

COMMITTEE REPORT

SENATE

5/18/75

Mr. President:

Date 5/30/76

The Committee on FINANCE has had SB 373 am
~~financial assistance for development-impacted municipalities~~
under consideration. A Majority of the members of the Committee

- () recommends it DO PASS
- () recommends it DO NOT PASS
- () recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- (x) recommends it BE REPLACED WITH CS FOR CSHB 373 AND THAT
CS FOR SB 373 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Original sponsor: Bradner, Brown,
Cowper, et al

IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR HOUSE BILL NO. 373 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

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

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

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

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

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

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

(b) Wages paid for employment under this section shall be in conformance with the minimum rates of pay schedule published by the Department of Labor in accordance with AS 36.05.030.

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

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

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

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

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

Sec. 44.33.305. REGULATIONS. The department, after consultation

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

Sec. 44.33.310. DEFINITIONS. In this chapter,

(1) "base period" means any 10 years after 1950, not necessarily continuous, and if the economic disaster is caused by a fisheries failure the period shall consist of years during which a fishery produced at economically representative levels as determined by the Department of Fish and Game;

(2) "department" means the Department of Commerce and Economic Development,

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

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

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

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

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

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

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

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

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

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the department may perform the work, notwithstanding any other provisions of law.

- * Sec. 6. AS 35.15.030 is amended to read:

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

- Sec. 7. AS 36.10.010 is amended to read:

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

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

(a) Except as provided in AS 44.33.100, before [BEFORE] a contract 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
do business in the state, or at least two individual sureties who shall
each justify in a sum equal to the amount of the bond; the amount of the
performance bond shall be equivalent to the amount of the payment bond;

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

■ Sec. 9. AS 37.11 is amended by adding a new section to read:

ARTICLE 2. ALASKA ECONOMIC DISASTER IMPACT FUND.

Sec. 37.11.100. ALASKA ECONOMIC DISASTER IMPACT FUND. (a) There
is established a separate fund known as the Alaska economic disaster
impact fund which shall be administered by the Department of Commerce
and Economic Development. Funds designated in this section and appor-
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
with the Department of Fish and Game, shall determine which communities
are economically impacted fishing communities.

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

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

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

■ 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, 1975 [1975].

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

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST

Bill No. SCS HB 373

Title: Financial assistance to oil-development-impacted municipalities

Requested by: Senate Finance Date: 12/8/75

Return Date Requested:

Agency: Community & Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Pipeline Discretionary Grants

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		-0-				
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-				

B. FUNDING: (Thousands of dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

If bill passed no administrative costs.

IV. ATTACHMENTS

V. DATE: 12-31-75 PREPARED BY: Palmer McCarter

Palmer McCarter, Director
Government Assistance Division

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator No. 20)

Original sponsor: Bradner, Brown,
Cowper, et al

Offered: 5/16/75
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 373

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

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7 development-impacted municipalities and for extraordi-
8 nary state services; and providing for an effective
9 date."

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

11 * Section 1. Chapter 6, sec. 5, SSSLA 1974 is amended to read:

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

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

Original sponsor: Padner, Brown,
Cowper, et al

Offered: 5/16/75
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