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Referred: Labor and Management
Resources and State Affairs

1 IN THE HOUSE

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2 HOUSE BILL NO. 207

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to hiring requirements under state
7 oil and gas leases; and providing for an effective
8 date."

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

10 * Section 1. AS 38.05.180 is amended by adding new subsections to read:

11 (s) The commissioner shall incorporate into every oil and gas
12 lease executed or renewed after the effective date of this Act in which
13 the state is a part, a provision requiring the hiring of qualified
14 residents of the state by the lessee or any person who does work for
15 or with the knowledge of the lessee where the person or lessee engages
16 in the exploration for, production, transportation or marketing of oil
17 and gas at or from the leased premises so long as this activity takes
18 place within the state. This lease provision shall provide for the
19 maintenance, by the lessee, of an on-the-job training program approved
20 by the Department of Labor aimed at qualifying Alaska residents pres-
21 ently lacking in the requisite technical skills of the activity in-
22 volved. This training program shall be geared so that Alaska residents
23 comprise 70 per cent of the employees during the first year of the oil
24 and gas lease development, 85 per cent during the second year, and 95
25 per cent during the third year of the oil and gas lease development
26 thereafter so long as the lease in question is viable. Each lessee, or
27 person performing work for or with the knowledge of the lessee, engaged
28 in an activity covered by this subsection shall, before the 10th of
29 the month, file with the Department of Labor a schedule for the previous

1 month, setting out in detail the number of persons employed, the type
2 of work performed by each employee, the present address of each employee,
3 and the number of months each employee has been in the state. If a
4 lessee, or person performing work for or with the knowledge of the
5 lessee, falsifies a monthly schedule required under this subsection,
6 the Department of Labor shall notify the commissioner who shall cancel
7 the lease if the false schedule is from the lessee or shall impose a
8 fine of \$10,000 for each false schedule if the schedule is submitted by
9 a person performing work for or with the knowledge of the lessee. If,
10 during a given year the Department of Labor determines that the weighted
11 average resident employees of a person covered by this subsection is
12 falling below the percentage required it shall notify the person in-
13 volved. If, at the end of a given year, the person still has not
14 complied with the requirements for resident hiring the Department of
15 Labor shall hold an informal hearing with the person to determine the
16 cause. If the person shows by convincing evidence that he is unable to
17 meet the resident hiring requirements due to an inadequacy of the
18 state labor market to supply the needed skills the Department of Labor
19 shall excuse the lessee, or person performing work for or with the
20 knowledge of the lessee, only if he has, in the judgment of the Depart-
21 ment of Labor, complied with the requirements to the full extent of his
22 ability. The Department of Labor's decision on this point shall be the
23 final administrative decision on the point. If a lessee, or person
24 performing work for or with the knowledge of the lessee, fails to show
25 an excuse the Department of Labor shall forward this information to the
26 commissioner. The commissioner shall cancel the lease if the lessee
27 is the person failing to comply or be excused from complying. If a
28 person performing work for or with the knowledge of the lessee is the
29 person failing to comply or failing to be excused from complying the

1 commissioner shall impose a penalty of \$10,000 for each month of this
2 failure. The person performing work for or with the knowledge of the
3 lessee may apply to the Department of Labor for a rehearing within one
4 month of the imposition of this penalty, but in order to be granted a
5 hearing he must show by the application that substantial changes have
6 occurred which will excuse them from further penalty.

7 * Sec. 2. AS 38.05 is amended by adding a new section to read:

8 Sec. AS 38.05.181. DEFINITIONS. "Resident" as used in subsection
9 (s) of AS 38.05.180 means a person who has been physically present in
10 the state for a period of one year and shows by all attending actions
11 and circumstances that it is his intent to reside permanently in Alaska.

12 * Sec. 3. This Act takes effect on the day after its passage and approval
13 or on the day it becomes law without approval.
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