

Original sponsors: Dankworth, Beirne,
Hayes, et al

Offered: 4/21/78
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR 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 manufacturers and dealers of goods
7 in Alaska."

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

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 AS 36.20.010 is repealed and re-enacted to read:

10 Sec. 36.20.010. PREFERENCE OF MANUFACTURERS OR DEALERS IN ALASKA.

11 In making purchases or awarding contracts for supplies, commodities, or
12 materials for an agency of the state, preference shall be given, when-
13 ever practicable, to an

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

15 (2) Alaska manufacturer of supplies, commodities, or

16 materials when the price offered by the manufacturer is not more than 25
17 per cent higher than the lowest price offered by an out-of-state manu-
18 facturer if the quality is equal.

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

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

25 (9) "Alaska manufacturer" means a person engaged in a busi-
26 ness activity in the state by which he, through labor, art, or skill,
27 transforms raw or partially finished materials into some kind of article
28 of trade, whose majority interest is beneficially owned by residents of
29 the state, and a majority of whose owners are residents of the state;

1 "Alaska manufacturer" does not include a person whose sole activity is
2 assembling component or ready-made parts into an article of trade.

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 AS 37.05.230(1) is repealed and re-enacted to read:

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

9 (A) a bid shall be awarded to an Alaska bidder if his
10 bid is not more than 25 per cent higher than the lowest nonresident
11 bidder's and the Alaska bidder is an Alaska manufacturer of the
12 supplies, material, or equipment to be purchased;

13 (B) a bid shall be awarded to an Alaska bidder if his
14 bid is not more than 15 per cent higher than the lowest nonresident
15 bidder's;

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 in
22 laboratory and experimental studies may be purchased otherwise
23 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
- 6 bid.

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

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

1 to interested parties, for redetermination and final award in accordance
2 with law.

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

4 (5) "Alaska manufacturer" means a person engaged in a busi-
5 ness activity in the state by which he, through labor, art, or skill,
6 transforms raw or partially finished materials into some kind of article
7 of trade, whose majority interest is beneficially owned by residents of
8 the state, and a majority of whose owners are residents of the state;
9 "Alaska manufacturer" does not include a person whose sole activity is
10 assembling component or ready-made parts into an article of trade.

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

12 Sec. 43.20.037. ALASKA-MANUFACTURED GOODS DEDUCTION AND CREDIT.

13 (a) A taxpayer may elect to

14 (1) take as a tax credit an amount equal to 10 per cent, but
15 not more than \$250 for unmarried taxpayers, and five per cent, but not
16 more than \$125 for married taxpayers filing separate returns, of expen-
17 ditures on goods made by an Alaska manufacturer; or

18 (2) deduct from his taxable income an amount equal to 10 per
19 cent (five per cent for married taxpayers filing separate returns) of
20 expenditures during the taxable year on goods made by an Alaska manufac-
21 turer.

22 (b) In this section "Alaska manufacturer" means a person engaged
23 in a business activity in the state by which he, through labor, art, or
24 skill, transforms raw or partially finished materials into some kind of
25 article of trade, whose majority interest is beneficially owned by
26 residents of the state, and a majority of its owners are residents of
27 the state; "Alaska manufacturer" does not include a person whose sole
28 activity is assembling component or ready-made parts into articles of
29 trade.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(c) The commissioner of revenue, in cooperation with the commissioner of commerce and economic development, shall promulgate regulations to provide taxpayers claiming a deduction or credit under this section with a means to document the amount of their purchases of goods made by Alaska manufacturers.

#