

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

March 29, 2011

8:17 a.m.

MEMBERS PRESENT

Representative Bob Lynn, Chair
Representative Wes Keller, Vice Chair
Representative Paul Seaton
Representative Peggy Wilson
Representative Max Gruenberg
Representative Pete Petersen
Representative Kyle Johansen

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 101(STA)

"An Act establishing the fourth Saturday of July each year as Ted Stevens Day."

- MOVED CSHB 101(STA) OUT OF COMMITTEE

HOUSE BILL NO. 182

"An Act relating to distribution of annual reports by state agencies."

- HEARD & HELD

HOUSE BILL NO. 204

"An Act relating to the State Procurement Code, including the use of small procurement provisions for certain amounts of leased space, the requirement of Alaska business license proof for Alaska bidder and other procurement preferences, the registration of construction contract bidders and offerors, the establishment and maintenance of lists of persons who want to provide supplies or services to the state, state agencies, and state instrumentalities, electronic bids and proposals, small procurements, and writings; and providing for an effective date."

- MOVED OUT OF COMMITTEE

HOUSE BILL NO. 205

"An Act relating to state and public entity procurement, including the State Procurement Code, procurement preferences, and contract awards; relating to the meaning of 'Alaska bidder'; and providing for an effective date."

- MOVED OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 101

SHORT TITLE: TED STEVENS DAY

SPONSOR(s): RULES

01/18/11 (H) READ THE FIRST TIME - REFERRALS
01/18/11 (H) STA
03/29/11 (H) STA AT 8:00 AM CAPITOL 106

BILL: HB 182

SHORT TITLE: ELECTRONIC DISTRIBUTION OF AGENCY REPORTS

SPONSOR(s): JOHANSEN

03/09/11 (H) READ THE FIRST TIME - REFERRALS
03/09/11 (H) STA, FIN
03/29/11 (H) STA AT 8:00 AM CAPITOL 106

BILL: HB 204

SHORT TITLE: STATE PROCUREMENT CODE

SPONSOR(s): FAIRCLOUGH

03/23/11 (H) READ THE FIRST TIME - REFERRALS
03/23/11 (H) STA, FIN
03/29/11 (H) STA AT 8:00 AM CAPITOL 106

BILL: HB 205

SHORT TITLE: PUBLIC PROCUREMENT

SPONSOR(s): FAIRCLOUGH

03/23/11 (H) READ THE FIRST TIME - REFERRALS
03/23/11 (H) STA, FIN
03/29/11 (H) STA AT 8:00 AM CAPITOL 106

WITNESS REGISTER

REPRESENTATIVE CRAIG JOHNSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 101 as chair of the House Rules Standing Committee, sponsor.

ERIN SHINE, Staff
Representative Craig Johnson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 101 on behalf of Representative Johnson, chair of the House Rules Standing Committee, sponsor.

MITCH ROSE

No address provided

POSITION STATEMENT: Testified in support of HB 101.

TARA SWEENEY, Senior Vice President
External Affairs
Arctic Slope Regional Corporation
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 101.

LILY SEAMAN BECKER (ph)

No address provided

POSITION STATEMENT: Testified in support of HB 101.

REPRESENTATIVE JOHANSEN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 182 as sponsor.

REED HARRIS, Staff
Representative Kyle Johansen
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information and answered questions during the hearing on HB 182, on behalf of Representative Johansen, sponsor.

REPRESENTATIVE ANNA FAIRCLOUGH
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As sponsor, presented HB 204.

VERN JONES, Chief Procurement Officer
Central Office
Division of General Services
Department of Administration

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 204.

REPRESENTATIVE FAIRCLOUGH

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 205 as sponsor.

VERN JONES, Chief Procurement Officer

Central Office

Division of General Services

Department of Administration

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 205.

SCOTT THORSON

No address provided

POSITION STATEMENT: Testified on behalf of himself in support of HB 205.

ACTION NARRATIVE

[8:17:36 AM](#)

CHAIR BOB LYNN called the House State Affairs Standing Committee meeting to order at 8:17 a.m. Representatives Seaton, Keller, Johansen, P. Wilson, Petersen, Gruenberg, and Lynn were present at the call to order.

HB 101-TED STEVENS DAY

CHAIR LYNN announced that the first order of business was HOUSE BILL NO. 101, "An Act establishing November 18 of each year as Ted Stevens Day."

[8:17:45 AM](#)

REPRESENTATIVE KELLER moved to adopt the committee substitute (CS) for HB 101, Version 27-LS0221\B, Wayne, 1/27/11, as a work draft.

REPRESENTATIVE P. WILSON objected for discussion purposes.

[8:17:59 AM](#)

REPRESENTATIVE CRAIG JOHNSON, Alaska State Legislature, introduced HB 101 as chair of the House Rules Standing Committee, sponsor.

[8:18:36 AM](#)

ERIN SHINE, Staff, Representative Craig Johnson, Alaska State Legislature, presented HB 101 on behalf of Representative Johnson, chair of the House Rules Standing Committee, sponsor. She said following former U.S. Senator Theodore F. "Ted" Stevens' death on August 9, 2010, Governor Sean Parnell declared November 18 - Senator Stevens' birthday - in 2010 to be "Ted Stevens Day." Ms. Shine said HB 101 initially was drafted with the intent to establish Ted Stevens Day in Alaska to be celebrated each year on November 18; however the Stevens family requested the date be changed to the fourth Saturday in July, a summer date that would make it possible for Alaskans to celebrate the day in the great outdoors so loved by Senator Stevens. She explained that Version B reflects that date change.

[8:21:24 AM](#)

REPRESENTATIVE P. WILSON removed her objection to the motion to adopt the committee substitute (CS) for HB 101, Version 27-LS0221\B, Wayne, 1/27/11, as a work draft. There being no further objection, Version B was before the committee.

[8:22:16 AM](#)

MITCH ROSE testified in support of HB 101. He noted that he worked for Senator Ted Stevens in Washington, D.C., for nine years, both as Senator Stevens' press secretary and chief of staff, during which time he accompanied Senator Stevens on nine of his addresses to the Alaska State Legislature. He said Senator Stevens spoke to him about his memories of "his service in Juneau" and the important role of [the legislature]. He thanked the legislature for considering this bill as a way to honor Senator Stevens.

MR. ROSE quoted U.S. Senator [Lisa] Murkowski as having said, "Ted was Alaska." Mr. Rose said the list of accomplishments of Senator Stevens is too long to fully recite, but he gave credit to Senator Stevens for his work regarding: ANCSA, Title 9, The Marine Mammal Protection Act, The Magnuson Stevens Act, The Ted Stevens Olympic and Amateur Sports Act, The Pipeline Authorization Act, and the Denali Commission. He said Senator

Stevens touched many people's lives and devoted his life to hard work and bipartisan effort. He credited Senator Stevens for his work related to airports, railroads, hospitals, and schools, and for his devotion to Alaska. Mr. Rose concluded by expressing his hope that the adoption of Ted Stevens Day would provide the opportunity for people to enjoy the outdoors and think of the man who tirelessly supported Alaska.

CHAIR LYNN noted that U.S. Senator Stevens had previously served in the Alaska State Legislature and in the military.

[8:24:43 AM](#)

REPRESENTATIVE GRUENBERG reminisced about once having worked as Ted Stevens' staff. He said he thinks that Senator Stevens was the most remarkable person he met, and HB 101 is the least that can be done to honor the man.

[8:25:44 AM](#)

TARA SWEENEY, Senior Vice President, External Affairs, Arctic Slope Regional Corporation, testified in support of HB 101. She echoed Mr. Rose's remarks about the many lives touched by U.S. Senator Stevens. She said modern-day Alaska was built because of the representation of Senator Stevens. She indicated that moving Ted Stevens Day to the fourth [Saturday] of July will promote enjoyment of the outdoors that Senator Stevens loved so much. She said it is also a great opportunity for Alaskans to teach future generations about the legacy of Senator Stevens.

[8:27:47 AM](#)

LILY SEAMAN BECKER (ph) testified in support of HB 101. She relayed that she is the youngest of Ted Stevens' six children. She stated that the family is honored that HB 101 has been proposed, and she confirmed Ms. Shine's remark that the end of July is a fitting time to celebrate the memory of Senator Stevens. Ms. Becker said that is the time her father would return home to Alaska to enjoy the U.S. Senate's recess in August. She shared memories of discovering fishing holes around the state with her father, and his insistence that those in Washington, D.C., making decisions that affect Alaska, must come experience its rugged beauty for themselves. Ms. Becker said her father's service of over 40 years inspires her daily, and she expressed her hope that Ted Stevens Day will be a day for Alaskans to enjoy the great outdoors, to be healthy and active, and to celebrate the state.

MS. BECKER quoted her father as having said the following to the Alaska State Legislature:

While we may at times disagree on the path, we can all agree on our goal: Just do what's right for Alaska; Alaska succeeds when Alaskans work together.

MS. BECKER urged the committee to support HB 101.

CHAIR LYNN offered his condolences to the family of U.S. Senator Stevens for their loss, and remarked upon the loss to the state with his passing.

[8:30:17 AM](#)

CHAIR LYNN, after ascertaining that there was no one else who wished to testify, closed public testimony.

[8:30:26 AM](#)

REPRESENTATIVE P. WILSON emphasized her appreciation for HB 101, and said she is amazed by the work of U.S. Senator Stevens.

[8:31:03 AM](#)

REPRESENTATIVE JOHANSEN said he only interfaced with U.S. Senator Stevens for a short while, but is honored to have done so. He expressed his support of HB 101.

[8:32:15 AM](#)

REPRESENTATIVE SEATON opined that HB 101 is a fitting tribute to the work of U.S. Senator Stevens, who worked toward solutions for Alaska.

[8:33:11 AM](#)

REPRESENTATIVE KELLER moved to report (CS) for HB 101, Version 27-LS0221\B, Wayne, 1/27/11, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 101(STA) was reported out of the House State Affairs Standing Committee.

[8:34:03 AM](#)

The committee took an at-ease from 8:34 a.m. to 8:35 a.m.

8:34:08 AM

HB 182-ELECTRONIC DISTRIBUTION OF AGENCY REPORTS

8:35:31 AM

CHAIR LYNN announced that the next order of business was HOUSE BILL NO. 182, "An Act relating to distribution of annual reports by state agencies."

8:36:00 AM

REPRESENTATIVE JOHANSEN, Alaska State Legislature, presented HB 182 as sponsor. He explained that currently statutes mandate that state departments disseminate printed copies of their annual reports, which he said made him question if the state was keeping up with available technology. He said he considered the idea of requiring every piece of paper published to be instead sent electronically, with paper copies sent out only upon request; however, he was told by Legislative Legal and Research Services that doing so would require months of work by an attorney to find all the references to print requirements in statute. He said Legislative Legal and Research Services recommended that the scope of the bill be narrowed to include annual reports, and to write the language so that it "encompasses everything rather than specifically going to each individual chapter." Representative Johansen said he had the bill drafted using that recommendation, but was torn in making that decision and would value the committee's feedback.

REPRESENTATIVE JOHANSEN indicated that the proposed legislation could save the state a few million dollars, and he ventured that it would result in agency staff having more time for other tasks. He acknowledged that there may be some concerns about people who do not have access to computers, but said he thinks the idea is worth discussing. He related that a librarian told him that HB 182 could result in many more people requesting copies made at the library, but he offered his understanding that many of the reports are those given solely to the legislature that the public may not even wish to print. For example, he noted that Title 29 is printed annually, and he offered his understanding that the cost for printing 400 copies of it this year was approximately \$4,900. He further related that printed on the front of those copies is a message saying that the actual statutes are not enclosed but can be accessed on line. He said most of the reports are already being published

on line, while printed copies are still being made because of statutory requirement.

8:44:20 AM

REPRESENTATIVE KELLER thanked Representative Johansen for bringing the bill forward, and he talked about the chaos of filing all the paperwork that is received. He asked the sponsor if he is open to an amendment to build a web page linked to a legislative home page that would have links to all the reports.

8:46:35 AM

REPRESENTATIVE JOHANSEN answered yes. He said he does not know if the executive branch has a system like that currently.

8:47:35 AM

REED HARRIS, Staff, Representative Kyle Johansen, Alaska State Legislature, on behalf of Representative Johansen, sponsor of HB 182, told Representative Keller that currently the Alaska on line public notice system, set up under AS 44.62.175, is similar to a public records clearing house, and could be used as an example in drafting an amendment.

REPRESENTATIVE KELLER said [the executive branch] is developing that system, and he concurred that it would be a good starting point toward creating a system that held all reports.

REPRESENTATIVE JOHANSEN said he thinks that would be a good starting point.

8:49:04 AM

REPRESENTATIVE GRUENBERG related that during the Sixteenth Alaska State Legislature, legislation was passed that required all the departments to include a disclaimer as to the cost of making each publication. He said mandating such a disclosure may provide helpful information to the House Finance Committee when it comes time to pass the budget. He suggested HB 182 could be amended to make that happen.

8:51:29 AM

REPRESENTATIVE GRUENBERG directed attention to page 2, lines 6-9, which provide the definition of "state agency", and asked the sponsor to consider adding the Alaska Permanent Fund Corporation

and the Alaska Housing Finance Corporation (AHFC). Next he suggested compiling a list of all the publications being considered for conversion to electronic publication to determine if some of them may be publications people would still want to have printed in hard copy. He named the annual report of the state as one such publication.

[8:53:02 AM](#)

REPRESENTATIVE JOHANSEN noted that there are "thresholds and triggers" in statute related to how many reports there are and how much those reports cost. He said the Office of Management and Budget's fiscal note is indeterminate, because the cost depends on the number of copies printed. He then noted that Representative Hawker, who is on the House Finance Committee, signed on as a co-sponsor of HB 182. He said he has confidence in the work the House Finance Committee will do on the bill. He acknowledged that the Alaska Permanent Fund Corporation has had some concerns related to the bill, and he said he would work with the corporation to iron out those issues.

[8:55:38 AM](#)

REPRESENTATIVE PETERSEN said he likes the concept of reducing paper work. In response to Representative Petersen's previous remark about the librarian's comment, he suggested that one copy of each report could be sent to the library for people to see there as a reference material.

REPRESENTATIVE JOHANSEN said he thinks the concern that under HB 182 some people may not have access to reports is valid, but said he does not think giving a copy of all the reports to libraries is a good idea. He ventured that most reports are accessed by those with computers in their offices.

[8:58:18 AM](#)

MR. HARRIS pointed out that the language on page 2, lines 1-5, allows a member of the public to order printed copies of annual reports from state agencies, and further allows those state agencies to waive the fees if they determine that to do so is in the public interest.

REPRESENTATIVE JOHANSEN said he envisions having a public list of all copies made and waivers granted. He said he thinks the aforementioned language would address Representative Petersen's previously stated concern.

[8:59:58 AM](#)

REPRESENTATIVE SEATON opined that the annual revenue source book is vital to the functioning of the legislature and should continue to be made available in hard copy. Another issue he asked the sponsor to consider is that often charts and graphs, which often designate certain statistics through color coding, do not read well when printed in black and white. He said he would like there to be some way to guarantee that reports with such color charts and graphs are legible for those people who have black and white printers and want to print those reports from the on line source.

[9:02:05 AM](#)

REPRESENTATIVE KELLER referred again to the previously mentioned Alaska On Line Public Notice System, and talked about many ways to conduct searches on the system. He indicated that the system uses Really Simple Syndication (RSS), and he explained that people can get the RSS feed on their computers.

[9:03:51 AM](#)

REPRESENTATIVE GRUENBERG opined that there is merit in "looking into the suggestion that this bill makes." He related that the many parts of the district he represents are among the poorest in Anchorage. He said a few years ago, the Federation of Community Councils wanted to switch to 100 percent electronic distribution of community council newsletters, but that would not work in his district where most people do not own a computer. He said he sent out a survey in a newsletter, and noted that a majority of those who did respond did not do so on line. He said the librarians in his district are "spread very thin" already, and he expressed concern that under HB 182, there would be "more requests on librarians" with no extra funds offered, which would result in an unfunded mandate.

CHAIR LYNN said he cannot imagine a "run on libraries."

REPRESENTATIVE GRUENBERG said the chair might be surprised.

[9:06:39 AM](#)

REPRESENTATIVE P. WILSON questioned Mr. Harris' previous statement that the Alaska State Archives is required to make four copies of [reports]. She explained that that is difficult

to believe because of the amount of storage space that would require.

MR. HARRIS said he does not know the exact statute, but confirmed he read that requirement in statute.

REPRESENTATIVE P. WILSON opined that the committee should consider this issue in conjunction with HB 182.

[9:08:51 AM](#)

CHAIR LYNN said he likes HB 182. He asked the sponsor what he wants to do with the bill before moving it out of committee.

[9:09:14 AM](#)

REPRESENTATIVE JOHANSEN, regarding Representative Seaton's concern about charts and graphs printed on black and white printers, said he thinks there is a way to figure out that issue. He said Representative Wilson made a valid point about the storage of archives, and recalled a recent flood at the Alaska State Archive building in Juneau, when people had to scramble to save historical documents. He asked the committee members to contemplate the changes needed in HB 182, and said he would send his staff to members' offices to work on solutions. He expressed his willingness to work on the bill over the next year.

CHAIR LYNN reiterated that he likes HB 182.

[9:11:58 AM](#)

CHAIR LYNN announced that HB 182 was held over.

HB 204-STATE PROCUREMENT CODE

[Contains discussion of HB 205.]

[9:12:10 AM](#)

CHAIR LYNN announced that the next order of business was HOUSE BILL NO. 204, "An Act relating to the State Procurement Code, including the use of small procurement provisions for certain amounts of leased space, the requirement of Alaska business license proof for Alaska bidder and other procurement preferences, the registration of construction contract bidders and offerors, the establishment and maintenance of lists of

persons who want to provide supplies or services to the state, state agencies, and state instrumentalities, electronic bids and proposals, small procurements, and writings; and providing for an effective date."

[9:12:41 AM](#)

REPRESENTATIVE ANNA FAIRCLOUGH, Alaska State Legislature, as sponsor, presented HB 204. She explained that during the Twenty-Sixth Alaska State Legislature, while bringing forth a veterans' procurement bill that addressed Alaska bidder preferences, she discovered that procurement preferences were "scattered throughout the code" and the state's "large procurement versus small procurement code" had not been updated in a long time. Representative Fairclough said HB 204 would: increase the square footage for small procurement from 3,000 to 7,000 square feet; increase small procurement from 50,000 to 100,000 square feet for professional services and from 100,000 to 200,000 for construction; and eliminate "the employers for the disabled." She said House Bill 225 - the procurement bill of the last legislature - was split into HB 204 and HB 205, and the only significant difference between the former bill and current bills is that neither HB 204 nor HB 205 has anything to do with "the offeror's preference."

REPRESENTATIVE FAIRCLOUGH, in response to Chair Lynn, explained that during the Twenty-Sixth Alaska State Legislature, a veterans' preference bill was passed, which allowed stackable credit limited by \$5,000 "on top of every other preference that an individual or a company could qualify for." She said HB 204 focuses specifically on statutes related to Alaska's small procurement codes.

[9:15:00 AM](#)

REPRESENTATIVE JOHANSEN asked the sponsor to confirm if the "offeror's preference" had been removed.

[9:15:28 AM](#)

REPRESENTATIVE FAIRCLOUGH responded yes.

[9:18:00 AM](#)

REPRESENTATIVE GRUENBERG asked why the bill sponsor chose to use two bills as a vehicle for the remaining content of House Bill 225.

REPRESENTATIVE FAIRCLOUGH explained that she put the least controversial issue - the changes to the small procurement code - in HB 204. In response to Representative Gruenberg, she said the veteran [preference] was repealed and realigned in one section of HB 205.

REPRESENTATIVE GRUENBERG asked what the reason is behind raising the procurement code requirements and how many contracts will no longer be done through the procurement code as a result.

[9:20:01 AM](#)

REPRESENTATIVE FAIRCLOUGH clarified that the bill is not about not being in the procurement code, but is about raising the limits for small procurement acquisitions. She explained that the purpose of doing this is to reduce the load being carried currently by those in charge of procurements and allow them to focus on "the larger square footage issues." A further result of HB 204, she said, would be the increase of competition.

[9:21:28 AM](#)

VERN JONES, Chief Procurement Officer, Central Office, Division of General Services, Department of Administration, echoed Representative Fairclough's response. In response to Representative P. Wilson, he confirmed that the process for smaller procurements is easier and may increase the number of people responding to a request for proposals.

[9:25:16 AM](#)

REPRESENTATIVE FAIRCLOUGH paraphrased the sectional analysis, which read as follows:

Section 1: Amends AS 36.30.080(f)

Increases the threshold limit for small procurements of leased space from 3,000 square feet to 7,000 square feet, consistent with section 7.

Section 2: Amends AS 36.30.110(b)

Clarifies Alaska business license requirements for competitive sealed bids and qualification for the Alaska bidder preference. Change would require bidders to show proof of their Alaska Business License prior

to award, but would require the license at the time of bid submission in order to qualify for the Alaska bidder preference.

Section 3: Amends AS 36.30.130(a)

Eliminates reference to a procurement officer's use of vendor lists, reflecting the repeal of the statute establishing the vendor lists, consistent with section 10.

Section 4: Amends AS 36.30.210(b)

Clarifies construction contractor registration requirements, now explicitly requiring registration before award of a contract.

Section 5: Amends AS 36.30.210(e)

Clarifies Alaska business license requirements for competitive sealed proposals and qualification for the Alaska bidder preference using language consistent with that used in section 2.

Section 6: Amends AS 36.30 by adding a new section 36.30.290

Adds a new section allowing an agency to accept electronic bids and proposals. Session: Alaska State

Section 7: Amends AS 36.30.320(a)

Increases the threshold under which a state agency may use informal procurement process to \$100,000 for goods and professional services, to \$200,000 for construction, and 7,000 square feet for lease of space.

Section 8: Amends AS 36.30.655

Eliminates reference to the removal of debarred or suspended persons from vendor lists, reflecting the repeal of a law establishing the vendor lists, consistent with section 10.

Section 9: Amends AS 36.30.990

Adds new definitions for "in writing" and "written."

Section 10: Repeals statute establishing the vendor list.

Section 11: Amends the uncodified law of the State of Alaska

Clarifies the application of the procurement act to pending solicitations during transition period.

Section 12: Effective Date

Language making the procurement act effective immediately.

[9:27:55 AM](#)

REPRESENTATIVE GRUENBERG directed attention to Section 11(b), on page 4, lines 17-19, which read as follows:

(b) Notwithstanding (a) of this section, this Act applies to procurements or contracts described in (a)(1) of this section if all parties to the procurement or contract agree in writing that the applicable provisions of this Act apply to the solicitation or contract.

REPRESENTATIVE GRUENBERG described a hypothetical situation in which both the government and the person who gets a contract agree that the Act applies, but someone else who did not get a contract might be aggrieved.

MR. JONES said he thinks practically speaking that would not happen. He said the division issues procurements under the code enforced at the time of issuance. He said under HB 204, only the procurement methodology that would be used to get to an award would be changed, not the protest and appeal procedures.

REPRESENTATIVE GRUENBERG asked Mr. Jones to confirm that what he is saying is that the government "would not agree to that."

MR. JONES said that is correct.

REPRESENTATIVE GRUENBERG said with that assurance he thinks HB 204 is a good bill.

[9:31:22 AM](#)

REPRESENTATIVE KELLER moved to report HB 204 out of committee with individual recommendations and the accompanying fiscal notes.

[9:31:30 AM](#)

REPRESENTATIVE JOHANSEN objected.

CHAIR LYNN, in response to the bill sponsor, ascertained that there was no one else who wished to testify.

REPRESENTATIVE JOHANSEN directed attention to Sections 8 and 10, which require the commissioner to "maintain a list of all persons debarred or suspended from consideration" and remove AS 36.30.050, respectively. He expressed concern that the public be made aware of any person who has been debarred.

[9:33:14 AM](#)

MR. JONES responded that [AS 36.30.050] is statute that refers to the Alaska bidders' list. He explained that the division is doing away with the bidders' list, because it is an outdated system that has fallen out of use; an on line system is currently being used. He stated that the division will continue to keep the list of debarred individuals.

REPRESENTATIVE JOHANSEN said he understands that, but wants to ensure that the commissioner's list is made public.

REPRESENTATIVE JOHANSEN removed his objection. There being no further objection, HB 204 was reported out of the House State Affairs Standing Committee.

[9:34:39 AM](#)

The committee took a brief at-ease.

HB 205-PUBLIC PROCUREMENT

[9:37:02 AM](#)

CHAIR LYNN announced that the final order of business was HOUSE BILL NO. 205, "An Act relating to state and public entity procurement, including the State Procurement Code, procurement

preferences, and contract awards; relating to the meaning of 'Alaska bidder'; and providing for an effective date."

[9:37:37 AM](#)

REPRESENTATIVE FAIRCLOUGH, Alaska State Legislature, presented HB 205 as sponsor. She paraphrased the sponsor statement, which read as follows:

House Bill 205 makes changes to the state's procurement code. Collectively, these changes streamline the procurement code to ensure consistent application of the law, and results in a more understandable, efficient procurement process for the state's business partners as well as our employees who conduct procurements.

Streamlining is accomplished by simplifying the application of our many preferences, which is currently complex and confusing for employees and vendors requiring a certain level of expertise.

The bill makes application of the preferences uniform - currently, preferences do not contain the same language so they must be applied differently. It also clarifies which preferences are cumulative and those that may not be combined.

House Bill 205 would add a new section to the procurement code consolidating the Alaska bidder preference, Alaska veterans' preference, and other preferences formerly at AS 36.30.170(b). This section also simplifies the qualification for the disability and employment program preferences and eliminates the seldom used employers of people with disabilities preference.

With the passage of this legislation, our procurement process will be simplified and more user friendly to Alaska business owners and our state workers.

I appreciate your support and consideration of this legislation.

[9:39:55 AM](#)

REPRESENTATIVE JOHANSEN noted that similar legislation was proposed the prior year, and he asked if any of the language in

Section 15, regarding marine vessels owned by the state, has been changed from corresponding language in last years' bill.

9:40:18 AM

REPRESENTATIVE FAIRCLOUGH offered her understanding that there is no change.

CHAIR LYNN offered his understanding that Vern Jones, had nodded in the affirmative.

9:40:43 AM

REPRESENTATIVE P. WILSON offered her understanding that the bill sponsor is "consolidating all the Alaska bidder preferences into one section." She asked for further details regarding the Alaska veterans' preference and "the one that you eliminated."

9:41:16 AM

REPRESENTATIVE FAIRCLOUGH talked about the Alaska veterans' preference "stacked" with other preferences, including a disabled veterans' preference. She said, "With this alignment, there is one calculation and it is explicitly outlined." Regarding the "eliminated preference," she related an incident where a committee chose to eliminate a preference after hearing testimony from an individual regarding his/her access and use of a preference. She offered her understanding that the result was the state's paying more because of the preference without really receiving the benefit.

9:43:39 AM

VERN JONES, Chief Procurement Officer, Central Office, Division of General Services, Department of Administration, added that the Alaska veterans' preference remains unchanged under HB 205; it is just in another section. Generally speaking, he said, the only other changes to preferences is that they have all been given uniform language to make them easier to understand and apply. One exception is the employers of the disabled preference. He asked the committee to consider that the state already has disabled bidder preference and an employment program preference to benefit developmentally disabled people and shelter workshops that employ them. He said only two firms qualify for the employer of the disabled preference; the requirement is that 50 percent of the workforce must be disabled. He said what happens is a business will "spin off a

subsidiary" with one disabled employee and an additional preference, which gives that company an advantage. Mr. Jones concluded, "We feel that ... it's being taken advantage of; ... it's not widely used; and I believe it's duplicative."

[9:45:17 AM](#)

MR. JONES, in response to Representative Gruenberg, explained that there is a Blind Vendor Act, which mandates the state to "solicit qualified, blind-owned businesses" when there are concession contracts in state facilities. He said that Act is not affected by HB 205.

[9:45:53 AM](#)

REPRESENTATIVE KELLER moved to report HB 205 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 205 was reported out of committee.

CHAIR LYNN acknowledged that there was another person who wished to testify and invited him to do so.

[9:46:45 AM](#)

SCOTT THORSON, testifying on behalf of himself, thanked the bill sponsor and Mr. Jones for their work in "cleaning this part of the procurement code up." He related that he owns a small company and has done a lot of work for the state over the years. He expressed his support of HB 205.

[9:47:19 AM](#)

CHAIR LYNN restated that HB 205 had been reported out of committee.

[9:49:34 AM](#)

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:49 a.m.