The period of apprenticeship required to qualify an appli-
13 cant for a license to practice esthetics [COSMETOLOGY] is 350 hours.
14 The apprenticeship must be served in a shop approved by the board.
15 The apprenticeship may not be completed in less than three [SIX]
16 months from the date of its commencement and must be completed in not
17 more than nine months [ONE YEAR] from the date of its commencement.

18 (d) The board shall adopt regulations to establish the require-
19 ments for an apprenticeship to qualify an applicant for a license to
20 practice manicure and pedicure.

21 * Sec. 10. AS 08.13.100 is amended to read:

22 Sec. 08.13.100. LICENSE. (a) The board shall authorize the
23 issuance of a license to each qualified applicant who has passed each
24 part of the [AN] examination under AS 08.13.090. The license is valid
25 for two years and subject to renewal.

26 (b) A license must [SHALL] state the areas of practice (barber-
27 ing, cosmetology, esthetics, or manicure and pedicure [HAIRDRESSING,
28 COSMETOLOGY], or any combination) that [WHICH] the practitioner is
29 qualified to perform.

1 (c) The board may by regulation create areas of limited profes-
2 sional licensing in the field of esthetics, including regulating
3 [COSMETOLOGY, EXCEPT THAT THE BOARD MAY NOT RESTRICT OR OTHERWISE
4 REGULATE] the practice of manicure and [OR] pedicure. Any limitation
5 must be stated on the license.

6 (d) A person holding a current valid license from a board of
7 barbering, cosmetology, or esthetics [HAIRDRESSING, OR COSMETOLOGY] in
8 another state [OR COUNTRY] is entitled to a license under this chapter
9 without examination in this state. An application must [SHALL] in-
10 clude:

11 (1) proof of a valid license issued by another licensing
12 jurisdiction;

13 (2) proof of completed training, testing and working exper-
14 ience that [WHICH] the board finds to meet the minimum requirements of
15 the state; and

16 (3) payment of a credential investigation fee.

17 * Sec. 11. AS 08.13.110 is amended to read:

18 Sec. 08.13.110. SCHOOL LICENSE. The board shall adopt regula-
19 tions for the licensing of schools of barbering, cosmetology, and
20 esthetics [HAIRDRESSING, AND COSMETOLOGY]. The regulations shall
21 include details of the curriculum, minimum hours of instruction,
22 physical condition of the facilities, and financial responsibility of
23 the owner.

24 * Sec. 12. AS 08.13.130 is amended to read:

25 Sec. 08.13.130. DISPLAY OF LICENSE OR PERMIT. A practitioner
26 [PRACTITIONERS] shall display the practitioner's [THEIR] license in a
27 conspicuous location in the practitioner's [THEIR] place of business.
28 Each shop owner is responsible for the display of the licenses of
29 employees. [PRACTITIONERS WHO PRACTICE OUTSIDE OF A PLACE OF BUSINESS

1 SHALL CARRY THEIR LICENSE WITH THEM TO BE SHOWN TO PERSONS UPON WHOM
2 WORK IS PERFORMED.] A person holding a student permit [OR TEMPORARY
3 PERMIT] shall display the permit in a conspicuous location in the
4 school in which the person is enrolled or the shop in which the ap-
5 prentice works. The school or shop owner is responsible for the
6 display of a permit for each enrolled student or apprentice [HAVE THAT
7 PERMIT AVAILABLE FOR INSPECTION WHEN ENGAGED IN PRACTICE].

8 * Sec. 13. AS 08.13.150 is amended to read:

9 Sec. 08.13.150. GROUNDS FOR REFUSAL, SUSPENSION OR REVOCATION OF
10 A LICENSE OR PERMIT. The board may refuse, suspend, or revoke a
11 license or [,] student permit [, OR TEMPORARY PERMIT] for a failure to
12 comply with this chapter, with a regulation adopted under this chap-
13 ter, or with an order of the board.

14 * Sec. 14. AS 08.13.160(d) is amended to read:

15 (d) The licensing and permit provisions of this chapter do not
16 apply to

17 (1) a person practicing barbering, cosmetology, esthetics,
18 or manicure and pedicure [HAIRDRESSING, OR COSMETOLOGY] in a community
19 having a population of less than 1,000 people that [WHICH] is not
20 within 25 miles of a community of more than 1,000 people [AND WHO USES
21 ONLY CHEMICALS AVAILABLE TO THE GENERAL PUBLIC];

22 (2) a shampoo person;

23 (3) a licensed health care professional;

24 (4) a person licensed by another licensing jurisdiction in
25 a field of practice licensed by this chapter while demonstrating
26 techniques or products to persons holding licenses or permits under
27 this chapter.

28 * Sec. 15. AS 08.13.160 is amended by adding a new subsection to read:

29 (e) The board shall adopt regulations to permit a person

1 licensed under this chapter to practice outside a licensed shop or
2 school for limited purposes including

3 (1) care of clients confined to an institution or health
4 care facility;

5 (2) care of clients with limited mobility;

6 (3) participation in charitable events; and

7 (4) participation in workshops or demonstrations of tech-
8 niques or products.

9 * Sec. 16. AS 08.13.180 is amended to read:

10 Sec. 08.13.180. STUDENT PERMITS. A person attending a licensed
11 school of barbering, cosmetology, or esthetics [HAIRDRESSING, OR
12 COSMETOLOGY], and a person apprenticed by [TO] a licensed instructor
13 [PRACTITIONER] in a shop [APPROVED BY THE BOARD] shall obtain a stu-
14 dent permit. A student permit to practice barbering or cosmetology
15 [HAIRDRESSING] is valid for two years. A student permit to practice
16 esthetics [COSMETOLOGY] is valid for nine months [ONE YEAR]. The
17 board shall establish by regulation the term of a student permit to
18 practice manicure and pedicure. A student permit may not be renewed,
19 but, upon application, the board may issue a new permit to the same
20 person, or extend an expired permit to the date of the next scheduled
21 examination. Credit earned under an expired student permit may be
22 transferred to a new permit as determined by the board.

23 * Sec. 17. AS 08.13.180 is amended by adding a new subsection to read:

24 (b) A person is eligible for a student permit if the person

25 (1) is at least 16 years of age; and

26 (2) has graduated from high school or holds a G.E.D. equiv-
27 alency.

28 * Sec. 18. AS 08.13.185 is repealed and reenacted to read:

29 Sec. 08.13.185. FEES. (a) The department shall adopt

1 regulations under AS 08.01.080 that establish the amount and manner of
2 payment of fees for examination and investigation, and for initial
3 licenses and renewals for the following:

- 4 (1) schools;
- 5 (2) school owners;
- 6 (3) instructor;
- 7 (4) shop owner;
- 8 (5) practitioner of barbering;
- 9 (6) practitioner of cosmetology;
- 10 (7) practitioner of esthetics;
- 11 (8) practitioner of manicure and pedicure;
- 12 (9) student permit.

13 (b) The department may not adopt a regulation under (a) of this
14 section unless the board concurs.

15 (c) A fee established under this section shall, to the extent
16 possible, be based on the actual costs to the department of the activ-
17 ity for which the fee is charged.

18 * Sec. 19. AS 08.13.190 is amended to read:

19 Sec. 08.13.190. FAILURE TO POSSESS A LICENSE OR PERMIT. A
20 person who practices barbering, cosmetology, esthetics, or manicure
21 and pedicure [HAIRDRESSING, OR COSMETOLOGY], or operates a shop, or
22 operates a school of barbering, cosmetology, or esthetics [HAIRDRESS-
23 ING, OR COSMETOLOGY], or teaches in a school of barbering, cosme-
24 tology, or esthetics [HAIRDRESSING, OR COSMETOLOGY], without a license
25 [, TEMPORARY PERMIT,] or student permit and who is not exempt under
26 AS 08.13.120 or 08.13.160(d) [UNDER AS 08.13.160(d)] is guilty of a
27 class B misdemeanor.

28 * Sec. 20. AS 08.13.210 is amended to read:

29 Sec. 08.13.210. HEALTH AND SANITARY CONDITIONS. Health and

1 sanitary conditions in shops and schools of barbering, cosmetology,
2 esthetics, and manicuring and pedicuring [HAIRDRESSING, AND COSMETOL-
3 OGY] shall be supervised by the Department of Environmental Conserva-
4 tion [HEALTH AND SOCIAL SERVICES].

5 * Sec. 21. AS 08.13.220 is amended to read:

6 Sec. 08.13.220. DEFINITIONS. As used in this chapter,

7 (1) "apprentice" means a person who receives on-the-job
8 training under [THE] direct supervision [OF A PRACTITIONER, WHO DOES
9 NOT RECEIVE A WAGE OR COMMISSION BEFORE COMPLETING 350 HOURS OF TRAIN-
10 ING, AND FOR WHOSE WORK NO CHARGE IS MADE BEFORE COMPLETING 350 HOURS
11 OF TRAINING];

12 (2) "barbering" means shaving, trimming, or cutting, styl-
13 ing, curling, permanent waving, bleaching, coloring, cleansing, or
14 chemically straightening the beard or hair of a living person for a
15 fee and for cosmetic purposes;

16 (3) "board" means the Board of Barbers and Cosmetologists
17 [HAIRDRESSERS];

18 (4) "esthetics" ["COSMETOLOGY"] means the use of the hands,
19 [MECHANICAL OR ELECTRIC APPARATUS OR] appliances, cosmetic prepara-
20 tions, antiseptics, or lotions in massaging, cleansing, stimulating,
21 or similar work on the scalp, face or neck, including skin care,
22 make-up, and temporary removal of superfluous hair, [HUMAN BODY] for
23 cosmetic purposes for a fee;

24 (5) "cosmetology" ["HAIRDRESSING"] means performing, for a
25 fee, the following services for cosmetic purposes:

26 (A) shaving, trimming, or cutting the beard of a
27 living person; [AND]

28 (B) arranging, styling, dressing, curling, temporary
29 waving, permanent waving, cutting, singeing, bleaching, coloring,

1 cleansing, conditioning, or similar work on the hair of a living
2 person;

3 (C) esthetics; and

4 (D) manicure or pedicure;

5 (6) "instructor" means a person who teaches barbering,
6 cosmetology, or esthetics in a school or who supervises an apprentice;

7 (7) "practitioner" means a person licensed to practice
8 barbering, cosmetology, esthetics, or manicure and pedicure [HAIR-
9 DRESSING, OR COSMETOLOGY] under this chapter;

10 (8) [(7)] "shampoo person" means a person who, for a fee
11 and under the supervision of a practitioner of barbering or cosme-
12 tology [HAIRDRESSING], cleanses or conditions the hair of the human
13 head with products that [WHICH] have no effect other than cleaning or
14 conditioning the hair;

15 (9) [(8)] "shop" means [IS] an establishment operated for
16 the purpose of engaging in barbering, cosmetology, esthetics, or
17 manicure and pedicure [HAIRDRESSING, OR COSMETOLOGY].

18 * Sec. 22. AS 44.46.020 is amended to read:

19 Sec. 44.46.020. DUTIES OF DEPARTMENT. The Department of En-
20 vironmental Conservation shall

21 (1) have primary responsibility for coordination and devel-
22 opment of policies, programs and planning related to the environment
23 of the state and of the various regions of the state;

24 (2) have primary responsibility for the adoption and en-
25 forcement of regulations setting standards for the prevention and
26 abatement of all water, land, subsurface land and air pollution, and
27 other sources or potential sources of pollution of the environment,
28 including by way of example only, petroleum and natural gas pipelines;

29 (3) promote and develop programs for the protection and

1 control of the environment of the state;

2 (4) take actions that are necessary and proper to further
3 the policy declared in AS 46.03.010;

4 (5) adopt regulations for

5 (A) the prevention and control of public health nui-
6 sances;

7 (B) the regulation of sanitation and sanitary prac-
8 tices in the interest of public health;

9 (C) standards of cleanliness and sanitation in con-
10 nection with the construction, operation, and maintenance of a
11 camp, cannery, food handling establishment, food manufacturing
12 plant, mattress manufacturing establishment, industrial plant,
13 school, barbershop, cosmetology, esthetics, or manicure and
14 pedicure [HAIRDRESSING OR COSMETOLOGY] establishment, soft drink
15 establishment, beer and wine dispensaries, and for other similar
16 establishments in which lack of sanitation may create a condition
17 that [WHICH] causes disease;

18 (D) the regulation of quality and purity of commer-
19 cially compressed air sold for human respiration.

20 * Sec. 23. AS 44.62.330(a)(51) is amended to read:

21 (51) Board of Barbers and Cosmetologists [HAIRDRESSERS]
22 (AS 08.13.010)

23 * Sec. 24. (a) A person who, on the effective date of this Act, holds
24 a valid license issued by the Board of Barbers and Hairdressers may con-
25 tinue to practice as permitted by the license until the license expires and
26 may renew the license in the appropriate field of practice without meeting
27 the new requirements for licensure.

28 (b) Notwithstanding AS 08.13.090, the Board of Barbers and Cosmetolo-
29 gists shall issue a license to practice manicure and pedicure to a person

1 who is a practitioner of manicure and pedicure in the state on the effec-
2 tive date of this Act without examination.

3 * Sec. 25. AS 08.13.170 is repealed.

4 * Sec. 26. This Act takes effect immediately in accordance with AS 01.-
5 10.070(c).

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Introduced: 3/20/85
Referred: Labor & Commerce
and Finance

1 IN THE HOUSE

BY SUND, TAYLOR AND JENKINS

2

HOUSE BILL NO. 305

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to barbers, cosmetologists, and
7 estheticians; and providing for an effective date."

8

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

* Section 1. AS 08.01.010(24) is amended to read:

10

(24) Board of Barbers and Cosmetologists [HAIRDRESSERS]

11

(AS 08.13.010).

12

* Sec. 2. AS 08.03.010(c)(16) is amended to read:

13

(16) Board of Barbers and Cosmetologists [HAIRDRESSERS]

14

(AS 08.13.010) -- June 30, 1989 [1984].

15

* Sec. 3. AS 08.13.010 is amended to read:

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Sec. 08.13.010. CREATION AND MEMBERSHIP OF BOARD. (a) There is

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created the Board of Barbers and Cosmetologists [HAIRDRESSERS] con-

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sisting of five members appointed by the governor.

19

(b) The board consists of

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(1) two persons licensed as barbers under this chapter;

21

(2) two persons licensed as cosmetologists [HAIRDRESSERS]

22

under this chapter; and

23

(3) one public member.

24

* Sec. 4. AS 08.13.030 is amended to read:

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Sec. 08.13.030. POWERS AND DUTIES OF THE BOARD. (a) The board

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shall exercise general control over the vocations of barbering, cosme-

27

tology, and esthetics [HAIRDRESSING, AND COSMETOLOGY].

28

(b) The board shall

29

(1) examine applicants and approve the issuance of licenses

1 and permits to practice;

2 (2) authorize the issuance of licenses for schools of
3 barbering, cosmetology, and esthetics [HAIRDRESSING, AND COSMETOLOGY].

4 (c) The board may

5 (1) suspend or revoke a license or permit;

6 (2) on its own motion or upon receipt of a written com-
7 plaint, conduct hearings and request the Department of Commerce and
8 Economic Development to investigate the practices of a person, shop,
9 or school involved in the practice or teaching of barbering, cosme-
10 tology, or esthetics [HAIRDRESSING, OR COSMETOLOGY];

11 (3) adopt regulations or do any act necessary to carry out
12 the provisions of this chapter.

13 * Sec. 5. AS 08.13.040 is amended to read:

14 Sec. 08.13.040. MEETINGS AND EXAMINATIONS. The board shall meet
15 as often as necessary to conduct its business. It shall conduct
16 separate examinations covering each field of practice: barbering,
17 cosmetology, and esthetics [HAIRDRESSING, AND COSMETOLOGY]. Examina-
18 tions shall be given at least once each calendar quarter ~~in Anchorage~~
19 ~~[TWICE IN EVERY YEAR]~~ for each field of practice for which applica-
20 tions for licensure are pending. ~~If there are at least five appli-~~
21 ~~cants in another city, the board shall offer examinations in that city~~
22 ~~immediately after the examination in Anchorage.~~ An applicant may take
23 an examination in more than one field during the same testing session.

24 * Sec. 6. AS 08.13.050 is amended to read:

25 Sec. 08.13.050. RECORDS OF THE BOARD. The Department of Com-
26 merce and Economic Development [BOARD] shall keep a record of the
27 board's [ITS] proceedings related to the issuance, refusal, suspen-
28 sion, and revocation of each license and permit. The record shall
29 contain the name of the person to whom a license or permit is issued,

1 the person's place of business, the date of issuance for each license
2 and permit, and whether it is currently valid. The record shall be
3 open to inspection by the public at all reasonable times. The board
4 shall submit an annual report on its operations to the governor.

5 * Sec. 7. AS 08.13.070 is amended to read:

6 Sec. 08.13.070. LIC VSE REQUIRED. A person may not

7 (1) practice barbering, cosmetology, or esthetics [HAIR-
8 DRESSING, OR COSMETOLOGY] without a license, temporary permit, or
9 student permit unless exempted under AS 08.13.160(d);

10 (2) practice barbering, cosmetology, or esthetics except in
11 a shop or school licensed under this chapter unless exempted under
12 AS 08.13.160(d);

13 (3) open or conduct a school of barbering, cosmetology, or
14 esthetics [HAIRDRESSING, OR COSMETOLOGY] without a license;

15 (4) teach in a school of barbering, cosmetology, or esthet-
16 ics or supervise an apprentice without an instructor's license;

17 (5) [(3)] operate a shop in violation of AS 08.13.120;

18 (6) [(4)] permit an employee or other person being super-
19 vised who is not exempted under AS 08.13.160(d) to practice barbering,
20 cosmetology, or esthetics [HAIRDRESSING, OR COSMETOLOGY] without a
21 license, temporary permit, or student permit;

22 (7) [(5)] permit the use of the person's license, tempo-
23 rary permit, or student permit by another person;

24 (8) [(6)] obtain or attempt to obtain a license, temporary
25 permit, or student permit by fraudulent means.

26 * Sec. 8. AS 08.13.080 is amended to read:

27 Sec. 08.13.080. QUALIFICATIONS OF APPLICANTS. An applicant for
28 examination must apply on a form provided by the board, submit a
29 recent unmounted, autographed photograph of the applicant, and must

1 (1) have successfully completed all courses that a school
2 with a program in barbering is required to teach in order to be li-
3 censed under AS 08.13.110 if applying for a license to practice bar-
4 bering;

5 (2) have successfully completed all courses that a school
6 with a program in cosmetology [HAIRDRESSING] is required to teach to
7 be licensed under AS 08.13.110 if applying for a license to practice
8 cosmetology [HAIRDRESSING];

9 (3) have successfully completed all courses that a school
10 with a program in esthetics [COSMETOLOGY] is required to teach in
11 order to be licensed under AS 08.13.110 if applying for a license to
12 practice esthetics [COSMETOLOGY]; [OR]

13 (4) have served an apprenticeship under AS 08.13.082; or

14 (5) specify the field of practice in which the applicant
15 intends to teach and have held a license to practice in the field for
16 three years or have held a license in the field for one year and have
17 completed 600 hours of teaching in the field of practice in a licensed
18 school.

19 * Sec. 9. AS 08.13.082 is amended to read:

20 Sec. 08.13.082. APPRENTICESHIP. (a) The period of apprentice-
21 ship required to qualify an applicant for a license to practice bar-
22 bering is 2,000 [1,500] hours. [THE APPRENTICESHIP MUST BE SERVED IN
23 A SHOP APPROVED BY THE BOARD.] The apprenticeship may not be com-
24 pleted in less than 12 [NINE] months from the date of its commencement
25 and must be completed in not more than 18 months [TWO YEARS] from the
26 date of its commencement.

27 (b) The period of apprenticeship required to qualify an appli-
28 cant for a license to practice cosmetology [HAIRDRESSING] is 2,000
29 hours. [THE APPRENTICESHIP MUST BE SERVED IN A SHOP APPROVED BY THE

1 BOARD.] The apprenticeship may not be completed in less than one year
2 from the date of its commencement and must be completed in not more
3 than two years from the date of its commencement.

4 (c) The period of apprenticeship required to qualify an appli-
5 cant for a license to practice esthetics [COSMETOLOGY] is 350 hours.
6 The apprenticeship must be served in a shop approved by the board.
7 The apprenticeship may not be completed in less than three [SIX]
8 months from the date of its commencement and must be completed in not
9 more than nine months [ONE YEAR] from the date of its commencement.

10 (d) For an apprenticeship under (a) or (b) of this section, the
11 apprentice must complete the first 1,000 hours in a school and must
12 complete the second 1,000 hours in a shop under the supervision of a
13 licensed instructor in the field of the apprenticeship.

14 * Sec. 10. AS 08.13.090(a) is amended to read:

15 (a) A written examination shall be given to each applicant for
16 examination at a time and place determined by the board. The board
17 may delegate the power of examination to a committee of the board,
18 ^{OR} ~~OR~~ a board member, or a proctor.

19 * Sec. 11. AS 08.13.100 is amended to read:

20 Sec. 08.13.100. LICENSE. (a) The board shall authorize the
21 issuance of a license to each qualified applicant who has passed ~~an~~ ^{the}
22 examination under AS 08.13.090. The license is valid for two years
23 and subject to renewal.

24 (b) A license must [SHALL] state the areas of practice (barber-
25 ing, cosmetology, or esthetics [HAIRDRESSING, COSMETOLOGY], or any
26 combination) that [WHICH] the practitioner is qualified to perform.

27 (c) The board may by regulation create areas of limited profes-
28 sional licensing in the field of esthetics, including regulating
29 [COSMETOLOGY, EXCEPT THAT THE BOARD MAY NOT RESTRICT OR OTHERWISE

1 REGULATE] the practice of manicure or pedicure. Any limitation must
2 be stated on the license.

3 (d) A person holding a current valid license from a board of
4 barbering, cosmetology, or esthetics [HAIRDRESSING, OR COSMETOLOGY] in
5 another state [OR COUNTRY] is entitled to a license under this chapter
6 without examination in this state. An application must [SHALL] in-
7 clude:

8 (1) proof of a valid license issued by another licensing
9 jurisdiction;

10 (2) proof of completed training, testing and working exper-
11 ience that [WHICH] the board finds to meet the minimum requirements of
12 the state and;

13 (3) payment of a credential investigation fee.

14 * Sec. 12. AS 08.13.110 is amended to read:

15 Sec. 08.13.110. SCHOOL LICENSE. The board shall adopt regula-
16 tions for the licensing of schools of barbering, cosmetology, and
17 esthetics [HAIRDRESSING, AND COSMETOLOGY]. The regulations shall
18 include details of the curriculum, minimum hours of instruction,
19 physical condition of the facilities, and financial responsibility of
20 the owner.

21 * Sec. 13. AS 08.13.130 is amended to read:

22 Sec. 08.13.130. DISPLAY OF LICENSE OR PERMIT. A practitioner
23 [PRACTITIONERS] shall display the practitioner's [THEIR] license in a
24 conspicuous location in the practitioner's [THEIR] place of business.
25 Each shop owner is responsible for the display of the licenses of
26 employees. [PRACTITIONERS WHO PRACTICE OUTSIDE OF A PLACE OF BUSINESS
27 SHALL CARRY THEIR LICENSE WITH THEM TO BE SHOWN TO PERSONS UPON WHOM
28 WORK IS PERFORMED.] A person holding a student permit [OR TEMPORARY
29 PERMIT] shall display the permit in a conspicuous location in the

1 school in which the person is enrolled or the shop in which the
2 apprentice works. The school or shop owner is responsible for the
3 display of a permit for each enrolled student or apprentice. A person
4 holding a temporary instructor's permit shall have that permit
5 available for inspection when engaged in teaching [PRACTICE].

6 * Sec. 14. AS 08.13.160(d) is amended to read:

7 (d) The licensing and permit provisions of this chapter do not
8 apply to

9 (1) a person practicing barbering, cosmetology, or esthet-
10 ics [HAIRDRESSING, OR COSMETOLOGY] in a community having a population
11 of less than 1,000 people that [WHICH] is not within 25 miles of a
12 community of more than 1,000 people and who uses only chemicals avail-
13 able to the general public;

14 (2) a licensed health care professional when engaged in the
15 practice of medicine PA SHAMPOO PERSON.

16 * Sec. 15. AS 08.13.170(a) is amended to read:

17 (a) A person not licensed under this chapter who wishes to
18 [PRACTICE AND] teach barbering, cosmetology, or esthetics [HAIRDRESS-
19 ING, OR COSMETOLOGY] temporarily and to practice barbering, cosme-
20 tology or esthetics temporarily and primarily for educational purposes
21 who is otherwise qualified to practice barbering, cosmetology, or
22 esthetics [HAIRDRESSING, OR COSMETOLOGY] as determined by the board
23 shall first obtain a temporary instructor's permit.

24 * Sec. 16. AS 08.13.180 is amended to read:

25 Sec. 08.13.180. STUDENT PERMITS. A person attending a licensed
26 school of barbering, cosmetology, or esthetics [HAIRDRESSING, OR
27 COSMETOLOGY], and a person apprenticed ^{by} to a licensed instructor
28 [PRACTITIONER] in a shop [APPROVED BY THE BOARD] shall obtain a
29 student permit. A student permit to practice barbering or cosmetology

1 [HAIRDRESSING] is valid for ~~18 months~~ [TWO YEARS]. A student permit
2 to practice esthetics [COSMETOLOGY] is valid for six months [ONE
3 YEAR]. A student permit may not be renewed, but, upon application,
4 the board may issue a new permit to the same person, or extend an
5 expired permit to the date of the next scheduled examination. Credit
6 earned under an expired student permit may be transferred to a new
7 permit as determined by the board.

8 * Sec. 17. AS 08.13.180 is amended by adding a new subsection to read:

9 (b) A person is eligible for a student permit if the person

10 (1) is at least 16 years of age; and

11 (2) has graduated from high school or holds a G.E.D. equiv-
12 alency.

13 * Sec. 18. AS 08.13.185 is repealed and reenacted to read:

14 Sec. 08.13.185. FEES. (a) The department shall adopt regula-
15 tions under AS 08.01.⁰⁶⁵~~080~~ that establish the amount and manner of
16 payment of fees for examination and investigation, and for initial
17 licenses and renewals for the following:

- 18 (1) schools;
19 (2) school owners;
20 (3) instructor;
21 (4) shop owner;
22 (5) practitioner of barbering;
23 (6) practitioner of cosmetology;
24 (7) practitioner of esthetics;
25 (8) temporary permit;
26 (9) student permit.

27 (b) The department may not adopt a regulation under (a) of this
28 section unless the board concurs.

29 (c) A fee established under this section shall, to the extent

1 possible, be based on the actual costs to the department of the
2 activity for which the fee is charged.

3 * Sec. 19. AS 08.13.190 is amended to read:

4 Sec. 08.13.190. FAILURE TO POSSESS A LICENSE OR PERMIT. A
5 person who practices barbering, cosmetology, or esthetics [HAIRDRESS-
6 ING, OR COSMETOLOGY], or operates a shop, or operates a school of
7 barbering, cosmetology, or esthetics [HAIRDRESSING, OR COSMETOLOGY],
8 or teaches in a school of barbering, cosmetology, or esthetics [HAIR-
9 DRESSING, OR COSMETOLOGY], without a license, temporary permit, or
10 student permit and who is not exempt under AS 08.13.120 or
11 08.13.160(d). [UNDER AS 08.13.160(d)] is guilty of a class B
12 misdemeanor.

13 * Sec. 20. AS 08.13 is amended by adding a new section to read:

14 Sec. 08.13.195. CIVIL PENALTY. A person who violates a
15 provision of this chapter is punishable by a civil penalty in an
16 amount established by the board in a schedule or schedules
17 establishing the amount of civil penalty for a particular violation.
18 The schedule or schedules shall be adopted by the board by regulation.
19 A civil penalty imposed under this section may be appealed in the
20 manner provided for appeals in the Administrative Procedure Act
21 (AS 44.62).

22 * Sec. 21. AS 08.13.210 is amended to read:

23 Sec. 08.13.210. HEALTH AND SANITARY CONDITIONS. Health and
24 sanitary conditions in shops and schools of barbering, cosmetology,
25 and esthetics [HAIRDRESSING, AND COSMETOLOGY] shall be supervised by
26 the Department of Health and Social Services.

27 * Sec. 22. AS 08.13.220 is amended to read:

28 Sec. 08.13.220. DEFINITIONS. As used in this chapter,
29 (1) "apprentice" means a person who receives on-the-job

1 training under [THE] direct supervision [OF A PRACTITIONER, WHO DOES
2 NOT RECEIVE A WAGE OR COMMISSION BEFORE COMPLETING 350 HOURS OF
3 TRAINING, AND FOR WHOSE WORK NO CHARGE IS MADE BEFORE COMPLETING 350
4 HOURS OF TRAINING];

5 (2) "barbering" means shaving, [TRIMMING, OR] cutting,
6 styling, curling, permanent waving, bleaching, coloring, cleansing, or
7 chemically straightening the beard or hair of a living person for a
8 fee and for cosmetic purposes;

9 (3) "board" means the Board of Barbers and Cosmetologists
10 [HAIRDRESSERS];

11 (4) "esthetics" ["COSMETOLOGY"] means the use of the hands,
12 ~~mechanical or electric [APPARATUS OR]~~ appliances, cosmetic prepara-
13 tions, antiseptics, or lotions in massaging, cleansing, stimulating,
14 or similar work on the human body, including skin care and make-up fo
15 cosmetic purposes for a fee;

16 (5) "cosmetology" ["HAIRDRESSING"] means performing, for a
17 fee, the following services for cosmetic purposes:

18 (A) shaving, trimming, or cutting the beard of a
19 living person; [AND]

20 (B) arranging, styling, dressing, curling, temporary
21 waving, permanent waving, cutting, singeing, bleaching, coloring,
22 cleansing, conditioning, or similar work on the hair of a living
23 person; and

24 (C) manicure or pedicure;

25 (6) "instructor" means a person who teaches barbering,
26 cosmetology, or esthetics in a school or who supervises an apprentice;

27 (7) "practitioner" means a person licensed to practice
28 barbering, cosmetology, or esthetics [HAIRDRESSING, OR COSMETOLOGY]
29 under this chapter; */MANICURE - PEDICURE*

1 [(7) "SHAMPOO PERSON" MEANS A PERSON WHO, FOR A FEE AND
2 UNDER THE SUPERVISION OF A PRACTITIONER OF BARBERING OR HAIRDRESSING,
3 CLEANSSES OR CONDITIONS THE HAIR OF THE HUMAN HEAD WITH PRODUCTS WHICH
4 HAVE NO EFFECT OTHER THAN CLEANING OR CONDITIONING THE HAIR;]

5 (8) "shop" MEANS [IS] an establishment operated for the
6 purpose of engaging in barbering, cosmetology, or esthetics
7 [HAIRDRESSING, OR COSMETOLOGY].

8 * Sec. 23. AS 44.46.020 is amended to read:

9 Sec. 44.46.020. DUTIES OF DEPARTMENT. The Department of En-
10 vironmental Conservation shall

11 (1) have primary responsibility for coordination and devel-
12 opment of policies, programs and planning related to the environment
13 of the state and of the various regions of the state;

14 (2) have primary responsibility for the adoption and en-
15 forcement of regulations setting standards for the prevention and
16 abatement of all water, land, subsurface land and air pollution, and
17 other sources or potential sources of pollution of the environment,
18 including by way of example only, petroleum and natural gas pipelines;

19 (3) promote and develop programs for the protection and
20 control of the environment of the state;

21 (4) take actions that are necessary and proper to further
22 the policy declared in AS 46.03.010;

23 (5) adopt regulations for

24 (A) the prevention and control of public health nui-
25 sances;

26 (B) the regulation of sanitation and sanitary prac-
27 tices in the interest of public health;

28 (C) standards of cleanliness and sanitation in con-
29 nection with the construction, operation, and maintenance of a

1 camp, cannery, food handling establishment, food manufacturing
2 plant, mattress manufacturing establishment, industrial plant,
3 school, barbershop, cosmetology or esthetics [HAIRDRESSING OR
4 COSMETOLOGY] establishment, soft drink establishment, beer and
5 wine dispensaries, and for other similar establishments in which
6 lack of sanitation may create a condition that [WHICH] causes
7 disease;

8 (D) the regulation of quality and purity of commer-
9 cially compressed air sold for human respiration.

10 * Sec. 24. AS 44.62.330(a)(51) is amended to read:

11 (51) Board of Barbers and Cosmetologists [HAIRDRESSERS]

12 (AS 08.13.010)

13 * Sec. 25. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

M E M O R A N D U M

To: All Members, House Labor and Commerce Committee

From: Roger Poppe, Committee Staff

Date: April 19, 1985 Friday

Subject: Supplemental Material, HB 305: Barbers and Hairdressers

There are many sides to this rather complex bill; including a very large number of people in the field (2,500+), the fact that it is experiencing growing pains with the field rapidly expanding and developing a lot of new technology, the diversity of sub-groups within the profession which are often at odds and competing with one another, geographic regional and sectional special interests, lack of coordination at times (between the Board and its members; between the Board and the Division of Occupational Licensing), concerns over protecting and grandfathering the people already in the field, the Governor's veto last year, potential insurance problems, and finally the complexity of terminology and issues that are alien to a person who is not actually engaged in practice in the field. Everyone wants to help, but where to begin? All of the above have led to hard feelings and frustration on the part of all parts involved, and the meeting today may be no exception. Some issues that have not been considered that the Committee may wish consider:

1) Regardless of how the Governor or the legislature feels about the Board continuing or not, the fact that sunseting the Board will also stop the Department from de-licensing the industry can have serious ramifications. The most critical is that it appears it will greatly increase the insurance that all of the members in the field will have to pay, and I am sure no one intends for that to happen. There is the additional ramification that if the industry is de-licensed and some does get injured, it is very likely that the State could be held potentially liable in a lawsuit.

2) There is the feeling that the LB & A report was poorly executed and inadequate. For example, the report indicated that they felt termination of the Board would not endanger the health and safety of the public. LB & A did not know that sunseting the Board would also lead to de-licensing, and the health and safety of the public could be affected as a result. The industry is growing so fast and has so much new technology, that there are potential dangers to the public health, for example:

a) Color and perm solutions, if inappropriately applied by untrained and unlicensed people can and have caused damage to not only the scalp, but to hearing and to eyesight.

b) New Climazone machines, which dry hair on a microwave principle from the inside out, can cause severe burns if misused by inexperienced and unlicensed operators.

c) In the area of cosmetology, there is a need for people to be trained to recognize diseases and infections like ringworm, lice, etc. and to be trained and licensed to sterilize instruments so that such disease are not passed on to other customers.

3) Having been sunsetted last year, the Department and the Division of Occupational Licensing appears to have done very little to assist the Board in preparing for its demise or in preparing alternatives or in working to write decent legislation to revive the Board. At the 3 meetings held since last year, the Board was not given input on how to deal with this problem, since the Division assumed the Board was sunsetted. (The Department has not behaved that way with the sunsetting of other Boards, such as Pharmacy, however.).

This lack of cooperation appears to extend to the Committee hearings. Granted that the Division is overworked and has a lot of other bills to work on, as well as provide a service to the public--they still came in at the last minute to both the hearings in the House and the Senate on this issue with a long shopping list of amendments. This has been construed by some members of the industry as an attempt to kill the bill. They could have gotten them to us sooner--but as it happened, the bill was held over from April 3 for other reasons anyway.

There is also some feeling in the industry that while the Division is claiming it is too busy and pressed for time, that they have already put together in draft form a certification procedure through regulation to replace the licensing function by statute which would be lost with sunset. If this is true, it could conceivably remove all statutory oversight in this area and allow the Department to totally control the industry through regulation; which may be questionable without the statutory authority to do so.

Regardless of whether the above reflects paranoia or actual abuse, it does raise some additional issues in this rather complex situation.

M E M O R A N D U M

To: All Members, House Labor and Commerce Committee

From: Roger Poppe, Committee Staff

Date: April 18, 1985

Subject: Overview, HB 305, Board of Barbers & Hairdressers

The bill to extend the Board of Barbers and Hairdressers another 4 years was submitted last year as HB 714 and also as SB 435, by the respective Labor and Commerce Committees. The final vehicle, SB 435, passed the Senate on a 19-0-1 vote, and the House on a 38-0-2 vote. This bill extended the Board for just one year, and a letter of intent was attached by the Senate (see item #10 in your file), which would have formed a committee to study the issues in more detail. However, the Governor vetoed even this one-year extension (see item # 11).

SB 218 is a much more detailed bill that attempts to deal in more detail with the various issues involved. Subsequently, this bill received a hearing in Senate L & C Committee on April 3, 1985, but was held over by the Committee--in part because of a shopping list of 23 proposed amendments presented at the last minute by the Dept. of Labor, Division of Occupational Licensing; in part because because the Committee was confused at all the changes in terminology and language; and in part because there is a general impression that regardless of what the legislature does, the Governor will veto any bill sent to him--because he is determined to sunset that board, based on the Legislative Budget and Audit Report (see item #8). While this possibility exists, it may be bad policy and precedent to not work on a bill or pass it out of the legislature simply because of a possible veto.

The Committee has received more letters, POMs, and the like on this bill than any other piece of legislation this year. Clearly, there are a lot of people concerned that the Board may sunset.

However, there are some fairly complex problems associated with this bill. For example, there is a real diversity of opinion and disagreement within the profession regarding this whole issue--it is my impression that a sizeable number of people in the profession would rather see the Board sunsetted than simply extended without some major changes in its structuring such as this bill attempts to do. Simple 4-year extension would eliminate their opportunity to make some substantive changes. On the other hand, if the bill were given full treatment and development that is indicated based on public input and the complexity of the issues, it could take 4 or 5 hearings. We do not have the luxury of doing that and still getting the bill through both houses this session, given the amount of time left before the end of this session and the final sunset of the Board.

A very critical concern has just been discovered here: the way the current statutes read, we can sunset a Board and still continue the licensing function of the Department. This is not so with Barbers and Hairdressers--the law gives the licensing function to the BOARD, not the DEPARTMENT, so failure to pass this bill in some forms means the entire bill can fail. This issue has not been raised before to my knowledge (it was not included in or considered or noticed as a problem by the Legislative Budget and Audit report last year, because that report assumed that the Department would continue to do licensing functions), and the Committee may wish to consider the possible impacts and results of this, with some 2,500 barbers and hairdressers being possible de-licensed and de-regulated. The legislature and the administration may wish to take more time to consider this issue, and a simple one-year extension may be a way of doing this, if we could get assurance from the Governor that he would not veto such a bill again this year. Alternately, the Committee may wish to consider revising the bill so that the Board is sunsetted but the statute is changed so that licensing functions continue.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

FISCAL DETAIL

Bill/Resolution No.: CSHB 305 (L&C)
 Title: Relating to barbers, cosmetologists, and estheticians

Agency Affected: Commerce & Econ. Dev.
 BRU: Occupational Licensing

Sponsor: House Labor & Commerce
 Requester: House Finance
 Date of Request: 2/25/86

Components: _____

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		6.7	7.0	7.4	7.8	8.2
CONTRACTUAL		4.0	4.2	4.4	4.6	4.9
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		10.7	11.2	11.8	12.4	13.1

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of dollars)

GENERAL FUND		10.7	11.2	11.8	12.4	13.1
FEDERAL FUNDS						
OTHER						
TOTAL		10.7	11.2	11.8	12.4	13.1

POSITIONS:

FULLTIME		0	0	0	0	0
PARTTIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary.

The bill amends the name of the Board and adds additional licensing provisions for estheticians, manicure and pedicure. The bill also allows the board to meet as often as necessary to conduct its business and to administer examinations once each calendar quarter. Since two meetings and exams are mandated in present statutes, two additional

Prepared by: Jennifer Strickler, Mgmt. Analyst Phone: 465-2144
 Division: Occupational Licensing Date: 2/26/86

Approved by Commissioner: [Signature] Date: 2/26/86
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 305 (L&C)

meetings and exams are included in this fiscal note.

TRAVEL: Travel costs in this fiscal note are based on two meetings, one to be held in Juneau, and the other in Fairbanks.

Juneau Meeting:

1 board member in Juneau (Travel)	-0-
Per diem at \$80 per day x 2	160.00
2 board members from Anchorage (Travel)	
@ \$352 ea. x 2	704.00
Per diem at \$80 per day x 2 days x 2	320.00
1 board member from Fairbanks (Travel)	
@ \$564	564.00
Per diem at \$80 per day x 3 (one day extra for travel)	240.00
1 board member from Kenai (Travel)	422.00
Per diem at \$80 per day x 3	240.00
	2,650.00

Fairbanks Meeting:

2 from Juneau (1 board member, and the Licensing Examiner)	1,128.00
Per diem at \$90 per day, per person	540.00
2 board members from Anchorage (Travel)	424.00
Per diem at \$90 per day, per person	360.00
1 board member in Fairbanks (Travel)	-0-
Per diem at \$90 per day x 2	180.00
1 board member from Kenai (Travel)	282.00
Per diem at \$90 per day	180.00
	3,094.00

Since board members are located in Anchorage, Fairbanks and Juneau where examinations are offered, costs of \$1,000.00 are included for per diem during the examinations. This is based on 2 day exams in each area, Anchorage, Fairbanks, and Juneau.

CONTRACTUAL: Contractual costs in this fiscal note consist of rental costs of barber and hairdresser schools to administer the examinations. Practical exams require the use of special facilities such as the schools, which are available on contractual basis. Costs identified are based on schools located in Anchorage and Fairbanks. Presently, there are no schools in Southeast, however, exams have been administered to a minimal number of applicants in shops who have offered use of their facility at no cost to the State.

Anchorage facility: (Hairdressers)	at \$500 per exam x 2	= \$1,000.00
(Barbers)	at \$300 per exam x 2	= 600.00
		\$1,600.00
Fairbanks facility: (same costs as indicated above)		+ 1,600.00
		\$3,200.00

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 305 (L&C)

Proctor fees: (Standard proctor fee is \$35 per day per person)

Anchorage examination -	
2 proctors at \$35 per day x 2 days x 2 exams	140.00
Fairbanks examination -	
2 proctors at \$35 per day x 2 days x 2 exams	140.00
Juneau examination -	
2 proctors at \$35 per day x 2 days x 2 exams	140.00
	<u>\$420.00</u>

The bill also require that regulations be established for the practice of manicure and pedicure. Therefore costs of advertising regulation notices in accordance with the Administrative Procedure Act are included.

Public notice costs at \$60 each x 3 major newspapers	
x 2 regulation projects	360.00

GRAND TOTAL: \$10,724.00

**Revenues: Section 18 of the bill allows fees to be established by regulations which will cover the costs to administer the licensing function. New revenues generated by this bill will be generated by the licensing of estheticians, manicurists and pedicurists. We do not currently know the number of licensees who would be eligible for licensure as an esthetician, or eligible to practice manicure or pedicure.

The expenditures of this bill will be included as part of the total cost of the licensing activity and upon which licensing fees will be based.

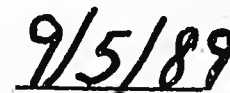


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

H B

3 0 6

COMMITTEE REPORT
HOUSE

4/26

RESOURCES

FURTHER: FINANCE

(7)

3/20/85

Date: 4/25/85

The Committee on LABOR & COMMERCE has had HB 306

" An Act relating to the promotion of the marketing of forest products."

under consideration and recommends:

- do pass [] do not pass
- [] do pass with attached amendments(s)
- [] replace with CS for _____ [] same title [] new title
- and recommends _____
- [] AND attaches a "Letter of Intent" [2] New Fiscal Note *Sug. 57*
- [] reports it back without recommendation [1] Zero Fiscal Note Attached *w/analysis*
- [] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

To: Mike
From: Roger

April 24 Meeting

HB 306 : The Dept. of C & ED will have someone here to testify on the bill from their Forest Products Advocates program, according to Katie Wallen. We have not yet received a fiscal note from them. I am not sure what their position is, but it seems like this bill is very duplicative of their current activity.

I did call Elsa, Taylors aide, and told them that with a teleconference on HB 318 and HB 305 back up, we may not get to the bill and will have to hold it over to Friday or else next week, and suggested they be prepared for that possibility.

HB 373: I don't see a whole lot of problem with this bill, except that there was a newspaper article in the Anchorage Times that I am trying to locate for the files that suggests that de-regulation could cause some problems in this area, even if there are only 5 concert promoters registered. I did call Jack Sanderson in Marrou's office and indicated that the probable order of the bills would either have HB 373 up first or else last, in which case it may have to be held over til Friday or next week, and they might want to have Marrou here and if it isn't brought up first, then Jack could sit in and if we got back to it he could call Marrou up and get him back up here from Behrends on short notice. I also told the same thing to Taylor's staff.

Original sponsors: Taylor and Sund

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IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 306 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the promotion of the marketing of forest products."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. FINDINGS AND PURPOSES. (a) The legislature finds that a cooperative effort by the state and private industry to stabilize and develop the forest products industry of Alaska, promote quality control within the industry, and foster expansion of the market for Alaska forest products throughout the state, nation, and world is in the public interest and is a valid public purpose. The legislature further finds that a cooperative effort would benefit the forest products industry in Alaska and that, therefore, some of the cost of maintaining the effort should be borne by the industry. One hundred percent public financing may occur in the first two years of the program in recognition of the depressed state of the timber industry.

(b) The purpose of this Act is to

(1) encourage the forest products industry in the state to make greater use of the forest products resources in the state;

(2) expand the range of forest products harvested by the forest products industry in the state;

(3) enable the forest products industry to maintain and enhance the quality of forest products harvested and processed by loggers and processors in the state;

(4) enable the forest products industry in the state to stimulate consumer identification of Alaska forest products to increase the use

1 and consumption of forest products harvested and processed in the state;

2 (5) stabilize and diversify the distribution of forest products
3 processed and harvested in the state by encouraging consumers to purchase
4 Alaska forest products; and

5 (6) create an effort that will be eventually financed jointly by
6 the state and by forest product processors.

7 * Sec. 2. AS 41 is amended by adding a new chapter to read:

8 CHAPTER 47. ALASKA FOREST PRODUCTS MARKETING INSTITUTE.

9 Sec. 41.47.010. ALASKA FOREST PRODUCTS MARKETING INSTITUTE
10 ESTABLISHED. There is established the Alaska Forest Products Market-
11 ing Institute. The institute is a public corporation of the state in
12 the Department of Commerce and Economic Development with separate and
13 independent legal existence.

14 Sec. 41.47.020. BOARD OF DIRECTORS. (a) The governing body of
15 the institute is a board of directors consisting of 18 members who are
16 engaged in either forest product processing, the financing of forest
17 product processing, or the harvesting of forest products.

18 (b) Eight members of the board shall be appointed by the Alaska
19 Loggers' Association, one member shall be appointed by the Interior
20 Loggers' Association, one member shall be appointed by the Matanuska-
21 Susitna Loggers' Association, one member shall be appointed by the
22 Kenai Loggers' Association, three members shall be appointed by the
23 Alaska Federation of Natives to represent timber harvesting Native
24 corporations, and two members shall be appointed by the governor to
25 represent other timber interests. The commissioner of commerce and
26 economic development and the commissioner of natural resources serve
27 ex officio as members of the board.

28 (c) The board shall annually elect a presiding officer and other
29 necessary officers from among its members.

1 Sec. 41.47.030. TERM OF OFFICE. Members of the board serve
2 two-year staggered terms and may be reappointed. A member appointed
3 to fill a vacancy holds office for the balance of the term.

4 Sec. 41.47.040. REMOVAL AND VACANCIES. A member of the board
5 serves at the pleasure of the appointing authority. A vacancy on the
6 board occurring other than by expiration of a term shall be filled in
7 the same manner as the original appointment.

8 Sec. 41.47.050. QUORUM. Ten members of the board constitute a
9 quorum for the transaction of business and the exercise of the powers
10 and duties of the board.

11 Sec. 41.47.060. COMPENSATION OF BOARD MEMBERS. A board member
12 serves without compensation but shall receive the per diem and travel
13 pay authorized under AS 39.20.180 for board members.

14 Sec. 41.47.070. MEETINGS. The board shall meet at least once a
15 year. Meetings are held at the call of the presiding officer or when
16 requested in writing by two members of the board.

17 Sec. 41.47.080. EMPLOYMENT OF PERSONNEL. The board may employ
18 and shall establish the compensation of an executive director. The
19 executive director may, with the approval of the board, employ and
20 establish the compensation of additional staff as necessary.

21 Sec. 41.47.090. POWERS. The board may
22 (1) have a corporate seal;
23 (2) adopt and change bylaws;
24 (3) sue and be sued;
25 (4) adopt regulations governing the exercise of its powers;
26 (5) cooperate with a public or private board, organization,
27 or agency engaged in work or activities similar to the work or activi-
28 ties of the institute, including entering into contracts for joint
29 programs of consumer education, sales promotion, quality control,

1 advertising, or research relating to the production, processing, or
2 distribution of forest products;

3 (6) conduct, or contract for, scientific research to de-
4 velop and discover uses for forest products harvested and processed in
5 the state;

6 (7) receive contributions of money from persons;

7 (8) establish offices in the state and outside the state
8 and otherwise incur expenses incidental to the performance of its
9 duties;

10 (9) appear on behalf of the institute before boards, com-
11 missions, departments, or other agencies of municipal, state, or
12 federal government;

13 (10) acquire, lease, sell, or dispose of property necessary
14 to carry out its purposes and powers;

15 (11) establish bank accounts for the transaction of the
16 institute's business.

17 Sec. 41.47.100. DUTIES. The board shall

18 (1) conduct education, research, advertising, or sales
19 promotion programs designed to accomplish the purposes of this chap-
20 ter;

21 (2) prepare market research and product development plans
22 to promote forest products and their by-products that are harvested in
23 the state and processed for sale;

24 (3) develop market-oriented quality specifications for
25 Alaska forest products for developing a high quality image for Alaska
26 forest products in world markets, and adopt and distribute recommenda-
27 tions for harvesting and marketing forest products; and

28 (4) submit an annual report to the governor and the legis-
29 lature describing the activities of the institute.

1 Sec. 41.47.110. PROHIBITED PROMOTIONS. The board may not pro-
2 mote or enter into a contract that promotes forest products by

3 (1) geographic origin other than from the coastal forests
4 or interior forests generally;

5 (2) geographic region of the state; or

6 (3) specific brand name.

7 Sec. 41.47.120. FINANCING. The state may finance the budget of
8 the institute during fiscal years 1986 and 1987. After fiscal year
9 1987, the state may not finance more than 50 percent of the budget of
10 the institute.

11 Sec. 41.47.200. DEFINITIONS. In this chapter,

12 (1) "board" means the Board of Directors of the Alaska
13 Forest Products Marketing Institute;

14 (2) "institute" means the Alaska Forest Products Marketing
15 Institute.

16 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

17 (23) executive director and employees of the Alaska Forest
18 Products Marketing Institute.

19 * Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

20 (48) Alaska Forest Products Marketing Institute (AS 41.47.-
21 010).

22 * Sec. 5. Initial appointments to the Board of Directors of the Alaska
23 Forest Products Marketing Institute under AS 41.47.020 enacted in sec. 2 of
24 this Act shall be made for the following terms:

25 (1) six members shall serve for one year;

26 (2) six members shall serve for two years;

27 (3) six members shall serve for three years.
28
29



Alaska State Legislature

House

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

PAGE 2, Line 18

Sec. 41.47.020. paragraph (b) Eight members of the board shall be appointed by the governor based upon the recommendation of the Alaska Loggers Association, one member shall be appointed by the governor based upon the recommendation of the Matanuska Susitna Loggers Association, one member shall be appointed by the governor based upon the recommendation of the Kenai Loggers Association, three members shall be appointed by the governor based upon the recommendations of the Alaska Federation of Natives to represent timber harvesting Native corporations, and two members shall be appointed by the governor to represent other timber interests. The commissioner of commerce and economic development and the commissioner of natural resources serve as ex officio members of the board.

HB 306 File Contents

April 24, 1985 Meeting

- 1) Bill Summary -- Legislative Reporting Service
- 2) Fiscal Notes -- Dept. of Revenue (2 different notes)
- 3) Fiscal Note -- Dept. of Commerce & Economic Development
- 4) Draft Letter from James F. Clark to Governor Sheffield & to Lennie Boston
- 5) "Offer to Participate in Generic Marketing, Planning, and Review Options available to perform industry-wide functions"; and also "Support for a two-year capital project for the State Office of Forest Products," by the Alaska Loggers Association.

April 25, 1985 Meeting

- 6) Proposed CS for HB 306 -- April 24, 1985
- 7) Proposed Amendment to CS HB 306 -- by Sponsor -- page 2, line 18

INTRODUCTION OF BILLS (House)(cont'd)

REAA School Board Sections
(number of members)

HOUSE BILL NO. 304, by Reps. Sund and Taylor. Would allow the Commissioner of Education to permit a section of an Regional Educational Attendance Area (REAA) to be represented by more board members than is currently set out in law if the Commissioner determines that the REAA has had a pattern of substantial population fluctuations between geographic areas within the REAA, and that compliance with the numerical requirements could result in continuous underrepresentation and overrepresentation of sections. In a REAA section allowed to be represented by more board members, no more than two members may be elected from the same community. Does not provide effective date (takes effect 90 days after Governor signs bill).

Introduced March 20 and referred to Health, Education & Social Services.

Barbers & Hairdressers
(extending & amending laws)

HOUSE BILL NO. 305, by Reps. Sund, Taylor and Jenkins. See Senate Bill 218, page 390, identical.

Introduced March 20 and referred to Labor & Commerce, Finance.

Forest Product Marketing Institute
(establishing)

HOUSE BILL NO. 306, by Reps. Taylor and Sund. Would establish the Forest Product Marketing Institute to conduct education, research, advertising, or sales promotion programs designed to market forest products. The Institute would also be charged with preparing market research and product development plans to promote forest products and their by-products, and to develop market-oriented quality specifications for Alaska forest products for developing a high quality image for those products in world markets. Promotions would be generic.

The Institute would be a public corporation of the state in the Dept. of Commerce & Economic Development, with a separate and independent legal existence. It would be governed by an 18-member board of directors appointed by the Governor. Twelve members must be affiliated with forest products processors, eight would have to be affiliated with a forest products processor with an annual payroll of \$1 million or more, and four members affiliated with a processor with an annual payroll of between \$50,000 and \$1 million. Five members would have to be engaged in harvesting forest products. One member could not be involved with the forest products industry.

Would require processors who buy forest products valued over \$50,000 annually to pay an assessment of between .001 and .004 of the value paid by the processor. The assessment could be levied only with approval of eligible processors in an election held by the Institute. Processors would choose the amount. The assessment could be terminated through an election process.

Does not provide an effective date (takes effect 90 days after Governor signs bill).

Introduced March 20 and referred to Labor & Commerce, Resources, Finance.

OFFER TO PARTICIPATE IN GENERIC MARKETING, PLANNING, AND
REVIEW OPTIONS AVAILABLE TO PERFORM INDUSTRY WIDE FUNCTIONS

WHEREAS the Governor of Alaska has appointed a Timber Task Force to address the issues of concern to the faltering Alaska forest products industry; and

WHEREAS that task force has identified generic marketing of Alaskan forest products and a state-wide industry organization (association, council, or committee) as necessary and important ingredients to the development and maintaining of a state-wide forest products industry and a statewide marketing strategy;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Alaska Loggers Association that they offer to assist the State Office of Forest Products in designing a generic market program. Said assistance being in the form of offering positive encouragement to the effort and providing experienced industry marketing advisors;

BE IT FURTHER RESOLVED that the Alaska Loggers Association Board recommends to the State Office of Forest Products it form a special temporary committee consisting of:

Gerry Engel, Mitkof Lumber Company

Steve Seley, Seley, Inc.

Frank Roppel, Alaska Pulp Corporation

Mel Mountain, Louisiana Pacific Ketchikan

Bob Loescher, Sealaska Corporation

Don Bell, Alaska Loggers Association

Representative, Railbelt Area

Representative, Railbelt Area

Representative, State Office of Forest Products

with the purpose of advising the State Office of Forest Products on the design of a generic marketing plan; also for discussions, design and financial structure issues of a state-wide organization and/or organized effort that can address marketing, interaction with government, quality control, market research, public affairs, and related issues. And the Alaska Loggers Association Board requests that the Office of Forest Products, with assistance from the committee, complete their work and report their proposed program and recommendations to this Board of Directors and the Commissioner of Commerce and Economic Development no later than October 1, 1985.

SUPPORT FOR A TWO YEAR CAPITAL PROJECT
FOR THE STATE OFFICE OF FOREST PRODUCTS

WHEREAS the Alaska forest products industry is a major contributor to employment and economic activity in the State of Alaska; and

WHEREAS the Alaska forest products industry has been in a sustained depression for four years; and

WHEREAS the State of Alaska has heretofore invested minute State resources in support of the Alaska forest products industry; and

WHEREAS the State of Alaska and private firms and individuals are now owners and managers of vast interior Alaska timber tracts that are undeveloped and underutilized; and

WHEREAS the new two-person staff of the Office of Forest Products in the Department of Commerce and Economic Development has designed a two-year capital project (tentatively designated "Operation Spruce Seed") to begin moving the forest products industry towards a coordinated state-wide forest products marketing strategy;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Alaska Loggers Association that they do hereby endorse and concur with the general scope and outline of that two-year plan and recommend to the Alaska State Legislature and the Governor and his administration that they do provide the necessary funds beginning July 1, 1985, in the approximate amount of \$508,000 and give their enthusiastic support to this effort to start the Southeast Alaska forest products industry back on the long road of recovery and the orderly development of new timber lands and forest products in Southcentral and interior Alaska.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 3-27-85

REQUEST

Bill/Resolution No: HB 306
 Title: Forest Products Marketing
 Sponsor: Taylor and Sund
 Requestor: Resource and Finance
 Date of Request: March 27, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Collection and Management
 BRU, Program of Subprogram(s) Affected: Audit Division
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	3.0	-0-	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	1.0	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	4.0	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Please see attached.

Prepared By: Martin J. Richard, Director
 Division: Audit Division

Phone: 465-2320
 Date: March 27, 1985

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 3/29/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Analysis for HB 306

If enacted, operating expenses within the Audit Division will increase as follows:

Contractual \$3.0:

To initiate the Forest Products Marketing Assessment program, the Division will incur additional expense for forms design and publication, postage; and in drafting and promulgating regulations.

Equipment \$1.0:

To handle additional paperwork filed by processors, additional facilities are necessary.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: HB 306
 Title: An Act relating to the
promotion of forest products
 Sponsor: Taylor and Sund
 Requestor: House Labor & Commerce
 Date of Request: March 22, 1985

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	(See Analysis)	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

Prepared By: Robert Elliott
 Division: Revenue - Research Section

Phone: 465-2173
 Date: 3/28/85

Approved by Commissioner: [Signature]
 Agency: Revenue

Date: 3/29/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

FISCAL NOTE HB 306
ATTACHMENT

Analysis for HB 306

The figures below represent the estimated revenues collected and available for legislative appropriation, if eligible processors elect a forest product marketing assessment. Value was determined by the Department of Revenue's Audit Division utilizing tax returns to determine "the costs to procure logs." It was assumed the marketing assessment could become operational in calendar year 1986, and subsequently collect assessments for FY 1987. The possible assessment rate scenarios for FY 1987 follow:

	<u>Assessment Rate</u>	<u>(Thousands of Dollars)</u>
a)	.1 percent of value	25.0
b)	.2 percent of value	50.0
c)	.3 percent of value	75.0
d)	.4 percent of value	100.0

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HR 306
 Title: Marketing of Forest
Products
 Sponsor: Taylor & Sund
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		106,000	111.0			
200 TRAVEL		20,000	21.0			
300 CONTRACTUAL		206,000	216.0			
400 SUPPLIES		2,000	2.0			
500 EQUIPMENT		9,000				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		343,000	350.0			
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	243,000	245			
FEDERAL FUNDS					
OTHER PROGRAM RECEIPTS	100,000	105			
TOTAL	343,000	350			

POSITIONS:

FULL-TIME		2	2		
PART-TIME					
TEMPORARY					

ANALYSIS: Attach a separate page if necessary.
 This budget assumes program receipts from the assessment of \$100,000 and a general fund appropriation of \$243,000 in FY '86. This \$343,000 budget would fund an Executive Director (R-26), Clerk (R-8), 2 trips for staff and 18 board members at \$500/trip, plus basic expenses. There is also \$200,000 for generic marketing contracts. Assessment revenue can vary widely and State match above and beyond the assessment is totally optional.

Prepared By: William H. Beardsley, Director Phone: 465-2094
 Division: Office of Forest Products Date: _____

Approved by Commissioner: Loran H. Lounsbury Date: 4/24/85
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

1.	POSITION TITLE Executive Director			RANGE/STEP 26A	DEPT. UNIT	PAGE/LINE	COV.	APPROV.	DISAP.
2.	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	Type of Expenditure			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	62,508							
6.	Benefits	10,120							
7.	Supplemental Benefits	3,832							
8.	Fixed Benefits	2,630							
9.	TOTAL PERSONAL SERVICES	01	79,090						
10.	Travel	02							
11.	Contractual	03							
12.	Commodities	04							
13.	Equipment	05							
14.	Other								
15.	TOTAL COST								
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal receipts 1002							
17.		C.F. Hatch 1003							
18.		General Funds 1004							
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR BSM USE ONLY KEY NUMBER _____									

REQUEST FOR
NEW POSITION

AGENCY _____
PROGRAM _____
BRU _____
COMPONENT _____

Page _____ of _____
Revised Date _____

FY 86

1.	POSITION TITLE Clerk III				RANGE/STEP 8A	DEPT. UNIT	PAGE/LINE	COY.	APPROV.	DISAP.
2.	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	ADDITION									
5.	Type of Employment				Amount					
	1				2					
	PERSONAL SERVICES				3					
5.	Salary		19,572							
6.	Benefits		3,169							
7.	Supplemental Benefits		1,200							
8.	Fixed Benefits		2,732							
9.	TOTAL PERSONAL SERVICES		01		26,673					
10.	Travel		02							
11.	Contractual		03							
12.	Commodities		04							
13.	Equipment		05							
14.	Other									
15.	TOTAL COST									
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		C.F. Match 1003								
19.		General Funds 1004								
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								
FOR BSM USE ONLY										
KEY NUMBER _____										

REQUEST FOR
NEW POSITION

AGENCY _____

PROGRAM _____

BRU _____

COMPONENT _____

FY 86

Page _____ of _____

Revised Date _____

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JULIA B BOCKMOM

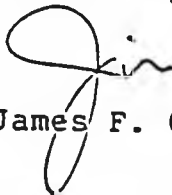
March 20, 1985

Ms. Lennie Boston
Special Assistant
Office of the Governor
Pouch A
Juneau, Alaska 99811

Dear Lennie:

Enclosed for your review, please find the draft letter to Governor Sheffield reporting on the results of the March 15, 1985 meeting of the Alaska Timber Task Force. After you have had a chance to look it over, perhaps we can get together some-time tomorrow to discuss it.

Yours very truly,


James F. Clark

JFC:sc
Enclosure

FILE COPY

DRAFT

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D ELIZABETH QUADRA
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SUSAN L WENDENALL
KENNETH W LEGACKI
JULIA B BOCKMOM

March 20, 1985

The Honorable Bill Sheffield
Governor, State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

This is to report to you on the excellent meeting which the Alaska Timber Task Force had on March 15, 1985. The Task Force reviewed your administration's response to the December 14, 1984 Task Force Report, as well as the responses of the Forest Service and industry. We would like to commend you on your response and commend to you the responses we received from the other Task Force participants. The setting of priorities by the State, the Forest Service and industry was reasonable and realistic considering what can be done to help the industry within Federal and State budget constraints.

This letter is to list the Task Force's priorities after reviewing the responses:

A. Marketing Program.

1. At page 7 of the Task Force report, the Task Force recommended that the U.S. Trade Representative's office be made more fully aware of the declining position of dissolving the sulfite pulp industry both in Alaska and the lower 48. We urged that diplomatic persuasion be used in an attempt to increase the United States' market share of dissolving sulfite pulp. As you know, South Africa is one of Alaska's chief competitors on the Pacific Rim because it produces at far less cost than Alaska pulp.

We appreciate having your Washington Office cooperate with the Congressional delegation in urging the help of the U.S. Trade Representative. The Task Force considers this a priority matter.

2. The Alaska Railroad can greatly assist our effort to use Alaska wood products in the Southcentral and Interior markets in two ways:

The Honorable Bill Sheffield
March 20, 1985
Page 2

a. As you know, hemlock is an Alaska species which has been difficult to market. Hemlock can be used to produce railroad ties.

At pages 12 and 13 of the report, the Task Force discussed the use of the Alaska Forest Product Preference (AS 36.15.010 - .020) to increase the marketing of Alaska wood products in Alaska. Purchase of Alaska hemlock railroad ties by the Alaska Railroad would be of great help to the industry and the Railroad would meet the intent of this Act.

b. At page 36 of the report, the Task Force recommended a study of the use of the Alaska Railroad to move logs to a central processing location and then move the finished product to South Central and Interior markets.

It would be helpful to receive more cooperation from the Alaska Railroad regarding each of these objectives:

a. Representative Sund has raised concerns, which the Task Force shares about whether the Alaska Railroad plans to give Alaska timber processors a chance to sell railroad ties to the Alaska Railroad. Apparently, neither of the FOB points specified by the Railroad are in Alaska.

b. The Task Force recommended a study of the Alaska Railroad as a vehicle for moving logs to a processing facility along the railbelt and then moving manufactured products to markets along the railbelt. This proposal has been set back by the Railroad's recent raise in rates. The rate on logs has increased by eighty-eight percent (88%).

The Task Force urges that your good offices be used to raise the consciousness of Alaska Railroad officials about the role it might play in assisting the timber industry in Alaska. If the Interior and Southcentral timber industry plays the role the Task Force has proposed for it, it will someday be a major revenue producer for the Railroad.

3. As part of the overall marketing program, specifically with the People's Republic of China in mind, the Task Force recommended at page 38 of its report that an export-import bank be established. The Task Force did not make a recommendation whether this should be done by the State or by the private sector. However, state leadership is needed to help develop a plan. Since this would effect not only the timber industry, but other industries as well, the Task Force suggests that your office call a meeting with interested industries, including the banking industry, to explore the possible structure of a state export-import bank.

4. At page 9 of the Report, the Task Force recommended that the State assist in marketing in two ways: (a) generic marketing through the Asian offices and (b) participation with associations in Pacific Rim countries which use Alaska wood products. The Task Force urges that the Department of Commerce and Economic Development's Forest Division be provided sufficient funds to pursue these marketing objectives.

B. State Budget Matters.

1. At pages 14 and 15 of the Report, the Task Force recommended a forestry assistance program, which would provide technical assistance and training in forest matters, forest products processing, and wood utilization in Southcentral and the Interior. The Task Force urges that this be a priority matter in setting the Division of Forestry's budget for this upcoming year. This program is a priority with the Task Force because it could be of great assistance in South Central and the Interior. Accordingly, we urge that the positions for this program be budgeted in the State Forester's office.

2. Attached to this letter is a letter written by me on behalf of the Alaska Loggers' Association to Representative Cotten. It urges that the budget of the State Division of Forestry be increased to include a staff position to allow the State Forester to participate in interagency discussions involving regulatory matters - specifically stipulations proposed by other agencies concerning timber harvest activities. The thrust of the letter was subsequently endorsed by the Alaska Loggers' Association and a copy of that resolution is attached.

It is the recommendation of the Task Force that money be found to allow the State Forester to participate in permitting, regulatory matters and interagency discussions of forest development proposals. The Task Force was distressed to learn that State Forester Sturgeon is required to do his own research and staff work in order to participate. Accordingly, the Task Force urges that money be found within the DNR budget to provide such staff.

4. I presented a loan guarantee program to the Task Force on behalf of the forest industry which would convert the money set aside last year for Ketchikan Pulp Corporation's proposed employee stock ownership plan to a program that would benefit the entire industry as a loan guarantee program. I have talked with a number of officials within your administration regarding this proposal and received very sound and realistic advice about how to proceed in shaping a bill which will be worthy of realistic consideration.

The Honorable Bill Sheffield
March 20, 1985
Page 4

The proposed legislation is attached as Exhibit B. The guarantee program would be administered through the banking industry which would have an important interest in the loans. The loans must be commercially reasonable - i.e. that is to say, they must fully collateralized. The loans would be made at market interest rates. In addition, users of the guarantee program would pay a "user fee."

We feel that this is a reasonable program in light of existing budget constraints and urge your consideration and assistance in shaping it.

4. Attached to this letter as Exhibit C, are letters from Greg Bell to Senator Edna Armstrong DeVries concerning a demonstration project at the Goose Bay facility. We believe that this type of project can be extremely worthwhile in providing data which will assist in determining the viability of using a kiln to produce dimensionally stable lumber in the Interior and South Central Alaska. This would be coupled with a training program for the prisoners.

We ask the help of your administration in bringing together the necessary people to consider and coordinate this idea. To the extent necessary, we would urge that Corrections' budget be sufficient for this program.

C. Federal Budget Matters.

1. The Alaska National Interest Lands Conservation Act (ANILCA) provided funding for intensive management in Section 705(a) and for a revolving loan fund to purchase equipment to harvest timber in marginal and special areas in Section 705(b). The Task Force report discusses Section 705(b) funding at page 43. The Task Force, however, failed to make a recommendation with respect to this source of funding.

This was simply an oversight. Creation of this source of funding is a priority with the Task Force. At our meeting the Forest Service reported that the Farmer's Home Loan Administration is prepared to promulgate regulations for the use of this funding, but that Congress has not yet appropriated money to fund the program. We would urge the assistance of your Washington office, working with the Congressional delegation, to obtain the funding needed to make this a viable program.

2. At page 32 of its report, the Task Force urges increased expenditures for the intensive management funds authorized by Section 705(a) of ANILCA. The intensive management program is designed to fund precommercial thinning, advanced logging technology, and prerooting. Even with the reallocation

The Honorable Bill Sheffield
March 20, 1985
Page 5

of funds in FY 1984, the Forest Service spent only fifty-three percent (53%) on preroading of what it told Congress it would spend during the D-2 debates. Ten million dollars more would have been spent in Southeast Alaska for preroading in FY 84 had the Forest Service fully funded the program.

We need to continue to push for more funding of the preroading program because it provides jobs for Alaskans in Southeast Alaska who would work for the construction companies which obtain the preroading contracts and makes it economically possible to harvest the timber, thus providing timber-related jobs.

We appreciate the assistance you have given us on this matter, including the pledge to continue to have your Washington office work with the Congressional delegation to increase the amount of this funding. This is a priority matter with the Task Force.

3. Section 14(i) of the National Forest Management Act contained a proviso which excluded small operators in Alaska from the opportunity of electing to have the Forest Service build the roads needed for their sales. Roading costs are a major front-end cost that makes it impossible for many small operators to obtain the financing needed to perform Forest Service sales. If this Alaska exclusion were removed, it would be a great assistance to independent loggers and operators, particularly in Southeast Alaska. We appreciate your continuing cooperation on this matter and appreciate the efforts of your Washington office to assist the Congressional delegation. This is a priority item with the Task Force.

D. Rules and Regulations.

1. We appreciate the continued cooperation of your administration in attempting to eliminate the necessity to obtain a Section 402, National Pollution Discharge Elimination System (NPDES), permit in order to construct a log transfer facility. This point is fully discussed at pages 20 through 22 of the Task Force report. We need to get administrative cooperation from the Corps of Engineers by eliminating newly instituted requirements in their permits which incorporate erroneous provisions from the now-defunct general permit proposed by EPA (and opposed by the State, industry, and the Forest Service). The Task Force asked the Forest Service to obtain a meeting to seek this goal with the relevant agencies which will take place on April 15, 1985.

In addition, we are seeking legislation in Congress which would make it clear that a Section 402 permit is not

The Honorable Bill Sheffield
March 20, 1985
Page 6

required to construct a log transfer facility. Your administration supports this legislation. Sealaska is taking the lead on it for industry.

It is important to get these matters resolved as soon as possible because of the major expenses involved in retrofitting log transfer facilities and building new transfer facilities would have to the industry. This is a key priority item with the Task Force.

2. The Alaska Coastal Zone Management Program has increasingly involved itself in timber harvesting matters. Consistency determinations are now playing an important role in deciding what is and what is not permitted. We have found that there has been in the past insufficient liaison between those administering the Program and those upon whom the Program is being administered. Accordingly at page 26, the Task Force recommended that there be in-the-field workshops to narrow the gap between parties. We would urge that sufficient funds be made available within the budget to accommodate this important need. We urge your continuing assistance in nominating forestry as a use of State concern.

E. Infra-Structure Matters. At pages 33 and 34, the Task Force report discusses log hauling on public highways. The Task Force recommended the State consider amending the Alaska Administrative Code to provide for regulation of log hauling on designated routes. At our meeting State Representatives reported to the Task Force that the regulation changes proposed in the Report could not be made until 1986. This is a matter of great urgency within the industry. Therefore, the Task Force requests that your administration consider emergency regulations for the 1985 logging season.

I wish to thank you again for the excellent cooperation we have received from your administration. The Task Force continues to believe that its other recommendations are valuable and important suggestions. However, the Task Force thought it would be helpful to you to prioritize our concerns in order to provide a realistic program for moving a number of these suggestions along.

The Task Force will meet again on April 16 to continue to work for implementation of its recommendations. Thank you again for all your assistance.

Yours Very Truly,

James F. Clark

cc: Congressional Delegation
Regional Forester Mike Barton

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF FOREST PRODUCTS

BILL SHEFFIELD, GOVERNOR

Juneau

Pouch D
Juneau, Alaska 99811
Phone: (907) 465-2094

Ketchikan

111 Stedman, Suite 204
Ketchikan, Alaska 99901

February 20, 1985

Mr. Bill Beardsley
Director, Office of Forest Products
Dept. Commerce & Economic Development
Pouch D
Juneau, Alaska 99811

Dear Bill:

This memorandum is submitted to you for the purpose of outlining my observations and conclusions regarding marketing activity that this office can engage in to help renew the vigor in our Southeast Alaska forest products industry and to bring about the development of our forest lands in Southcentral and interior Alaska. The heavier penetration of the rail belt dimension lumber market and other spin off benefits will begin to be realized if we are able to proceed with these recommendations.

This communication is not intended to be a polished product prepared after months of study and in depth market analysis. We do not require, or have the luxury of time for, a major study to identify a group of problems that has laid our industry low. The basic direction of my recommendations has been dictated by the recent state timber task force convened by the Governor.

The existing industry leaders are thin in numbers and have few resources available for joint efforts and market research. We can relate to them but must keep in mind they are in a crisis mode and individually concerned with survival. They will eventually provide more quality leadership and participation, but we should not expect too much too soon from them in these difficult times.

During the past six weeks, I have spent the majority of my time reviewing the Governor's Timber Task Force report, conducting interviews with large and small timber industry operators, reviewing the current status of the timber industry in Alaska's rail belt, holding discussions with the University of Fairbanks timber lands research people, and in general talking timber with any one knowledgeable, involved or concerned with Alaska's

Mr. Bill Beardsley
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Page 2

forest products. I have not been able to meet and talk with every major Alaskan player; however, my exposure has been extensive and representative of a cross section of the industry. I have also drawn on my past eight years experience in the Alaska forest products industry.

The main thrust of my interviews, discussions, and meetings attended was to try and determine in a general way the current status of marketing activity, market needs, and market potential of the Alaskan forest products industry. My concern was less with hard data, not that much was available, but with an overview based on current economic activity and trends as reported by private owners and government officials involved directly and daily in forest products.

Historically, Alaska's forest products have not required significant marketing effort or coordination primarily due to the fact that our two major production facilities were constructed and operated by investors that had captive markets for all or most of their product. However, as time passed, sales of high quality spruce and hemlock cants became a growing contributor to the operational efficiency of the Southeast Alaska production companies. Also, changes in ownership and competitive position began to erode the market advantage they had enjoyed.

These changes were further complicated by a major shift in the Alaska land ownership patterns with large volumes of timber land being turned over to the State of Alaska and numerous private native corporations. These new owners were unprepared and inexperienced in timber land management, marketing, and production. No state wide strategy was developed or implemented to minimize the impact of round logs on the market for Alaskan cants.

A third set of developments in the area of the international economy added to the changes and contributed to our current industry economic problems and limited marketing capabilities. High interest rates, coupled with rising forest product demand with peak prices reached in 1979 and 1980, were followed by a major drop in demand, and price, and remaining depressed with assistance the past two years by a strong U.S. dollar and a continuing moderate demand for lumber in the world market. This sequence of events, dating back to the founding of Alaska's modern forest products industry in the early 1950s, has contributed to an absence of a significant marketing effort or coordination of common goals and aspirations for Alaska's forest products. Some operational common causes have been dealt with in the past by the industry, and very effectively. However, marketing, industry interfacing with government and public affairs for the common economic good of the state and the industry has not been addressed by the state or the private sector.

Mr. Bill Beardsley
February 20, 1985
Page 3

The state has a triple function in the Alaska timber industry. First: overseer of the economic well being of all its citizens through job and economic activity in forest products. Second. regulatory responsibility to assure our future citizens that this renewable resource is managed properly. Third: As a major timber landowner, manage and participate in the industry to assure economic viability to the forest products flow and stable landowner benefits.

The international forest products market has developed over the past forty years into a sophisticated and rapidly changing market with several major players. There are in existence today numerous coordinated and well thought out plans by well funded area organizations that provide the necessary fact gathering, decision making forum to give their constituents a decided advantage in this highly competitive volatile market. We are significantly behind in timberland planning and market strategy when compared to all of our major buyer groups and most of our seller competition.

The Alaska forest products industry nor the State of Alaska has not expended significant resources to achieve common marketing goals. The buying and selling aspects of a successful marketing operation, however, is often as expensive as production or transportation of goods.

We can not continue to ignore this factor of the industry and expect to economically benefit in this increasingly competitive market. With our timber stands access problems and/or high production cost, we must develop a fine tuned market strategy, market research, communications, and close internal cooperation of all members of our forest products industry, including governmental agencies and private owners and operators. Both the underdeveloped interior forest and our suffering Southeastern forest products industry have need of such an effort. The basic tools required will be the same, however, priorities and programs will vary to fit the geographic and economic circumstance of the two forest areas.

Our ultimate goal should be to see a well staffed and managed non profit association functioning to service these marketing and related needs. Small nor large firms can not afford to individually persue marketing research and analysis, product promotion, educate themselves in better production methods, work with numerous governmental agencies, develop and maintain product standards, collect and disseminate industry data, and provide some kind of governmental liaison and public affairs program. Most of what I am recommending can and should eventually be handled by such an association or quasi governmental organization run and funded by its members with significant leadership and financial participation by state government in certain areas of their activity.

To make our first move in improving Alaska's forest product marketing, I suggest the following initial activity:

1. COMMUNICATION EQUIPMENT
Establish a tel-a-copy system in Tokyo, Seoul, Juneau, Ketchikan and Vancouver, B.C. Existing teletype can assist but not perform this function.
2. MARKETING INTELLIGENT STAFF
Retain the services of qualified people on contractual bases to act as agent for our office concentrating on gathering and transmitting data and developments of current concern in market analysis and decision making.

Tokyo 1/2 person
Seoul 1/2 person
Vancouver 1/4 person
Anchorage 1/2 person
3. MARKETING INFORMATION COORDINATOR
Obtain clerk or administrative assistant in Juneau office to function as clearing house for receiving, organizing, reviewing, filing, and transmitting information on to interested agencies and private firms.
4. STANDARDS AND QUALITY CONTROL
Retain an individual in the rail belt area that can start the process of establishing and maintaining industry lumber quality standards. With a little luck and persistence in selection of this individual, this person could also handle the Anchorage market communications function. This effort should also be expanded into Southeastern Alaska later.
5. ESTABLISH AND MAINTAIN CONTACT WITH KEY ORGANIZATION AND GROUPS that can provide U.S. marketing information and state of the industry reports. Some of these groups are governmental, some private associations. Many are forest product user groups. Membership dues, service fees, telephone and personal contact expense must be anticipated. Examples are:

National Forest Products Association
Japan Log and Lumber Importers Association
Western Wood Products Association
International Trade Administration
Export Council of Alaska
Finnish Foreign Trade Association
Foreign Agricultural Service, U.S.D.A.
Alaska Loggers Association
Rayon Producers Groups
University of Alaska
U.S. Consulates and Embassies
(any many more)

6. DEVELOPMENT OF GENERIC MARKETING PROGRAM that will be of assistance to market analysis for the interior forest resource development and the marketing activity of Southeast Alaska. This will require about three months of my time, spread over a six month period commencing March 1, 1985. Travel and related costs will occur in reviewing similar efforts being made by some of our competitors. No need to reinvent the wheel, but perhaps we can improve on its efficiency. Final product must be reviewed and worked out with the private sector because, to be successful, the program must take its lead from private marketing expertise with joint government/private resources. Travel and related costs here can be shared with some of my other activities.
7. MARKETING SALES TOOLS are required such as wood samples, audio/video presentations, and printed material with some degree of professionalism evident in their format and presentation.
8. PARTICIPATION IN MARKETING MEETINGS that are held periodically with exposure to concentrations of top quality people in the field is important. Symposiums, conferences, and similar information exchange meetings must be attended and the concepts, current trends, and hard data brought back to Alaska and disseminated to our industry. With our limited staff time, we may want to provide travel and attendance cost to people from the private sector and let them garner the information and report back to the Alaska industry through our office communications system. Two person teams of state and private sector people attending these would be very helpful and speed up the process of educating our industry in the facts of life in forest product marketing. The state could help this process happen by paying out of pocket cost for the private sector representatives.
9. BASIC MARKET RESEARCH to help determine the financial feasibility of harvesting the interior hardwood forest and the feasibility of converting one or both Southeast pulp mills to kraft paper mills would be desirable. The mill conversion effort could only be accomplished effectively with the existing mills' assistance. A joint effort of the state and the two mills would provide the best results. I also suggest we start now in providing seed money to the University of Alaska to have them do long term market research. Our office and the private sector would provide part of the information via our intelligence system system and travels. The University would perform the heavy duty analysis and relate the information to our timber base.

Mr. Bill Beardsley
February 20, 1985
Page 6

10. TRAVEL INTO MAJOR POTENTIAL NEW OR GROWTH MARKETS will be a necessity if we are to begin the task of bringing back new potential customer lists and market development information requested by our industry. Much of the travel will be multiple purpose, and it will be time consuming until good solid contacts and agents have been established. Pre trip preparation and available travel time will be the major limiting factor if a reasonable travel budget is provided.
11. Provide a small entertainment budget for use overseas. I recognize that state government activity using funds for entertainment must be carefully controlled; however, reasonable authority and a small budget item to provide for the cost of occasional meals and light weight entertainment is a necessity to present ourselves properly to existing and potential wood product users. To do otherwise is to maintain unnecessary hurdles to normal marketing practice and procedures. Properly applied entertainment can extend the work day through lunch and into the early evening, and to an overseas travel budget the efficient use of time is crucial.

SUMMARY:

The program outlined above is just that, an outline! When marketing be prepared to make changes in your plan to accomodate the new information you acquire daily. To suggest or do otherwise will assure an absence of success.

This program is conservative in scope and will not achieve our ultimate goals. This will permit us to start building some communication tools, begin educating ourselves and the industry in international forest product markets, develop a generic market plan for our Alaskan timber base and help our existing industry begin to communicate more quickly within their own group and with existing markets. With luck, the proper application of the telephone and shoe leather we may turn up a few new customers to help with current markets. However, that will not be our real or most meaningful service to the industry. Few, if any, immediate marketing problems can be successfully addressed by state government.

Regulation harassment, policy indecisiveness, environmental overkill and, most of all, state government officials and employee attitude can and should be delt with by state government to provide some immediate relief to the timber industry. The best marketing program in the world can not sell what is not available. However, my instruction and the content of this letter deals only with marketing.

Mr. Bill Beardsley
February 20, 1985
Page 7

The final aim of this office activities should be for most of our tools and functions developed in the ensuing two year period to be rolled over into a state wide forest products association or council that will be supported and led by private sector leaders with financial participation and related assistance coming from the Alaska State Department of Commerce and Economic Development. For that, as well as other reasons, I suggest this program be funded as a two year capital budget item covering the time period July 1, 1985 through June 10, 1987. By that time, we will need to review the entire activity and hopefully the private sector will be ready, willing, and able to take on the leadership position of Alaska forest product marketing.

I list below my estimates of cost for each of the numbered activities outlined earlier in this letter. These are not actual, but estimated figures covering two years.

Office of Forest Products - Marketing Development Project
Two Year Capital Project Cost Estimate

1. Communication Equipment\$ 18,000.00
2. Marketing Intelligence Staff\$220,000.00
(1 3/4 people plus expenses)
3. Marketing Information Coordinator\$ 65,000.00
4. Standards and Quality Control\$ 80,000.00
(1/2 person plus expenses)
5. Contact with Organizations\$ 25,000.00
6. Develop Generic Marketing Program\$ 1,500.00
(Does not include significant necessary travel)
7. Marketing Sales Tools\$ 15,000.00
(Figure could go higher)
8. Participation in Marketing Meetings.....\$ 20,000.00
(Staff and private participants)
9. Basic Market Research\$ 30,000.00
(Does not include pulp mill conversion study)

Mr. Bill Beardsley
February 20, 1985
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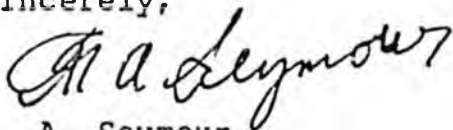
- 10. Travel Overseas and out of State\$ 29,300.00
(Includes only one person)
(95 days at \$150 per day plus transportation)
(No in state travel included)
- 11. Entertainment Budget\$ 4,500.00

- Total Two Year Program Cost Estimate.....\$508,300.00

Most of the budget items listed are tied to one or more of the others and should not be arbitrarily cut out or decreased without considering the multiple consequences.

The above does not provide for administrative and on going existing cost items in the current office budget. My knowledge of overhead cost incurred by the State is limited, and I did not attempt to deal with or include them. These figures represent my best estimate of actual out of pocket contractual and operational costs the state could usefully incur to achieve the marketing program activity I have outlined. A likely project name "Operation Spruce Seed."

Sincerely,



F. A. Seymour
Senior Marketing Specialist

FAS/mjh

ADDENDUM TO: Letter to Bill Beardsley - February 20, 1985

SUBJECT: Alaska Forest Products Marketing Program

DATE: February 20, 1985

The Following list includes most but not all of the reference publications, interviews and discussions I initiated and or participated in/over the time period January 10 through February 16, 1985 in preparation for the attached letter with marketing recommendations. Most discussions lasted one and one half to two hours. Those indicated with an * totaled four hours or more.

Individual or group in person meeting

- Mel Mountain, General Manager - Louisiana Pacific Ketchikan
- * George Woodbury, Chief Forester - Louisiana Pacific Ketchikan
- Don Brown, Mud Bay Logging
- Roger Snippen - Shee Atika Corporation
- * Don Bell, General Manager - Alaska Loggers Association
- Bill Ellison - Sealaska Timber Corporation
- Richard Creighton, Vice President - Cape Fox Corporation
- Jim Rynearson, Vice President - Alaska Lumber & Pulp
- * Frank Roppell, Executive Vice President - Alaska Lumber & Pulp
- Jim Clark, Legal Counsel - Alaska Lumber & Pulp
- Robert Loscher - Sealaska Timber Corporation
- Steve Seley - Seley, Incorporated
- Alan Cronk, Land Consultant - Doyan Corporation

Gary Lee - Doyan Corporation

Pat Johensue, Forester - Kootznoowoo

Jerry Flodin - Northland Woods

John Daly - Alaska World Trade Corporation

Richard Lenahan, U.S. Department of Commerce

* John Sturgeon, State Forester - (with Staff)

* Les Fortune, District Forester - Interior (with staff)

Richard Hall - Rustic Alaska Log Homes

Bob Paigh - 4-Star Lumber

Tom Ogawa - Ataka Lumber Company

Dick Tsuru - Alaska Pacific Trading company

Steve Laroe - Interior Loggers Association

Tony Gasbarro, Extension Forester - University of Alaska

James V. Drew, Dean of School - University of Alaska (with staff)

Richard Werner, Research Entomologist - U.S.F.S. Institute of Northern Forestry

Joe Henry - South Central Timber Development Incorporated

Bill Coghill - Alaska Railroad

Calvin Kerr - Consultant in Forest Management

Patrick Burden - Economic Consultant

Frank Wannamaker - Alaskan Woods

Dick Evans - United Lumber

Willima Price - Managing Consultant

* Industry meeting reviewing Task Force recommendations. Also numerous brief (thirty minutes or less) discussions in person and on the telephone.

§

Main Resource Reading

ALASKA TIMBER TASK FORCE REPORT - Governors Task Force

WOOD PRODUCTS INDUSTRY DEVELOPMENT - State Division of Forestry

WESTERN WOOD PRODUCTS ASSOCIATION - various publications

PULP AND PAPER - monthly magazine

NATIONAL FOREST PRODUCTS ASSOCIATION - various publications