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# HOUSE COMMITTEE REPORT

(7)

Date referred: 3/4/88

FURTHER REFERRALS: Finance

DATE: 3/22/88

The Labor & Commerce Committee has considered HB 523

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

**RECOMMENDS:**

- replace with CS HB 523 (L+C)  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 3/4/88
- zero with analysis

**SIGNING DO PASS:**

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**SIGNING OTHER RECOMMENDATIONS:**

Wfurnace none  
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David Doolley  
 Chairman's signature

# STATE OF ALASKA THE LEGISLATURE

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

## LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

HL+C	3-22-88	2:00 p.m.
HSA	3-2-88	3:00 p.m.



Official Business

**COMMITTEE:**

HOUSE LABOR & COMMERCE

**DATE:** March 22, 1988

**SIGN-IN**

**Subject of meeting:**

- HB 540 "An Act relating to access to an employee personnel file."
- HB 392 "An Act relating to municipal procurement of architectural, engineering, and land surveying services."
- HB 523 "An Act relating to procurement preference for certain products."
- HB 368 "An Act exempting certain persons from the requirement to be licensed as an occupational therapist or occupational therapy assistant."

PLEASE PRINT  
**NAME & TITLE**

**REPRESENTING**

**ADDRESS & ZIP**

**PHONE**

**DO YOU WANT TO TESTIFY?**

**SUBJECT: BILL #**

MIKE MCMULLEN Labor Relation Res. Mgr	Dept. of Admin	P.O. Box C-0220 Juneau, AK 99811-0220	H W 465-4404	Yes	HB 540
James Sanwick Dept. of Labor	Dept. of Labor	P.O. Box 20630 Juneau, AK 99802-0630	H W 465-4834	Yes	HB 540
RICHARD RITTER	APDC AIA	800 GLACIER AVE. JUNEAU, AK. 99801	H W 586-1371	YES	HB 392
Bob Link	Dept of Admin	1	H W 465-2250	if Needed	HB 523
Robin Langman	Board Physical Therapy Occupational Therapy	P.O. Box 32461 Juneau, AK. 99803	H 7806082 W 5862624	if needed	HB 368
Julie Bern	Custody Homes	P.O. B. 360 Hoonah AK.	H 700 W	NO.	
Steve Hale	LOE	700 F	H 2800 W	YES	HB 368
			H W		
			H W		
			H W		

# 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 Labor & Commerce Committee  
FROM: Rep. Steve Frank  
RE: House Bill 523 - recycled products preference  
DATE: March 22, 1988

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The proposed committee substitute would expand the bill's scope by extending the recycled products preference to municipalities.

Under existing law, state purchases are subject to the "Alaska Bidders Preference" and the "Alaska Products Preference"; however, the municipalities are not included in these requirements. Because the municipalities represent a significant potential market for recycled products we believe that it is appropriate to extend the product preference to local governments. Furthermore, since municipalities are responsible for waste disposal, increased use of recycled products will reduce their waste problem.

A final revision reflected in the CS is a title change to limit the bill's applicability to recycled products.

Thank you for your consideration.

5-1898X  
Bannister  
3/21/88

Original sponsors: Frank and Menard

1 IN THE HOUSE

2 CS FOR 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 a preference for recycled prod-  
7 ucts in state and municipal procurements."

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

9 \* Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

10 (49) AS 29.71.040 (procurement preferences)

11 \* Sec. 2. AS 29.71 is amended by adding a new section to read:

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

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

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

26 (d) If a successful bidder or offeror who receives the prefer-  
27 ence under (b) of this section fails to use the designated recycled  
28 Alaska product for a reason within the control of the successful  
29 bidder or offeror, each payment under the contract shall be reduced by

1 the percentage reduction scheduled under AS 36.30.330(a) for the  
2 classification the product has received under AS 36.30.332.

3 (e) In the evaluation of a bid or proposal for a municipal  
4 procurement, a person is not a responsible bidder or offeror if,  
5 during two contracts for which the person received a preference under  
6 (b) of this section during the preceding three years, the person  
7 failed to use the recycled Alaska product designated in the person's  
8 bids or proposals for the contracts for reasons within the control of  
9 the bidder or offeror.

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

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

14 \* Sec. 3. AS 36.30.324 is amended to read:

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

19 \* Sec. 4. AS 36.30.332(a) is amended to read:

20 (a) The commissioner of commerce and economic development shall  
21 adopt regulations establishing the value added in the state for mate-  
22 rials and supplies produced or manufactured in the state that are used  
23 in a state procurement and establishing whether a product qualifies as  
24 a recycled Alaska product. The commissioner [AND] shall publish a  
25 list of the products annually. A supplier may request inclusion of  
26 its product on the appropriate list.

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

28 (4) "recycled Alaska product" means an Alaska product of  
29 which not less than 50 percent of the value of the product consists of

1 a product that was previously used in another product, if the re-  
2 cycling process is done in the state.  
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AMENDMENT

TO: House Bill 523 - procurement preferences for recycled products

BY: Frank

New Section 3. AS 14.14.060 (h) is amended to read:

School boards within the borough may determine their own policy separate from the borough for the purchase of supplies and equipment except that school boards shall comply with AS 29.71.040.

Renumber remaining sections of the bill in proper sequence.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to procurement preferences for certain products  
Sponsor: Frank and Menard  
Requestor: House State Affairs

Agency Affected: Administration  
BRU: General Services & Supply

Components: Purchasing

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]*  
Division: General Services & Supply

Phone: 465-2250  
Date: 02/25/88

Approved by Commissioner: John M. Andrews *[Signature]*  
Agency: Department of Administration

Date: 3/18/88

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  
 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)

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION CSHB 523(SA)  
PUBLISH DATE HOUSE 3/4/88

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-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of dollars)

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

POSITIONS:

FULLTIME		-0-	-0-	-0-	-0-	-0-
PARTTIME						
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)

# HOUSE COMMITTEE REPORT

3/4

(7)

Date referred: 2/15/88

FURTHER REFERRALS: Labor & Commerce  
Finance

DATE: 3-2-88

The State Affairs Committee has considered HB 523

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

**RECOMMENDS:**

replace with CS HB 523 (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 \_\_\_\_\_
- 2  zero with analysis

**SIGNING DO PASS:**

*[Signature]*  
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**SIGNING OTHER RECOMMENDATIONS:**

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*[Signature]*  
 \_\_\_\_\_  
 Chairman's signature

POSITION PAPER  
HB 523

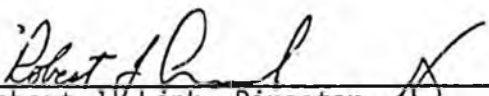
This bill attempts to encourage the manufacture of recycled products within Alaska by providing a 5% preference above existing preferences. A bidder offering Alaskan products made of recycled products could qualify for a total of 17% in preferences. The impact of the cost of administering the bid process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

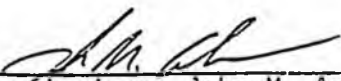
We would recommend amending the bill as follows:

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