

HOUSE BILL NO. 424

**IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION**

BY REPRESENTATIVE PARNELL

Introduced: 1/29/92

Referred: Labor & Commerce, State Affairs

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to certain state contracts for goods and services."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 *** Section 1. AS 36.30 is amended by adding a new section to read:**

4 **Sec. 36.30.355. STATE CONTRACTS FOR GOODS OR SERVICES PREVIOUSLY**
5 **SUPPLIED BY THE STATE ITSELF. (a) A state agency may not enter into a contract with**
6 **a private entity for the entity to provide goods or services that were previously provided by state**
7 **employees or agencies unless the contract meets the requirements of this section. This section**
8 **is considered to be included in all contracts that are subject to this section.**

9 **(b) A contract subject to this section may not extend for longer than 12 months.**
10 **However, the contract may provide for renewal if the requirements of this section are met. Each**
11 **contract subject to this section must**

12 **(1) require the contractor to guarantee to the state that the contractor can provide**
13 **the goods or services at a savings to the state of at least 15 percent of the cost to the state when**
14 **the state provided the goods or performed the services itself and that the goods or services will**

1 be of at least the same quality of those provided by the state; in determining the relative cost,
2 the parties shall consider inflation as it affects the goods or services provided; the guarantee must
3 be stated in quantifiable terms;

4 (2) require the contractor to provide the state with insurance, a bond, or other
5 form of guarantee that is satisfactory to the state to ensure that the contractor has the ability to
6 satisfy a judgment if one is entered against it based on a violation of this section;

7 (3) require the contractor to submit to the state a preliminary report after the first
8 six months of the contract documenting whether the contractor is meeting the guarantees listed
9 under (1) of this subsection;

10 (4) permit the state to review the contractor's performance when the contractor
11 submits the preliminary report required under (3) of this section and to cancel the contract if the
12 state's review demonstrates that the contractor is unlikely to meet the guarantees required under
13 (1) of this subsection.

14 (c) If the state elects to renew a contract subject to this section, the renewal must meet
15 the requirements of (b) of this section.

16 (d) The Department of Administration shall provide, by regulation, for administrative
17 appeals of determinations made by the state to cancel or continue a contract under this section.
18 An interested party or other person may initiate a proceeding before the department.