

Original sponsor: Rules Committee by request  
of the Joint Pipeline Impact  
Committee by request

Offered: 4/19/72  
Referred: Rules

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 726

SCS

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the leasing of state land for the  
7 purposes of oil and gas pipeline construction and  
8 operation and oil and gas exploration and production;  
9 and providing for an effective date."

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

11 \* Section 1. AS 38 is amended by adding a new chapter to read:

12 CHAPTER 40. LOCAL HIRE UNDER STATE LEASES.

13 Sec. 38.40.010. STATE POLICY. It is the policy of the state in  
14 the development of its natural resources to seek and accomplish the  
15 development of its human resources by providing maximum employment  
16 opportunities for its residents in conjunction with natural resource  
17 management.

18 Sec. 38.40.020. LEGISLATIVE FINDINGS. The legislature finds that  
19 Alaska has a uniquely high unemployment record among the states due  
20 both to cultural and geographical migration barriers which record has  
21 existed for many years and which experts have attested to will persist  
22 without drastic governmental intervention. The legislature further  
23 finds that employment opportunities which do from time to time occur in  
24 the areas of the state which suffer from the largest chronic unemploy-  
25 ment problem are nonrecurring and usually relate to the exploitation  
26 of the state's natural resources and that the state has an obligation  
27 to assure that the benefits of this employment enure to the benefit  
28 of residents of the state.

29 Sec. 38.40.030. RESIDENT HIRE. (a) The commissioner of natural

1 resources shall incorporate into all oil and gas leases, easements or  
2 right-of-way permits for oil or gas pipeline purposes, unitization  
3 agreements or any renegotiation of any of the preceding to which the  
4 state is a party a provision requiring the hiring of qualified Alaska  
5 residents, compliance with the Alaska Plan, and a provision prohibiting  
6 discrimination against Alaskan residents, in accordance with the pro-  
7 visions of this chapter.

8 (b) The commissioner of labor shall determine the amount of  
9 work which must be performed by qualified Alaskan residents under this  
10 chapter. In making this determination the commissioner shall consider  
11 the nature of the work, the classification of workers, availability of  
12 residents, the willingness of residents to perform the work and shall  
13 require the maximum feasible effort by employers to fill available  
14 jobs with qualified Alaskans.

15 (c) The commissioner of labor shall require compliance with the  
16 terms and conditions of the Alaska Plan as adopted by the Alaska State  
17 Human Rights Commission and as approved by the United States Secretary  
18 of Labor.

19 (d) The commissioner of labor shall adopt regulations prohibiting  
20 discrimination against Alaska residents in hiring practices.

21 Sec. 38.40.040. REPORTING PROVISIONS. (a) Persons obligated  
22 to meet resident hiring requirements under this chapter shall comply  
23 with those reporting provisions which the commissioner of labor deter-  
24 mines are reasonably necessary to carry out the purposes and intent of  
25 this chapter.

26 (b) The Department of Labor shall maintain a file consisting of  
27 the names of qualified Alaskan residents seeking the type of employment  
28 covered by this chapter and resident Alaskans enrolled in approved  
29 on-the-job training programs who are qualified to perform the work

1 required under this chapter.

2 Sec. 38.40.050. APPLICABILITY OF CHAPTER. (a) The provisions  
3 of this chapter apply to all employment which is a result of oil and  
4 gas leases, easements, leases or right-of-way permits for oil or gas pipe-  
5 line purposes, unitization agreements or any renegotiation of any of  
6 the preceding to which the state is a party after the effective date  
7 of this chapter; however, the activity which generates the employment  
8 must take place inside the state and it must take place either on the  
9 property under the control of the person subject to this chapter or be  
10 directly related to activity taking place on the property under his  
11 control and the activity must be performed directly for the person  
12 subject to this chapter or his contractor or a subcontractor of his  
13 contractor or a supplier of his contractor or subcontractor.

14 (b) The Department of Labor shall determine a dollar amount  
15 value of each project or activity covered by this chapter and set a  
16 minimum dollar figure below which this chapter does not apply. In  
17 arriving at this minimum dollar figure the department shall consider the  
18 benefit which enures to Alaska residents versus administrative and  
19 enforcement costs. The department, by appropriate investigation and  
20 ruling, shall insure that projects or activities within projects are  
21 not artificially divided to prevent coverage under this chapter. The  
22 burden is upon the person covered by this chapter to show that artifi-  
23 cial division has or is not occurring.

24 Sec. 38.40.060. REGULATIONS AND HEARINGS. (a) The Departments  
25 of Labor and Natural Resources shall promulgate appropriate regulations  
26 to implement the provisions of this chapter. Regulations and hearings  
27 promulgated or conducted under this chapter are subject to the Adminis-  
28 trative Procedure Act (AS 44.62) except as provided in (b) of this  
29 section.

1 (b) A person who is qualified and has applied for a job covered  
2 by the provisions of this chapter, and who has been rejected may re-  
3 quest a hearing before the Department of Labor to determine if the  
4 potential employer is in compliance with the provisions of this  
5 chapter. The department shall set a date for and hold a hearing on  
6 the question within 10 days of receipt of the request unless the  
7 person applying requests a longer period of time.

8 Sec. 38.40.070. STANDING TO SUE. A person who, being qualified,  
9 has applied for a job covered by the provisions of this chapter and  
10 who has been rejected has standing to seek judicial relief if he has  
11 exhausted his administrative remedy under sec. 60(b) of this chapter.

12 Sec. 38.40.080. PENALTIES. (a) The Department of Natural  
13 Resources, upon certification of noncompliance of a person by the  
14 Department of Labor, after appropriate investigations and hearings,  
15 may impose any of the following appropriate penalties:

16 (1) increase in rental or other forms of compensation re-  
17 ceived by the state by a factor of no more than 10;

18 (2) require the halting of all or any portion of project  
19 operations;

20 (3) stop payments on any or all existing contracts with  
21 the state;

22 (4) remove, for an appropriate period of time the ability  
23 of the person to contract with the state or any of its political sub-  
24 divisions; or

25 (5) require a noncompliance payment in liquidated damages  
26 to the state in an amount equal to seven and one-half times the number  
27 of hours required, but not worked by Alaska residents, times the  
28 going wage or salary rate for the particular job or activity involved.

29 (b) If the Department of Labor certifies that noncompliance is

1 wilful, the Department of Natural Resources may impose forfeiture of  
2 the lease, easement, or right-of-way permit issued pursuant to this  
3 chapter. The Department of Natural Resources may not impose for-  
4 feiture until 60 days has elapsed after giving notice of intent to  
5 cancel or until judicial review of the commissioner's proposed action  
6 has commenced, whichever occurs earlier.

7 Sec. 38.40.090. INJUNCTIVE RELIEF. The Department of Labor or  
8 the Department of Natural Resources, in addition to the imposition  
9 of any penalties under sec. 80 of this chapter, may seek injunctive  
10 relief against a person not in compliance with the provisions of this  
11 chapter.

12 Sec. 38.40.100. DEFINITIONS. In this chapter "resident" means  
13 a person physically present in the state at the time he enters into  
14 a contract of employment (verbally or in writing) and who shows by  
15 all attending circumstances that his intent is to make Alaska his  
16 permanent residence.

17 \* Sec. 2. This Act takes effect on the day after its passage and approval  
18 or on the day it becomes law without approval.  
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