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HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: JUDICIARY

BILL: HB 450

CURRENT VERSION:

SCHEDULED: MARCH 15, 1988

SPONSOR: PEARCE

PHONE NO: 4993

CONTACT FILE: \_\_\_\_\_

BILL SUBJECT: RELATING TO OUT OF STATE SOLICITATION FOR STATE CONTRACTS AND STATE EMPLOYEES

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
ADMINISTRATION	PUSHPENDER DHILLON/2200	NOTIFIED 4/6/88
DOT/PF	SUSAN FLEISCHAUER/3900	NOTIFIED 4/6/88

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
ADMIN/PERSONNEL	2/25/88	3/2/88	-0-	-0-
DOT/PF		3/1/88	-0-	-0-
ADMIN/GENERAL SERVICES		4/5/88	-0-	\$60,300

ACTION

<u>DATE</u>	<u>COMMENT</u>
2/10/88	REFERRED TO STATE AFFAIRS
4/13/88	HEARING: HELD FOR FURTHER CONSIDERATION UNTIL 4/15/88
4/15/88	COMMITTEE SUBSTITUTE ADOPTED AND PASSED FROM HOUSE STATE AFFAIRS

STATE OF ALASKA  
THE LEGISLATURE

POUCH V. STATE CAPITOL  
JUNEAU, ALASKA 99811  
907.465.3800

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

*House State Affs:*

*April 15 - 1988*

# HOUSE COMMITTEE REPORT

(7)

Date referred: 2/10/88

FURTHER REFERRALS:

Judiciary  
Finance

DATE: 4-15-88

The State Affairs Committee has considered HB 450

"An Act relating to out-of-state solicitation for state contracts and state employees."

**RECOMMENDS:**

- replace with CS HB 450 (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 \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

*D. A. Brubaker*  
*Terry Martin*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
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**SIGNING OTHER RECOMMENDATIONS:**

*Cliff Davidson (no rec.)*  
*John Ulmer (no rec.)*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*John Ulmer*  
 Chairman's signature



Official Business

# Alaska State Legislature

## House

COMMITTEE ON STATE AFFAIRS  
HOUSE BILL 450  
FILE CONTENTS

P.O. BOX 7  
State Capitol  
Juneau, Alaska 99811

1. HB 450: AN ACT RELATING TO OUT-OF-STATE SOLICITATION FOR STATE CONTRACTS AND STATE EMPLOYEES
- 1A. CS HB 450 (WORK DRAFT): AN ACT RELATING TO OUT-OF-STATE SOLICITATION FOR STATE CONTRACTS AND STATE EMPLOYEES
2. LETTER FROM REPRESENTATIVE PEARCE TO COMMISSIONER MALONE, DATED MARCH 24, 1988, AND RESPONSE, DATED MARCH 29, 1988
3. LETTER FROM RON LORENSEN TO REPRESENTATIVE PEARCE, DATED MARCH 24, 1988
4. LETTER FROM RON LORENSEN TO REPRESENTATIVE ULMER, DATED MARCH 9, 1988
5. MEMORANDUM FROM THERESA BANNISTER TO REPRESENTATIVE PEARCE, DATED FEBRUARY 15, 1988
6. LETTER FROM COMMISSIONER MALONE TO REPRESENTATIVE ULMER, DATED MARCH 17, 1988
7. LETTER FROM DAVID CHOQUETTE TO REPRESENTATIVE PEARCE, DATED FEBRUARY 17, 1988
8. DEPARTMENT OF ADMINISTRATION, DIVISION OF PERSONNEL, POSITION PAPER, DATED MARCH 2, 1988
9. DEPARTMENT OF ADMINISTRATION, DIVISION OF GENERAL SERVICES AND SUPPLY, DATED MARCH 2, 1988
10. ALASKA DEPARTMENT OF LABOR NEWS RELEASE, DATED FEBRUARY 19, 1988
11. OFFICE OF THE GOVERNOR NEWS RELEASE, DATED JANUARY 21, 1988
12. ALASKA ASSOCIATION OF MANUFACTURERS' NEWSLETTER, SPRING 1988

### FISCAL NOTES

- A. DEPARTMENT OF ADMINISTRATION, PERSONNEL: -0-
- B. DEPARTMENT OF ADMINISTRATION, DIVISION OF GENERAL SERVICES AND SUPPLY: \$103,100
- B2. (CS HB 450) DEPARTMENT OF ADMINISTRATION, DIVISION OF GENERAL SERVICES AND SUPPLY: \$60,300
- C. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, DESIGN AND CONSTRUCTION, MAINTENANCE AND OPERATIONS AND ADMINISTRATION: -0-

5-1857B  
Bannister  
4/14/88

Original sponsors: Pearce, Swackhammer,  
Collins, et al.

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 450 (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 out-of-state solicitation for  
7 state contracts and state employees."

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

9 \* Section 1. LEGISLATIVE FINDINGS. The legislature finds that

10 (1) the state is experiencing economic difficulties and the rate  
11 of unemployment is very high;

12 (2) the state contains a pool of able-bodied and skilled workers  
13 and organizations from which the state could, in most instances, find the  
14 persons necessary to perform its contracts and fill its employment posi-  
15 tions;

16 (3) before advertising outside the state, the state should  
17 conduct a search in the state for persons and organizations to perform its  
18 contracts and to fill its positions.

19 \* Sec. 2. AS 36.30 is amended by adding a new section to read:

20 Sec. 36.30.875. OUT-OF-STATE SOLICITATION OF CONTRACTS. (a)  
21 Except as necessary to contact the persons on the contractor lists  
22 established under AS 36.30.050, an agency may not solicit outside of  
23 the state for a contract unless the chief procurement officer, or, for  
24 construction contracts or procurements for the state equipment fleet,  
25 the commissioner of transportation and public facilities determines in  
26 writing that the agency has solicited within the state and that

27 (1) the agency has not received a responsive bid from a  
28 responsible bidder, if the agency is procuring the contract under  
29 AS 36.30.100 - 36.30.190;

has actively solicited 14,900 forms  
in the state during the 15-week  
period that covered the date  
when the agency began soliciting  
for the position and has been  
unable to find an individual  
who is qualified for the  
position -

[Solicitation - solicit - solicited]  
→ Definitive - s

*BASE ROOT OFFERS*

1 (2) the agency has not received a responsive proposal from  
2 a responsible offeror, if the state is procuring the contract under  
3 AS 36.30.200 - 36.30.270; or

4 (3) a source for the required procurement is not available  
5 in the state, if the procurement is made under AS 36.30.300, 36.30.-  
6 305, 36.30.310, or 36.30.320.

7 (b) This action does not apply to contracts for professional  
8 services to be performed in an area outside of the state and requiring  
9 knowledge of the customs, procedures, rules, or laws of the area.

10 (c) In this section

11 (1) "agency" includes the University of Alaska, the Alaska  
12 State Building Authority, and the Alaska Railroad Corporation;

13 (2) "solicit" includes advertising, initiating contact with  
14 a person, and sending an invitation to bid or a request for proposals  
15 to a person who has not requested the invitation or request.

16 \* Sec. 3. AS 39.25 is amended by adding a new section to read:

17 Sec. 39.25.165. OUT-OF-STATE SOLICITATION ~~PROHIBITED.~~ (a)

18 Except as provided in (b) of this section, a state agency, including  
19 the division of personnel, may not solicit outside the state for an  
20 individual to fill a position as a state employee unless the personnel  
21 officer determines in writing that the agency <sup>has solicited</sup> has advertised in the  
22 state during the 15-week period that followed the date when the agency  
23 began advertising for the position and has been unable to find an  
24 individual who is qualified for the position. In this subsection,  
25 "personnel officer" means the commissioner of administration for a  
26 state agency of the executive branch, the speaker of the house of  
27 representatives for the members, committees, and leadership of the  
28 house of representatives, the president of the senate for the members,  
29 committees, and leadership of the senate, and the executive director

*EXCEPTION - TITLE TO SECTION UNDER APP.*

1 of the Legislative Affairs Agency for the other entities of the legis-  
2 lative branch.

3 (b) The prohibition in (a) of this section does not apply if the  
4 state agency is

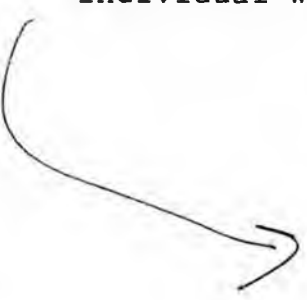
5 (1) in the executive branch and the governor makes a writ-  
6 ten finding that the state agency is not likely to be able to find an  
7 individual who is qualified for the position by soliciting in the  
8 state;

9 (2) in the legislative branch and the legislative budget  
10 and audit committee makes a written finding that the state agency is  
11 not likely to be able to find an individual who is qualified for the  
12 position by soliciting in the state.

13 (c) In this section

14 (1) "position" includes a position in the exempt or par-  
15 tially exempt service, except a position identified in AS 39.25.-  
16 110(1) - (2);

17 (2) "solicit" includes advertising, initiating contact with  
18 an individual, and sending a copy of an employment vacancy notice to an  
19 individual who has not requested the notice.  
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# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300

March 29, 1988

The honorable Drue Pearce  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Pearce:

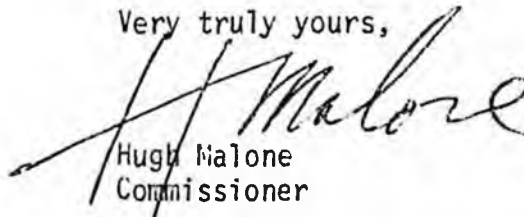
It is most useful, and the standard practice of the Department of Revenue to provide the sponsors of legislation a copy of any comments that may apply to the legislation.

In fact when time allows, it is preferable to discuss any comments with the sponsor, and we do try to do that.

I appreciate your concern over the March 17 letter on HB 450. Having served in the legislature myself, I realize timely communications are essential to your work.

The oversight was mine. I apologize for the difficulty that I caused you. I assure you, it was not my intention to cause difficulty.

Very truly yours,



Hugh Malone  
Commissioner

HM:m11  
88-89

cc: All members of House State Affairs

Bob Evans  
Representative Fran Ulmer  
Co-Sponsors of HB 450



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

POSITION PAPER/OFFICE OF THE GOVERNOR

April 15, 1988

Proposed CS for HB No. 450 ( )

"An Act relating to out-of-state solicitation for state contracts and state employees."

The Office of the Governor supports in principle the legislative findings in Section 1 of this bill, and agrees that in most instances the State can find the persons necessary to perform its contracts and fill its employment positions in-state, and that persons and organizations within the state should be considered before positions or contracts are advertised outside Alaska. It has been the experience of the Executive Branch historically that certain types of services and qualified applicants for some high-level positions requiring specific technical or professional skills are not available within the state, however, and it is important that State procurement and hiring regulations allow the flexibility for out-of-state solicitation of contracts and advertisement of positions in a timely manner.

Section 2 of this bill adds a new section to AS 36.30 which defines conditions under which out-of-state solicitation of contracts by a State agency is permitted. Previous versions of this bill were in conflict to some extent with the procurement code in that no allowance was made for out-of-state contractors who are on a contractors' list. The proposed committee substitute alleviates this conflict by providing that an agency may solicit outside of the state "as necessary to contact the persons on the contractor lists established under AS 36.30.050."

Section 3 of this bill amends provisions of the State's personnel code, and provides that "a state agency, including the division of personnel, may not solicit outside the state for an individual to fill a position as a state employee unless the personnel officer determines in writing that the agency has actively solicited in good faith in the state during the fifteen week period that followed the date when the agency began advertising for the position and has been unable to find an individual who is qualified for the position." Previous versions of the bill required a much longer waiting period; however, this version would require

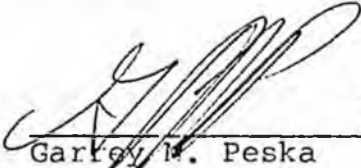
April 15, 1988

Proposed CS for HB No. 450 ( )

a nearly four-month advertising period before a determination could be made that suitable candidates were not available. Advertising and recruitment outside the state would add an additional two months to the hiring effort, which could have a serious impact on the program or department if a vacancy were to exist for six months or more while the requirements of this section were met. Section 3 (b) (1) provides the Executive Branch with the needed flexibility to avoid such delays in filling a position by permitting the Governor to make a determination that "the state agency is not likely to be able to find an individual who is qualified for the position by soliciting in the state."

We have some concerns about the use of the term "solicit" in the context of hiring. An out-of-state solicitation would not necessarily result in an out-of-state hire. The Office of the Governor concurs with the Department of Law's March 9, 1988, memorandum to Representative Fran Ulmer with respect to the need for clarification of these terms.

APPROVED:

  
\_\_\_\_\_  
Garvey M. Peska                      Date  
Chief of Staff                              4/15/88

BY PEARCE, SWACKHAMMER, COLLINS,  
ZAWACKI, HANLEY, HUDSON, NAVARE,  
FRANK, PHILLIPS, MENARD, BROWN  
GRUENBERG AND FURNACE

1 IN THE HOUSE

2 HOUSE BILL NO. 450

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

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17 to find an individual who is qualified for the position.

18 (b) In this section

19 (1) "personnel officer" means the commissioner of admin-  
20 istration for a state agency of the executive branch, the speaker of  
21 the house of representatives for the members, committees, and leader-  
22 ship of the house of representatives, the president of the senate for  
23 the members, committees, and leadership of the senate, and the execu-  
24 tive director of the Legislative Affairs Agency for the other entities  
25 of the legislative branch;

26 (2) "position" includes a position in the exempt or par-  
27 tially exempt service, except a position identified in AS 39.25.-  
28 110(1) - (2).



BOARD COUNCIL

BOARD FINANCIAL

9/15/77

15 weeks ✓  
60% placed

6 months solicitation

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(3) a source for the required procurement is not available in the state, if the procurement is made under AS 36.30.300, 36.30.-305, 36.30.310, or 36.30.320.

(b) This action does not apply to contracts for professional services to be performed in an area outside of the state and requiring knowledge of the customs, procedures, rules, or laws of the area.

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means the commissioner of administration for a state agency of the executive branch, the speaker of the house of representatives for the members, committees, and leadership of the house of representatives, the president of the senate for the members, committees, and leadership of the senate, and the executive director of the Legislative Affairs Agency for the other entities of the legislative branch.

no position has been actively

1 (b) The prohibition in (a) of this section does not apply if the  
2 state agency is

3 (1) in the executive branch and the governor makes a  
4 written finding that the state agency is not likely to be able to find  
5 an individual who is qualified for the position by soliciting in the  
6 state;

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# Alaska State Legislature House of Representatives

REPRESENTATIVE DRUE PEARCE  
DISTRICT 9, SEAT A  
MINORITY WHIP

MEMBER  
RESOURCES COMMITTEE  
TRANSPORTATION COMMITTEE  
COMMERCE AND ECONOMIC DEVELOPMENT  
BUDGET SUBCOMMITTEE

3111 C STREET, SUITE 150  
ANCHORAGE, ALASKA 99503  
(907) 561-2038

WHILE IN JUNEAU:  
POST OFFICE BOX V  
JUNEAU, ALASKA 99811  
(907) 465-4993

March 24, 1988

Commissioner Hugh Malone  
Department of Revenue  
P. O. Box S  
Juneau, AK 99811

Dear Commissioner Malone:

On March 17 your department commented by letter to Representative Fran Ulmer, Chair of the House State Affairs Committee, about concerns you had relating to House Bill 450. I learned of your concerns quite by accident today.

While I do not wish to appear overly sensitive on the matter of proper channels of communication, I believe all of us would have been better served had I been notified of your concerns. I feel it would have been appropriate for your letter to have been addressed to me. Furthermore, the lack of even a copy on the letter left me at a definite disadvantage in dealing with the Committee. I have to assume that was your intent.

Questions similar to the ones you raised were brought to me by the Department of Law. In response, I have already prepared a proposed committee substitute for HB 450. I believe that this CS will remedy your complaints. A copy is enclosed for your information.

Sincerely,

Drue Pearce

cc: Bob Evans  
Ray Price  
Representative Fran Ulmer ✓  
Co-sponsors of HB 450

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300

March 29, 1988

The Honorable Drue Pearce  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Pearce:

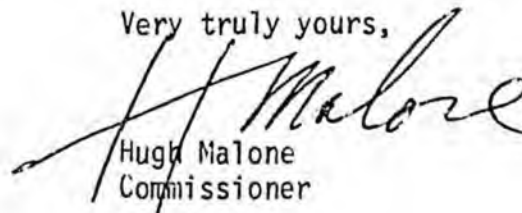
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Very truly yours,



Hugh Malone  
Commissioner

HM:m11  
88-89

cc: All members of House State Affairs

Bob Evans  
Representative Fran Ulmer  
Co-Sponsors of HB 450

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOV

P.O. BOX K—STATE CAPITOL  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600

March 24, 1988

The Honorable Drue Pearce  
Alaska State Legislature  
House of Representatives  
Pouch Y  
Juneau, Alaska 99811

Re: Proposed CSHB 450

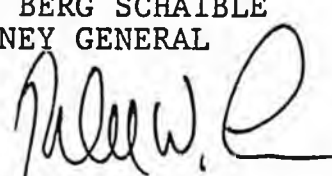
Dear Representative Pearce:

Thank you for the opportunity to review a proposed committee substitute for HB 450, relating to out-of-state solicitation for state contracts and state employees. I have reviewed the draft, and I believe that it addresses the concerns which I raised in my March 9, 1988 letter.

If I can be of any additional assistance, please let me know.

GRACE BERG SCHAIBLE  
ATTORNEY GENERAL

By:

  
Ronald W. Lorensen  
Deputy Attorney General

RWL/lg

cc: Representative Fran Ulmer, Chair, House State Affairs  
Committee

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

P.O. BOX K—STATE CAPITOL  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600

March 9, 1988

The Honorable Fran Ulmer  
House State Affairs Committee  
Alaska State Legislature  
House of Representatives  
P.O. Box V  
Juneau, Alaska 99811

Re: HB 450 relating to out-of-  
state solicitation for state  
contracts and state employees

Dear Representative Ulmer:

Representative Pearce, prime sponsor of HB 450, has asked the Department of Law to provide comments on that bill. Our comments will address constitutional law, technical and practical aspects of the bill.

First, with respect to potential issues of constitutionality, I would say that the provisions of this bill fall into the "gray zone" between being clearly constitutional and clearly unconstitutional. Under the United States Constitution, these limitations on out-of-state procurements and hiring would probably be upheld. However, given the flexibility and unpredictability of an equal protection analysis under the Alaska Constitution, I think there is a significant likelihood that these kinds of limitations would be struck down by our Alaska Supreme Court. That outcome is far from certain, however, and I do not mean to suggest that legislation along the lines of this bill should not be adopted by the legislature simply because of the chance that they would be later struck down.

With respect to the more technical aspects of the bill, there are some potential problems as the bill is presently drafted. For instance, the limitation on out-of-state solicitation in sec. 2 of the bill fits awkwardly with present provisions in the state's procurement code regarding contractors' lists. AS 36.30.050 permits anyone who holds a valid Alaska business license to be placed on contractors' lists maintained by the Department of Administration. Under AS 36.30.130(a)(3) and AS 36.30.210(c), notices of invitations to bid or requests for proposals, respectively, are to be mailed to "all active

prospective contractors on the appropriate list maintained under AS 36.30.050." Thus, out-of-state contractors on such a list would be entitled to notice of a proposed contract. This inconsistency between existing statutes and the proposed bill should be addressed.

Also, although the requirement can probably be inferred from the purpose of the bill, there is no "active" requirement in sec. 2 that agencies actually solicit in-state before the chief procurement officer makes one of the specified findings prior to an out-of-state solicitation. Another problem is that the definition of "solicitation" in sec. 2 of the bill (page 2, line 8) provides a definition for a term which is used only in the title of the section and not in the body of the section (i.e. the substantive portion) of the statute. As presently drafted, the operative word in the statute itself is "solicit". Finally, the definition as proposed underscores the need to mesh the provisions of this bill with the existing provisions in the procurement code dealing with contractors' lists. An out-of-state contractor who has placed his name on a contractors' list could assert that the limitations of this section do not apply to him since, by getting on a contractors' list, he can be considered to be a person who has requested the invitation or request.

Section 3 of the bill would amend provisions of the state's personnel code, rather than the procurement code, so the contractors' lists problems that I mentioned with respect to sec. 2 do not arise. Unlike sec. 2, this provision does use the term "solicitation" (as well as the term "solicit"), but does not provide a definition of either term. A definition of either, or both, terms would certainly be desirable from a legal point of view. Also alternate approach to limiting out-of-state solicitation might be to place a limitation on the hiring of non-residents for a certain period of time after a position becomes vacant. "Hiring" is obviously a much easier term to define than "solicit".

In addition to the constitutional and technical problems that I have identified above, I also have some practical concerns regarding the manner in which the bill would affect agency operations. For instance, there are times when the Department of Law needs to procure the services of outside counsel to assist or represent it in a matter which is pending outside the State of Alaska (e.g. pipeline tariff proceedings before the Federal Energy Regulatory Commission in Washington, D.C. or appearance before a bankruptcy court in another state on behalf of a state agency/creditor). In these kinds of situations, it would not make much sense to pursue legal

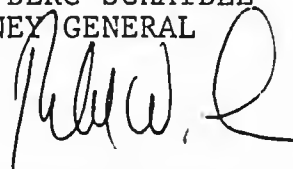
representation within Alaska. However, because of the limitations proposed in sec. 2, we may have to go through the process of soliciting in-state before we could seek the proposals of out-of-state law firms.

With respect to the limitations of sec. 3 regarding out-of-state hiring, in virtually all hiring decisions of the Department of Law this would present no particular difficulty. In recent years, there has been a sufficient pool of in-state attorney applicants such that the hiring of non-Alaskan applicants has become extremely rare. However, our experience has shown that there is not a sufficient pool of qualified minority attorney applicants in the state to permit us to actively pursue affirmative action objectives of the department and the administration. I am concerned that sec. 3 would make it very difficult for us to find and hire qualified minority attorneys in the Department of Law.

If you or members of your committee have any questions, please do not hesitate to contact me.

Sincerely yours,

GRACE BERG SCHAIBLE  
ATTORNEY GENERAL



By: Ronald W. Lorensen  
Deputy Attorney General

RWL/lg

cc: Representative Drue Pearce  
Bob Evans, Legislative Liaison, Office of the Governor  
Art Peterson, Assistant Attorney General, Juneau AGO  
Dick Pegues, Director, Administrative Services Section,  
Department of Law

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

5  
FEB 15 1988

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

MEMORANDUM

February 15, 1988

SUBJECT: Sectional analysis of HB 450  
TO: Representative Drue Pearce  
FROM: Theresa L. Bannister *TLB*  
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 provides certain findings for the bill.

Section 2.

Sec. 36.30.875(a) prohibits a state agency from soliciting outside the state for a contract unless the specified procurement officer makes a particular written finding.

Sec. 36.30.875(b) defines the terms for the section.

Section 3.

Sec. 39.25.165(a) prohibits a state agency from soliciting outside the state for an employee unless the personnel officer makes a written determination that after six months of solicitation in the state the agency hasn't been able to find a qualified individual for the position.

Sec. 39.25.165(b) defines the terms for the section.

TLB:gc  
WKG1:086

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300



March 17, 1988

The Honorable Fran Ulmer  
Chair  
House State Affairs Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Ulmer:

I would like to call your attention to the effects of HB 450, "An Act relating to out-of-state solicitation for state contracts and state employees," on the Department of Revenue. The bill would significantly affect numerous areas of the Department's contracting for professional services and, in the case of the Treasury Division, the recruitment of certain personnel.

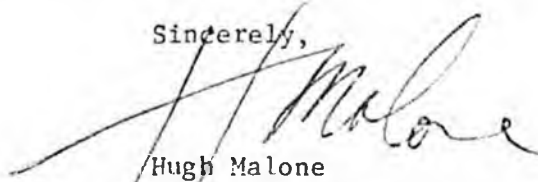
Enclosed is a list of certain Department professional services contracts. They predominantly involve out-of-state firms. Certain services--such as petroleum economic consulting, investment management, investment performance evaluation, securities custody, bond trustee, bond counsel, investment counsel, and financial advisor--are either available only from out-of-state firms, or available from such few in-state firms or in-state firms of true professional competence, that solicitations only in-state would result in either no proposals or provision of markedly inferior services. Moreover, most of these services involve questions of significant financial concern to the State. I do not believe applicability of this legislation to most Department of Revenue professional services contracts would be in the best interest of the State.

I also am concerned that the restrictions on out-of-state solicitation of personnel would be a severe handicap to the recruitment of qualified state investment officers by the Treasury. The pool of such expertise in Alaska is quite limited. Aside from personnel on Treasury staff, there are only four persons in Alaska who are fellows of the Financial Analysts Federation. Such membership is one of the qualifications for certain investment officer positions. Investment officers probably have a greater effect on the State's bottom line than any other positions in government. I do not believe applicability of the legislation to such positions would be in the State's best interests.

The Honorable Fran Ulmer  
March 17, 1988  
Page 2

I would appreciate any consideration you and your committee could give to these concerns during your deliberations on HB 450.

Sincerely,



Hugh Malone  
Commissioner of Revenue

HM/MB/gb  
88-78

Enclosure

41 seen  
 as requested  
 Mes

Department of Revenue  
 Professional Services Contracts  
 January 1, 1987 through November 12, 1987

Code	Project Description	Authority To Negotiate	Selected Vendor, Location, and Period of Performance	Date Awarded	Contract Amount	Reason for Selection
5803	To implement an automated Treasury accounting, cash, and investment management information system	85-0435	AUS Associates Calabasas, CA 11/1/85-12/31/87	7/87 amended	199,350	originally awarded by competitive bid - no in-state response; amendment extended period of performance
6330	To provide management, safekeeping, clearance, and reporting services for a portfolio of marketable securities denominated in foreign currencies or Eurodollars	84-0327A	Citibank, N.A. New Castle, DE 7/1/86-10/31/87	1/87 amended	3,176,666	originally awarded by competitive bid - no in-state response; amendment extended period of performance
6720	Financial advisor services relating to the authorization, issuance, and sale of tax-exempt revenue bonds or anticipation notes by AK Mod. Fac.	84-0595	Foster and Marshall Seattle, WA 4/1/84-4/1/88	5/87 amended	250,000	originally awarded by competitive bid- no in-state response; amendment extended period of performance
5010	To obtain services of professional collection agency to pursue monies owed by non-residents	85-0326	Financial Collection Agencies Devon, PA 9/10/85-12/31/87	9/87 amended	50,000	originally awarded by competitive bid requiring outside contractor; amendment extended period of performance
6330	To retain the services of an Equity Investment Manager for an initial \$100 million of PERS and TRS funds	84-0602	Fred Alger Management New York, NY 6/7/84 5/1/88	9/87 amended	3,061,000	sole source per findings of previous search contract (ATN 84-0265); amendment extended period of performance

Department of Revenue  
Professional Services Contracts  
January 1, 1987 through November 12, 1987  
Continued

Code	Project Description	Authority To Negotiate	Selected Vendor, Location, and Period of Performance	Date Awarded	Contract Amount	Reason for Selection
5950	To retain an economist to serve on panel of 3 to review economic aspects of tax assessments disputed by the oil industry	88-0103	Tanzer Economic Associates New York, NY 8/1/87-9/1/87	8/87	30,000	sole source
5950	To retain an economist to serve on panel of 3 to review economic aspects of tax assessments disputed by the oil industry	80-0102	Dr. Arlon Tussing Seattle, WA 8/1/87-9/1/87	8/87	30,000	sole source
561-50	To develop a Western Interstate Clearinghouse for child support enforcement	87-0186	Urban Institute Washington, D.C. 4/1/87-9/30/88	4/87	139,709	competitive bid
6330	To provide management, safekeeping, clearance, and reporting services for a portfolio of marketable securities denominated in foreign currencies or Eurodollars for PERS and TRS	84-0327A	Morgan Guaranty and Trust London, England 7/1/86-10/31/87	1/87 amended	3,176,666	originally awarded by competitive bid; amendment extended period of performance

Department of Revenue  
Professional Services Contracts  
January 1, 1987 through November 12, 1987  
Continued

Code	Project Description	Authority To Negotiate	Selected Vendor, Location, and Period of Performance	Date Awarded	Contract Amount	Reason for Selection
5950	To retain an economist to review economic aspects of state tax assessments disputed by the oil industry	88-0104	Dr. John Gault Geneva, Switzerland 8/1/87-9/1/87	8/87	30,000	sole source
6330	To provide financial advice to the state bond committee for structure and sale of general obligation bonds, guaranteed, and International Airport revenue bonds	85-0145	Government Finance Associates Princeton, NJ 10/29/84-11/27/87	11/87 amended	400,000	originally awarded by competitive bid; amendment extended period of performance
6330	To retain the services of an Equity Investment Manager for an initial \$100 million of PERS and TRS funds	84-0603	Invesco Capital Management Atlanta, GA 6/7/84-5/1/88	9/87 amended	2,844,000	sole source per findings of previous search contract (ATH 84-0265); amendment extended period of performance
6330	To retain the services of an Equity Investment Manager for an initial \$100 million of PERS and TRS funds	84-0601	Lehman Management Company New York, NY 6/7/84-5/1/88	9/87 amended	4,248,000	sole source per findings of previous search contract (ATH 84-0265); amendment extended period of performance
5420	To assist in the development of assessment inventory and evaluations of oil and gas properties for state taxation	86-0134	Pritchard & Abbott Fort Worth, TX 7/1/85-6/30/88	9/87 amended	85,000 annually	sole source due to nature of services and time availability; amendment extended period of performance



# MAKE IT ALASKAN, INC.

3202 Spenard Road, Suite 200  
P.O. Box 93001  
Anchorage, Alaska 99509-3001  
(907) 258-2878

FEB 19 1988

February 17, 1988

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**Vice-President**  
Scott Hawkins  
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## EX-OFFICIO

Charity Kadow  
Caren Mathis  
James Wiedeman

Rep. Drue Pearce  
Post Office Box V  
Juneau, Alaska 99811

Dear Rep. Pearce:

Make It Alaskan, Inc., supports and encourages the passage into legislation of House Bill 450, an act relating to out-of-state solicitation for state contracts and state employees.

Considering Alaska's current economic condition and the high rate of unemployment, it is now more important than ever to take positive steps to ensure that, whenever possible, Alaskans and Alaskan firms are given the maximum opportunity to participate in the economic recovery and development of the state. The vitality generated by employed and contributing citizens and businesses in the state of Alaska will provide an energy and source of pride in state and community that promises to surpass even the financial benefit.

House Bill 450 gives Alaskan residents and Alaskan businesses the advantage of being asked first. Make It Alaskan, Inc., firmly believes that the state SHOULD ask Alaskans first; now, in these difficult times, and always.

Please consider this a statement of support and we will help in any way possible to assure passage in the Legislature this year. Let me know what we can do.

Kindest personal regards,

P. David Choquette  
President  
Make It Alaskan, Inc.

PDC/tal

POSITION PAPER  
HB 450

PERSONNEL

Section 3 of this bill adds a new section to AS 39.25. The new section prohibits a State agency from soliciting outside the state for exempt and partially-exempt positions in State service. An exception to this prohibition exists if the personnel officer certifies that the hiring agency has been unable, after six months of in-state solicitation, to find a qualified person for the position.

Paragraph (b)(1) of Section 3 defines Personnel Officer for State agencies in the Executive Branch to be the Commissioner of Administration.

Paragraph (b)(2) of Section 3 limits the coverage of the bill to exempt or partially-exempt positions which are not elected positions or positions in the Judicial Branch.


Analysis

Positions which are included in the exempt and partially-exempt service are listed in AS 39.25.110 and 39.25.120 respectively. Among the positions statutorily defined as exempt are physicians licensed to practice in this state and employed by the Division of Mental Health and Developmental Disabilities (AS 39.25.110(13)). These positions, classified as medical officers in the State's system, are highly technical positions which have historically been difficult to fill. A requirement that the State solicit unsuccessfully in-state for six months before soliciting out-of-state for these positions could result in a severe shortage of medical officers at Alaska Psychiatric Institute and a concomitant loss of primary medical care to residents. We recommend that medical officers be excluded from the provisions of this chapter by changing the bill's definition of position as follows:

"position" is limited to positions listed in 39.25.110 and 39.25.120, except a position found in 39.25.110(1), (2) and (13).

Position

Oppose as currently drafted. Support with recommended change.

  
\_\_\_\_\_  
Diana DeSimone, Director  
Division of Personnel

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

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

3/2/88  
\_\_\_\_\_  
Date

POSITION PAPER

IB 450

9

GENERAL SERVICE & SUPPLY

This portion of our position paper is based on the effect of the bill on bids issued by the Department of Administration for the executive branch.

Analysis

Section 2 of the bill adds a new section to AS 36.30 which would prohibit solicitation of bids outside of the state until we could determine that the item sought was not available in state. If no Alaskan firms responded to our in-state solicitation, we could then solicit out of state. This secondary solicitation would extend the procurement process by approximately 60 days. When we opened bids received in response to the in-state solicitation, the bid would have to be awarded to the lowest responsive responsible bidder no matter what location or price.

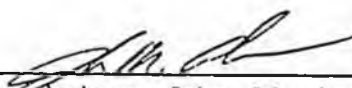
This bill, as written, would conflict with AS 36.30.050 (b) and AS 36.30.130 (a) (3).

Position

We cannot support this bill as long as the conflict between the bill and the statutes remains.

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

3/1/88  
\_\_\_\_\_  
Date

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

3/2/88  
\_\_\_\_\_  
Date

# NEWS RELEASE

P.O. BOX 1149, JUNEAU, ALASKA 99802

(907) 465-2700

Steve Cowper, Governor, Jim Sampson, Commissioner, J. Allan MacKinnon, Information Officer

## Alaska Employment and Unemployment In January

Unemployment in Alaska took a turn for the worse in the month of January, the unemployment rate increased eight-tenths of a percentage point to begin the new year. January's unemployment rate was 10.8 percent, which translated into over 25,000 unemployed Alaskans. Last January the unemployment rate in Alaska was 13.1 percent. The comparable unemployment rate for the US in January (civilian not seasonally adjusted) was 6.3 percent.

Primarily Southeast Alaska and the Gulf Coast area of the state took the biggest jumps in unemployment. Much of the increased unemployment in these two regions can be traced to seasonal employment declines in the manufacturing and transportation industries or layoffs in retail trade establishments following the Christmas season.

Alaska non-agricultural wage and salary employment data indicates that employment losses over the year are beginning to narrow, a sign that Alaska's economy may be headed toward recovery. Most of the over-the-year gains are occurring in the manufacturing industry, in particular seafood processing. While the narrowing of over-the-year employment losses due to a strong showing in the fishing industry is good news for the economy as a whole, regions of the state that have little or no seafood processing employment are not faring as well as those that do. Anchorage and the MatSu Borough for instance have limited direct employment in this industry and are therefore not participating in the employment gains being realized in the coastal areas of the state.

## Alaska Nonagricultural Wage and Salary Employment

	Changes From:				
	P/ 1/88	R/ 12/87	1/87	12/87	1/87
Total Nonagricultural Employment	196,000	203,100	196,600	-7,100	600
Mining	8,200	8,200	7,900	0	300
Construction	7,600	8,800	8,800	-1,200	-1,200
Manufacturing	11,000	10,500	8,400	500	2,600
Trans. Comm. & Utilities	16,600	17,000	16,400	-400	200
Trade	38,500	41,400	38,700	-2,900	-200
Finance-Ins. & R.E.	10,700	10,800	11,400	-100	-700
Services & Misc.	39,400	40,300	40,000	-900	-600
Government	64,000	66,100	65,000	-2,100	-1,000

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska. Benchmark Date March 1987.

P/ Denotes Preliminary Estimates

R/ Denotes Revised Estimates

Contact John Boucher  
465-4510Neal Fried 264-2400  
Fairbanks Toll Free 800-478-9900

Date: February 19, 1988

No: 88-46

## Labor Force by Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 1/88	R/ 12/87	1/87	P/ 1/88	R/ 12/87	1/87	P/ 1/88	R/ 12/87	1/87	P/ 1/88	R/ 12/87	1/87
Alaska Statewide	233,295	237,724	233,039	25,174	23,706	30,567	10.8	10.0	13.1	208,121	214,018	202,472
Arch-MatSu Region	124,300	126,818	125,699	11,439	10,718	13,667	9.2	8.5	10.9	112,861	116,100	112,032
Anchorage Borough	109,614	112,404	110,429	8,776	9,215	10,445	8.0	7.3	9.5	100,838	104,189	99,984
MatSu Borough	14,686	14,414	15,270	2,663	2,503	3,222	18.1	17.4	21.1	12,023	11,911	12,049
Gulf Coast Region	24,963	25,243	23,650	3,534	3,318	4,435	14.2	13.1	15.7	21,429	21,925	19,225
Kenai Peninsula Bor	16,192	16,196	15,328	2,806	2,502	3,321	17.3	15.4	21.7	13,384	13,694	12,007
Kodiak Island Bor	5,238	5,406	4,912	304	359	486	5.8	6.6	9.9	4,934	5,046	4,426
Valdez Cordova	3,533	3,641	3,410	422	458	618	11.9	12.6	18.1	3,111	3,183	2,792
Interior Region	34,245	35,576	35,095	4,920	4,943	6,226	14.4	13.9	17.7	29,325	30,635	28,870
Fairbanks North Star Bor	29,332	30,546	30,071	4,055	4,077	5,127	13.8	13.3	17.0	25,337	26,469	24,944
Southeast Fairbanks	2,073	2,120	2,091	362	333	407	17.5	15.7	19.5	1,711	1,787	1,684
Yukon-Koyukuk	2,780	2,912	2,934	503	533	692	18.1	18.3	23.6	2,277	2,379	2,242
Northern Region	7,519	7,749	7,676	768	777	850	10.2	9.7	11.1	6,751	6,995	6,826
Nome	2,934	3,007	2,903	365	347	306	12.4	11.5	10.5	2,569	2,662	2,597
North Slope Borough	2,616	2,734	2,703	131	159	171	5.0	5.8	7.0	2,485	2,575	2,513
Northwest Arctic Bor	1,969	2,008	2,070	272	250	273	13.8	12.5	17.1	1,697	1,758	1,716
Southeast Region	31,201	31,510	30,952	3,727	3,083	4,450	11.9	9.6	14.4	27,474	28,427	26,502
Haines Borough	843	839	850	150	122	182	17.8	14.5	21.4	693	717	668
Juneau Borough	13,176	13,573	13,028	927	699	1,211	7.0	6.6	9.3	12,249	12,675	11,817
Ketchikan Gateway Br	6,175	6,151	6,122	746	534	885	12.1	8.7	14.5	5,429	5,617	5,237
Pr. of Wales Outer Kitch	2,519	2,379	2,511	550	342	612	21.8	14.4	24.4	1,969	2,037	1,899
Sitka Borough	3,627	3,771	3,513	332	362	335	9.2	9.6	9.5	3,295	3,409	3,178
Skagway Yakutat Anaj	1,701	1,629	1,631	465	371	458	28.5	22.8	26.1	1,216	1,258	1,173
Wrangell Petersburg	3,160	3,168	3,297	537	454	767	17.0	14.3	23.3	2,623	2,714	2,530
Southwest Region	11,067	10,826	9,966	786	690	949	7.1	6.2	9.5	10,281	9,936	9,017
Aleutian Islands	3,051	2,956	2,726	90	55	129	2.9	3.2	4.7	2,961	2,861	2,597
Bethel	4,264	4,191	3,830	320	379	371	7.5	9.0	9.7	3,944	3,812	3,459
Bristol Bay Borough	450	398	379	43	53	66	10.8	13.3	17.4	357	345	313
Dillingham	1,989	1,940	1,505	152	165	195	7.6	8.5	10.8	1,837	1,775	1,611
Wade Hampton	1,363	1,341	1,225	181	108	188	13.3	14.8	15.3	1,182	1,143	1,037

P/ Preliminary R/ Revised 1987 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's rural localities have proportionately more of these discouraged workers.

10

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

STEVE COWPER  
GOVERNOR

# NEWS RELEASE



FOR INFORMATION CONTACT  
David Ramsaur  
Press Secretary

Laury Roberts Scandling  
Deputy Press Secretary

Office of the Governor  
Box A, Juneau, AK 99811

Bus. Phone (907) 465-3500

FOR IMMEDIATE RELEASE  
January 21, 1988  
No. 88-8

## COWPER STRENGTHENS ALASKA VENDOR PREFERENCE

JUNEAU -- State purchasing practices and are being modified as requested by Gov. Steve Cowper in order to give more state business to Alaska firms. The action is part of the Governor's larger economic stabilization effort.

The intent of the new approach is to give qualified Alaska firms a competitive edge when bidding on state contracts and to initiate a single tracking system to better monitor awards and appeals.

Last month Cowper notified commissioners that all departments need to strive to award a greater share of state purchases to Alaska businesses. He asked for a report by the end of March on whether the new procedures are successful.

"Alaskan vendors hire Alaskans. Employed Alaskans put their wages back into the state's economy," wrote Cowper in a memo. "Thus, doing business with Alaskans puts the public dollar where it ought to be -- into an economy in which all of us have a vested interest."

-MORE-

2-2-2-2

No. 88-8

Jan. 21, 1988

Cowper identified six immediate objectives to improve the state's solicitation of in-state services. This week Administration Commissioner John Andrews informed departments that those changes have been incorporated into official procurement procedures.

\* Ten percent of proposal evaluation points will be awarded if bidders are qualified Alaskans.

\* Quotations from Alaskan vendors must be secured for even small purchases (under \$5,000). There are 60,000 such purchases annually by the state.

\* Large solicitations are to be separated into smaller components if it will help Alaska businesses compete for the bid award.

\* Solicitations will include a section asking potential bidders to contact the Department of Administration prior to the bid opening if there are problems with the specifications. This will permit the state to intervene in the bidding process early on if necessary and should reduce the number of contested procurements.

All bid award protests and responses will be forwarded to the department for better recording keeping on the incidence of appeals.

-MORE-

3-3-3-3

No. 88-8

Jan. 21, 1988

\*The state's Productivity Improvement Center, which coordinates and conducts various training for public employees, will hold a course on competitive sealed proposals to inform purchasing officers of the Governor's efforts to strengthen Alaskan business participation in state contract awards. The sessions will occur in Juneau and Anchorage in March.

\*Solicitations must specify a preference for products grown and manufactured in Alaska, including building and wood materials and food.

Appropriate state agency manuals have been amended to reflect the changes.

The March report to the Governor will include information regarding vendor complaints, agency protests, and data on the dollar volume of in-state and out-of-state purchases. It will be the first time the state has centralized collection and tabulation of purchasing data on a regular basis.

Purchasing data are hard to pull together. However, Andrews noted that in FY 87 about one-third of his department's \$128 million in purchases of goods and services (not including insurance premiums or contracts based on Requests for Proposals) went to out-of-state firms.



## "LEGISLATIVELY SPEAKING"

### REP. H.A. "RED" BOUCHER HOSTS TELECONFERENCE

Rep. Red Boucher arranged a series of teleconferences recently to attempt to gain input for the Small Business Economic Recovery sub-committee. The opportunity to testify was made available throughout the state at various Legislative Information offices, and AAM staff phoned all members of the association to inform them of the importance of their participation. Though an excellent response was received from most calls made, the turnout was a disappointment to Rep. Boucher and his staff, other Legislators involved, and to the staff of the AAM. It was hoped that a great deal of input could be gathered from these teleconferences with regard to problems faced by manufacturers and/or small business concerns in general. The AAM encourages all members to call the AAM office or their Legislative information office with any questions pertaining to public testimony/teleconference procedures. It is quite informal, and when future opportunities arise to testify, please recognize the importance of being a participant. **It is YOUR opportunity to explain problems and ask for and/or offer solutions!**

### LEGISLATION THAT NEEDS YOUR SUPPORT

Three pieces of legislation have been introduced which need the consideration and support of all Alaskan manufacturers. It is essential that you express your statement of support to those Legislators listed for you on the enclosed sheet, either by mail or by phone. The three bills, HB 197, HB 450 and SB 460 are shown in their entirety for you to read. After reading these, we ask that you immediately make photocopies of the form provided, sign and send to the Legislators listed. The address has been provided, so that you need only to write or type in the name of the Senator or Representative above the address, stamp and mail. **PLEASE MAIL AS SOON AS POSSIBLE, no later than MARCH 16.** The combined efforts of the AAM members will have an impact, but we need the help of everyone to make our voices heard. Questions? Call the AAM office (258-2878) or the Legislative Information office (Anchorage 278-3668; Fairbanks 452-4448; Juneau 456-4648; Mer-Ida 376-3704).

#### HOUSE BILL 197

#### IN THE LEGISLATURE OF THE STATE OF ALASKA FIFTEENTH LEGISLATURE - FIRST SESSION

#### A BILL

For an Act entitled : "An Act relating to delivery of supplies purchased under the State Procurement Code; and providing for an effective date."

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

\* Section 1. AS36.30 is amended by adding a new section to article 1 to read:

Sec. 36.30.090 DELIVERY OF SUPPLIES. Supplies purchased under this chapter shall be delivered at a location within the state unless the department determines that a point of delivery outside the state would be in the best interest of the state. A bid or proposal involving the procurement of supplies shall specify the delivery location and shall state that the price is the delivered price at that location.

\* Section 2. This act takes effect July 1, 1987.

Introduced 3/20/87

Referred: Labor and Commerce/Finance

**LEGISLATION, CONT'D.**

**SENATE BILL 460  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
FIFTEENTH LEGISLATURE - SECOND SESSION  
A BILL**

For an Act entitled: "An Act relating to the costs of administering state contracts."

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

\* Section 1. FINDINGS. The legislature finds that different bids for a contract that is primarily for supplies can require significantly different state costs for the administration of the contract. The legislature also finds that if significant administrative costs would be required due to the nature of a particular bid, the costs should be added to the bid amount before the low bidder is determined.

\* Section 2. AS 36.30 is amended by adding a new section to read:

Sec. 36.30.165 INCLUSION OF ADMINISTRATIVE COSTS. After the opening of the bids for a contract that is primarily for supplies, but before the determination of the successful bidder under AS 36.30.170, the procurement officer shall add to the amount of each bid the significant costs, including transportation and per diem costs, that would be incurred by the state to administer the contract under the bid. The resulting figure is the amount of the bid.

Introduced 2/16/88

Referred: State Affairs

**HOUSE BILL 450  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
FIFTEENTH LEGISLATURE - SECOND SESSION  
A BILL**

For an Act entitled: "An Act relating to out-of-state solicitation for state contracts and state employees."

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

\* Section 1. LEGISLATIVE FINDINGS. The legislature finds that (1) the state is experiencing economic difficulties and the rate of unemployment is very high; (2) the state contains a pool of able-bodied and skilled workers and organizations from which the state could, in most instances, find the persons necessary to perform its contracts and fill its employment positions; (3) before advertising outside the state, the state should conduct a search in the state for persons and organizations to perform its contracts and fill its positions.

\* Section 2. AS 36.30 is amended by adding a new section to read:

Sec. 36.30.875 OUT OF STATE SOLICITATION OF CONTRACTS. (a) An agency may not solicit outside of the state for a contract unless the chief procurement officer, or for construction contracts or procurements for the state equipment fleet, the commissioner of transportation and public facilities determines in writing that (1) the agency has not received a responsive bid from a responsible bidder, if the agency is procuring the contract under AS 36.30.100 - 36.30.190; (2) the agency has not received a responsive proposal from a responsible offeror, if the state is procuring the contract under AS 36.30.200 - 36.30.270; or (3) a source for the required procurement is not

**LEGISLATIVE, CONT'D.**

available in the state, if the procurement is made under AS 36.30.300, 36.30.305, 36.30.310, or 36.30.320. (b) in this section, (1) "agency" includes the University of Alaska, the Alaska State Building Authority, and the Alaska Railroad Corporation; (2) "solicitation" includes sending an invitation to bid or a request for proposals to a person who has not requested the invitation or request.

\* Section 3. AS 39.25 is amended by adding a new section to read:

Sec. 39.25.165. OUT OF STATE SOLICITATION PROHIBITED. (a) A state agency, including division of personnel, may not solicit outside the state for an individual to fill a position as a state employee unless the personnel officer determines in writing that the agency has been unable during six months of solicitation in the state to find an individual who is qualified for the position. (b) In this section (1) "personnel officer" means the commissioner of administration for a state agency of the executive branch, the speaker of the house of representatives for the members, committees, and leadership of the house of representatives, the president of the senate for the members, committees, and leadership of the senate, and the executive director of the Legislative Affairs Agency for the other entities of the legislative branch; (2) "position" includes a position in the exempt or partially exempt service, except a position identified in AS 39.25.110 (1) - (2).

Introduced: 2/10/88

Referred: State Affairs, Judiciary and Finance

\*\*\*\*\*  
VOICE YOUR SUPPORT BY CALLING, OR SENDING SIGNED COPIES OF THE ENCLOSED FORM. BE SURE TO TYPE THE NAME OF THE SENATOR OR REPRESENTATIVE ABOVE THE MAILING ADDRESS. DO IT TODAY!

**LABOR AND COMMERCE**

Rep. Dave Donley, Chairman 465-3892 \*\*\* Sen. Tim Kelly, Chairman 465-3822

**FINANCE**

Rep. Al Adams, Chairman 465-3706 \*\*\* Sen. John Binkley, Co-Chair 465-4985  
Sen. Rick Halford, Co-Chair 465-3753

**STATE AFFAIRS**

Rep. Fran Ulmer, Chairman 465-4947 \*\*\* Sen. Mitch Abood, Chairman 465-4747  
Sen. Rick Uehling, Vice-Chair 465-4821

**JUDICIARY**

Rep. John Sund, Chairman 465-4990 \*\*\* Sen. Jalmar Kerttula, Chair 465-3771  
Sen. A. Sturgulewski, V.Chair 465-3818

**\*\*\*\* FOR YOUR INFORMATION \*\*\*\***

**WELCOME new AAM members! Alaska Color Scan, Eldorado Mining Co., Mexico in Alaska, Inside Government, AlasSkins, Human Endeavors.**

AAM members will soon be receiving information on the **ALASKA HEALTH PROJECT** and on an **ALASKA BASIC ECONOMIC DEVELOPMENT COURSE**. Please watch for this important info!

**THE SMALL BUSINESS DEVELOPMENT CENTER** offers a growing range of mgmt. / manufacturing assistance for owners and managers of businesses in Alaska and for those considering starting a business. A schedule of workshops is available, as well as consultations. For more information, and to find the SBDC office in your area, call 274-7232 (800 478-7232 outside Anchorage).

**THE OFFICE OF INTERNATIONAL TRADE** (Anchorage 561-5585, Juneau 465-3568) and the **WORLD TRADE CENTER** (561-1615) have information for you if you're involved, or interested, in exporting your manufactured products.



FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An act relating to out-of-state BRU: Division of Personnel  
solicitation for State contracts and \*\*  
 Sponsor: Pearce et al Components: Centralized Administrative Services  
 Requestor: \_\_\_\_\_

\*\*State employees.

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

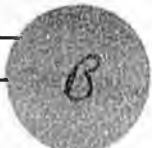
ANALYSIS: (Attach a separate page if necessary)

This bill would not have a fiscal impact on the Division of Personnel.

Prepared By: Rep. Robert Pearce Phone: 465-4430  
 Division: Division of Personnel Date: 3-1-88  
 Approved by Commissioner: John M. Andrews Date: 3/2/88  
 Agency: Department of Administration

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: Relating to Out-of-State BRU: General Services & Supply  
Solicitation for State Contracts  
 Sponsor: Pearce et al. Components: Purchasing  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	87.8	87.8	87.8	87.8	87.8
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	13.5	13.5	13.5	13.5	13.5
SUPPLIES	0	1.8	1.8	1.8	1.8	1.8
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	103.1	103.1	103.1	103.1	103.1
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	103.1	103.1	103.1	103.1	103.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL		103.1	103.1	103.1	103.1	103.1

POSITIONS:

FULL-TIME	0	1	1	1	1	1
PART-TIME	0	1	1	1	1	1
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared By: Robert J. Link *Robert J. Link* Phone: 465-2250  
 Division: General Services & Supply Date: March 1, 1988  
 Approved by Commissioner: John M. Andrews *John M. Andrews* Date: 3/2/88  
 Agency: Department of Administration

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 450

This fiscal note addresses only the increased costs involved with competitive sealed bids issued by the Department of Administration (DOA) for the executive branch. It does not attempt to evaluate the cost of procurement delays or the impact on prices due to reduced competition. It further assumes an effective date of July 1, 1988.

Our figures are based on 1987 procurements and are not escalated for inflation. During 1987 we issued 135 invitations to bid to which no Alaskan vendors responded. Under the proposed law each of those bids would have to be reissued to vendor lists which included out-of-state vendors.

Personal Services	\$ 87.8
Advertising Printing Mailing Est. \$100 X 135 bids =	13.5
Supplies	1.8
	<u>\$103.1</u>

During 1987, bids awarded to out-of-state vendors who bid lower than Alaskan vendors approximated \$1,750.0. If all those bids were awarded to the low Alaska vendor, the cost would have been approximately \$2,360.0. The additional cost to the State to buy the same supplies would have been approximately \$610.0.

Low in-state bid prices	\$2,360.0
Price paid to out-of-state bidder	<u>1,250.0</u>
	\$ 610.0

This \$610.0 cost will impact the departments in the executive branch.

Position Title <b>Purchasing Agent III</b>			No. of Positions 1	Range/Step 18A	Barg. Unit GGU	Gov.	Approv.	Disapp.
Time Status PPT	Staff Months 9	RP Number	Location Juneau		Election District	Leg.		
Type of Expenditure			Justification					
		Amount	<p>H.B. 450 would require an estimated 135 bids to be reissued statewide. We estimate 54 of those bids would be reissued from the Anchorage office.</p> <p>During FY 86 and FY 87, each Purchasing Agent averaged just over 70 bids per year. To reissue the estimated 54 bids, the addition of one permanent part-time Purchasing Agent III would be required in the Juneau office.</p> <p>Each bid is estimated to have a cost of approximately \$100.00 to print and mail. Office supplies needed to establish the position an estimated to cost \$500.00.</p>					
1	2	3						
Salary	28.0							
Benefits	9.6							
Premium Pay								
Other								
Total Personal Services		37.6						
Travel		0						
Contractual		5.4						
Commodities		.5						
Equipment		0						
Other		0						
Total Cost		43.5						
Receipt Code	Funding Source							
	Federal Receipts	1002						
	G. F. Match	1003						
	General Funds	1004	43.5					
	I-A Receipts	1005						
	Program Receipts	1028						
	CIP Receipts	1061						
	Other							
For B&M Use Only Key Number _____								

4/11K1/0219-02/1

**Request For  
New Position**

Agency Administration  
 BRU General Services & Supply  
 Component Purchasing

Page 1 of 1  
 Revised Date \_\_\_\_\_

**FY 89**

Position Title <b>Purchasing Agent III</b>			No. of Positions 1	Range/Step 18A	Barg. Unit GGU	Gov.	Approv.	Disapp.
Time Status PPT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Type of Expenditure			Justification					
1	2	3	<p>H.B. 450 would require an estimated 135 bids to be reissued statewide. We estimate 81 of those bids would be reissued out of the Juneau office.</p> <p>During FY 86 and FY 87, each Purchasing Agent averaged just over 70 bids per year. To reissue the estimated 81 bids, the addition of one Purchasing Agent III would be required in Anchorage.</p> <p>Each bid is estimated to cost approximately \$100.00 to print and mail. Office supplies and additional data processing software needed to establish the position and estimated to cost \$1,300.00.</p>					
Salary	37.4							
Benefits	12.8							
Premium Pay								
Other								
Total Personal Services		50.2						
Travel		0						
Contractual		8.1						
Commodities		1.3						
Equipment		0						
Other								
Total Cost		56.9						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. F. Match 1003							
	General Funds 1004	56.9						
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For B&M Use Only Key Number _____								

4/11K1/0219-02/3

**Request For  
New Position**

Agency Administration  
 BRU General Services & Supply  
 Component Purchasing

**FY 89**

Page 1 of 1  
 Revised Date \_\_\_\_\_



FISCAL NOTE

REQUEST:

Revision Date:                      Agency Affected: Administration  
 Title: Relating to Out-of-State BRU: General Services & Supply  
Solicitation for State Contracts  
 Sponsor: Pearce et al. Components: Purchasing  
 Requestor:                     

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	50.2	50.2	50.2	50.2	50.2
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	8.8	8.8	8.8	8.8	8.8
SUPPLIES	0	1.3	1.3	1.3	1.3	1.3
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	60.3	60.3	60.3	60.3	60.3
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	60.3	60.3	60.3	60.3	60.3
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL		60.3	60.3	60.3	60.3	60.3

POSITIONS:

FULL-TIME	0	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared By: Robert J. Link *Robert J. Link* Phone: 465-2250  
 Division: General Services & Supply Date: 4/4/88  
 Approved by Commissioner: John M. Andrews *J. Andrews* Date: 4/5/88  
 Agency: Department of Administration

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

CONTINUATION of FISCAL NOTE ANALYSIS

CSHB 450

This fiscal note addresses only the increased costs involved with competitive sealed bids issued by the Department of Administration (DOA) for the executive branch. It does not attempt to evaluate the cost of procurement delays or the impact on prices due to reduced competition. Impacts to professional services procurements made by other agencies are not addressed. It further assumes an effective date of July 1, 1988.

Our figures are based on 1987 procurements and are not escalated for inflation. During 1987 we issued 88 invitations to bid to which no Alaskan vendors responded. Under the proposed law an estimated 60% - 70% each of these bids would have to be reissued to vendor lists which included out-of-state vendors.

Personal Services	\$50.2
Advertising Printing Mailing Est. \$100 X 88 bids =	8.8
Supplies	<u>1.3</u>
	\$60.3

Position Title <b>Purchasing Agent III</b>			No. of Positions 1	Range/Step 18A	Org. Unit GGU	Gov.	Approv.	Disapp.
Time Status PPT	Staff Months 12	RP Number	Location Juneau		Election District	Leg.		
Type of Expenditure			Justification					
1	2	Amount 3	<p>H.B. 450 would require an estimated 88 bids to be reissued statewide.</p> <p>During FY 86 and FY 87, each Purchasing Agent averaged just over 70 bids per year. To reissue the estimated 88 bids, the addition of one permanent Purchasing Agent III would be required in the Juneau office.</p> <p>Each bid is estimated to have a cost of approximately \$100.00 to print and mail. Office supplies and additional data processing software needed to establish the position is estimated to cost \$1,300.00.</p>					
Salary	37.4							
Benefits	12.8							
Premium Pay								
Other								
Total Personal Services		50.2						
Travel		0						
Contractual		8.8						
Commodities		1.3						
Equipment		0						
Other		0						
Total Cost		60.3						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. E. Match 1003							
	General Funds 1004		43.5					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For B&M Use Only Key Number								

4/11K1/0219-02/1

**Request For  
New Position**

Agency Administration  
 BRU General Services & Supply  
 Component Purchasing

Page 1 of 1  
 Revised Date \_\_\_\_\_

**FY 89**

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: HB 450  
PUBLISH DATE: 2/10/88

REQUEST: FISCAL NOTE

Revision Date: \_\_\_\_\_  
Title: An Act relating to out-of-state solicitation for state  
contracts and state employees.  
Sponsor: Pearce, Swackhammer, and Collins  
Requestor: ULMER

Agency Affected: DOT&PF  
BRU: Design and Construction, M&O  
and Administration  
Components: \_\_\_\_\_

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
CONTRACTURAL	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)

For all contracts and proposals on State funded projects it has been and is the policy of this Department to advertise only within the State of Alaska.

Requests for solicitation outside the state to fill a position within state service are approved and processed through the Department of Administration.

Prepared by: Loren Rasmussen  
Division: Engineering & Operations Standards

Phone: 465-2960  
Date: March 1, 1988

Approved by Commissioner: Mark A. Hylleberg  
Agency: Department of Transportation and Public Facilities

Date: March 1, 1988

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