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1 IN THE HOUSE

2 CS HOUSE BILL NO. 732

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the producers of goods in Alaska."

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

8 * Section 1. AS 36.20.010 is repealed and re-enacted to read:

9 Sec. 36.20.010. PREFERENCE OF PRODUCERS OR DEALERS IN ALASKA. In
10 making purchases or awarding contracts for supplies, commodities, or
11 materials for an agency of the state, preference shall be given, when-
12 ever practicable, to an

13 (1) Alaska dealer if price and quality are equal;

14 (2) Alaska producer of goods when the price offered by the
15 producer is not more than 27 per cent higher than the lowest price
16 offered by an out-of-state producer if the quality is equal.

17 * Sec. 2. AS 36.95.010 is amended by adding new paragraphs to read:

18 (8) "Alaska dealer" means a person engaged in a business
19 activity in the state by which he buys and sells products or materials
20 without substantially altering their condition; a person may be a dealer
21 as to one product or material and a producer as to another product or
22 material;

23 (9) "price" means the price at which a certain supply, com-
24 modity, or material is offered to a state agency and includes the cost
25 of transporting the supply, commodity, or material to its point of use;

26 (10) "Alaska producer of goods" means a person engaged in a
27 business activity in the state by which he, through labor, art, or
28 skill, transforms raw or partially finished materials into some kind of
29 article of trade and does not include the activity of assembling

1 component or ready-made parts into an article of trade.

2 * Sec. 3. AS 37.05.230(1) is repealed and re-enacted to read:

3 (1) a contract for construction and repairs, or a purchase
4 of and contract for supplies, materials, equipment, and contractual
5 services must be based on competitive bids; an award shall be made to
6 the lowest responsible bidder after advertising for bids, except that

7 (A) a bid for construction, repairs, or contractual
8 services shall be awarded to an Alaska bidder if his bid is not
9 more than five per cent higher than the lowest nonresident bidder's
10 if the quality is equal;

11 (B) a bid for supplies, materials, or equipment shall
12 be awarded to an Alaska bidder if he is the producer of the
13 supplies, materials, or equipment and his bid is not more than
14 27 per cent higher than the lowest nonresident bidder's if the
15 quality is equal; and

16 (C) competitive bids need not be required

17 (i) for contractual services where no competition
18 exists;

19 (ii) for sales involving fair trade items;

20 (iii) when, in the judgment of the purchasing agent,
21 food, clothing, or medical supplies, or materials for use
22 in laboratory and experimental studies may be purchased other-
23 wise to the best advantage of the state;

24 (iv) where rates are fixed by law or ordinance;

25 (v) for items traded in on like items; or

26 (vi) for professional services;

27 * Sec. 4. AS 37.05.230(5) is amended to read:

28 (5) an "Alaska bidder," for the purpose of bid awards under
29 (1)(A) and (B) [(1)(B)] of this section, is a person who

- 1 (A) holds a current Alaska business license,
- 2 (B) submits a bid for goods or services under the name
- 3 as appearing on his current Alaska business license,
- 4 (C) has maintained a place of business within the state
- 5 for a period of six months immediately preceding the date of his bid

6 * Sec. 5. AS 37.05.240 is amended to read:

7 Sec. 37.05.240. AWARD OF CONTRACTS AND PURCHASES. A contract or
8 purchase made by or under the supervision of the department for which
9 competitive bids are required shall be awarded to the lowest responsible
10 bidder, except as provided in sec. 230(1)(A) and (B) of this chapter,
11 taking into consideration conformity with the specifications, terms of
12 delivery, and other conditions imposed in the call for bids. Bids may be
13 rejected, and a bid shall be rejected if it contains a material altera-
14 tion or erasure which is not initialed by the signer of the bid. The
15 department may reject the bid of a bidder who is in arrears on taxes due
16 the state or who failed to perform on a previous contract with the
17 state. Where competitive bids are required and where all bids are re-
18 jected, new bids shall be called for as in the first instance. Before
19 the awarding of a contract for a building or the making of repairs upon
20 a building, the department shall see that the bids conform with plans
21 and specifications approved by the Department of Transportation and
22 Public Facilities [PUBLIC WORKS]. All bids with the names of the bidders
23 and the amounts of the bids, together with all documents pertaining to
24 the award of a contract, shall be made a part of a file or record and
25 retained by the department for three years, unless reproduced by micro-
26 filming and these files or records are open to public inspection at all
27 reasonable times. An aggrieved bidder may within five days after an
28 award of contract appeal to the department for hearing, with notice to
29 interested parties, for redetermination and final award in accordance

1 with law.

2 * Sec. 6. AS 37.05.320 is amended by adding a new paragraph to read:

3 (5) "producer" means a person engaged in a business activity
4 by which he, through labor, art, or skill, transforms raw or partially
5 finished material into some kind of article of trade and does not in-
6 clude the activity of assembling component or ready-made parts into an
7 article of trade.

8 * Sec. 7. AS 43.20 is amended by adding a new section to read:

9 Sec. 43.20.037. ALASKA-PRODUCED GOODS DEDUCTION AND CREDIT. (a)

10 A taxpayer may elect to

11 (1) deduct from his taxable income an amount equal to 10 per
12 cent (five per cent for married taxpayers filing separate returns) of
13 his expenditures during the taxable year on goods made by an Alaska
14 producer; or

15 (2) take as a tax credit against his taxes an amount equal to
16 10 per cent (five per cent for married taxpayers filing separate returns)
17 of his expenditures not exceeding \$2,500 on goods made by an Alaska
18 producer.

19 (b) In this section "Alaska producer" means a person engaged in a
20 business activity in the state by which he, through labor, art, or skill,
21 transforms raw or partially finished material into some kind of article
22 of trade and does not include construction activity or the activity of
23 assembling component or ready-made parts into an article of trade.

24 (c) The commissioner of revenue, in cooperation with the commis-
25 sioner of commerce and economic development, shall promulgate regula-
26 tions to provide taxpayers claiming a deduction or credit under this
27 section with a means to document the amount of their purchases of goods
28 made by Alaska producers.