

HB

422

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House C+RA

3-14-88

3:00 p.m.

2/2
D R ~~HTB~~ P ~~AI~~

BILL PREPARATION/ACTION*

Bill # HB 422 Date Referred: 2/1/88 Out: / /

Title: Payment for Purchases; Munis/Schools/etc.

Donley. Referrals: CRA HES FIN

CONTACTS:*****

Name	Organization Address	Phone	Date Contacted	Attend/Remarks
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<u>DCRA - Pleasman.</u>	<u>PP AV 2/3</u>			
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<u>EDUC Steve Hale 2/20</u>	<u>PP AV 2/3; no position 2/3; 3/2</u>			<u>Have called Ed for comments; extends 30 day post require to school District</u>
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<u>Robert Greene</u>	<u>Asst. of AK School Bd.</u>			
<u>Sharon Young</u>	<u>- yes interested, 2/3;</u>			

<u>Donley</u>	<u>36P 2 D.U. 2/3 msg; PP + website 2/3;</u>			
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<u>Mark Begich</u>	<u>-</u>			
<u>Buenbergs off</u>	<u>3/3 have called his off -</u>			

REMARKS: _____

ANALYSIS: _____ Completed: _____

MEETINGS:*****

Date	Action
<u>* 3/14/88</u>	<u>1st pub hearing. CSHB 422 (CRA) 1 AP, 3 NR</u>

Original sponsors: Donley, Gruenberg
and Collins

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

IN THE HOUSE

CS FOR HOUSE BILL NO. 422 (C&RA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to payments for purchases by school districts and municipalities; and providing for an effective date."

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

* Section 1. PURPOSE. The purpose of this bill is to require municipalities and school districts to pay for their purchases of goods and services in a timely manner.

* Sec. 2. AS 14.03 is amended by adding a new section to read:

Sec. 14.03.085. PAYMENTS FOR PURCHASES. Payments for purchases by a school district are subject to the requirements applicable to state agencies under AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2). When applying AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2) to a school district, "state" and "state agency" are read as "school district", and "state official" is read as "school district official". In this section, "school district" means a borough school district, a city school district, or a regional educational attendance area.

* Sec. 3. AS 14.08.101 is amended to read:

Sec. 14.08.101. POWERS. A regional school board may

(1) sue and be sued;

(2) contract with the department, the Bureau of Indian Affairs, or another [ANY OTHER] school district, agency, or regional board for the provision of services, facilities, supplies or utilities;

(3) determine its own fiscal procedures including but not

1 limited to policies and procedures for the purchase of supplies and
2 equipment; except as provided by AS 14.03.085, the regional school
3 boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30
4 (State Procurement Code);

5 (4) appoint, compensate and otherwise control all school
6 employees in accordance with this title; these employees are not
7 subject to AS 39.25 (State Personnel Act);

8 (5) adopt regulations governing organization, policies and
9 procedures for the operation of the schools;

10 (6) establish, maintain, operate, discontinue and combine
11 schools subject to the approval of the commissioner;

12 (7) recommend to the department projects for construction,
13 rehabilitation, and improvement of schools and education-related
14 facilities as specified in AS 14.11.010(a), and plan, design, and
15 construct the project when the responsibility for it is assumed under
16 AS 14.11.020;

17 (8) by resolution adopted by a majority of all the members
18 of the board and provided to the commissioner of the department,
19 assume ownership of all land and buildings used in relation to the
20 schools in the regional educational attendance area;

21 (9) provide housing for rental to teachers, by leasing
22 existing housing from a local agency or individual, or by entering
23 into contractual arrangements with a local agency or individual to
24 lease housing that will be constructed by the local agency or indi-
25 vidual for that purpose;

26 (10) exercise those other functions that may be necessary
27 for the proper performance of its responsibilities.

28 * Sec. 4. AS 29.10.200 is amended by adding a new paragraph to read:

29 (49) AS 29.71.040 (payments for purchases)

1 * Sec. 5. AS 29.71 is amended by adding a new section to read:

2 Sec. 29.71.040. PAYMENTS FOR PURCHASES. Payments for purchases
3 by a municipality are subject to the requirements applicable to state
4 agencies under AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2). This
5 section applies to home rule and general law municipalities. When
6 applying AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2) to a munici-
7 pality, "state" and "state agency" are read as "municipality", and
8 "state official" is read as "municipal official".

9 * Sec. 6. This Act does not apply to contracts entered into before
10 July 1, 1988.

11 * Sec. 7. This Act takes effect July 1, 1988.
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Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: MON., March 14, 1988

SIGN-IN

Subject of meeting:

~~HB 429 Tax Exemption/Old Bldgs Removed from Land~~

~~HB 227 Joint Insurance Arrangements~~

*HB 422 Payment for Purchases; Schools/Municip.'s

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
<i>Jenkins</i> CARY JENKINS	<i>supports</i>	586-4100	<i>Nat. Fed. Business</i> NFI B	<i>yes</i>
Scott Burgess	<i>opaint.</i>	6-1325	AML	Yes
Mark Johnson		463-4888	<i>Muni or Arch</i>	<i>yes</i>
Karl Rose			<i>School district</i>	
Marla Huss	144 N. Brinkley Soldotna	463-3529	KPP	no
Rep Doules				
Mark Beggs				
<i>Jeanne Torga</i>	<i>Box 134 Gustavus, AK</i>		<i>Sub-</i>	<i>no.</i>

HOUSE COMMITTEE REPORT ^(CS) HB 422

(5)

Date referred: 2/1/88

FURTHER REFERRALS: HESS Finance

DATE: MAR 14 1988

The Community and Regional Affairs Committee has considered HB 422

"An Act relating to payments for purchases by public corporations of the state, the Alaska Commercial Fishing and Agriculture Bank, school districts, and municipalities; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 422 (CRA) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS: Collins

[Handwritten signature]

SIGNING OTHER RECOMMENDATIONS:

Zawacki *[Handwritten signature]* No Rec

Cato *[Handwritten signature]* No Rec

Springer *[Handwritten signature]* No Rec

Springer

[Handwritten signature]
Chairman's signature

1.3 HB422

5-1711L
Bannister
3/14/88

adopted
3-14-88

Original sponsors: Donley, Gruenberg
and Collins

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 422 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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7 districts and municipalities; and providing for an
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12 services in a timely manner.

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17 When applying AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2) to a
18 school district, "state" and "state agency" are read as "school dis-
19 trict", and "state official" is read as "school district official".
20 In this section, "school district" means a borough school district, a
21 city school district, or a regional educational attendance area.

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24 (1) sue and be sued;

25 (2) contract with the department, the Bureau of Indian
26 Affairs, or another [ANY OTHER] school district, agency, or regional
27 board for the provision of services, facilities, supplies or utili-
28 ties;

29 (3) determine its own fiscal procedures including but not

1 limited to policies and procedures for the purchase of supplies and
2 equipment; except as provided by AS 14.03.085, the regional school
3 boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30
4 (State Procurement Code);

5 (4) appoint, compensate and otherwise control all school
6 employees in accordance with this title; these employees are not
7 subject to AS 39.25 (State Personnel Act);

8 (5) adopt regulations governing organization, policies and
9 procedures for the operation of the schools;

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11 schools subject to the approval of the commissicner;

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13 rehabilitation, and improvement of schools and education-related
14 facilities as specified in AS 14.11.010(a), and plan, design, and
15 construct the project when the responsibility for it is assumed under
16 AS 14.11.020;

17 (8) by resolution adopted by a majority of all the members
18 of the board and provided to the commissioner of the department,
19 assume ownership of all land and buildings used in relation to the
20 schools in the regional educational attendance area;

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22 existing housing from a local agency or individual, or by entering
23 into contractual arrangements with a local agency or individual to
24 lease housing that will be constructed by the local agency or indi-
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5 section applies to home rule and general law municipalities. When
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STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 422
PUBLISH DATE: _____

(12) HB 422

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act..payments for purchases.. Fishing & Agr Bank..municipalities.."
Sponsor: Donley & Gruenberg
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Blasman, Deputy Director Phone: 465-4750
Division: Municipal & Regional Assistance Date: 3/14/88
Approved by Commissioner: David G. Hoffner Date: 3-14-88
Agency: Community & Regional Affairs

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

File Contents

HB 422 - Payment for Purchases; Schools/Municip. 's

<u>No.</u>	<u>Description</u>
1.	Bill - HB 422
1.1	Fiscal Note - (coming from DCRA)
2.	Bill Review - Harrison
3.	Memo to HCRA from Donley, 3/4/88
4.	Memo to Springer from Donley, 2/9/88


⑤ HB 422

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: Representative Henry Springer, Chair
Members of the Community and Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director 

DATE: March 14, 1988

SUBJECT: HB 422 - Payment for purchases

The Alaska Municipal League opposes SB 422 because the imposition of the state procurement code unduly restricts local autonomy.

HB 422 extends a portion of the state procurement code adopted for state agencies last year to municipalities and school districts. The AML neither opposed or supported the state procurement code legislation because it did not apply to municipalities. While only a portion of the procurement code would be made applicable to municipalities under this legislation, municipalities, in general, oppose mandated and unnecessary restrictions on their operations, including their ability to negotiate contracts. This is supported by Article X of the Alaska Constitution. As written, the legislation is also confusing.

The Alaska Municipal League is opposed to HB 422.

(1.2) HB 422

5-1711X
Bannister
3/14/88

Original sponsors: Donley, Gruenberg
and Collins

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 422 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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9 municipalities; and providing for an effective date."

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13 Fishing and Agriculture Bank to pay for their purchases of goods and ser-
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17 by a school district are subject to the requirements applicable to
18 state agencies under AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2).
19 When applying AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2) to a
20 school district, "state" and "state agency" are read as "school dis-
21 trict", and "state official" is read as "school district official".
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23 city school district, or a regional educational attendance area.

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28 Affairs, or another [ANY OTHER] school district, agency, or regional
29 board for the provision of services, facilities, supplies or

1 utilities;

2 (3) determine its own fiscal procedures including but not
3 limited to policies and procedures for the purchase of supplies and
4 equipment; except as provided by AS 14.03.085, the regional school
5 boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30
6 (State Procurement Code);

7 (4) appoint, compensate and otherwise control all school
8 employees in accordance with this title; these employees are not
9 subject to AS 39.25 (State Personnel Act);

10 (5) adopt regulations governing organization, policies and
11 procedures for the operation of the schools;

12 (6) establish, maintain, operate, discontinue and combine
13 schools subject to the approval of the commissioner;

14 (7) recommend to the department projects for construction,
15 rehabilitation, and improvement of schools and education-related
16 facilities as specified in AS 14.11.010(a), and plan, design, and
17 construct the project when the responsibility for it is assumed under
18 AS 14.11.020;

19 (8) by resolution adopted by a majority of all the members
20 of the board and provided to the commissioner of the department,
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22 schools in the regional educational attendance area;

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25 into contractual arrangements with a local agency or individual to
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1 * Sec. 4. AS 29.10.100 is amended by adding a new paragraph to read:

2 (49) AS 29.71.040 (payments for purchases)

3 * Sec. 5. AS 29.71 is amended by adding a new section to read:

4 Sec. 29.71.040. PAYMENTS FOR PURCHASES. Payments for purchases
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6 agencies under AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2). This
7 section applies to home rule and general law municipalities. When
8 applying AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2) to a munici-
9 pality, "state" and "state agency" are read as "municipality", and
10 "state official" is read as "municipal official".

11 * Sec. 6. AS 37.05.285(f) is amended to read:

12 (f) In this section

13 (1) "dispute" means a determination by the state official
14 responsible for authorizing the payments for the purchase of goods or
15 services that the performance or price charged is not in compliance
16 with the terms of the contract or purchase order;

17 (2) payment is considered made on the date when the payment
18 is personally delivered to the seller or agent of the seller or on the
19 date the payment is mailed;

20 (3) "state agency" has the meaning given in AS 37.05.400
21 and also includes the legislative and judicial branches, public corpo-
22 rations of the state, including the Alaska Railroad Corporation, and
23 the Alaska Commercial Fishing and Agriculture Bank.

24 * Sec. 7. AS 42.40.920(b) is amended to read:

25 (b) Unless specifically provided otherwise in this chapter, the
26 following laws do not apply to the operations of the corporation:

27 (1) AS 19;

28 (2) AS 30.15;

29 (3) AS 35;

1 (4) AS 36.30, except as specifically provided in that
2 chapter;

3 (5) AS 37.05, except as provided in AS 37.05.285;

4 (6) AS 37.07;

5 (7) AS 37.10.010 - 37.10.060;

6 (8) AS 37.10.085;

7 (9) AS 37.20;

8 (10) AS 37.25;

9 (11) AS 38;

10 (12) AS 44.62.040 - 44.62.320.

11 * Sec. 8. This Act does not apply to contracts entered into before
12 July 1, 1988.

13 * Sec. 9. This Act takes effect July 1, 1988.
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STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 422
PUBLISH DATE: _____

(1.1) HB 422

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act..payments for purchases.. Fishing & Agr Bank..municipalities.."
Sponsor: Donley & Gruenberg
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Blasman, Deputy Director
Division: Municipal & Regional Assistance
Phone: 465-4750
Date: 3/14/88

Approved by Commissioner: David G. Poffus
Agency: Community & Regional Affairs
Date: 3-14-88

Distribution (by preparer):

- Legislative Finance
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- Impacted Agency(ies)



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

TO: Rep. Henry Springer, Chairman HCRA

FROM: David C. Harrison, P.A., HCRA *DCH*

REVIEW:

HB 422 "An Act relating to payments for purchases by public corporations of the state, the Alaska Commercial Fishing and Agriculture Bank, school districts, and municipalities; and providing for and effective date." Sponsors: Donley and Gruenberg

*Section 1. AS 14.03 is amended to read by adding a new section to read:

Sec. 14.03.085 PAYMENTS FOR PURCHASES. Payments for purchases by a school district are subject to the requirements applicable to state agencies under AS 37.05.285 (a) - (d) and 37.05.285(f)(1) - (2).

Comment: Present state statutes require agencies of the state to pay contractors on time or pay the contractor interest on the outstanding balance after 30 days. AS 37.05. and related sections of the law are attached. HB 422 would require school districts, municipalities to do likewise.

*Sec. 2. AS 14.08.101 is amended to read:

Sec. 14.08.101 POWERS. A regional school board may
(1) sue and be sued;
(2) contract with the department, the Bureau of Indian Affairs, or another school district, agency, or regional board for the provision of services, facilities, supplies or utilities;

(3) determine its own fiscal procedures including but not limited to policies and procedures for the purchase of supplies and equipment; except as provided by AS 14.03.085, (refers to the above new section as added) the regional school boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.03 (State Procurement Code).

Comments: Sec. 2. AS 14.08.101 provides general recognized legal conditions relating to contractual relations of school boards. On line 3 through line 25 page 2 of HB 422 item 4 through (10) provides for conditions relating to contractual

relations between contractors and the school district. Legal staff member who wrote up this bill indicated that section relating to contractual relations with school boards should be spelled out in law. Also certain sections of the present statutes should be amended regarding payments for purchases as it relates to school districts and municipalities.

*Sec. AS 29.10.100 is amended by adding a new paragraph to read: (49) AS 29.71. (payments for purchases)

Sec. 4. AS 29.71 is amended by adding a new section to read:

Sec. 29.71.040 PAYMENTS FOR PURCHASES. Payments by a municipality are subject to the requirement applicable to state agencies under AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2). This section applies to home rule and general law municipalities. When applying AS 37.05.285(a) - (d) and 37.05.285(f)(1) - (2) to a municipality.

Comment: Specifically spells out municipalities being required to abide by present purchase payments required of the State of Alaska. The rest of this section relates to payments as considered and defines "state agency"

It is possible that Alaska Railroad Corporation and Alaska Commercial Fishing and Agriculture Bank should not be included within this bill. This bill specifically spells out school districts and municipalities under state law. Sec.

6. AS 42.40.920.(b) is amended to read:

(b) Unless specifically provided otherwise in this chapter, the following laws do not apply to the operations of the corporation:

Comment: It is evident that some of the provisions of state laws regarding state agencies purchase payments requirement would not apply to municipalities or school districts as given or spelled out in HB 422. Authors of this bill feel it is important to have school districts and municipalities pay their contractors in timely manner and that there is² a definite need for payment of purchases to be done on a uniform basis.

③ HB 422 Sj/CRA
REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE

DISTRICT ELEVEN • SPENARD

NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

P.O. BOX V, JUNEAU 99811

(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE

MAR - 7 1988
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE

DATE: March 4, 1988
TO: Members of the Community Regional
Affairs Committee
FROM: Representative Dave Donley
SUBJECT: HB 422, An Act Relating to Payments for
Purchases by Municipalities and School Districts

HB 422, would require Municipalities and School Districts to pay for the purchases they make within 30 days or pay interest on the outstanding balance due to the contractor.

Last year this legislative body passed a similar piece of legislation that requires the State of Alaska to pay it's contractors on time or pay the contractor interest on the outstanding balance after 30 days.

With the increasing amount of complaints I have received in my office I felt it was necessary to introduce this piece of legislation. With the economy in the condition that it is it's crucial that we keep the money that is owed to the small business on the "street" rather than in the accounts of some local government. Its not the job for the small business to finance the local governments on the money they are owed.

Its clear and simple, if the money is owed to the small business pay it. Just as they are expected to pay their bills on time so should the local governments they do business with.

If you would like any additional information please don't hesitate to call me or my legislative aide, Mark Begich at 465-3892.

HB 422 Jw / CRA

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD
NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

P.O. BOX V, JUNEAU 99811
(907) 465-3892



FEB 18 1988

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HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE

DATE: February 9, 1988
TO: Honorable Henry Springer, Chair
House Community and Regional Affairs Committee
FROM: Representative Dave Donley *JD*
SUBJECT: Request for Hearing on HB 422, encouraging Municipalities
and School Districts to Pay for Purchases on Time

I am writing to request that the Community and Regional Affairs Committee schedule a hearing on HB 422, at your earliest convenience.

House Bill 422 encourages Municipalities and School Districts to pay for purchases in a timely manner. Similar legislation is currently in effect for the State of Alaska, requiring interest to be paid to the contractor if the purchaser was more than 30 days late.

In these times it's crucial that we have the money due to the contractor on the "street" working rather than in the governments accounts.

Please contact me or my aide, Mark Begich, at 3892 should you have any questions or need additional information.