

H B

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(11)



Date referred: 3/23/88

FURTHER REFERRALS:

DATE: 3/24/88

The Finance Committee has considered HB 523

"An Act relating to procurement preferences for certain products."

RECOMMENDS:

[X] replace with CSHB 523 (LEC) [ ] the same title
[ ] attached amendment(s) [X] a new title

- [X] 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
[X] zero with analysis

SIGNING DO PASS:

ADAMS [Signature]
GOLL
BRUNN
FRANK [Signature]
KIEGER [Signature]
BOYER [Signature]
LARSON [Signature]

SIGNING OTHER RECOMMENDATIONS:

[Blank lines for other recommendations]

[Signature]
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act relating to procurement preference for certain products"  
Sponsor: Representative Frank  
Requestor: State Affairs Committee

Agency Affected: Commerce & Econ. Dev.  
BRU: Division of Business Development

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-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

CS HB 523 (L&C) extends a product preference for recycled products whenever they are of comparable quality of equivalent price and appropriate for the intended use. The preference applies to municipalities and school districts as well as the state. The implementation of this legislation will be handled within the division budget at this time.

Prepared by: Larry Mercurieff, Director  
Division: Business Development

Phone: 465-2017  
Date: March 24, 1988

Approved by Commissioner: J. Anthony Smith  
Agency: Department of Commerce & Economic Development

Date: March 24, 1988

Distribution (by preparer):

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

Original sponsors: Frank and Menard

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 523 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to a preference for recycled products in state, municipal, and school district procurements."

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

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

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Sec. 14.03.085. PROCUREMENT PREFERENCE. A school district shall comply with AS 29.71.040, except that in AS 29.71.040(a) - (e) and (g), "municipal" and "municipality" are read as "school district." In this section, "school district" does not include regional educational attendance areas.

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16 \* Sec. 2. AS 29.10.200 is amended by adding a new paragraph to read:

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(49) AS 29.71.040 (procurement preferences)

18

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

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Sec. 29.71.040. PROCUREMENT PREFERENCES. (a) Alaska recycled products shall be used in municipal procurements when the products are of comparable quality, of equivalent price, and appropriate for the intended use.

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(b) Unless the procurement is governed by AS 36.15.050, in the evaluation of a bid or proposal for a procurement by a municipality, if a bid or proposal designates the use of recycled Alaska products for the products identified in the contract specifications, and if the recycled Alaska products meet the contract specifications, the bid or offer shall be decreased by the percentage of preference given to the recycled Alaska products under AS 36.30.332.

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1 (c) The contract specifications for a municipal procurement must  
2 include a provision that describes the preference granted under (b) of  
3 this section.

4 (d) If a successful bidder or offeror who receives the prefer-  
5 ence under (b) of this section fails to use the designated recycled  
6 Alaska product for a reason within the control of the successful  
7 bidder or offeror, each payment under the contract shall be reduced by  
8 the percentage reduction scheduled under AS 36.30.330(a) for the  
9 classification the product has received under AS 36.30.332.

10 (e) In the evaluation of a bid or proposal for a municipal  
11 procurement, a person is not a responsible bidder or offeror if,  
12 during two contracts for which the person received a preference under  
13 (b) of this section during the preceding three years, the person  
14 failed to use the recycled Alaska product designated in the person's  
15 bids or proposals for the contracts for reasons within the control of  
16 the bidder or offeror.

17 (f) This section applies to home rule and general law municipal-  
18 ities.

19 (g) In this section, "recycled Alaska product" has the meaning  
20 given in AS 36.30.338.

21 \* Sec. 4. AS 36.30.324 is amended to read:

22 Sec. 36.30.324. USE OF ALASKA PRODUCTS. Alaska products shall  
23 be used whenever practicable in procurements for an agency. Recycled  
24 Alaska products shall be used when they are of comparable quality, of  
25 equivalent price, and appropriate for the intended use.

26 \* Sec. 5. AS 36.30.332(a) is amended to read:

27 (a) The commissioner of commerce and economic development shall  
28 adopt regulations establishing the value added in the state for mate-  
29 rials and supplies produced or manufactured in the state that are used

1        in a state procurement and establishing whether a product qualifies as  
2        a recycled Alaska product. The commissioner [AND] shall publish a  
3        list of the products annually. A supplier may request inclusion of  
4        its product on the appropriate list.

5        \* Sec. 6. AS 36.30.338 is amended by adding a new paragraph to read:

6                    (4) "recycled Alaska product" means an Alaska product of  
7        which not less than 50 percent of the value of the product consists of  
8        a product that was previously used in another product, if the re-  
9        cycling process is done in the state.

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act relating to procurement preference for certain products"  
Sponsor: Representative Frank  
Requestor: State Affairs Committee

Agency Affected: Commerce & Econ. Dev.  
BRU: Division of Business Development  
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						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-

CAPITAL		-0-	-0-	-0-	-0-	-0-
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REVENUE		-0-	-0-	-0-	-0-	-0-
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

CS HB 523 (L&C) extends a product preference for recycled products whenever they are of comparable quality of equivalent price and appropriate for the intended use. The preference applies to municipalities and school districts as well as the state. The implementation of this legislation will be handled within the division budget at this time.

Prepared by: Larry Mercurieff, Director

Phone: 465-2017

Division: Business Development

Date: March 24, 1988

Approved by Commissioner: J. Anthony Smith  
Agency: Department of Commerce & Economic Development

Date: March 24, 1988

Distribution (by preparer):

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

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 523  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
Title: "An Act relating to procurement preference for certain products" BRU: Division of Business Development  
Sponsor: Representative Frank Components: \_\_\_\_\_  
Requester: State Affairs Committee

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-

CAPITAL		-0-	-0-	-0-	-0-	-0-
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REVENUE		-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

HB 523 states that, in the evaluation of a bid or proposal for procurement for an agency, the offeror or bidder receive additional five percent preference for products that qualify as recycled Alaskan products. The implementation of this legislation can be handled within the division budget at this time.

Prepared by: Larry Mercurieff, Director Phone: 465-2017  
Division: Business Development Date: March 1, 1988

Approved by Commissioner: J. Anthony Smith Date: March 1, 1988  
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

RECEIVED  
MAR 2 1988

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: An Act relating to procurement preferences for certain products BRU: General Services & Supply  
 Sponsor: Frank and Menard Components: Purchasing  
 Requestor: House State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This fiscal note addresses the administrative cost of the bill on the bidding process.

Prepared By: Robert J. Link *Robert J. Link* Phone: 465-2250  
 Division: General Services & Supply Date: 02/25/88

Approved by Commissioner: John M. Andrews *John M. Andrews* Date: 3/18/88  
 Agency: Department of Administration

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

MAR 23 1988  
 LEGISLATIVE FINANCE  
 Page 1 of 1

10523

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: An Act relating to procurement preferences for certain products BRU: General Services & Supply  
 Sponsor: Frank Components: Purchasing  
 Requestor: House State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

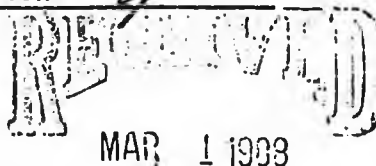
ANALYSIS: (Attach a separate page if necessary)

This fiscal note addresses the administrative cost of the bill on the bidding process.

Prepared By: Robert J. Link Phone: 465-2250  
 Division: General Services & Supply Date: 02/25/88

Approved by Commissioner: John M. Andrews Date: 2/29/88  
 Agency: Department of Administration

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)



LEGISLATIVE FINANCE

67504

POSITION PAPER  
HB 523


This bill attempts to encourage the manufacture of recycled products within Alaska by providing a 5% preference above existing preferences. A bidder offering Alaskan products made of recycled products could qualify for a total of 17% in preferences. The impact of the cost of administering the bid process would be minimal.

We have a neutral position on this bill because we have no way to assess the positive impact of encouraging the use of recycled products versus the potential increase in purchase price and having a preference which favors one Alaskan bidder over another.

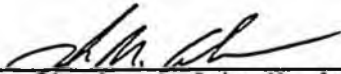
We would recommend amending the bill as follows:

Section 6, Section 36.30.338(5) "recycled Alaska product" means an Alaskan product of which not less than 50% of the value of the product consists of a product that was previously used in another product and the recycling process was performed in Alaska.

This would avoid the situation in which one Alaskan vendor received a 5% greater preference for using a product which was recycled someplace other than Alaska.

  
\_\_\_\_\_  
Robert J. Link, Director  
Division of General Services & Supply

2/25/88  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Commissioner John M. Andrews  
Department of Administration

2/29/88  
\_\_\_\_\_  
Date

RECEIVED  
MAR 1 1988

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 523  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
Title: "An Act relating to procurement preference for certain products" BRU: Division of Business Development  
Sponsor: Representative Frank Components: \_\_\_\_\_  
Requester: State Affairs Committee

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-

CAPITAL		-0-	-0-	-0-	-0-	-0-
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REVENUE		-0-	-0-	-0-	-0-	-0-
---------	--	-----	-----	-----	-----	-----

FUNDING: (Thousands of dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

HB 523 states that, in the evaluation of a bid or proposal for procurement for an agency, the offeror or bidder receive additional five percent preference for products that qualify as recycled Alaskan products. The implementation of this legislation can be handled within the division budget at this time.

Prepared by: Larry Mercurieff, Director Phone: 465-2017  
Division: Business Development Date: March 1, 1988

Approved by Commissioner: J. Anthony Smith Date: March 1, 1988  
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: An Act relating to procurement preferences for certain products BRU: General Services & Supply  
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EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This fiscal note addresses the administrative cost of the bill on the bidding process.

Prepared By: Robert J. Link *[Signature]* Phone: 465-2250  
 Division: General Services & Supply Date: 02/25/88

Approved by Commissioner: John M. Andrews *[Signature]* Date: 2/29/88  
 Agency: Department of Administration

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

POSITION PAPER  
HB 523

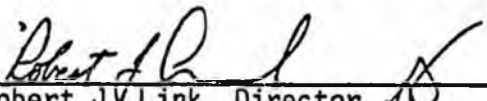
This bill attempts to encourage the manufacture of recycled products within Alaska by providing a 5% preference above existing preferences. A bidder offering Alaskan products made of recycled products could qualify for a total of 17% in preferences. The impact of the cost of administering the bid process would be minimal.

We have a neutral position on this bill because we have no way to assess the positive impact of encouraging the use of recycled products versus the potential increase in purchase price and having a preference which favors one Alaskan bidder over another.

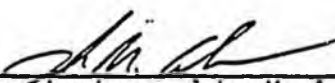
We would recommend amending the bill as follows:

Section 6, Section 36.30.338(5) "recycled Alaska product" means an Alaskan product of which not less than 50% of the value of the product consists of a product that was previously used in another product and the recycling process was performed in Alaska.

This would avoid the situation in which one Alaskan vendor received a 5% greater preference for using a product which was recycled someplace other than Alaska.

  
\_\_\_\_\_  
Robert J. Link, Director  
Division of General Services & Supply

2/25/88  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Commissioner John M. Andrews  
Department of Administration

2/29/88  
\_\_\_\_\_  
Date

# Alaska State Legislature

**STEVE FRANK**

DISTRICT 20A  
Finance Committee

1125 Sunset Drive  
Fairbanks, Alaska 99701



While in Juneau  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3709

## House of Representatives

TO: The House State Affairs Committee

FROM: Rep. Steve Frank

RE: House Bill 523 - "An Act relating to procurement preferences for certain products"

DATE: March 2, 1988

---

The major purpose of this legislation is to place recycled Alaskan products on equal footing with other Alaskan products.

The proposed committee substitute does not propose any additional subsidies for recycled products. However, it would require the State to purchase recycled products from Alaskan companies that are price competitive, and whose products are appropriate for the intended use and are of comparable quality.

Under HB 523, recycled products would be eligible for the existing Alaska bidder preference and Alaska product preference, as are other Alaskan produced goods.

Currently, approximately 20 states have laws related to recycling either in the form of tax credits, incentives, or laws mandating the use of recycled products.

This legislation, if passed, would assist a new Alaskan industry and would enhance the quality of our environment.

Thank you for your consideration.



# Alaska Environmental Lobby, Inc.

1000 W. WARD BLVD. ANCHORAGE, ALASKA 99502

907-586-2345

March 1, 1988

Rep. Steve Frank  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Re: HB 523

Dear Representative Frank:

We here at the Alaska Environmental Lobby support procurement preferences by state agencies for recycled Alaska products, as would be required by your bill, HB 523.

This bill does two things. It encourages the wise use of our resources by providing additional incentives for recycling, and it encourages the use of Alaska products, thereby helping to strengthen and diversify our state economy.

We particularly believe that initiative such as that demonstrated by Bernie Karl in Fairbanks should be encouraged and supported by the state. Mr. Karl's recycling/re-processing business has reduced garbage going into the Fairbanks landfill by 90%; has extended the landfill's life by 75 years; has added 27 jobs to the Fairbanks market; and, in so doing, has turned Fairbanksans' garbage into fuel, building materials, and re-cycled goods.

Actions by other state governments have increasingly shown the importance of recycling to our nation's economic and environmental health. This bill would be an important first step by this state in promoting the use of recycled products. Therefore, AEL supports the passage of HB 523.

Sincerely,

*Gail Gattor*  
Gail Gattor  
Executive Director

*Alan Phipps*

Alan Phipps  
AEL Volunteer

**Sec. 36.30.320. Small procurements.** (a) A procurement for supplies, services, or construction that does not exceed an aggregate dollar amount of \$5,000 may be made in accordance with regulations adopted by the commissioner for small procurements.

(b) A contract for professional services that does not exceed \$25,000 may be made under regulations adopted by the commissioner for small procurements, except that an agency may not contract for the services of legal counsel without the approval of the attorney general.

(c) Small procurements need not be made through competitive sealed bidding or competitive sealed proposals but shall be made with competition that is practicable under the circumstances.

(d) Procurement requirements may not be artificially divided or fragmented so as to constitute a purchase under this section or to circumvent the source selection procedures required by AS 36.30.100 — 36.30.270.

(e) The procurement officer shall give adequate public notice of intent to make a procurement under this section in accordance with regulations adopted by the commissioner. (§ 2 ch 106 SLA 1986; am § 12 ch 65 SLA 1987)

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, deleted the former second sentence of subsection (e), which read "Notices shall also

be provided to those Alaska bidders designated by the commissioner under AS 36.30.050(d)."

**Article 5. Preference for Alaska Products.**

**Section**  
 322. Use of local forest products  
 324. Use of Alaska products  
 326. Contract specifications  
 328. Grant of preference  
 330. Penalty for failing to use designated products

**Section**  
 332. Classification of Alaska products  
 334. Identification of Alaska products  
 336. Application  
 338. Definitions

**Cross references.** — For similar provisions applicable to procurements using state money of forest, agricultural, and fisheries products, see AS 36.15.

**Effective date of article.** — Section 69, ch. 106, SLA 1986, as amended by § 27, ch. 65, SLA 1987, provides that this article takes effect January 1, 1988.

**Sec. 36.30.322. Use of local forest products.** (a) Only timber, lumber, and manufactured lumber products originating in this state from Alaska forests may be procured by an agency or used in construction projects of an agency unless the manufacturers and suppliers who have notified the commissioner of commerce and economic development of their willingness to manufacture or supply Alaska forest products

(1) have the procur

(2) are u percent of Alaska for

(b) The procuremen or the use

(c) Durin tor shall m products or

reasonably the procur adopted by

(§ 2 ch 10

**Effect of amendment.** — the introduct (a) substitute

**Sec. 36.** used when SLA 1986

**Sec. 36.** for a procu or offeror t

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designated 106 SLA

**Sec. 36.** proposal fo nates the :

tions and under AS : designated 1986)

**Sec. 36.** (a) If a st Alaska pr fails to us

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§ 36.30.322

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PUBLIC CONTRACTS

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(1) have been given reasonable notice of the forest product needs of the procurement or project; and

(2) are unable to supply the products at a cost that is within seven percent of the price offered by a manufacturer or supplier of non-Alaska forest products.

(b) The provisions of AS 36.30.326 — 36.30.332 do not apply to procurements of timber, lumber, and manufactured lumber products or the use of those items in construction projects of an agency.

(c) During the period of performance of a state contract, the contractor shall maintain records showing efforts made in using Alaska forest products or evidence of Alaska forest products not being available or reasonably competitive. The contractor shall provide the records to the procurement officer on a periodic basis, as required by regulations adopted by the commissioner of commerce and economic development. (§ 2 ch 106 SLA 1986; am §§ 13, 14 ch 65 SLA 1987)

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, in the introductory language of subsection (a) substituted "Alaska" for "local" pre-

ceding "forest" and deleted "the commissioner of commerce and economic development certifies that" following "agency unless" and added subsection (c).

**Sec. 36.30.324. Use of Alaska products.** Alaska products shall be used whenever practicable in procurements for an agency. (§ 2 ch 106 SLA 1986)

**Sec. 36.30.326. Contract specifications.** Contract specifications for a procurement for an agency must include a provision that a bidder or offeror that designates in a bid or proposal the use of Alaska products identified in the specifications will receive the preference granted under AS 36.30.328 in the evaluation of the bid or proposal if the designated Alaska products meet the contract specifications. (§ 2 ch 106 SLA 1986)

**Sec. 36.30.328. Grant of preference.** In the evaluation of a bid or proposal for a procurement for an agency, a bid or offer that designates the use of Alaska products identified in the contract specifications and designated as Class I, Class II, or Class III state products under AS 36.30.332 is decreased by the percentage of the value of the designated Alaska products under AS 36.30.332. (§ 2 ch 106 SLA 1986)

**Sec. 36.30.330. Penalty for failing to use designated products.** (a) If a successful bidder or offeror who designates the use of an Alaska product in a bid or proposal for a procurement for an agency fails to use the designated product for a reason within the control of the successful bidder or offeror, each payment under the contract shall be reduced according to the following schedule:

- (1) for a Class I designated Alaska product — four percent;
- (2) for a Class II designated Alaska product — six percent;
- (3) for a Class III designated Alaska product — eight percent;

(b) A person is not a responsible bidder or offeror if, in the preceding three years, the person has twice designated the use of an Alaska product in a bid or proposal for a procurement for an agency and has each time failed to use the designated Alaska product for reasons within the control of the bidder or offeror.

(c) The procurement officer shall report to the commissioner of commerce and economic development each contractor penalized under (a) of this section. The commissioner of commerce and economic development shall maintain a list of contractors determined not to be responsible bidders under (b) of this section. (§ 2 ch 106 SLA 1986)

**Sec. 36.30.332. Classification of Alaska products.** (a) The commissioner of commerce and economic development shall adopt regulations establishing the value added in the state for materials and supplies produced or manufactured in the state that are used in a state procurement and shall publish a list of the products annually. A supplier may request inclusion of its product on the appropriate list.

(b) Materials and supplies with value added in the state that are

- (1) more than 25 percent and less than 50 percent produced or manufactured in the state are Class I products;
- (2) 50 percent or more and less than 75 percent produced or manufactured in the state are Class II products; and
- (3) 75 percent or more produced or manufactured in the state are Class III products.

(c) In a bid or proposal evaluation a

- (1) Class I product is given a three percent preference;
- (2) Class II product is given a five percent preference;
- (3) Class III product is given a seven percent preference. (§ 2 ch 106 SLA 1986; am § 15 ch 65 SLA 1987)

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, in subsection (b) in paragraphs (1) and (2) substituted "produced or manufactured in the state are" for "of the manufacturer's

quoted price is a" and "products" for "product" and in paragraph (3) substituted "producer or manufactured in the state are" for "of a manufacturer's quoted price is a" and "products" for "product."

**Sec. 36.30.334. Identification of Alaska products.** An agency may identify specific Alaska products for use in making a procurement. (§ 2 ch 106 SLA 1986)

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**Sec. 36.30.336. Application.** Notwithstanding other provisions of this chapter, AS 36.30.322 — 36.30.338 apply to all procurements subject to this chapter, except as provided in AS 36.15.050 and AS 36.30.322(b). (§ 2 ch 106 SLA 1986; am § 3 ch 62 SLA 1987; am § 16 ch 65 SLA 1987)

**Effect of amendments.** — The first 1987 amendment, effective January 1, 1988, substituted "this chapter" for "AS 36.30" and "AS 36.15.050" for "AS 36.30.170(b) and 36.30.322(b)."

The second 1987 amendment, effective January 1, 1988, substituted "this chapter" for "AS 36.30" and "AS 36.30.322(b)" for "AS 36.30.170(b) and 36.30.322(b)."

**Sec. 36.30.338. Definitions.** In AS 36.30.322 — 36.30.338

(1) "Alaska product" means a product of which not less than 25 percent of the value, as determined in accordance with regulations adopted under AS 36.30.332(a), has been added by manufacturing or production in the state;

(2) "produced or manufactured" means processing, developing, or making an item into a new item with a distinct character and use through the application within the state of materials, labor, skill, or other services;

(3) "product" means materials or supplies but does not include gravel and asphalt. (§ 2 ch 106 SLA 1986; am § 17 ch 65 SLA 1987)

**Revisor's notes.** — Reorganized in 1986 to alphabetize the defined terms.

**Effect of amendments.** — The 1987 amendment, effective January 1, 1988, in paragraph (1) substituted the language

beginning "of which not less than 25 percent" for "produced or manufactured in the state if the value added in the state is not less than 25 percent of the quoted price of the manufacturer."

### Article 6. Contract Formation and Modification.

**Section**

- 340. Review and approval by the Attorney General
- 350. Bid cancellation, rejection
- 360. Determination of responsibility
- 362. Determination to award a contract to a nonresident
- 365. Notice of intent to award a contract
- 370. Types of contracts
- 390. Multi-term contracts

**Section**

- 400. Cost or pricing data
- 410. Right to inspect plant
- 420. Right to audit records
- 430. Standard modification clauses for contracts
- 460. Modification of standard clauses
- 470. Fiscal responsibility
- 480. Cost principle regulations

**Effective date of article.** — Section 69, ch. 106, SLA 1986, as amended by § 27, ch. 65, SLA 1987, provides that this article takes effect January 1, 1988.

**Collateral references.** — Effect of stipulation, in public building or construction contract, that alterations or extras

must be ordered in writing. 1 ALR3d 1273.

Validity and construction of "no damage" clause with respect to delay in building or construction contract. 74 ALR3d 187.

Construction contract provision excus-

# Alaska State Legislature

**STEVE FRANK**

DISTRICT 20A  
Finance Committee

1125 Sunset Drive  
Fairbanks, Alaska 99701



While in Juneau  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3709

## House of Representatives

TO: House Finance Committee

FROM: Rep. Steve Frank

RE: HB 523 - "An Act relating to a preference for recycled products in state, municipal, and school district procurements."

DATE: March 24, 1988

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House Bill 523 would statutorily recognize recycled products under the state product preference code and extend the recycled preference to include municipalities and municipal school districts.

While recycled products would probably fall under the state's existing Alaska Product Preference Code, I believe it is important to singularly identify them in state law. Presently the only recycling operation in the state is located in Fairbanks; however, other such businesses would undoubtedly spring up depending on the success of recycling.

A second aspect of this legislation is to include municipalities and municipal school districts in the recycled product preference. Since the state and local governments are major purchasers of goods and services, we think that it is appropriate for them to make an extra effort to purchase Alaska recycled products when those products are " of comparable quality, of equivalent price, and appropriate for the intended use."

Recycling waste materials is prudent and timely. Currently, approximately 30 states either have existing recycled products preferences or are considering them. This industry can create new jobs for Alaskan workers. For example, the Fairbanks North Star Borough land fill was recently contracted to a private businessman who is recycling municipal garbage. The number of employees at that operation increased from nine, under Borough management, to twenty-five now that the plant is recycling.

Thank you for your consideration.

# The BidNet Link

Communication Between Buyer and Seller

## The Importance of Buying Recycled Products

By Richard Keller and Nancy Vandenberg

The long-homeless garbage barge dramatized the social and political problems associated with solid waste disposal. Yet, even without the drama, there is sufficient cause for concern. According to a recent study for the Environmental Protection Agency (EPA) by Franklin Associates, Ltd., the United States produced 133 million tons of garbage in 1984; and it is predicted that this total will rise to 141 million tons in 1990. Although the capacity of resource recovery incinerators is expected to double during the same period, in 1990 there will still remain 128 million tons—or 41,290 bargeloads—of waste material for other disposal. As a consequence, states and cities all across the country are embracing recycling as a key waste management strategy.

Recycling will not work, however, if there are not adequate markets for the materials to be collected. One way to create these markets is to increase demand for products made with recycled content. In the "Post Barge Era," the government purchasing community has a major role to play in solving the government waste disposal problem. Strategies include:

- Buying for waste reduction, i.e. two-sided copiers; washable, not disposable, institutional linens.
- Buying recyclable materials, i.e. white, not yellow scratch pads.
- Buying rebuilt telephones, computers and automotive parts.
- Buying recycled plastic garbage bags and other recycled products.

*Within a year, four out of every five Americans could live in a state with a program to buy recycled products.*

An indication of the popular support for "buying recycled" is the number of preference programs being legislated. At least eighteen states and four local governments have enacted legislation favoring the purchase of recycled products, ten of these during 1986 or the first half of 1987. Together, those eighteen states represent 59% of the U.S. population. In addition, eleven other states—representing 22% of the population—are addressing this issue. Thus, it is conceivable that, within a year, four out of every five Americans could live in a state with a program to buy recycled products.

Activity is greatest in the Northeast where an action agenda for solid waste management proposed by the New York State Legislative Commission on Solid Waste Management, including a coordinated approach to recycled product procurement, has been endorsed by participants at the two major regional recycling conferences. Also, the New England Waste Management Officials Association and the National Recycling Coalition spon-

sored a seminar which brought together key purchasing and solid waste officials to discuss issues associated with buying recycled products. In the West, all three coastal states have addressed ways to strengthen their recycled product purchasing programs in the past year.

At the federal level, the EPA is poised to publish guidelines for purchasing recycled paper and re-refined lubricating oil, and additional guidelines are being developed.

It is becoming increasingly important for purchasing and solid waste agencies to work together to develop buying programs that can be implemented efficiently. The skills of the purchasing community are particularly needed in standardizing recycled product definitions. To illustrate this point, eight of the ten states that have defined recycled paper define it differently in terms of percentages and acceptable recycled feedstocks. This inconsistency is very costly. Manufacturers cannot produce a standard product that suits all markets. Instead, they must run special orders for each state's specifications. This problem is also beginning to appear with recycled plastic products. Emerging national standards are included in the following definitions.

### DEFINITIONS

#### General

*Postconsumer waste material:* any product generated by a business or a consumer which has served its intended end use, and which has been separated from solid waste for the purposes of collection, recycling and disposition and which does not include secondary waste or secondary waste paper material.

*Secondary waste material:* industrial by-products which would otherwise go to disposal facilities and waste generated after completion of a manufacturing process, but specifically excludes internally generated scrap commonly returned to industrial or manufacturing processes such as home scrap and mill broke. (Mill broke is the waste generated on-site at a paper mill.)

*(continued on page 2)*

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## Recycled Products (continued from page 1)

### Paper

**Recycled paper product:** any product having a total weight consisting of not less than 50% postconsumer waste materials and/or secondary waste paper material.

**Secondary waste paper material:** paper waste material generated after completion of a papermaking process, including but not limited to envelope cuttings, bindery trimmings, printing waste, cutting and other converting waste, butt rolls and mill wrappers; except that secondary waste paper material shall not include fibrous waste generated during the manufacturing process, such as fibers recovered from wastewater or trimmings of paper machine rolls, fibrous by-products of harvesting, extractive or woodcutting processes, and odd forest residue such as bark.

### Plastic

**Recycled plastic product:** any plastic product with a total weight consisting of not less than 25% of postconsumer waste material and/or secondary recycled plastic content.

**Secondary waste plastic:** obsolete product inventories, overruns, contaminated industrial scrap and manufacturing wastes generated after a production process, but specifically excludes internally generated scrap, or home scrap, because it is commonly returned to the production process and also excludes off-spec virgin resins.

### OPPORTUNITIES TO BUY RECYCLED

There is no reason to restrict recycled purchases to the obvious. Purchasing agencies, and the agencies they serve, can take credit for every single ton of recycled content in items used each year.

### Paper Products

**Paper towels and tissue products for institutional use:** these now are made universally with recycled content. Depending on the supplier, content can be 100% recycled with very high percentages of postconsumer content.

### The BidNet Link

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**Newsprint:** items like the *Federal Register* and draft legislation can be made from recycled newspaper. There is sufficient competition around the country to satisfy federal government needs.

**Pad backing, file dividers, legal pads, book covers,** and so on: recycled content is now the industry standard. If these are not currently purchased with recycled content, they should be.

### *There is no reason to restrict recycled purchases to the obvious.*

**Fine and printing papers:** these are available, but harder to get. The preferences for paper target those papers which always cannot be purchased competitively with their virgin counterparts.

### Other Types of Products

**Plastic garbage bags:** these are available with secondary recycled content, though that fact is rarely publicized. One company consumes 60,000,000 lbs. of recycled polyethylene per year for a well known brand, but so far, this information is kept quiet. New York State specifications specifically allow recycled content.

**Carpet and carpet pads:** recycled polyester fabric scraps and recycled PET bottles and scraps are used for carpet pads. Recycled PET bottles and recycled nylons are being used for commercial grades of carpet.

**Fatigue mats, plastic runners and urinal screens:** all are being made from recycled plastic.

**Playground equipment:** this can be made from recycled plastic.

**Recycled plastic car bumper stops:** at least two firms, one in Iowa, the other in Florida, market these.

**Retreaded tires:** these are available for passenger cars, and retreading services are standard for trucks and heavy equipment.

**Recycled and rebuilt automotive parts:** these have become a major cost saver for insurance agencies and individuals. They are equally available to government buyers.

**Solvents:** recycled solvents are adequate to clean equipment. Solvent reclaiming service solves the expensive disposal headache and reduces hazardous waste while it increases use of a recycled product.

### Other Agency Purchases

Everything governments use is not purchased by the procurement agency. Many items, particularly in construction, are bought by contractors or other agencies.

**Recycled asphalt:** nearly every state allows recycled asphalt in its specs, but use is not universal. In New York State only about 5% of the contracts include recycled asphalt. How can use be increased?

**Recycled concrete:** in Michigan, recycled concrete is so reusable and valuable that contractors don't expect to be paid to take it away. Michigan also allows recycled concrete as an aggregate in new concrete construction. It also can be used as sub-base or structural fill in many states. New York State is now encouraging this use.

**Coal combustion fly ash in cement:** redi-mix concrete suppliers use it regularly in New England. Contractors in Nebraska prefer it. Can use be expanded in all states? All state specifications allow it.

**Resource recovery plant ash:** structural properties already have  
*(continued on page 5)*

## Recycled Products (continued from page 2)

been proved for some uses. If current testing programs prove that contaminants don't reach into the environment, there will be plenty of this material available for use. It bears watching.

**Glass as structural fill:** some regions have few users of waste glass. Whenever supply outstrips demand, it can be used to replace gravel.

**Compost:** yard wastes are nearly 18% of municipal refuse according to the Franklin Associates study for EPA. Communities can use compost as a soil amendment in parks, on government and institutional grounds, and along highways.

**Scrap tires as an energy resource:** tires are noxious in disposal facilities. If the retreading and rubber re-use industries cannot absorb all the scrap tires, every effort should be made to determine their feasibility as fuel.

**Insulation:** weatherization programs still are insulating homes and buildings to achieve energy conservation. These programs, and construction contracts can specify recycled insulation. Various types of insulation can use recycled materials:

Cellulose—80% old newspaper

Fiberglass—can be made from postconsumer bottles

Rigid foam—almost universally contains recycled plastic

Mineral wool—often is made from industrial slags

## RECORDS AND SIMPLIFYING THE RECORD-KEEPING PROCEDURES

The next key issue affects buyers and vendors alike. Even if every product a purchasing agency bought during a year had recycled content, it wouldn't count unless there was proof in the records. But, records can't reflect recycled content in purchases unless the vendors provide that information when products are offered on competitive bids. Landmark legislation in Rhode Island and Iowa has set the precedent. In those two states, (continued on page 6)

## Winners

Examples of savings on traffic supplies by one western city:

Item	BidNet Client	Next Lowest Bidder	Savings
Sign Faces	\$ 7,052.70	\$ 8,743.00	23.96%
Roll Goods	\$10,459.35	\$12,208.00	16.71%
Letters	\$ 603.90	\$ 654.50	8.37%
<b>TOTALS:</b>	<b>\$18,115.95</b>	<b>\$21,606.50</b>	<b>19.26%</b>

### Other examples of savings acquired through BidNet:

- Savings of 65% off list price for projection lamps for a southern junior college (10% better than previous contracts);
- 15.2 percent saved on computer paper for a northeastern town;

# ABOUT BidNet

## D & B Credit Reports Now Available to Purchasers through BidNet

Through a special arrangement with Dun & Bradstreet Credit Services, public purchasing offices now can obtain D & B Business Information Reports (generally referred to as credit reports) through BidNet on an as-needed, pay-only-for-what-you-order basis. The Business Information Reports, which assist purchasers in evaluating the capabilities of bidders to perform under contract, previously were available on a subscription basis only.

The information provided by a Business Information Report about a company includes:

- Name, address, and telephone number
- Name and title of chief executive
- Products and services sold
- D & B rating
- When started
- Special events (such as a fire)
- Payment record
- Changes (such as a move)
- Sales
- Net worth
- Number of employees
- Size, type and location of facilities
- Credit history
- Financing
- Condition
- Trend

To obtain more information, or to order an individual D & B Business Information Report, contact BidNet at 1/800/543-0495, extension 1000. When ordering, please provide the name of the company and the state in which it is located. An invoice for \$50 will be included with each written report mailed to a purchasing office that sends its bid solicitations to BidNet. Purchasing offices which do not send their solicitations to BidNet will be invoiced at the rate of \$75 per credit report ordered through BidNet. ■

- 9.3 percent (\$618) saved on uniforms for a southern city;
- \$900 savings on a \$37,000 contract with a northeastern county for propane;
- 1.1% on a flat trailer for a southeastern county;
- 8.2% on a vibratory compaction roller for a southern city's transportation division.
- 18.86% on linen supplies for a northwestern state. ■

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## *Recycled Products (continued from page 5)*

vendors will be required to provide recycled content data when they respond to bids.

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***Records can't reflect recycled content in purchases unless the vendors provide that information when products are offered on competitive bids. Landmark legislation in Rhode Island and Iowa has set the precedent.***

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Solid waste agencies want to know how much of their recyclable supplies are consumed by their government's purchases. For instance, one ton of 100% recycled towels consumes slightly more than one ton of waste paper. These agencies also should be pleased to handle the analytical work if the data is supplied through purchasing records. Purchasing agencies already gather most of the information that is needed. For recycled products, only two bits of data are missing—percentage of recycled content and unit weight.

**Percentage of recycled content:** percentages can range from 0% (virgin product) to 100%. Vendors can certify to a minimum recycled content in products shipped. Comparison of the two will allow federal purchasing agencies to determine if minimum content standards can be raised.

**Unit weight:** this data can be provided by purchasing officers as supplied by vendors. It is important because supplies of recyclable feedstocks are recorded in pounds or tons.

**Performance:** purchasing agencies test the products they buy and reject those that don't work. A common, but rarely substantiated, complaint about recycled products is that they don't meet performance requirements. The primary objective [of buying recycled products] is to reduce waste; if recycled products don't work, they become waste. But, they deserve a fair trial. Tests should be run on the competing virgin product as well. A summary record of the tests and products that fail will serve everyone's needs.

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***The primary objective [of buying recycled products] is to reduce waste; if recycled products don't work, they become waste.***

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**Specifications reviewed and those that are changed:** many specifications were reviewed in the 70's to remove discrimination against recycled content. Records of specifications that allow recycled content can be used to alert suppliers and the public that recycled content is welcome.

**Preference dollars spent:** for states that allow a price preference for recycled products, this information allows analysis of the costs versus the benefits of reduced waste disposal. A very simplified example: if preference costs for recycled paper were \$50,000, 50% recycled paper was purchased and disposal costs were \$50 per ton, all paper purchased over 2,000 tons saves the taxpayers money.

**Manufacturers:** purchasing agencies commonly record manufacturer's names, and they usually know where the product is made. This information is valuable for economic incentive pro-

grams now being discussed in many states. If recycled products commonly are purchased from other regions of the country, would economic incentives attract manufacturing capacity into the local region, especially if recyclable feedstocks can be supplied? It worked in Oregon, and Oregon now is a net importer of postconsumer newspapers.

**Simplifying the recordkeeping burden:** computers are the answer to easy records and reports, and purchasing agencies are automating right now. If purchasing software can recognize recycled content, most of the recordkeeping and reporting can be done by punchbutton.

According to purchasing software experts, records of recycled purchases can be flagged when recycled content greater than 0% is entered on the normal purchasing record. The computer can then generate, by time period, reports on:

- the total number of purchases
- the total number of purchases of a given item containing recycled materials in comparison to purchases of virgin materials
- quantities of consistent units of a given item
- which departments use recycled products
- total dollars spent on recycled products
- comparative values of recycled versus virgin products
- recycled products by vendor or manufacturer

Individual records can be examined for special information, such as locations of manufacturers, specific recycled content percentages and other information useful to solid waste planners. The analytical burden can be carried by the agency with the most interest, but only if the records are easily available.

**Costs:** the cost for this additional feature is nothing, if it is designed into the system at the outset. Costs for adapting existing software depend on the type of system in use, its complexity and capabilities and the extent of demand for such adaptations.

## **Resources**

Unfortunately, no up-to-date directories of recycled products exist. A listing of organizations and suppliers is available, however, from Mr. Keller, c/o the Maryland Energy Office, 301 West Preston Street, Baltimore, Maryland 21201. A listing of state and city procurement programs for recycled products also is available from Mr. Keller. ■

## **AUTHORS**

*Richard Keller is the Manager of Procurement and Waste Management for the Maryland Energy Office and is a frequent speaker on recycling and energy issues. As a result of his work, the U.S. Department of Energy gave the State of Maryland two 1985 awards for energy innovation for the programs in buying recycled paper and promoting auto and truck recycling. Maryland programs are often used as models by other organizations. Mr. Keller serves on the Board of Directors of the National Recycling Coalition and is a member of the Maryland Public Purchasing Association. He has been named the 1987 Outstanding Government Leader of the Year by the National Recycling Coalition.*

*Nancy Vandenberg is a consultant in marketing development for recycled products. She coordinates Markets for Recycled Products at the Council on the Environment of New York City, conducts feasibility research on EPA guidelines, and is a frequent lecturer and contributor to the trade press. The organizations of which she is a member include the National Recycling Coalition and the International Coalition of Procurement Standards.*

STEVE COWPER, GOVERNOR

**DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT**

P.O. BOX 88  
JUNEAU, ALASKA 99811-0888  
PHONE: (907) 465-2017

*DIVISION OF BUSINESS DEVELOPMENT*

February 16, 1988

Dear Manufacturer:

Enclosed is a copy of the list of the preliminary classification of products for which application has been made for certification under the Alaska Product Preference. In accordance with regulation, this list is being published 45 days before the publication of the final list. The list is a preliminary list published so that interested parties may file objections if they have any.

According to regulations, "objections to any aspect of a preliminary list must be made in writing to the Commissioner no later than 30 days before the publication of the final list." Objections must be postmarked no later than March 1, 1988 and should be addressed to Sandi Anderson, Division of Business Development, Department of Commerce and Economic Development, P.O. Box D, Juneau, AK 88911-0800.

Inclusion on the preliminary list does not guarantee that the product or firm will be included on the final list to be published April 1. Final certifications of eligibility for Alaska Product Preference will be issued prior to the publication of the final list on April 1.

If you have any questions or need further information, please call Sandi Anderson at 465-2253 or 465-2017.

Sincerely,

Division of Business  
Development

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Enclosure

PRODUCT PREFERENCE LIST - BY PRODUCT  
PRELIMINARY LISTING  
FEBRUARY 16, 1988

PAGE 1

PRODUCT

ACETYLENE

BIG THREE LINCOLN ALASKA, INC.  
6415 ARCTIC BLVD.  
430 WEST COMMERCIAL, PALMER  
ANCHORAGE AK 99515  
APPROVED: Y CLASS: III

AGRICULTURAL CHEMICALS

ALAMASU, INC.  
MILE 1403 1/2 ALASKA HIGHWAY  
DELTA JUNCTION AK 99737  
APPROVED: Y CLASS: III

ALTERNATIVE POWER ACCESSORIES

INVERTECH ALASKA  
PO BOX 13168  
MILE .25 WEST PETERSVILLE RD  
TRAPPER CREEK AK 99683  
APPROVED: Y CLASS: III

AMMUNITION - RELOADED

ARCTIC AMMUNITION COMPANY  
PO BOX 771641  
11141 KATLIAN DRIVE  
EAGLE RIVER AK 99577  
APPROVED: Y CLASS: III

ANIMAL BEDDING

THERMO-KOOL OF ALASKA, INC.  
6348 QUINHAGAK  
ANCHORAGE AK 99507  
APPROVED: Y CLASS: III

ANIONIC EMULSIONS

EMULSION PRODUCTS OF ALASKA, INC.  
4206 NORTH STAR DRIVE  
HOLLAND AVIATION ST, NORTH POLE  
ANCHORAGE AK 99503  
APPROVED: Y CLASS: III

ASPHALT CUTBACK

EMULSION PRODUCTS OF ALASKA, INC.  
4206 NORTH STAR DRIVE  
HOLLAND AVIATION ST, NORTH POLE  
ANCHORAGE AK 99503  
APPROVED: Y CLASS: III

AUTOMATIC WEATHER OBSERVATION SYSTEM

ALASKA QUALITY CONTROL & TECHNICAL SVCS.  
907 E DOWLING RD, SUITE 29  
ANCHORAGE AK 99518-1427  
APPROVED: Y CLASS: I

BATTERY PACKS

REVL, INC DBA REVL COMMUNICATIONS  
200 W 34TH STREET, SUITE 321  
549 W INT'L AIRPORT RD.  
ANCHORAGE AK 99503  
APPROVED: Y CLASS: III

BUILDINGS - PREFABRICATED

O.K. LUMBER COMPANY, INC.  
PO BOX 10449  
649 FOHLOF STREET  
FAIRBANKS AK 99710  
APPROVED: Y CLASS: III

BUILDINGS, PRE-ENGINEERED

ALCHEM, INC.  
3617 STRAWBERRY ROAD  
ANCHORAGE AK 99502  
APPROVED: Y CLASS: III

BUTTONS

NORTH STAR WOODCRAFTERS  
PO BOX 90283  
5901 ARCTIC BLVD #P  
ANCHORAGE AK 99509  
APPROVED: Y CLASS: III

CABINETS

BUSINESS FURNITURE OF ALASKA, INC.  
1301 E DOWLING RD, SUITE 106  
5650 OLD SEWARD HWY, SUITE A  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

THE CABINET WORKS  
6350 NEILSON WAY  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

CATIONIC EMULSIONS

EMULSION PRODUCTS OF ALASKA, INC.  
4206 NORTH STAR DRIVE  
HOLLAND AVIATION ST, NORTH POLE  
ANCHORAGE AK 99503  
APPROVED: Y CLASS: III

CLOCKS

NORTH STAR WOODCRAFTERS  
PO BOX 90283  
5901 ARCTIC BLVD #P  
ANCHORAGE AK 99509  
APPROVED: Y CLASS: III

## PRODUCT

FAIRBANKS SAND & GRAVEL, INC.  
PO BOX 1511  
MILE 2.5 OLD RICHARDSON HWY  
FAIRBANKS AK 99707  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - PRECAST MANHOLES

A & E CONCRETE COMPANY  
2140 E DIMOND BLVD.  
ANCHORAGE AK 99507  
APPROVED: Y CLASS: III

PRE CAST COMPANY  
8811 TOLOFF  
2099 E 88TH  
ANCHORAGE AK 99507  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - PRECAST MISC. ITEMS

PRE CAST COMPANY  
8811 TOLOFF  
2099 E 88TH  
ANCHORAGE AK 99507  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - PRECAST UTILITY BOX

PRE CAST COMPANY  
8811 TOLOFF  
2099 E 88TH  
ANCHORAGE AK 99507  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - PRECAST VAULTS

PRE CAST COMPANY  
8811 TOLOFF  
2099 E 88TH  
ANCHORAGE AK 99507  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - PRESTRESSED GIRDERS

ALASKA AGGREGATE CORPORATION  
240 WEST 68TH AVENUE  
7800 LAKE OTIS PARKWAY  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

FAIRBANKS SAND & GRAVEL, INC.  
PO BOX 1511  
MILE 2.5 OLD RICHARDSON HWY  
FAIRBANKS AK 99707  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - READY-MIX CONCRETE

ALASKA AGGREGATE CORPORATION  
240 WEST 68TH AVENUE  
7800 LAKE OTIS PARKWAY  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

FAIRBANKS SAND & GRAVEL, INC.  
PO BOX 1511  
MILE 2.5 OLD RICHARDSON HWY  
FAIRBANKS AK 99707  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - RETAINING WALL CUBES

MALLINGER MASONRY  
5984 LUND STREET  
JUNEAU AK 99801  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - ROOF PAVERS

ALASKA AGGREGATE CORPORATION  
240 WEST 68TH AVENUE  
7800 LAKE OTIS PARKWAY  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

FAIRBANKS SAND & GRAVEL, INC.  
PO BOX 1511  
MILE 2.5 OLD RICHARDSON HWY  
FAIRBANKS AK 99707  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - ROOFS

ALASKA AGGREGATE CORPORATION  
240 WEST 68TH AVENUE  
7800 LAKE OTIS PARKWAY  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

FAIRBANKS SAND & GRAVEL, INC.  
PO BOX 1511  
MILE 2.5 OLD RICHARDSON HWY  
FAIRBANKS AK 99707  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - SLABS

ALASKA AGGREGATE CORPORATION  
240 WEST 68TH AVENUE  
7800 LAKE OTIS PARKWAY  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

FAIRBANKS SAND & GRAVEL, INC.  
PO BOX 1511  
MILE 2.5 OLD RICHARDSON HWY  
FAIRBANKS AK 99707  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - STEPPING STONES

MALLINGER MASONRY  
5984 LUND STREET  
JUNEAU AK 99801  
APPROVED: Y CLASS: III

## CONCRETE PRODUCTS - SUPPORTS

ALASKA AGGREGATE CORPORATION  
240 WEST 68TH AVENUE  
7800 LAKE OTIS PARKWAY  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

FAIRBANKS SAND & GRAVEL, INC.  
PO BOX 1511  
MILE 2.5 OLD RICHARDSON HWY  
FAIRBANKS AK 99707  
APPROVED: Y CLASS: III

## PRODUCT

DON CHEMICAL CO DBA ALASKA MILL & FEED  
114 NORTH ORCA  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

## FERTILIZER

ALAMASU, INC.  
MILE 1403 1/2 ALASKA HIGHWAY  
DELTA JUNCTION AK 99737  
APPROVED: Y CLASS: III

DON CHEMICAL CO DBA ALASKA MILL & FEED  
114 NORTH ORCA  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

## FIBERGLASS PRODUCTS

PROCTOR'S GROUP  
HCO2-7520  
PALMER AK 99645  
APPROVED: Y CLASS: III

## FIBERGLASS SHELTERS

ALASKA FIBERGLASS PRODUCTS  
200 W 34TH STREET, SUITE 321  
5631 SILVERADO WAY, SUITE G  
ANCHORAGE AK 99503  
APPROVED: Y CLASS: III

## FILTER HOUSING

NORTHLAND ENTERPRISES, INC.  
601 WEST 58TH AVENUE  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## FIREPROOFING - SPRAY

KLONDIKE FOAM & FIREPROOFING, INC.  
PO BOX 10220  
3366 MINK LANE  
FAIRBANKS AK 99710  
APPROVED: Y CLASS: III

## FISH FOOD - DRY PELLET

ICICLE SEAFOODS, INC.  
PO BOX 8  
SEWARD FISHERIES  
SEWARD AK 99664  
APPROVED: Y CLASS: III

## FISH MEAL

ICICLE SEAFOODS, INC.  
PO BOX 8  
SEWARD FISHERIES  
SEWARD AK 99664  
APPROVED: Y CLASS: III

## FISH OIL

ICICLE SEAFOODS, INC.  
PO BOX 8  
SEWARD FISHERIES  
SEWARD AK 99664  
APPROVED: Y CLASS: III

ICICLE SEAFOODS, INC.  
PO BOX 8  
SEWARD FISHERIES  
SEWARD AK 99664  
APPROVED: Y CLASS: III

## FLOATATION BILLETS

WESTERN INSULFOAM, INC.  
628 WESTERN DRIVE  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

## FURNITURE - BOOK CASES

BUSINESS FURNITURE OF ALASKA, INC.  
1301 E DOWLING RD, SUITE 106  
5650 OLD SEWARD HWY, SUITE A  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## FURNITURE - COMPUTER STANDS

BUSINESS FURNITURE OF ALASKA, INC.  
1301 E DOWLING RD, SUITE 106  
5650 OLD SEWARD HWY, SUITE A  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## FURNITURE - CREDENZAS

BUSINESS FURNITURE OF ALASKA, INC.  
1301 E DOWLING RD, SUITE 106  
5650 OLD SEWARD HWY, SUITE A  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## FURNITURE - DESKS

BUSINESS FURNITURE OF ALASKA, INC.  
1301 E DOWLING RD, SUITE 106  
5650 OLD SEWARD HWY, SUITE A  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## FURNITURE - FILING CABINETS

BUSINESS FURNITURE OF ALASKA, INC.  
1301 E DOWLING RD, SUITE 106  
5650 OLD SEWARD HWY, SUITE A  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## FURNITURE - ORGANIZERS

BUSINESS FURNITURE OF ALASKA, INC.  
1301 E DOWLING RD, SUITE 106  
5650 OLD SEWARD HWY, SUITE A  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## FURNITURE - TABLES

BUSINESS FURNITURE OF ALASKA, INC.  
1301 E DOWLING RD, SUITE 106  
5650 OLD SEWARD HWY, SUITE A  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## PRODUCT

WRANGELL FOREST PRODUCTS, LTD.  
PO BOX 5380  
MILE 6 ZIMOVIA HWY, WRANGELL  
KETCHIKAN AK 99901  
APPROVED: Y CLASS: III

## LUMBER - TIMBERS AND CANTS

SOUTH CENTRAL TIMBER DEVELOPMENT, INC.  
255 E FIREWEED LANE, SUITE 104  
JACKALOFF BAY, AK  
ANCHORAGE AK 99503  
APPROVED: Y CLASS: III

## METAL - REINFORCING STEEL FABRICATION

ANCHORAGE SAND & GRAVEL CO., INC.  
1813 EAST FIRST AVENUE  
1800 E 2ND AVE/HIGHLAND DR  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

## METAL - STEEL FABRICATION

ALLIED CONSTRUCTION SERVICES  
7600 KING STREET  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

BOB'S SERVICES, INC.  
2009 SPAR AVENUE  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

CONTRACTING SERVICES CO.  
PO BOX 309  
LOT #1, JOHNSON ROAD  
SEWARD AK 99664  
APPROVED: Y CLASS: III

STEEL FABRICATORS  
2132 RAILROAD AVENUE  
ANCHORAGE AK 99510  
APPROVED: Y CLASS: III

## METALS - STEEL FABRICATION

S & S WELDING, INC.  
2908 COMMERCIAL DR  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

## MULCH - HYDDROSEEDING

THERMO-KOOL OF ALASKA, INC.  
6348 QUINHAGAK  
ANCHORAGE AK 99507  
APPROVED: Y CLASS: III

## OIL CONTAINMENT BOOM

FIRE CONTROL SYSTEMS, INC.  
PO BOX 4150  
MILE 18 1/2 SPUR ROAD  
KENAI AK 99611  
APPROVED: Y CLASS: III

## OXYGEN

BIG THREE LINCOLN ALASKA, INC.  
6415 ARCTIC BLVD.  
430 WEST COMMERCIAL, PALMER  
ANCHORAGE AK 99515  
APPROVED: Y CLASS: I

## PAINT

ALASKAN PAINT MANUFACTURING COMPANY, INC  
2040 SPAR AVENUE  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

## PANELS - NONSTRUCTURAL CURTAIN WALL

THERMASAVE/APC  
PO BOX 190747  
AUDIE STREET, WASILLA  
ANCHORAGE AK 99519-0747  
APPROVED: Y CLASS: III

## PANELS - STRUCTURAL SANDWICH FOAM

THERMASAVE/APC  
PO BOX 190747  
AUDIE STREET, WASILLA  
ANCHORAGE AK 99519-0747  
APPROVED: Y CLASS: III

## PANELS - STRUCTURAL, INSULATED

WESTERN INSULFOAM, INC.  
628 WESTERN DRIVE  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

## PICTURE FRAMES

NORTH STAR WOODCRAFTERS  
PO BOX 90283  
5901 ARCTIC BLVD #P  
ANCHORAGE AK 99509  
APPROVED: Y CLASS: III

## PIPE - PRE-INSULATED ARCTIC

VERTECS CORPORATION  
PO BOX 111128  
KLATT ROAD AT THE ALASKA RR  
ANCHORAGE AK 99511  
APPROVED: Y CLASS: III

## PLASTIC PIPE LINE WEIGHTS

HUB CITY CONSTRUCTION, INC.  
2775 HANSON ROAD  
FAIRBANKS AK 99709  
APPROVED: Y CLASS: III

## PLAYGROUND EQUIPMENT

LOG SPECIALTIES, INC.  
1332 BRANT WAY  
BEAR CREEK MILLSITE, HOPE, AK  
ANCHORAGE AK 99515  
APPROVED: Y CLASS: III

## PRODUCT

VAN CLEEVE PRINTING, INC.  
409 W NORTHERN LIGHTS BLVD  
ANCHORAGE AK 99503  
APPROVED: Y CLASS: III

## PRINTING - SILK SCREEN

COMMERCIAL ART, INC.  
PO BOX 1708  
171 SHATTUCK WAY  
JUNEAU AK 99802  
APPROVED: Y CLASS: III

RAVEN SCREENS INC  
616 12TH AVENUE  
FAIRBANKS AK 99701  
APPROVED: Y CLASS: III

SPECTRA SHIRTS  
1200 E 76TH, SUITE 1204  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

STELLAR DESIGNS, INC.  
1220 E 68TH AVE., #101  
ANCHORAGE AK 99518  
APPROVED: Y CLASS: III

## PUMPS - DIESEL POWERED

MAUKESHA ALASKA CORPORATION  
1301 HUFFMAN ROAD  
6871 OLD SEWARD HIGHWAY  
ANCHORAGE AK 99515  
APPROVED: Y CLASS: III

## REFLECTIVE BARRICADES

WARNING LITES OF ALASKA, INC.  
591 WEST 67TH AVENUE  
ANCHORAGE AK 99518-1555  
APPROVED: Y CLASS: III

## REFLECTIVE RUNWAY MARKERS

WARNING LITES OF ALASKA, INC.  
591 WEST 67TH AVENUE  
ANCHORAGE AK 99518-1555  
APPROVED: Y CLASS: III

## REFLECTIVE SIGNS

WARNING LITES OF ALASKA, INC.  
591 WEST 67TH AVENUE  
ANCHORAGE AK 99518-1555  
APPROVED: Y CLASS: III

## SCREENS - ALUMINUM

JUREK CONSTRUCTION COMPANY  
348 WELL STREET  
FAIRBANKS AK 99701  
APPROVED: Y CLASS: III

## SEEDS

ALAMASU, INC.  
MILE 1403 1/2 ALASKA HIGHWAY  
DELTA JUNCTION AK 99737  
APPROVED: Y CLASS: III

## SPORTING &amp; ATHLETIC GOODS - CANVAS BAGS

CANVAS BAG COMPANY  
3787 ERICKSON  
FAIRBANKS AK 99709  
APPROVED: Y CLASS: III

## STAIRS, RAILINGS

S & S WELDING, INC.  
2908 COMMERCIAL DR  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

STEEL FABRICATORS  
2132 RAILROAD AVENUE  
ANCHORAGE AK 99510  
APPROVED: Y CLASS: III

## TANKS

GREER TANK, INC.  
PO BOX 190708  
2921 W INT'L AIRPORT RD  
ANCHORAGE AK 99519  
APPROVED: Y CLASS: III

S & S WELDING, INC.  
2908 COMMERCIAL DR  
ANCHORAGE AK 99501  
APPROVED: Y CLASS: III

STEEL FABRICATORS  
2132 RAILROAD AVENUE  
ANCHORAGE AK 99510  
APPROVED: Y CLASS: III

## TANKS - FIBERGLASS

ALASKA FIBERGLASS PRODUCTS  
200 W 34TH STREET, SUITE 321  
5631 SILVERADO WAY, SUITE G  
ANCHORAGE AK 99503  
APPROVED: Y CLASS: III

## TRUSSES

JUNEAU TRUSS  
5401 GLACIER HWY  
JUNEAU AK 99801  
APPROVED: Y CLASS: III

O.K. LUMBER COMPANY, INC.  
PO BOX 10449  
649 FOHLOF STREET  
FAIRBANKS AK 99710  
APPROVED: Y CLASS: III

## TV EQUIPMENT - CLOSED CIRCUIT SURVEILLAN

SECURITY ENGINEERING OF ALASKA  
PO BOX 772157  
19133 UNALASKA CIRCLE  
EAGLE RIVER AK 99577  
APPROVED: Y CLASS: I

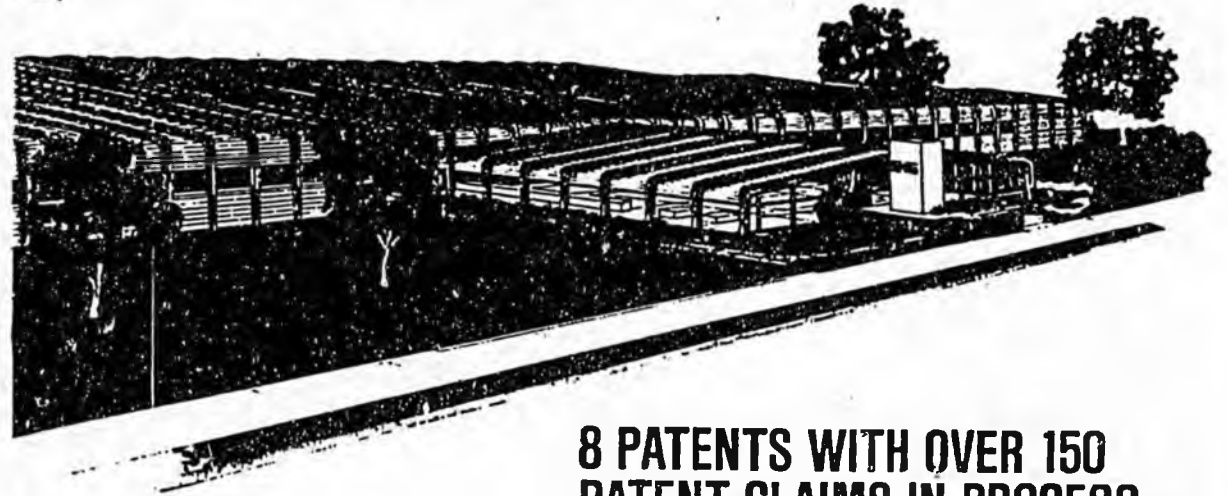
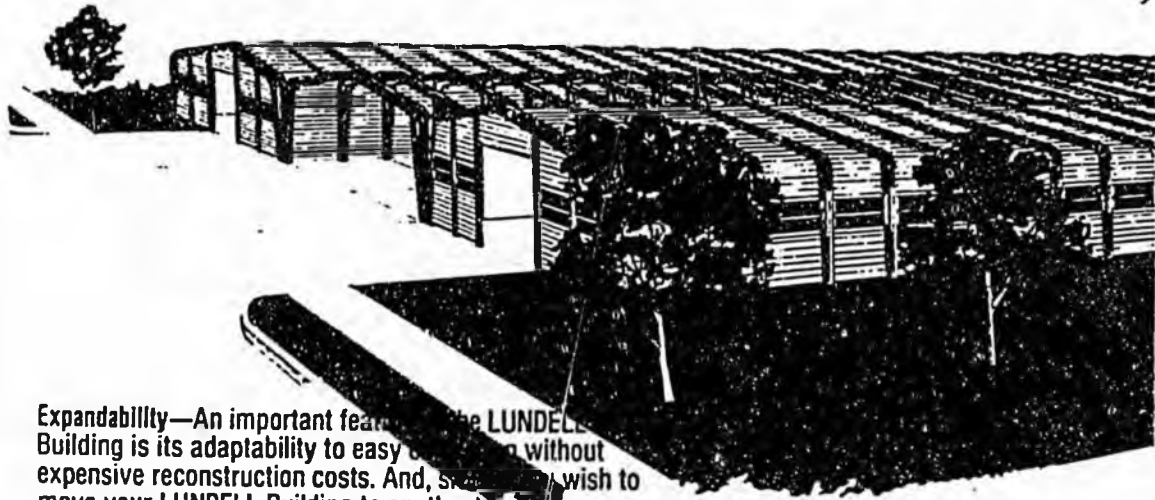
PRODUCT

WELDING REPAIR

S & S WELDING, INC.  
2908 COMMERCIAL DR  
ANCHORAGE AK 99501  
APPROVED: N CLASS:

APPROVED: N = Not Approved  
APPROVED: Y = Approved

# AN EASIER SOLUTION...LESS COST

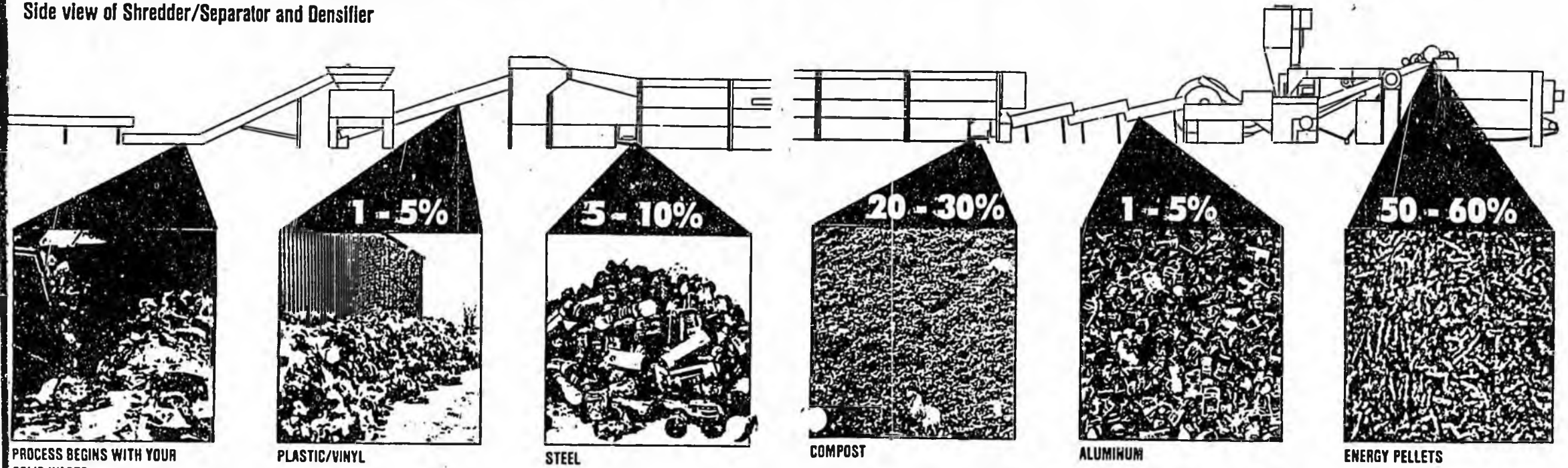


Expandability—An important feature of the LUNDELL Building is its adaptability to easy expansion without expensive reconstruction costs. And, should you wish to move your LUNDELL Building to another location you can dismantle it quickly, re-erect it quickly, thanks to the LUNDELL Snap-In Panel construction method.

8 PATENTS WITH OVER 150  
PATENT CLAIMS IN PROCESS  
ON THESE DENSIFYING  
AND SEPARATING SYSTEMS

## TURN 90% OF YOUR SOLID WASTE INTO VALUE!

Side view of Shredder/Separator and Densifier



PROCESS BEGINS WITH YOUR SOLID WASTE

PLASTIC/VINYL

STEEL

COMPOST

ALUMINUM

ENERGY PELLETS

1 - 5%

5 - 10%

20 - 30%

1 - 5%

50 - 60%

Original sponsors: Frank and Menard

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 523 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to procurement preferences for  
7 certain products."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 36.30.324 is amended to read:  
10 Sec. 36.30.324. USE OF ALASKA PRODUCTS. Alaska products shall  
11 be used whenever practicable in procurements for an agency. Alaska  
12 recycled products shall be used whenever appropriate for the intended  
13 use and when of comparable quality.  
14 \* Sec. 2. AS 36.30.332(a) is amended to read:  
15 (a) The commissioner of commerce and economic development shall  
16 adopt regulations establishing the value added in the state for mate-  
17 rials and supplies produced or manufactured in the state that are used  
18 in a state procurement and establishing whether a product qualifies as  
19 a recycled Alaska product. The commissioner [AND] shall publish a  
20 list of the products annually. A supplier may request inclusion of  
21 its product on the appropriate list.  
22 \* Sec. 3. AS 36.30.338 is amended by adding a new paragraph to read:  
23 (4) "recycled Alaska product" means an Alaska product of  
24 which not less than 50 percent of the value of the product consists of  
25 a product that was previously used in another product, if the re-  
26 cycling process is done in the state.

1 IN THE HOUSE

BY FRANK

2

HOUSE BILL NO. 523

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to procurement preferences for  
7 certain products."

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

9 \* Section 1. AS 36.30.328 is amended to read:

10 Sec. 36.30.328. GRANT OF PREFERENCE. In the evaluation of a bid  
11 or proposal for a procurement for an agency, a bid or offer that  
12 designates the use of Alaska products identified in the contract  
13 specifications and designated as Class I, Class II, or Class III state  
14 products under AS 36.30.332 is decreased by

15 (1) the percentage of the value of the designated Alaska  
16 products under AS 36.30.332; and

17 (2) an additional five percent, if the product also quali-  
18 fies as a recycled Alaska product.

19 \* Sec. 2. AS 36.30.330(b) is amended to read:

20 (b) A person is not a responsible bidder or offeror if, in the  
21 preceding three years, the person has twice designated the use of an  
22 Alaska product or a recycled Alaska product in a bid or proposal for a  
23 procurement for an agency and has each time failed to use the desig-  
24 nated [ALASKA] product for reasons within the control of the bidder or  
25 offeror.

26 \* Sec. 3. AS 36.30.330(c) is amended to read:

27 (c) The procurement officer shall report to the commissioner of  
28 commerce and economic development each contractor penalized under (a)  
29 or (d) of this section. The commissioner of commerce and economic

1 development shall maintain a list of contractors determined not to be  
2 responsible bidders under (b) of this section.

3 \* Sec. 4. AS 36.30.330 is amended by adding new subsections to read:

4 (d) If a successful bidder or offeror who designates the use of  
5 a recycled Alaska product in a bid or proposal for a procurement for  
6 an agency fails to use the designated product for a reason within the  
7 control of the successful bidder or offeror, each payment under the  
8 contract shall be reduced by five percent.

9 (e) If a successful bidder or offeror receives a percentage  
10 reduction under both (a) and (d) of this section, the percentage of  
11 the reduction shall equal the sum of both reductions.

12 \* Sec. 5. AS 36.30.332(a) is amended to read:

13 (a) The commissioner of commerce and economic development shall  
14 adopt regulations establishing the value added in the state for mate-  
15 rials and supplies produced or manufactured in the state that are used  
16 in a state procurement and establishing whether a product qualifies as  
17 a recycled Alaska product. The commissioner [AND] shall publish a  
18 list of the products annually. A supplier may request inclusion of  
19 its product on the appropriate list.

20 \* Sec. 6. AS 36.30.338 is amended to read:

21 Sec. 36.30.338. DEFINITIONS. In AS 36.30.322 - 36.30.338

22 (1) "Alaska product" means a product of which not less than  
23 25 percent of the value, as determined in accordance with regulations  
24 adopted under AS 36.30.332(a), has been added by manufacturing or  
25 production in the state;

26 (2) "manufactured lumber products" does not include recycled  
27 Alaska products;

28 (3) "produced or manufactured" means processing, develop-  
29 ing, or making an item into a new item with a distinct character and

1 use through the application within the state of materials, labor,  
2 skill, or other services;

3 (4) [(3)] "product" means materials or supplies but does  
4 not include gravel and asphalt;

5 (5) "recycled Alaska product" means an Alaska product of  
6 which not less than 50 percent of the value of the product consists of  
7 a product that was previously used in another product.  
8