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45

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 45

SPONSOR Pearce

BILL TITLE Out-of-state solicitation for state
contracts & employees

DATE REFERRED 3/28/89

HEARING SCHEDULED

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED Jo

INTERESTED PARTIES CONTACTED

Bob LwK - Dof Admin - Procurement Code

OTHER

Need: for CS & FOT's

- (a) ϕ General Services Supply
- (b) ϕ Centralized Adm. Services
Civil Personnel
- (c) ϕ Dept. Law
- (d) ϕ here ϕ C + ED
- (e) ϕ Dept. Corrections
- (f) ϕ Dep. Labor
- (g) ϕ DOT PF
- (h) Dept. Resources

FISCAL NOTE

REQUEST:

Revision Date: March 24, 1989
 Title: "Ar. Act relating to out-of-state Solicitation for state contracts..."
 Sponsor: Senate Labor and Commerce
 Requestor: Governor's Office/OMB

Agency Affected: Department of Law
 BRU: Legal Services, Prosecution, Consumer Prot., Oil & Gas Spc. Projects
 Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FJND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Richard I. Pegues

Prepared by: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: March 24, 1989
Richard I. Pegues / For
 Approved by Commissioner: Douglas B. Bailey, Attorney Gen. Date: March 24, 1989
 Agency: Department of Law

- 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. CSSB 45 (L&C)

This bill amends the State Procurement Code (AS 36.30) and the State Personnel Act (AS 39.25) in order to limit the circumstances under which state agencies may solicit out-of-state for contracts or employees. Generally, the committee substitute has addressed most of the concerns previously expressed by this department. As such, it is believed that the fiscal impact of this proposed legislation will be minimal and does not warrant fiscal note costs on the part of the Department of Law.

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act relating to out-of-state solicitation."
 Sponsor: Sen. Pearce, Fischer & Rodev
 Requestor: _____

Agency Affected: Department of Corrections
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
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)

This legislation would not affect the Department.

Susan E. Knighton

Prepared by: Susan E. Knighton, Director
 Division: Administrative Services

Phone: 465-3376
 Date: 3-30-89

Approved by *Susan Humphrey-Barnett*
 Agency: Department of Corrections

Date: 3-30-89

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: "An Act relating to out-of-state solicitation for state contracts..." BRU: Administrative Services
 Sponsor: Pearce, et al. Components: Management Services
 Requestor: Senate Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Frank Spargo Phone: 465-2720
 Division: Administrative Services Date: 3/28/89

Approved by Commissioner: Jim Sampson Date: 3/28/89
 Agency: Department of Labor

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SCS SB 45 (Labor & Commerce)
PUBLISH DATE: 4/4/89

(g)

REQUEST: FISCAL NOTE

Revision Date:
Title: An Act relating to out-of-state solicitation for state contracts and state employees

Agency Affected: DOT&PF
BRU: Design & Construction Maintenance & Operations Administration

Sponsor: Pearce, Fischer and Rodey
Requestor:

Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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
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REVENUE	0	0	0	0	0	0
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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 processed and approved through the Department of Administration.

Prepared by: Loren Rasmussen *LR*
Division: Engineering & Operations Standards

Phone: 465-2951
Date: March 28, 1989

Approved by Commissioner: Mark S. Hickey *MSH*
Agency: Department of Transportation and Public Facilities

Date: March 28, 1989

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



POSITION PAPER

Bill No: SCS SB 45 (Labor & Commerce)
Title: An Act relating to out-of-state solicitation
for state contracts and state employees

Approved: *Mark S. H. [Signature]*
Date: March 28, 1989

The Department does not oppose nor support this bill.

Sec. 1 Legislative finding.

Sec. 2 Under this section of the bill the state may not solicit outside of the state for a contract, unless in writing, the commissioner determines that an agency has solicited within the state and has not received a responsive bidder; or determines in writing that out-of-state solicitation is in the public interest or necessary to provide reasonable competition.

This section of the bill will not have a large impact on the Department because it has been the Department's policy that all state funded construction projects will be advertised only within the State of Alaska.

It should be noted that on federally assisted projects by federal regulations 23 CFR § 535.107(e) the bidding procedures may not discriminate against qualified bidders regardless of state boundaries.

Sec. 3 Under this section of the bill an agency may not solicit outside the state for an individual to fill a position as a state employee unless the agency has actual solicits for three months within the state, or unless there is a written finding by the Governor that the agency is not likely to find a qualified individual in the state.

FISCAL NOTE

REQUEST:

Revision Date: 29-Mar-89 Agency Affected: Natural Resources
 Title: An Act relating to out-of-state
solicitation for state contracts and state employees. BRU: All
 Sponsor: Pearce, Fischer and Rodey Components: _____
 Requestor: State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Sharon Barton Phone: 465-2406
 Division: Management Date: 29-Mar-89
 Approved by Commissioner: Lennie Gorsuch Date: 29-Mar-89
 Agency: Department of Natural Resources

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 45 (h)(h)
PUBLISH DATE: 3/28/89

FISCAL NOTE

REQUEST:

Revision Date: 19-Jan-89 Agency Affected: Natural Resources
Title: An Act relating to out-of-state solicitation for state contracts and state employees. BRU: All
Sponsor: Pearce, Fischer and Rodey Components:
Requestor:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: *Sharon Barton* Phone: 465-2406
Division: Management Date: 19-Jan-89
Approved by Commissioner: *Lennie Gorsuch* Date: 19-Jan-89
Agency: Department of Natural Resources

Distribution (by preparer) :

Legislative Finance
Legislative Sponsor
Requestor

Office of Management and Budget
Impacted Agency(ies)

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 45 (g)
PUBLISH DATE: 3/28/89

REQUEST: FISCAL NOTE

Revision Date:
Title: An act relating to out-of-state solicitation for state contracts
and state employees
Sponsor: Pearce, Fischer and Rodey
Requestor:

Agency Affected: DOT&PF
BRU: Design & Construction
Maintenance & Operations
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
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REVENUE	0	0	0	0	0	0
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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
TEMPOFARY	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 processed and approved through the Department of Administration.

Prepared by: Loren Rasmussen *Loren Rasmussen*
Division: Engineering & Operations Standards

Phone: 465-2960

Date: 1/18/89

Approved by Commissioner: *B.K. Baker*
Agency: Department of Transportation and Public Facilities

Date: 1/18/89

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 45 (F)
PUBLISH DATE: 3/28/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: "An Act relating to out-of-state solicitation for state contracts..." BRU: Administrative Services
 Sponsor: Pearce, Fischer, & Rodey Components: Management Services
 Requestor: Senate Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Frank Spargo Phone: 465-2720
 Division: Administrative Services Date: 1/19/89
 Approved by Commissioner: Jim Sampson Date: 1/19/89
 Agency: Department of Labor

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

FISCAL NOTE

REQUEST:

Revision Dates: _____
Title: "An Act relating to out-of-state solicitation."
Sponsor: Sen Pearce, Fischer & Rodey
Requestor: _____

Agency Affected: Department of Corrections
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
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)

This legislation would not affect the Department.

Susan E. Knighton

Prepared by: Susan E. Knighton, Director
Division: Administrative Services

Phone: 465-3376
Date: 1-19-89

Approved by: *Commissioner: H. W. Barnard*
Agency: Department of Corrections

Date: 1-19-89

Distribution (by prepares):

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: An act relating to out-of-state BRU: _____
solicitation for state contracts and state employees
 Sponsor: Pearce, Fischer, Rodey Components: _____
 Requestor: (S) Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
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: Kathy Marshall, Director Phone: 465-2505
 Division: Administrative Services Date: 1/17/89
 Approved by Commissioner: [Signature] Date: 1-18-1989
 Agency: Commerce and Economic Development

Distribution (by preparer):

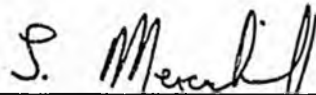
Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
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 011789a

Senate Bill 45: "An Act relating to out-of-state solicitation for state contractors and state employees."

This bill requires state agencies to solicit and exhaust in-state resources prior to soliciting out-of-state for state contracts and state employees.

The department does not have a position on this legislation. A negative impact of the bill would be to delay solicitation in those instances where it may be known, in advance, that the contractor or prospective state employee is available only from out of state. The department concurs, however, that this would be exceptional, and that most resources are available in-state.

Currently, the Division of Personnel conducts an intensive 30-day recruitment campaign before evaluating out-of-state recruitment. A six month in-state program is unfeasible, not cost effective, and could severely impact the agency experiencing the vacancy. Generally, the type of positions which are open to out-of-state recruitment are highly technical in nature. Out-of-state approval is requested only when Alaska cannot provide qualified in-state applicants.


Larry Mercurieff, Commissioner

1-18-1989
Date

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act relating to out-of-state Solicitation for state contracts..."
 Sponsor: Sen. Pearse
 Requestor: Governor's Office/OMB

Agency Affected: SB 45
 BRU: Legal Services, Prosecution, Consumer Protection, Oil & Gas Spc. Projects
 Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: January 19, 1989
 Approved by Commissioner: Grace Berg Schaible, Attorney Gen. Date: January 19, 1989
 Agency: Department of Law

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. SB 45

This bill amends the State Procurement Code (AS 36.30) and the State Personnel Act (AS 39.25) in a manner that will substantially limit the ability of state agencies to solicit out-of-state for contracts or employees. Generally, this bill has addressed most of the concerns previously expressed by this department over similar legislation introduced in the House last year (HB 450); however, there are still some aspects of this bill that could cause significant problems in the operation of state government.

Section 2. of the bill excludes "...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." Although this exclusion addresses services to be performed outside of Alaska; it does not address the equally important issue of obtaining services that require specialized expertise or knowledge, but are to be performed, in whole or in part, within Alaska. Frequently, this department must employ legal counsel to advise the state in highly specialized areas of law (i.e. bond counsel, investment counsel, mineral/oil & gas law, patent & copyright law, admiralty law, etc.). Many times the necessary expertise is not available within the state and, given the relative small size of Alaska's legal community, it is usually known well in advance whether or not such expertise can be found within the Alaska Bar.

In those instances where formalized procurement methods might be used to solicit for such specialized legal services, the department would have to perform two solicitations in order to meet the requirements of this act. It generally takes about three months to conduct a formal RFP solicitation, which involves a considerable expenditure of staff and state resources. The doubling of the effort, as would be required by the bill, will greatly diminish already strained resources. Also, in those instances where there might be just one or possibly two individuals or firms within the state that have the requisite expertise, the act would effectively limit the range of expertise available to the state and remove any incentive on the part of the prospective contractor to provide such services on a competitive basis. Given the potential impact on the state's fiscal situation of many of the cases being handled by the department, the Attorney General must have the latitude to obtain the best qualified legal counsel the state can reasonably afford.

In addition, it is anticipated that many other service and commodity procurements would be affected by the amendment and could adversely impact the operation of state government. An example in this department would have been the procurement of the PALLAS software program. This mainframe program is the heart of the department's litigation support system, an essential tool in both our royalty oil and oil & gas production/income tax cases. At the time this procurement was made, there was only one in-state vendor that possessed a program that could be used for litigation support purposes. However, this was an early generation computer program that, because of its inefficiencies in managing a litigation support data base, made it the least suitable of

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 45

the six programs that were considered. Had this procurement been made under the requirements of this act, it is questionable whether or not the department could have even looked at any other systems. If enacted in its present form, it is quite likely that most future mainframe system applications would have to be purchased from just a few in-state vendors (that just happen to be some of the world's largest computer companies).

In view of the examples cited above, it is important that adequate competition not be unduly limited. The following revised language is therefore suggested:

Sec. 36.30.875. OUT-OF-STATE SOLICITATION OF CONTRACTS. (a) Except as necessary to contact persons on the contractors lists established under AS 36.30.050, an agency may not solicit outside of the ~~state~~ for a contract unless: (1) 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 out-of-state solicitation is in the public interest or necessary in order to provide reasonable competition; or (2) the agency has solicited within the state and...

It should also be noted that the inclusion of the Code's small procurement provisions (AS 36.30.320) within this Act will cause many of the same problems previously related in our analysis of Senate Bill No. 99. These would include the difficulties faced by employees trying to purchase supplies, services, professional services, or construction while traveling outside the state on official business or while permanently assigned to out-of-state offices. In view of these and other problems that would occur, it is recommended that the reference to AS 36.30.320 be deleted.

With regard to section 3. of the bill, most of the department's previous concerns appear to have been addressed, assuming that the department may utilize out-of-state solicitation to meet its affirmative action objectives if a written finding is obtained under AS 39.25.165(b)(1).

The Department of Law cannot determine a fiscal impact at this time. To the extent that multiple solicitations may be required, already thin administrative resources will simply have to be stretched further, and needed procurements will be significantly delayed. To the extent that the state is prevented from procuring expertise that is adequate to its needs, and at a competitive price, the long-term cost to the state could be considerable.

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, Fischer, Rodev Components: Centralized Administrative Services
 Requestor: Pearce
 **State employees.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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: Daniel K. Otto Phone: 465-4430
 Division: Division of Personnel Date: 1-20-89
 Approved by Commissioner: _____ Date: 2/1/89
 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: Dept. of Administration
 Title: An Act relating to out-of-state solicitation for state contracts & state employees BRU: General Services & Supply
 Sponsor: Pearce Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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)

General Services and Supply assumes a modest impact for the division when issuing competitive sealed bids. Presently we either advertise all competitive sealed bid procurements in-state or solicit using the contractors lists established under AS 36.30.050. For competitive sealed bids we would not anticipate many second out-of-state solicitations to be necessary. cont.

Prepared by: Robert J. Link Director Phone: 465-2250
 Division: General Services & Supply Date: 11/9/89

Approved by Commissioner: John M. Andrews Date: 2/1/89
 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. SB 45

Agency purchases of small procurements, sole source procurements, competitive sealed proposals, limited competition procurements, and emergency procurements will require review and written determination by the Chief Procurement Officer. While there is some impact, we expect agencies would submit complete written determinations which would be reviewed and approved or disapproved by the Chief Procurement Officer.

This fiscal note analysis only applies to the Division of General Services and Supply and does not represent fiscal impacts to other divisions within the Department or other agencies.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 45 (L&C) (d)
PUBLISH DATE: 32/8/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: An act relating to out-of-state BRU: _____
solicitation for state contracts and state employees
Sponsor: Pearce, Fischer, Rodey Components: _____
Requester: Senate Labor & Commerce

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of dollars)

GENERAL FUND						
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: Guy Bell, Director
Division: Administrative Services

Phone: 465-2505
Date: 3/23/89

Approved by Commissioner: Larry Mercurieff
Agency: Commerce and Economic Development

Phone: 465-2500
Date: 3/23/89

Distribution (by preparer):

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

page 1 of 1

mm0601 t
032389a

RECEIVED MAR 23 1989

Alaska State Legislature

3111 C Street, Suite 150
Anchorage, Alaska 99503
(907) 561-2038

During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-4993

Senator Drue Pearce
District G

MEMORANDUM

TO: Senator Pat Pourchot, Chairman
Senate State Affairs Committee

FROM: Senator Drue Pearce *Drue Pearce*

RE: CSSB 45 (L&C)

DATE: March 22, 1989

Today CSSB 45 (L&C) passed out of the Senate Labor and Commerce Committee.

I request that this bill be scheduled in the State Affairs Committee as soon as possible.

Information for distribution to the Committee is attached. A fiscal note from the Department of Administration will be sent to you within the next couple of days.

Attachment

DP:jf

??

Jo, there seemed to be nothing attached - ??

Sandra

FISCAL NOTE

REQUEST: _____

Revision Date: _____ Agency Affected: Department of Administration
Title: * _____ BRU: General Services and Supply

Sponsor: Pearce Components: _____
Requestor: Senate Labor and Commerce

* An act relating to out-of-state solicitation for

State contracts and State employees

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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 analysis only applies to the procurement activities in the Division of General Services and Supply and does not represent fiscal impacts to other divisions within the department or other agencies.

Prepared By: Robert J. Link, Director *RJL* Phone: 465-2250
Division: General Services and Supply Date: 3/24/89

Approved by Commissioner: John M. Andrews *JMA* Date: 3/28/89
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: _____
Title: * _____

Agency Affected: Department of Administration
BRU: Centralized Administrative Services

Sponsor: Pearce, Fischer, and Rodey
Requestor: _____

Components: Division of Personnel

* An act relating to out-of-state solicitation for State contracts and State employees.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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 does not apply to positions in the classified service. Consequently, it will not have a fiscal impact on the Division of Personnel.

Prepared By: David K. Otto
Division: Division of Personnel

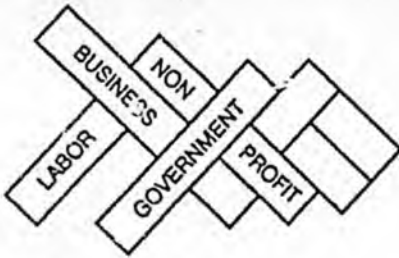
Phone: 465-4430
Date: 3-28-89

Approved by Commissioner: John M. Andrews
Agency: Department of Administration

Date: 3-29-89

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

MAR 28 1989



UNIFIED FAIRBANKS

P.O. Box 60389
Fairbanks, AK 99706
(907) 456-7986

March 24, 1989

Dear Alaska State Legislator:

The following recommendations concerning current Legislation before the Alaska State Legislature are made by Unified Fairbanks:

Senate Bill #45: We wholeheartedly support this bill and its concept to try to keep more work in Alaska.

Senate Bill #58: We recommend Section 1(u), (6) be added, *"That the bidder hold a certificate issued by an Alaska-based insurance company for Workers' Compensation."* Our Rationale for this is to stop contract awards to outside firms, or firms that have offices in Alaska, but use an Allstates Workers' Compensation policy, therefore allowing them to underbid a true, Alaska-based firm, because of the higher Workers' Compensation premiums paid by the Alaska firm.

Senate Bill #90: We very strenuously object to the repealing of the Railbelt Energy Fund, and any use of that fund except for projects involving communities along the Railbelt, particularly projects that are going to lower the energy cost for the Railbelt. The Legislature should be reminded that this fund was set up for the Railbelt communities because we did not participate in the benefits of the power equalization bill that the Legislature passed several years ago, which assisted other areas of the State in lowering their electrical costs.

Senate Bill #99: We would request an additional sentence in Section 1(a): *"Has maintained a place of business within the State, staffed by the bidder or an employee of the bidder for a period of six months immediately preceding the date of the bid."*

Senate Bill #170: Section 1(b) – delete in accordance with regulations adopted by the Commissioner. Substitute instead the wording as found in Senate Bill #58, Sections 1 (1), (2), (3), (4), and (5), including our recommendation that they hold a valid Workers' Compensation policy issued by an Alaska-based carrier.

House Bill #75: We wholeheartedly support Section 1(1), and this is the wording we would like included in all bills to ensure that they are purchasing Alaska Workers' Compensation policies.

House Bill #82: If the intent of this bill is to require more purchasing inside the State from local suppliers, we support it. If, on the other hand, it gives leeway to the State to be able to specify an outside delivery point, which would mean firms from out of state could be highly competitive to local firms, we will not support it.

House Bill #184: We wholeheartedly support the concept that the State of Alaska and any political subdivision should no longer compete with private businesses, and we urge immediate passage of this bill.

The above recommendations were discussed at the noon meeting of Unified Fairbanks on Wednesday, March 22, 1989, and were passed unanimously.

Sincerely,

UNIFIED FAIRBANKS

Chuck

Charles P. Rees, President



ALASKA STATE CHAMBER OF COMMERCE

310 Second Street
Juneau, Alaska 99801
(907) 586-2323

February 24, 1989

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

Dear Senator Pearce:

On February 17 the Board of Directors of the Alaska State Chamber of Commerce adopted a formal motion of support for SB 45 dealing with State contracts and personnel hiring.

We would appreciate the inclusion of this letter into the record.

Please contact this office should you desire direct testimony or additional information.

Cordially,

A handwritten signature in dark ink, appearing to be 'G. Krusz', is written over the printed name.

George Krusz, President

GK:ly/pearceSB45

CS for SB 45 (L: C)

→ Out of State Employees & Contracts

Sponsor: Pearce, Fischer, Rodey, et al (Comm?)

Action: ^{L: C} Do Pass 3.28.89 Eliason, Coghill, Fike, Kertula

To Do: If Schedule

1. Req. Back-up File from L: C
2. Copy of AS 36.30 / 36.30.875 / 36.30.050
36.30.30 - 36.30.320 etc
3. Bob Lusk - Regs? Policy Manuals?

^{Purpose?}
(Adds Gov. Legis to Law on Solicitations?)
outside of the state

Summary: Limits ~~solicitation by state agencies~~ Limits solicitation for contracts; ^{employees} outside of the state by requiring

Sec. 2
CONTRACTS

Sec. 2 (a) that Chief Procurement Officer of Comm. DOTPF determine in writing it is necessary ^{for reasonable competition} or in public interest, or that the agency has solicited w/in state ~~and~~ agency has not received a responsive bid or proposal

Sec. 2 (b) specifies this act does not apply to prof. service performed outside the state by state agencies located outside the state or by employees ^{costs + traveling}

Sec. 2 (c) includes UAA, ASBA; Railroad under agency

Amended by
L: C

?'s: :

1. Line 22: Define Agency? Partial St. Funding?
2. What exists now?
3. Sec. 3 (a) "Agency" incl. ASBA, UAA, R.R.?

(over)

Employees

Sec. 3(a) states no out-of-state solicitation of employees unless Per. Officer shows in writing active solicitation within state for 3 mo's (Orig 6 mo's)
Per. Officer is defined as comm. of administration of the executive branch, Speaker^H, President^S and E.D. for L.A.A.

Sec. 3(b) allows out of state sol if Gov. or leg. budget and audit committee determine in writing not likely to find qualified individuals w/in state.

Sec. 3(c) exempts (aswd by L.C) elected, judicial branch and University

Offered: 3/28/89
Referred: State Affairs and
Finance

Original sponsors: Pearce, Fischer,
Rodey, et al.

L&C 6-0234E
DO PASS 3-28-89

Eliason
Coahill
Falk
Kerttula
BY THE LABOR AND
COMMERCE COMMITTEE

Sandra

1 IN THE SENATE

2

CS FOR SENATE BILL NO. 45 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST 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

24 (1) the chief procurement officer, or, for construction
25 contracts or procurements for the state equipment fleet, the commis-
26 sioner of transportation and public facilities determines in writing
27 that out-of-state solicitation is in the public interest or necessary
28 to provide reasonable competition, or

29 (2) the agency has solicited within the state and

WV

1 (A) the agency has not received a responsive bid from
2 a responsible bidder, if the agency is procuring the contract
3 under AS 36.30.100 - 36.30.190; or

4 (B) the agency has not received a responsive proposal
5 from a responsible offeror, if the state is procuring the con-
6 tract under AS 36.30.200 - 36.30.270.

7 (b) This section does not apply to a contract

8 (1) for professional services to be performed in an area
9 outside of the state and requiring knowledge of the customs, proce-
10 dures, rules, or laws of the area;

11 (2) made by an agency employee for a travel or other ex-
12 pense incidental to the trip while the employee is traveling outside
13 of the state on state business;

14 (3) for an agency office that is located outside of the
15 state; or

16 (4) under AS 36.30.300 - 36.30.320.

*added
L&C*

*sole source, small, ltd-competition
& emergency procurements*

17 (c) In this section

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

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

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

24 Sec. 39.25.165. OUT-OF-STATE SOLICITATION OF EMPLOYEES. (a)

25 Except as provided in (b) of this section, a state agency, including
26 the division of personnel, may not solicit outside the state for an
27 individual to fill a position as a state employee unless the personnel
28 officer determines in writing that the agency has actively solicited
29 in good faith in the state during the entire three-month period that

*ASBA?
UNIV?
RR?*

original = 6 mo.

1 followed the date when the agency began soliciting for the position
2 and has been unable to find an individual who is qualified for the
3 position. In this subsection, "personnel officer" means the commis-
4 sioner of administration for a state agency of the executive branch,
5 the speaker of the house of representatives for the members, commit-
6 tees, and leadership of the house of representatives, the president of
7 the senate for the members, committees, and leadership of the senate,
8 and the executive director of the Legislative Affairs Agency for the
9 other entities of the legislative branch.

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

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

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

20 (c) In this section

21 (1) "position" includes a position in the exempt or par-
22 tially exempt service, except a position identified in AS 39.25.-

23 110(1) - (2) and (5); ^{added L&C} Univ.

24 (2) "solicit" includes advertising, initiating contact with
25 an individual, and sending a copy of an employment vacancy notice to
26 an individual who has not requested the notice.

elected officials

judicial branch