

HB

481

SENATE FINANCE COMMITTEE REPORT

DATE: 4/21/90

FURTHER: _____

DATE TURNED INTO OFFICE: 5/5/90

The Finance Committee considered

CSHB 481 (Finance) am

"An Act relating to state procurement of recycled paper and other products and to the state's use of paper; relating to the disposition of state property that is recyclable; establishing a waste reduction and recycling task force; and providing for an effective date."

and recommended:

- replace with _____ CS _____
- or adopt _____ CS _____
- attached amendment(s)
- _____ letter of intent adopted

- same title
- new title
- technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:
Dept/Date:

fiscal note(s) DOA 4/11/90
16.8

zero fiscal note(s) _____
HFC/ Gov 3/12/90

SIGNING DO PASS:

True/Leave

[Signature]

OTHER RECOMMENDATIONS:

[Signature]

1. [Signature] DO PASS

2. [Signature] NO PASS

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act relating to State procurement BRU: General Services and Supply
of recycled paper and other products . . .
 Sponsor: Finkelstein Components: Purchasing, Central Duplication
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 91 | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 2.5 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 14.3 | 14.3 | 14.3 | 14.3 | 23.8 | 23.8 |
| 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 | 16.8 | 14.3 | 14.3 | 14.3 | 23.8 | 23.8 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|------|------|------|------|------|------|
| GENERAL FUND | 16.8 | 14.3 | 14.3 | 14.3 | 23.8 | 23.8 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 16.8 | 14.3 | 14.3 | 14.3 | 23.8 | 23.8 |

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 has a minimal impact on the purchasing activities of the Division of General Services and Supply, but is estimated to increase the contract cost paid for paper by Central Duplication and used by the executive branch. No impact is expected during FY 90. (See Attached Analysis)

Prepared by: Robert J. Link
 Division: General Services and Supply
 Approved by Commissioner: Frank S. Baxter
 Agency: Department of Administration

Phone: 465-2250
 Date: 4/1/90
 Date: 4/11/90

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

Adopted

CONTINUATION of FISCAL NOTE ANALYSIS

For HB 481

We have no way to be certain how much paper is purchased by all agencies this bill would cover. Based on annual consumption records for various writing and printing paper master contracts, we estimate approximately \$1.3 million is purchased per year by the executive branch through bid contracts. In general, we believe that copy paper, bond paper, and ruled tablet type paper accounts for about \$650,000. Laser and computer paper constitutes another \$650,000.

Other types of paper products such as envelopes and janitorial total approximately .5 million.

For FY 91, 92, 93, and 94, Section 1 of this bill would require that 15 percent of all paper purchased to have recycled content, if available, and if the paper would not be more expensive than nonrecycled paper after application of a 10 percent preference. Section 2 of the bill will increase the quantity of paper requiring recycled content to 25 percent in FY 95 and thereafter.

Assumptions:

* Estimated annual cost of paper \$1,900,000

* FY 91-94 \$1,900,000 x 15% = \$285,000

If recycled paper is available and within 5 percent of nonrecycled, the cost impact of the product preference is estimated to be \$285,000 x 5% = \$14,250.

* FY 95 and beyond \$1,900,000 x 25% = \$475,000

If recycled paper is available and within 5 percent of nonrecycled, the cost impact of the product preference is estimated to be \$475,000 x 5% = \$23,750.

The increased cost to the State for purchase of paper with recycled content during the first four years of the preference at 15 percent recycled content is estimated to be \$14,250. Costs will increase to approximately \$23,750 per year beginning in FY 95. This preference could apply to other products beyond paper.

Section 4 of the bill will require the Department to develop the required amount of recycled content a product must have to qualify for the preference. The Department of General Services and Supply would enter into a consortium with other states through the National Association of State Purchasing Officials (NASPO) to commission ASTM to develop recycled paper specifications for states. Alaska's share of the one time cost would be \$2,500.

Section 6 of the bill will require State agencies to use both sides of paper when feasible. This should result in savings of paper, but there is no way to accurately predict the cost savings from the use of both sides of paper.

A S S U M P T I O N S
ANNUAL PAPER PRODUCT COSTS

| | PRIOR YEAR COSTS | ESTIMATED ANNUAL COSTS |
|--------------------|-------------------|------------------------|
| Xerox and Bond | \$425,000 | \$600,000 |
| Legal Pads | 35,000 | 50,000 |
| Pleading Paper | 20,000 | 20,000 |
| Computer Paper | 204,000 | 300,000 |
| Laser Paper | 305,000 | 350,000 |
| Card Stock | 43,000 | 43,000 |
| Envelopes | 82,000 | 85,000 |
| Janitorial | 240,000 | 240,000 |
| Food Service Paper | 150,000 | 150,000 |
| Boxes | 20,000 | 25,000 |
| | <hr/> \$1,569,000 | <hr/> \$1,863,000 |

FISCAL NOTE

REQUEST:

Revision Date: 3/12/90
 Title: "An Act relating... establishing a waste reduction and recycling task force..."
 Sponsor: Rep. Finkelstein et al
 Requestor: _____
 Agency Affected: Office of the Governor
 BRU: Executive Operations
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 91 | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | -0- | -0- | -0- | -0- | -0- | -0- |
| REVENUE | -0- | -0- | -0- | -0- | -0- | -0- |

Adopted

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Finance Committee Phone: 465-3727
 Division: Co-Chairman Ron Larson *Ronald J. Larson* Date: 3/12/90
Co-Chairman Lyman Hoffman
 Approved by Commissioner: *Lyman Hoffman* Date: 3/12/90
 Agency: _____

Distribution (by preparer):

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

Amended: 4/4/90
Offered: 3/13/90
Referred: Rules

6-1988H

Original sponsor(s): REP. FINKELSTEIN, Menard, Navarre, Ulmer, Brown,
Boyer, Koponen, Boucher, Ellis, M.Davis, Swackhammer, Kubina, Goll

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 481 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state procurement of recycled
7 paper and other products and to the state's use of
8 paper; relating to the disposition of state property
9 that is recyclable; establishing a waste reduction
10 and recycling task force; and providing for an effective
11 date."

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

13 * Section 1. AS 36.30 is amended by adding a new section to article 1
14 to read:

15 Sec. 36.30.095. PROCUREMENT OF PAPER. Except as otherwise
16 required under AS 36.15.050 or AS 36.30.322 - 36.30.338, when a state
17 agency purchases paper, at least 15 percent of the quantity purchased
18 must be recycled paper unless the commissioner of the department in
19 which the agency is located makes a written finding that recycled
20 paper is not available for the purchase or that, after application of
21 the procurement preference under AS 36.30.339, the recycled paper is
22 more expensive than the nonrecycled paper. If the agency is not
23 located in a department, the procurement officer for the agency shall
24 make the written finding. If the agency is located in the Office of
25 the Governor, the governor shall make the written finding.

26 * Sec. 2. AS 36.30.095 is repealed and reenacted to read:

27 Sec. 36.30.095. PROCUREMENT OF PAPER. Except as otherwise
28 required under AS 36.15.050 or AS 36.30.322 - 36.30.338, when a state
29 agency purchases paper, at least 25 percent of the quantity purchased

1 must be recycled paper unless the commissioner of the department in
2 which the agency is located makes a written finding that recycled
3 paper is not available for the purchase or that, after application of
4 the procurement preference under AS 36.30.339, the recycled paper is
5 more expensive than the nonrecycled paper. If the agency is not
6 located in a department, the procurement officer for the agency shall
7 make the written finding. If the agency is located in the Office of
8 the Governor, the governor shall make the written finding.

9 * Sec. 3. AS 36.30.170(b) is amended to read:

10 (b) The procurement officer shall award a contract based on
11 solicited bids to the lowest responsive and responsible bidder after
12 an Alaska bidder preference of five percent, [AND] an Alaska products
13 preference as described in AS 36.30.322 - 36.30.338, and a recycled
14 products preference under AS 36.30.339 have been applied. In this
15 subsection, "Alaska bidder" means a person who

16 (1) holds a current Alaska business license;

17 (2) submits a bid for goods, services, or construction
18 under the name as appearing on the person's current Alaska business
19 license;

20 (3) has maintained a place of business within the state
21 staffed by the bidder or an employee of the bidder for a period of six
22 months immediately preceding the date of the bid;

23 (4) is incorporated or qualified to do business under the
24 laws of the state, is a sole proprietorship [,] and the proprietor is
25 a resident of the state, or is a partnership [,] and all partners are
26 residents of the state; and

27 (5) if a joint venture, is composed entirely of ventures
28 that qualify under (1) - (4) of this subsection.

29 * Sec. 4. AS 36.30 is amended by adding a new section to read:

1 ARTICLE 5A. PREFERENCE FOR RECYCLED PRODUCTS.

2 Sec. 36.30.339. PROCUREMENT PREFERENCE FOR RECYCLED PRODUCTS.

3 (a) In the evaluation of a bid or proposal for an agency procurement
4 of products, the agency shall decrease the bid or proposal by five
5 percent if the bid or proposal indicates that the products being
6 purchased will be recycled products.

7 (b) A decrease made under (a) of this section is in addition to
8 other preferences allowed for the procurement.

9 (c) The department shall establish the minimum percentage of
10 recycled content that will qualify a product as a recycled product
11 under (a) of this section.

12 * Sec. 5. AS 36.30.900 is amended to read:

13 Sec. 36.30.900. PRODUCT PREFERENCES [PREFERENCE FOR ALASKA
14 PRODUCTS]. This chapter does not modify AS 36.15.010 and 36.15.020
15 regarding preference for Alaska forest products, or AS 36.15.050 and
16 36.15.060 regarding preference for Alaska agricultural and fisheries
17 products, except as provided in AS 36.30.170(b) and (c) and 36.30.339.

18 * Sec. 6. AS 44.68.110 is amended to read:

19 Sec. 44.68.110. DISPOSITION OF OBSOLETE OR SURPLUS STATE PROPER-
20 TY. The Department of Administration shall take possession of obso-
21 lete or surplus property of the state, including recyclable property,
22 for which there is no immediate or prospective use, except abandoned
23 or obsolete school buildings and other school property. It shall also
24 take possession of property, including recyclable property, remaining
25 in the control of a commission or board of the state government after
26 the commission or board stops functioning. The Department of Adminis-
27 tration shall sell, lease, license, or dispose of the property on the
28 terms it considers for the best interests of the state in conformance
29 with regulations adopted under AS 36.30 (State Procurement Code). In

1 this section, "recyclable property" means property that cannot be used
2 for its intended purpose in its present form, but that can be used to
3 create new property.

4 * Sec. 7. AS 44.99 is amended by adding a new section to read:

5 Sec. 44.99.020. USE OF PAPER. A state agency shall use both
6 sides of paper when feasible. In this section, "state agency" means a
7 department, institution, board, commission, division, authority,
8 public corporation, or other administrative unit of the executive,
9 legislative, or judicial branch of state government, including the
10 University of Alaska, the Alaska State Housing Authority, the Alaska
11 Railroad Corporation, and legislative committees.

12 * Sec. 8. WASTE REDUCTION AND RECYCLING TASK FORCE. (a) There is
13 established in the Office of the Governor the Waste Reduction and Recycling
14 Task Force.

15 (b) The task force consists of the governor, the commissioner of
16 administration, the commissioner of community and regional affairs, the
17 commissioner of environmental conservation, the commissioner of natural
18 resources, the commissioner of transportation and public facilities, one
19 person from the judicial branch appointed by the administrative director of
20 the judicial branch, one person from the legislative branch appointed by
21 the executive director of the legislative affairs agency, two persons from
22 the legislative branch appointed by the president of the senate, and two
23 persons from the legislative branch appointed by the speaker of the house
24 of representatives. If a task force member who is appointed by a presiding
25 officer of a house of the legislature is a legislator in the Sixteenth
26 Alaska State Legislature, but is not a legislator in the same house in the
27 Seventeenth Alaska State Legislature, the appointing authority for the task
28 force member may replace the task force member with another person. A
29 member of the task force may designate another person to represent the

1 member on the task force.

2 (c) The task force shall

3 (1) identify opportunities in state government to reduce waste,
4 increase the reuse and recycling of materials, and promote the purchase of
5 materials that are made of materials that have been recycled after consumer
6 use; and

7 (2) design plans to implement the opportunities identified in
8 (1) of this subsection.

9 (d) The task force shall submit to the legislature on or before
10 April 15 of 1991 and 1992, a report containing the opportunities identified
11 under (c)(1) of this section and the plans designed under (c)(2) of this
12 section.

13 (e) The task force shall terminate April 16, 1992.

14 * Sec. 9. Sections 1 and 3 - 5 of this Act apply to procurements that
15 begin on or after the effective date of secs. 1 and 3 - 5 of this Act.

16 * Sec. 10. Section 2 of this Act applies to procurements that begin on
17 or after July 1, 1994.

18 * Sec. 11. Section 2 of this Act takes effect July 1, 1994.

19 * Sec. 12. Section 8 of this Act takes effect immediately under AS 01.-
20 10.070(c).

HB 481



Official Business

Alaska State Legislature

APR 24 1990

P.O. Box V
State Capitol
Juneau, Alaska 99811

April 24, 1990

To: Senator Rick Uehling, Co-Chair
Senator John Binkley, Co-Chair
Senate Finance Committee

From: David Finkelstein *DF*

Re: CS HB 481 (Fin) am

I would like to request that HB 481 be scheduled for hearing in your committee at your earliest convenience.

The basic provisions of the bill are:

- establish a 5% price preference for recycled products in state procurement;
- require 15% (rising to 25% in 1994) of all paper purchased by the state be recycled paper unless the agency finds that recycled paper is not available or is not within the recycled product price preference;
- create a Waste Reduction and Recycling Task Force of twelve members from all three branches of government to identify areas in state government where waste can be reduced and reuse of materials can be increased; and
- set a policy for state agencies of using both sides of a sheet of paper, where feasible.

Attachments