

CSSS B

201

# HOUSE COMMITTEE REPORT

(11)

Date referred: 5/14/87

FURTHER REFERRALS:

*9.15  
Ruler*

DATE: 5-15-87

The Finance Committee has considered CSSB 201(SA)

"An Act relating to the local agricultural and fisheries product preference; and providing for an effective date."

**RECOMMENDS:**

- replace with HCS CSSB 201 (SA)  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 3-31
- zero with analysis

**SIGNING DO PASS:**

*Al Adams*  
*Pat Kunkel*  
*Ronald J. Lamm*  
*Ed Malley*  
*Mark Dwyer*  
*Steve Thomas*  
*Steve Trout*  
*Kay Wallis*  
*Tam Brown*  
*Mike Dun*

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Albert Adams*  
 \_\_\_\_\_  
 Chairman's signature

A

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: HS SB 201 SA  
Publish Date: 3-31

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act related to local  
agricultural and fisheries product  
preference  
Sponsor: Josephson et al.  
Requestor: \_\_\_\_\_

Agency Affected: Department of Administration  
BRU: General Services & Supply  
Components: Purchasing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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

It is not possible to determine the fiscal impact of reduced competition and potentially higher prices caused by this bill.

Prepared By: Robert J. Link *Robert J. Link* Phone: 465-2250  
Division: General Services & Supply Date: March 26, 1987

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 5/27/87  
Agency: Department of Administration

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

Original sponsors: Josephson, Szymanski,  
Fahrenkamp, et al.

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 201 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL  
6 For an Act entitled: "An Act relating to the local agricultural and fish-  
7 eries product preference; and providing for an effec-  
8 tive date."

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

10 \* Section 1. AS 36.15.050 is amended to read:

11 Sec. 36.15.050. USE OF LOCAL AGRICULTURAL AND FISHERIES PRODUCTS  
12 REQUIRED IN PURCHASES WITH STATE MONEY. (a) When agricultural prod-  
13 ucts are purchased using state money, only agricultural products  
14 harvested in this state shall be purchased whenever [COMPETITIVELY]  
15 priced no more than seven percent above products harvested outside the  
16 state, available, and of like quality compared with agricultural  
17 products harvested outside the state.

18 (b) When fisheries products are purchased using state money,  
19 only fisheries products harvested or processed within the jurisdiction  
20 of the state shall be purchased whenever [COMPETITIVELY] priced no  
21 more than seven percent above products harvested or processed outside  
22 the jurisdiction of the state, available, and of like quality compared  
23 with fisheries products harvested or processed outside the jurisdic-  
24 tion of the state.

25 (c) In [AS USED IN] this section,

26 (1) "agricultural products" includes, but is not limited  
27 to, dairy products, timber and lumber harvested in the state and  
28 products manufactured in the state from timber and lumber that has  
29 been harvested in the state;

1                   (2) "state money" includes state reimbursement to municipi-  
2                   palities and school districts for school or related construction,  
3                   foundation funding for education, municipal assistance, revenue shar-  
4                   ing, and state funds for capital projects.

5 \* Sec. 2. AS 36.15.050 is amended by adding new subsections to read:

6                   (d) A solicitation for the purchase of agricultural or fisheries  
7                   products shall specify the requirement that products harvested in the  
8                   state shall be used where possible. If state money is used to pur-  
9                   chase agricultural or fisheries products harvested outside the state,  
10                  the officer responsible for the purchase shall certify in writing the  
11                  reasons that products harvested in the state were not purchased.

12                  (e) If a contractor fails to comply with this section, the  
13                  purchasing agency shall withhold the state money until the contractor  
14                  complies. If a municipality or a school district fails to comply with  
15                  this section, the department responsible for disbursing the state  
16                  money to the municipality or school district shall withhold the money  
17                  until the municipality or school district complies.

18                  (f) An interested party, as defined in AS 36.30.699, may seek  
19                  administrative or judicial review of the award of a contract in vio-  
20                  lation of this section.

21                  (g) Compliance with this section is not required if an exception  
22                  to this section is mandated for participation in a federal program.

23 \* Sec. 3. AS 36.30.336 is amended to read:

24                  Sec. 36.30.336. APPLICATION. Notwithstanding other provisions  
25                  of this chapter, AS 36.30.322 - 36.30.338 apply to all procurements  
26                  subject to this chapter [AS 36.30], except as provided in AS 36.15.050  
27                  [AS 36.30.170(b) AND 36.30.322(b)].

28 \* Sec. 4. Section 3 of this Act takes effect on the effective date of  
29 sec. 2, ch. 106, SLA 1986.

POSITION PAPER  
SB 201



The bill provides that when State funds, including State grants to a municipality or school district, are used to purchase agricultural products, only products harvested in the state may be purchased when they are priced at no more than 7% more than other products and they are available and of like quality.

The bill also provides that when State funds, including State grants to a municipality or school district, are used to purchase fisheries products, only products harvested or processed within the jurisdiction of the state may be purchased when they are priced at no more than 7% more than other products and they are available and of like quality.

The bill requires that solicitations for agricultural or fisheries products contain the requirement that products harvested in Alaska will be used where possible and that the purchasing officer must certify, in writing, the reasons why Alaskan products were not purchased. If a contractor fails to comply with this section the purchaser may withhold funds until the contractor complies. An interested party may seek administrative or judicial review of a contract awarded in violation of this section.

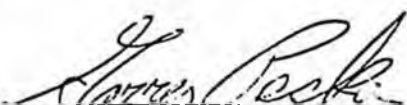
The Department of Administration is unable to calculate the fiscal impact passage of this legislation would have upon municipalities. The requirement to include municipal grants would have an insignificant affect on the cost to the department administering the grant program. It is likely some of the smaller communities receiving municipal grants would have difficulty providing the administrative review required by Section 3(e). The department supports inclusion of municipal grants in legislation relating to the local agricultural and fisheries product preference.

Procedures would be developed and put in place which provide a means for State agencies to monitor contracts for compliance.

The Department of Administration is neutral on this bill.

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

3/27/87  
Date

  
\_\_\_\_\_  
Commissioner Garrey Peska  
Department of Administration

3/27/87  
Date

Effective date of article. Section 2, effective April 24, 1986, in accordance with AS ch. 16, SLA 1986, makes this article effective 01/10/1986.

**Sec. 36.15.050. Use of local agricultural and fisheries products required in purchases with state money.** (a) When agricultural products are purchased using state money, only agricultural products harvested in this state shall be purchased whenever competitively priced, available, and of like quality compared with agricultural products harvested outside the state.

(b) When fisheries products are purchased using state money, only fisheries products harvested or processed within the jurisdiction of the state shall be purchased whenever competitively priced, available, and of like quality compared with fisheries products harvested or processed outside the jurisdiction of the state.

(c) As used in this section, "agricultural products" includes timber and lumber harvested in the state and products manufactured in the state from timber and lumber that has been harvested in the state. (§ 1 ch 16 SLA 1986)

Reviser's notes. — Enacted as AS 36.16.020. Renumbered in 1986.

**Sec. 36.15.060. Insertion of clause in calls for bids and in contracts.** A clause containing the substance of the relevant subsection of AS 36.15.050 shall be inserted in all calls for bids and in all contracts awarded that involve agricultural or fisheries products. (§ 1 ch 16 SLA 1986)

Reviser's notes. — Enacted as AS 36.16.020. Renumbered in 1986.

## Chapter 20. Purchases and Supplies.

**Sec. 36.20.010. Preference of producers or dealers in Alaska.** [Repealed, § 67 ch 106 SLA 1986, effective July 1, 1987.]

## Chapter 25. Contractors' Bonds.

**Sec. 36.25.020. Rights of persons furnishing labor or material.**

### NOTES TO DECISIONS

Recovery subject to AS 08.18.151. — *Smith v. Tyeock Timber, Inc.*, Sup. Ct. Op. No. 2413 (File Nos. 7170, 7256, 6801, 7111, 7113, 7114, 7115, 7116, 7117, 7118, 7119, 7120, 7121, 7122, 7123, 7124, 7125, 7126, 7127, 7128, 7129, 7130, 7131, 7132, 7133, 7134, 7135, 7136, 7137, 7138, 7139, 7140, 7141, 7142, 7143, 7144, 7145, 7146, 7147, 7148, 7149, 7150, 7151, 7152, 7153, 7154, 7155, 7156, 7157, 7158, 7159, 7160, 7161, 7162, 7163, 7164, 7165, 7166, 7167, 7168, 7169, 7170, 7171, 7172, 7173, 7174, 7175, 7176, 7177, 7178, 7179, 7180, 7181, 7182, 7183, 7184, 7185, 7186, 7187, 7188, 7189, 7190, 7191, 7192, 7193, 7194, 7195, 7196, 7197, 7198, 7199, 7200, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7208, 7209, 7210, 7211, 7212, 7213, 7214, 7215, 7216, 7217, 7218, 7219, 7220, 7221, 7222, 7223, 7224, 7225, 7226, 7227, 7228, 7229, 7230, 7231, 7232, 7233, 7234, 7235, 7236, 7237, 7238, 7239, 7240, 7241, 7242, 7243, 7244, 7245, 7246, 7247, 7248, 7249, 7250, 7251, 7252, 7253, 7254, 7255, 7256, 7257, 7258, 7259, 7260, 7261, 7262, 7263, 7264, 7265, 7266, 7267, 7268, 7269, 7270, 7271, 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8600, 8601, 8602, 8603, 8604, 8605, 8606, 8607, 8608, 8609, 8610, 8611, 8612, 8613, 8614, 8615, 8616, 8617, 8618, 8619, 8620, 8621, 8622, 8623, 8624, 8625, 8626, 8627, 8628, 8629, 8630, 8631, 8632, 8633, 8634, 8635, 8636, 8637, 8638, 8639, 8640, 8641, 8642, 8643, 8644, 8645, 8646, 8647, 8648, 8649, 8650, 8651, 8652, 8653, 8654, 8655, 8656, 8657, 8658, 8659, 8660, 8661, 8662, 8663, 8664, 8665, 8666, 8667, 8668, 8669, 8670, 8671, 8672, 8673, 8674, 8675, 8676, 8677, 8678, 8679, 8680, 8681, 8682, 8683, 8684, 8685, 8686, 8687, 8688, 8689, 8690, 8691, 8692, 8693, 8694, 8695, 8696, 8697, 8698, 8699, 8700, 8701, 8702, 8703, 8704, 8705, 8706, 8707, 8708, 8709, 8710, 8711, 8712, 8713, 8714, 8715, 8716, 8717, 8718, 8719, 8720, 8721, 8722, 8723, 8724, 8725, 8726, 8727, 8728, 8729, 8730, 8731, 8732, 8733, 8734, 8735, 8736, 8737, 8738, 8739, 8740, 8741, 8742, 8743, 8744, 8745, 8746, 8747, 8748, 8749, 8750, 8751, 8752, 8753, 8754, 8755, 8756, 8757, 8758, 8759, 8760, 8761, 8762, 8763, 8764, 8765, 8766, 8767, 8768, 8769, 8770, 8771, 8772, 8773, 8774, 8775, 8776, 8777, 8778, 8779, 8780, 8781, 8782, 8783, 8784, 8785, 8786, 8787, 8788, 8789, 8790, 8791, 8792, 8793, 8794, 8795, 8796, 8797, 8798, 8799, 8800, 8801, 8802, 8803, 8804, 8805, 8806, 8807, 8808, 8809, 8810, 8811, 8812, 8813, 8814, 8815, 8816, 8817, 8818, 8819, 8820, 8821, 8822, 8823, 8824, 8825, 8826, 8827, 8828, 8829, 8830, 8831, 8832, 8833, 8834, 8835, 8836, 8837, 8838, 8839, 8840, 8841, 8842, 8843, 8844, 8845, 8846, 8847, 8848, 8849, 8850, 8851, 8852, 8853, 8854, 8855, 8856, 8857, 8858, 8859, 8860, 8861, 8862, 8863, 8864, 8865, 8866, 8867, 8868, 8869, 8870, 8871, 8872, 8873, 8874, 8875, 8876, 8877, 8878, 8879, 8880, 8881, 8882, 8883, 8884, 8885, 8886, 8887, 8888, 8889, 8890, 8891, 8892, 8893, 8894, 8895, 8896, 8897, 8898, 8899, 8900, 8901, 8902, 8903, 8904, 8905, 8906, 8907, 8908, 8909, 8910, 8911, 8912, 8913, 8914, 8915, 8916, 8917, 8918, 8919, 8920, 8921, 8922, 8923, 8924, 8925, 8926, 8927, 8928, 8929, 8930, 8931, 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Original sponsors: Josephson, Szymanski,  
Fahrenkamp, et al.

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 201 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the local agricultural and fish-  
7 eries product preference; and providing for an effec-  
8 tive date."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 36.15.050 is amended to read:  
11 Sec. 36.15.050. USE OF LOCAL AGRICULTURAL AND FISHERIES PRODUCTS  
12 REQUIRED IN PURCHASES WITH STATE MONEY. (a) When agricultural prod-  
13 ucts are purchased using state money, only agricultural products  
14 harvested in this state shall be purchased whenever [COMPETITIVELY]  
15 priced no more than seven percent above products harvested outside the  
16 state, available, and of like quality compared with agricultural  
17 products harvested outside the state.  
18 (b) When fisheries products are purchased using state money,  
19 only fisheries products harvested or processed within the jurisdiction  
20 of the state shall be purchased whenever [COMPETITIVELY] priced no  
21 more than seven percent above products harvested or processed outside  
22 the jurisdiction of the state, available, and of like quality compared  
23 with fisheries products harvested or processed outside the jurisdic-  
24 tion of the state.  
25 (c) In [AS USED IN] this section,  
26 (1) "agricultural products" includes, but is not limited  
27 to, dairy products, timber and lumber harvested in the state and  
28 products manufactured in the state from timber and lumber that has  
29 been harvested in the state;

1           (2) "state money" includes state reimbursement to municipi-  
2 palities and school districts for school or related construction,  
3 foundation funding for education, municipal assistance, revenue shar-  
4 ing, and state funds for capital projects.

5 \* Sec. 2. AS 36.15.050 is amended by adding new subsections to read:

6           (d) A solicitation for the purchase of agricultural or fisheries  
7 products shall specify the requirement that products harvested in the  
8 state shall be used where possible. If state money is used to pur-  
9 chase agricultural or fisheries products harvested outside the state,  
10 the officer responsible for the purchase shall certify in writing the  
11 reasons that products harvested in the state were not purchased.

12           (e) If a contractor fails to comply with this section, the  
13 purchasing agency shall withhold the state money until the contractor  
14 complies. If a municipality or a school district fails to comply with  
15 this section, the department responsible for disbursing the state  
16 money to the municipality or school district shall withhold the money  
17 until the municipality or school district complies.

18           (f) An interested party, as defined in AS 36.30.699, may seek  
19 administrative or judicial review of the award of a contract in vio-  
20 lation of this section.

21           (g) Compliance with this section is not required if an exception  
22 to this section is mandated for participation in a federal program.

23 \* Sec. 3. AS 36.30.336 is amended to read:

24           Sec. 36.30.336. APPLICATION. Notwithstanding other provisions  
25 of this chapter, AS 36.30.322 - 36.30.338 apply to all procurements  
26 subject to this chapter [AS 36.30], except as provided in AS 36.15.050  
27 [AS 36.30.170(b) AND 36.30.322(b)].

28 \* Sec. 4. Section 3 of this Act takes effect on the effective date of  
29 sec. 2, ch. 106, SLA 1986.

Original sponsors: Josephson, Szymanski,  
Fahrenkamp, et al.

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20 of the state shall be purchased whenever [COMPETITIVELY] priced no  
21 more than seven percent above products harvested or processed outside  
22 the jurisdiction of the state, available, and of like quality compared  
23 with fisheries products harvested or processed outside the jurisdic-  
24 tion of the state.

25 (c) In [AS USED IN] this section,

26 (1) "agricultural products" includes timber and lumber  
27 harvested in the state and products manufactured in the state from  
28 timber and lumber that has been harvested in the state;

29 (2) "state money" includes state reimbursement to

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