

Original sponsor: Bradner, Brown,  
Cowper, et al

Offered: 5/30/76  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 373 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to economic impacted areas and  
7 extraordinary state services; and providing for an  
8 effective date."

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

10 \* Section 1. AS 44.33 is amended by adding new sections to read:

11 Sec. 44.33.285. ACTION BY GOVERNOR. The governor may, upon recom-  
12 mendation of the commissioner of commerce and economic development,  
13 designate by proclamation an area as an area impacted by an economic  
14 disaster. When an area is so designated, assistance grants shall be  
15 made by the Department of Commerce and Economic Development as provided  
16 in AS 37.11.100 and the governor may recommend in his budget submission  
17 that capital projects planned for the area be accelerated and that new  
18 projects be funded for the area. The proclamation may provide that  
19 waivers of capital projects requirements, as authorized in sec. 300 of  
20 this chapter, become effective only to the extent set out in the proc-  
21 lamation.

22 Sec. 44.33.290. EMPLOYMENT PREFERENCE. (a) In the performance of  
23 contracts awarded by the state in an area impacted by an economic dis-  
24 aster, residents of the area shall be employed where they are available  
25 and qualified so that the economic effects of alleviating the failure  
26 will be maximized. If resident labor is not available, the contractor  
27 shall inform the Department of Labor of the number of additional workers  
28 needed, the positions to be filled, and the efforts made at recruitment  
29 in the area. If the Department of Labor is satisfied that a good faith

1 effort has been made by the contractor to hire residents of the area, it  
2 may issue a certificate allowing other hire for designated positions. A  
3 clause requiring these provisions shall be part of each state contract  
4 awarded.

5 (b) Wages paid for employment under this section shall be in con-  
6 formance with the minimum rates of pay schedule published by the Depart-  
7 ment of Labor in accordance with AS 36.05.030.

8 Sec. 44.33.295. CONTRACTORS' PREFERENCE. If the department  
9 determines that there are contractors in an area designated as an area  
10 impacted by an economic disaster and who are qualified to perform a  
11 contract, preference to the extent feasible shall be given to those  
12 contractors under regulations adopted by the council.

13 Sec. 44.33.300. WAIVER OF CERTAIN PROVISIONS. When the governor  
14 has by proclamation declared an area impacted by an economic disaster,  
15 the following provisions regarding public contracts may be waived to the  
16 extent specified in the proclamation:

17 (1) the requirement of a contractor's bond as prescribed in  
18 AS 36.25.010 may be waived if the contract amount does not exceed  
19 \$100,000;

20 (2) the public bid requirements as contained in AS 19.10.170,  
21 19.10.190, 19.30.191(b), and AS 35.15.010 - 35.15.030 may be waived if  
22 the contract is to be performed by a contractor whose principal office  
23 is in the designated area and the contract amount does not exceed  
24 \$50,000;

25 (3) the general policy to require all construction to be  
26 under bid contract as contained in AS 35.15.010 may be waived if the  
27 contract is to be performed by the state, another governmental entity,  
28 or a nonprofit entity.

29 Sec. 44.33.305. REGULATIONS. The department, after consultation

1 with the Department of Labor, may adopt regulations to implement secs.  
2 250 - 310 of this chapter.

3 Sec. 44.33.310. DEFINITIONS. In this chapter,

4 (1) "base period" means any 10 years after 1950, not neces-  
5 sarily continuous, and if the economic disaster is caused by a fisheries  
6 failure the period shall consist of years during which a fishery pro-  
7 duced at economically representative levels as determined by the Depart-  
8 ment of Fish and Game;

9 (2) "department" means the Department of Commerce and Eco-  
10 nomic Development;

11 (3) "economic disaster" means that the annual income to  
12 workers in the designated area dropped below the average annual income  
13 for the base period for workers in the designated area and the drop in  
14 income is of such magnitude that the average family income of all  
15 residents of the designated area as determined by the department is  
16 below the Federal Social Security Administration Poverty Guideline,  
17 adjusted by the council to reflect subsistence economic patterns and  
18 appropriate cost-of-living differentials; the availability of alternate  
19 employment shall be considered in determining whether an economic dis-  
20 aster has occurred under this paragraph.

21 \* Sec. 2. AS 19.10.170 is amended to read:

22 Sec. 19.10.170. CONSTRUCTION BY DEPARTMENT. Except as provided  
23 in AS 44.33.300, it [IT] shall be the general policy of the department  
24 to require the construction of all highways under bid contract. How-  
25 ever, when the estimated cost of a construction project is less than  
26 \$20,000 or when it appears to be in the best interests of the state, the  
27 department may perform the work notwithstanding any other provisions of  
28 law.

29 \* Sec. 3. AS 19.10.190 is amended to read:

1           Sec. 19.10.190. ADVERTISEMENT, BIDS, CONTRACTS, AND INFORMAL  
2 BIDS. Except as provided in AS 44.33.300, when [WHEN] the estimated  
3 cost of any construction exceeds \$20,000, the department shall, except  
4 as provided in sec. 170 of this chapter, proceed to advertise, request  
5 bids, and award the contract in the manner provided in secs. 200 and  
6 210 of this chapter. Whenever any proposed construction contract is  
7 for a sum less than \$20,000, it shall be discretionary with the depart-  
8 ment whether the contract shall be advertised and awarded in accordance  
9 with secs. 200 and 210 of this chapter. In all events the department  
10 shall request informal bids from as many contractors as can be re-  
11 quested conveniently.

12 \* Sec. 4. AS 19.30.191(b) is amended to read:

13           (b) Except as provided in AS 44.33.300, construction [CONSTRUC-  
14 TION] of each project subject to the provisions of this section shall  
15 be performed by contract awarded by competitive bidding, unless the  
16 commissioner finds that, under the circumstances relating to the  
17 project, some other method is in the public interest. Contracts for  
18 the construction of each project shall be awarded only on the basis of  
19 the lowest responsible bid submitted by a bidder meeting established  
20 criteria of responsibility. No requirement or obligation may be  
21 imposed upon a bidder as a condition precedent to the award of a  
22 contract to a bidder unless the requirement or obligation is otherwise  
23 lawful and specifically set out in the advertised specifications.

24 \* Sec. 5. AS 35.15.010 is amended to read:

25           Sec. 35.15.010. CONSTRUCTION BY DEPARTMENT. Except as provided  
26 in AS 44.33.300, it [IT] shall be the general policy of the department  
27 to require the construction of all public works under bid contract.  
28 However, when the estimated cost of a construction project is less than  
29 \$20,000, or when it appears to be in the best interests of the state,

1 the department may perform the work, notwithstanding any other provi-  
2 sions of law.

3 \* Sec. 6. AS 35.15.030 is amended to read:

4 Sec. 35.15.030. ADVERTISEMENT, BIDS, CONTRACTS, AND INFORMAL  
5 BIDS. When the estimated cost of any construction exceeds \$20,000, the  
6 department shall, except as provided in sec. 10 of this chapter and  
7 in AS 44.33.300, proceed to advertise, request bids, and award the  
8 contract in the manner provided in secs. 40 and 50 of this chapter.  
9 When any proposed construction contract is for a sum less than \$20,000,  
10 it is discretionary with the department whether the contract is adver-  
11 tised and awarded in accordance with secs. 40 and 50 of this chapter.  
12 In all events the department shall request informal bids from as many  
13 contractors as can be requested conveniently.

14 \* Sec. 7. AS 36.10.010 is amended to read:

15 Sec. 36.10.010. EMPLOYMENT PREFERENCE. In the performance of  
16 contracts let by the state or a political subdivision of the state for  
17 construction, repair, preliminary surveys, engineering studies, con-  
18 sulting, maintenance work or any other retention of services necessary  
19 to complete any given project, 95 per cent residents shall be employed  
20 where they are available and qualified. If 10 or fewer persons are  
21 employed under the contract, then 90 per cent residents shall be  
22 employed where they are available and qualified. In all cases of  
23 public works projects, preference shall be given to residents. In an  
24 area which has been designated as an area impacted by an economic dis-  
25 aster, residents of that area shall be given employment preference as  
26 provided in AS 44.33.290, followed by other residents of the state.

27 \* Sec. 8. AS 36.25.010(a) is amended to read:

28 (a) Except as provided in AS 44.33.300, before [BEFORE] a contract  
29 exceeding \$2,000 for the construction, alteration, or repair of a

1 public building or public work of the state or a political subdivision  
2 of the state is awarded to a general or specialty contractor, the  
3 contractor shall furnish to the state or a political subdivision of the  
4 state the following bonds, which become binding upon the award of the  
5 contract to that contractor:

6 (1) a performance bond with a corporate surety qualified to  
7 do business in the state, or at least two individual sureties who shall  
8 each justify in a sum equal to the amount of the bond; the amount of the  
9 performance bond shall be equivalent to the amount of the payment bond;

10 (2) a payment bond with a corporate surety qualified to do  
11 business in the state, or at least two individual sureties who shall  
12 each justify in a sum equal to the amount of the bond for the protection  
13 of all persons who supply labor and material in the prosecution of the  
14 work provided for in the contract; when the total amount payable by the  
15 terms of the contract is not more than \$1,000,000, the payment bond  
16 shall be in a sum of one-half the total amount payable by the terms of  
17 the contract; when the total amount payable by the terms of the contract  
18 is more than \$1,000,000 and not more than \$5,000,000, the payment bond  
19 shall be in a sum of 40 per cent of the total amount payable by the  
20 terms of the contract; when the total amount payable by the terms of the  
21 contract is more than \$5,000,000, the payment bond shall be in the sum  
22 of \$2,500,000.

23 \* Sec. 9. AS 37.11 is amended by adding a new section to read:

24 ARTICLE 2. ALASKA ECONOMIC DISASTER IMPACT FUND.

25 Sec. 37.11.100. ALASKA ECONOMIC DISASTER IMPACT FUND. (a) There  
26 is established a separate fund known as the Alaska economic disaster  
27 impact fund which shall be administered by the Department of Commerce  
28 and Economic Development. Funds designated in this section and appor-  
29 tioned by statute for deposit in the Alaska economic disaster impact

1 fund are for grants or loans to assist economically impacted  
2 communities within areas designated by a proclamation under AS 44.33.-  
3 285. The Department of Community and Regional Affairs, in consultation  
4 with the Department of Fish and Game, shall determine which communities  
5 are economically impacted fishing communities.

6 (b) If the economic disaster is due to a fisheries failure based  
7 on consideration of need, the legislature may appropriate to the Alaska  
8 economic disaster impact fund from the renewable resource fund (ch. 130,  
9 SLA 1974) . If there is an insufficient balance in the renewable re-  
10 source fund to meet emergency needs that may be determined under the  
11 provisions of AS 44.33.285, the legislature may appropriate from the  
12 general fund. The Alaska economic disaster impact fund balance may not  
13 exceed \$5,000,000. The commissioner of revenue, after determining that  
14 there is in the Alaska economic disaster impact fund a surplus above an  
15 amount sufficient to meet anticipated demands, may invest the surplus as  
16 provided in ch. 10 of this title. Interest derived from investment of  
17 these surplus funds shall be deposited to the renewable resource fund.  
18 If the economic disaster is due to other than a fisheries failure, the  
19 legislature may appropriate from the general fund to the Alaska economic  
20 disaster fund to meet emergency needs.

21 (c) Unappropriated or otherwise unencumbered balances remaining in  
22 the Alaska economic disaster impact fund at the close of each fiscal  
23 year shall not lapse as provided in AS 37.25.010 but shall be available  
24 in perpetuity for fund purposes.

25 (d) Within the first 10 days of each legislative session the  
26 commissioner of commerce and economic development shall submit to the  
27 legislature a detailed report of all expenditures from the fund and all  
28 actions taken under AS 44.33.285.

29 \* Sec. 10. Chapter 6, sec. 5, SSSLA 1974 is amended to read:

1           Sec. 5. The unexpended and unobligated balances of appropriations  
2           made by this Act lapse into the general fund on June 30, 1976 [1975].

3           \* Sec. 11. This Act takes effect immediately in accordance with AS 01.10.  
4           070(c).

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