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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 45  
 Title An Act relating to bonds of contractors for public buildings or works.  
 Requested by \_\_\_\_\_ Date April 14, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Local Government Assistance  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		-0-				
400 COMMODITIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		-0-				
<b>TOTAL</b>		-0-				

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER (Specify Fund Source)		-0-				

POSITIONS

FULL TIME		-0-				
PART TIME						
TEMPORARY						

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

No fiscal impact on this agency.

IV. DATE April 14, 1981 PREPARED BY Terry L. Farley  
 AGENCY Department of Community & Regional Affairs  
 PHONE 465-4730  
 Original: Legislative Finance  
 cc: Budget and Management

INTRODUCTION OF BILLS (Senate) (cont'd)

Attorney Fees  
(indigents)

SENATE BILL NO. 44, by the Rules Committee by Request of the Governor. Relates to costs of attorney services provided to indigents charged with violations of municipal ordinances. Amends AS 18.85.100 (Public Defender Agency. Right to representation, services and facilities.) by addition of a new subsection which states: "(c) The attorney services provided under this chapter to an indigent person charged with violation of a municipal ordinance must be provided at the expense of the municipality." Does not provide for an effective date.

Introduced January 13 and referred to Community & Regional Affairs, then to Judiciary.

In his message transmitting the bill to the Senate for its consideration, Governor Hammond stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which changes the present system of payment for costs of attorney services provided to indigents who are charged with violation of a municipal ordinance. The bill provides that municipalities will pay for these costs, and that the state will be relieved of the responsibility for payment.

Contractors  
(bonds)

SENATE BILL NO. 45, by the Rules Committee by Request of the Governor. Raises amount for which bonding is required for the construction, alteration, or repair of a public building or public work of the state or a political subdivision of the state to \$100,000 (existing amount is \$50,000). (Amends AS 36.25.010(a), Contractor's Bonds. Bonds of contractors for public building or works, to so reflect). Does not provide for an effective date.

Introduced January 13 and referred to State Affairs, then to Finance.

In his message transmitting the bill to the Senate for its consideration, Governor Hammond stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill amending the bond requirement for contractors for public buildings or works (AS 36.25.010). On February 28, 1980 the Department of Transportation and Public Facilities entered into an agreement with the state Human Rights Commission to insure more Minority Business Enterprise involvement in construction projects for public buildings or works. Under Part II, section 11, of the agreement, the Department of Transportation and Public Facilities was to support legislation which would raise the dollar level of contracts for which bonding is required on state jobs. The bill amends AS 36.25.010(a), requiring bonds for contractors on projects for public buildings or works in excess of \$50,000, by raising the \$50,000 threshold to \$100,000.

Contractors  
(registration)

SENATE BILL NO. 46, by the Rules Committee by Request of the Governor. Amends AS 08.18.011 (Construction Contractors. Registration required) to read: "It is unlawful for a per-

THE LEGISLATURE OF THE STATE OF ALASKA  
 HOUSE OF REPRESENTATIVES  
 TWELFTH  
FISCAL NOTE

I. REQUEST

Bill/Resolution No. AB 45  
 Title An Act relating to bonding of contractors for public buildings or works.  
 Requested by Governor Date 12/11/80

II. FISCAL DETAIL

Agency Affected Department of Transportation and Public Facilities  
 Program Category Affected All  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

There is a slight chance that a contractor may default on a larger project under this bill. There is no estimate of the possible cost because this bill should also increase the number of firms that can and will bid on projects which would serve to reduce costs.

IV. DATE December 11, 1980 PREPARED BY J. W. Scribner  
 AGENCY Dept. of Transportation and Public Facilities  
 PHONE 465-3900  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

January 12, 1981

President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill amending the bond requirement for contractors for public buildings or works (AS 36.25.010). On February 28, 1980 the Department of Transportation and Public Facilities entered into an agreement with the state Human Rights Commission to insure more Minority Business Enterprise involvement in construction projects for public buildings or works. Under Part II, section 11, of the agreement, the Department of Transportation and Public Facilities was to support legislation which would raise the dollar level of contracts for which bonding is required on state jobs. The bill amends AS 36.25.010(a), requiring bonds for contractors on projects for public buildings or works in excess of \$50,000, by raising the \$50,000 threshold to \$100,000.

Sincerely,

S. JSH

Jay S. Hammond  
Governor

March 2, 1981

The Honorable Vic Fisher, Chairman  
State Affairs Committee  
Pouch 8  
State Capitol  
Juneau, Alaska 99811

Dear Senator Fisher:

It has been brought to our attention that the governor has introduced Senate Bill 45. The effect of this bill would raise from \$50,000 to \$100,000 the threshold at which a contractor of a public building or work would have to be bonded. It is our understanding that the bill has been referred to your committee.

It is very difficult to understand why the State is interjecting itself into the position of encouraging unqualified individuals into the contracting business, a business that is amongst the highest in failure rate.

Without the sort of screening done by the surety companies, the result can only be a larger burden for us as taxpayers as the unqualified contractor defaults on his obligations to the State.

The Small Business Administration Bond Program has been established on a federal level to help the smaller contractors get into business. The program involves a minimum of screening and financial resources, but it does try to screen out the incompetent. It is our contention that anyone who cannot qualify for the SBA program should not be lured into the construction business by the State waiving prequalifications. Under the circumstances, we urge that Senate Bill 45 should not be recommended for passage.

Sincerely,

*Philip E. and Margaret M. Fowler*  
Philip E. and Margaret M. Fowler  
5052 Mills Drive  
Anchorage, Alaska 99504

cc: The Honorable Arliss Steurgulewski  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

March 2, 1981

The Honorable Vic Fischer, Chairman  
State Affairs Committee  
Pouch 8  
State Capitol  
Juneau, Alaska 99811

*Fischer -  
white one  
only*

Dear Senator Fischer:

I am writing in reference to Senate Bill 45, which I believe has been referred to your committee.

I believe that this bill is not in the best interests of the taxpayers in the State of Alaska.

The very purpose of bonding is to screen out incompetent or financially inadequate contractors. With the availability of the Small Business Administration bonding program, virtually any contractor can qualify for a \$50,000 bond. Raising the threshold to \$100,000 will contribute to unqualified contractors working on State projects. This will be to the detriment of you and me.

I urge your committee to not pass Senate Bill 45.

Sincerely,

*B. Allen*

Brandon B. Allen  
7015 Weimer #8  
Anchorage, Alaska 99502

BBA/tsh

cc: The Honorable Ed Dankworth  
State Affairs Committee  
Pouch 8  
Juneau, Alaska 99811

March 2, 1981

The Honorable Vic Fischer, Chairman  
State Affairs Committee  
Pouch 8  
State Capitol  
Juneau, Alaska 99811

Dear Senator Fischer:

It has been brought to our attention that the Governor has introduced Senate Bill 45. The effect of this bill would raise from \$50,000 to \$100,000 the threshold at which a contractor of a public building or work would have to be bonded. It is our understanding that the bill has been referred to your committee.

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Without the sort of screening done by the surety companies, the result can only be a larger burden for us as taxpayers as the unqualified contractor defaults on his obligations to the state.

The Small Business Administration Bond Program has been established on a federal level to help the smaller contractors get into business. This program involves a minimum of screening and financial resources, but it does try to screen out the incompetent. It is our contention that anyone who cannot qualify for the SBA program should not be lured into the construction business by the state waiving prequalifications. Under the circumstances, we urge that Senate Bill 45 should not be recommended for passage.

Sincerely,



Charles H. Parkman and L. Jean Parkman  
1004 Southampton  
Anchorage, Alaska 99503

cc: Representative Joe Hayes  
Alaska State Legislature  
Pouch 1  
Juneau, Alaska 99811

RESOLUTION 4-81

*file  
minority  
contracting  
SB 45*

A RESOLUTION OF ALASKA CHAPTER OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA URGING THE GOVERNOR AND THE ALASKA STATE LEGISLATURE TO CONTINUE EXISTING CONTRACTOR BOND REQUIREMENTS FOR STATE PROJECTS.

WHEREAS, contractor bonding companies perform complete evaluations of each contractor provided with a performance and payment bond; and

WHEREAS, the limits provided each contractor are established within the financial capability of each contractor so bonded; and

WHEREAS, the bonding requirements established for contractors performing work on State contracts are considered fair and equitable for all parties; and

WHEREAS, there was considerable loss of public monies in 1980 due to inadequately bonded contractors performing work for rural school districts;

NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA CHAPTER OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA:

1. That the Governor and the Alaska State Legislature be urged to maintain the current requirements without amendment.

PASSED AND APPROVED: \_\_\_\_\_

\_\_\_\_\_  
President

ATTEST \_\_\_\_\_  
1st Vice President

*Passed and approved February 1981*