

HB

103

POM sent from Herb Simon:

Correction industries provide inmate vocational rehabilitation training. Products, services, produced are significant in reducing costs in prison system. Mt. McKinley Meats is unique. It operates the only inspected slaughterhouse statewide providing quality Alaska grown meat products for Alaska consumers; therefore there is no competition or alternatives. Should be deregulated.

Entered:
LIO CPTAT
01/26/95
094357 POM 200

Transcribed by committee aide from telephone conversation 2/1/95 with Mr. Simon.

HOUSE BILL NO. 103

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES KOTT, Bunde

Introduced: 1/20/95

Referred: Judiciary, Finance

*AS 33.32 -
Correctional
Industries*

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the sale of correctional industries products and services."

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

3 * Section 1. AS 33.32.017(d) is amended to read:

4 (d) In exchange for the inmate workers and other services provided to it, and if
5 the services are not covered by AS 33.32.100, the private industry or organization shall
6 pay to the commissioner a weekly payment in an amount not less than the sum of the
7 existing minimum hourly wage, established under AS 23.10.065, multiplied by the total
8 number of hours worked during that week by inmates employed in the "Free Venture"
9 correctional industry. If the services are covered by AS 33.32.100, the private
10 industry or organization shall pay to the commissioner weekly payment in an
11 amount that complies with the requirements of AS 33.32.100.

12 * Sec. 2. AS 33.32 is amended by adding a new section to read:

13 Sec. 33.32.100. SALE OF PRODUCTS AND SERVICES. Notwithstanding the
14 other provisions of this chapter, the commissioner of corrections may not sell or authorize

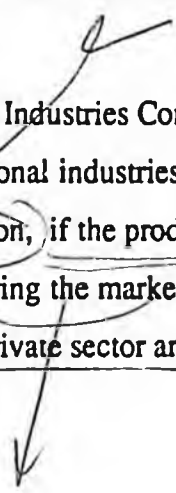
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the sale of, and the Correctional Industries Commission may not authorize the sale of, a product or service of a correctional industries program to a private person, including a business or nonprofit organization, if the product or service is available from a private business without the state entering the market, unless a reasonable wage and overhead rate that are prevailing in the private sector are factored into the price of the product or service.



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HB 103

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. HB 103

Revision Date: _____ Dept. Affected: Corrections
 Title: An Act relating to the sale of correctional industrie BRU: Statewide Operations
products and services. Component: Correctional Industries Product Area
 Sponsor: Rep. Kott
 Requester: _____ COMPONENT SERIAL NO. 702

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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 EXPENDITURES						
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CHANGE IN REVENUES ()	(55.4)	(55.4)	(55.4)	(55.4)	(55.4)	(55.4)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	(55.4)	(55.4)	(55.4)	(55.4)	(55.4)	(55.4)
TOTAL	(55.4)	(55.4)	(55.4)	(55.4)	(55.4)	(55.4)

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill would require DOC to demand from private industry participants in "free venture" enterprises at least the legal minimum wage. It would also prohibit the sale of products or services to either profit or non-profit businesses unless "reasonable wage and overhead..." rates prevailing in the private sector are factored into the price of the product or service.

Based on actual FY 94 and year-to-date FY 95 Correctional Industries sales to a private persons, non-profit organizations, and wholesale to the private sector: a decrease in program revenues is anticipated in the amount of \$55.4 under this bill. Mt. McKinley meats would cease custom cutting and wrapping. (-\$29.1) and miscellaneous sales, mostly furniture, would be lost. (-\$26.3) Lost sales were based on a statewide Correctional Industries operations in designated markets where existing private sector manufacturing and retail businesses are currently in operation. The creation of new private sector businesses was not taken into account.

Assumptions included that Correctional Industries pricing was required to reflect the actual cost of related training hours at prevailing private sector wage levels. It was anticipated that this procedure would result in artificially high pricing and a total loss of existing sales to the designated markets.

Prepared by: Jerry Shriner
 Division: Office of the Commissioner
 Approved by Commissioner: *Warrant M. Pugh*
 Agency: Department of Corrections

Phone: 465-4640
 Date: 1/27/95
 Date: 1/27/95

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INDIAN VALLEY MEATS INC.

HC 52, P.O. BOX 8809 • INDIAN, ALASKA 99540 • (907) 653-7511 - 653-7512 • Fax: 653-7694

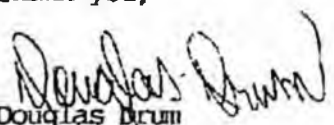
January 31, 1995

RE: House bill 103

To Whom It May Concern,

I would like to take this opportunity to address the proposed house bill 103. We are a privately owned small business in the state of Alaska, that has done custom processing for the last 18 years. The competition in this field is fierce, but it has not been unattainable to make a living in this profession in the past. Which is simply due to the fact that it has always been a "fair competitive field" of business. If you let a state funded facility, that can pay below minimum wage to employees, monopolize the field you then create an "unfair competitive field", and directly hurt the businesses in this state. There would be no way that small businesses in this field could compete and you would be forcing them out of business. We strongly support this bill!

Thank you,


Douglas Drum
President



MIKE'S QUALITY MEATS

REGIONAL PARK PLAZA
12110 BUSINESS BLVD
EAGLE RIVER, AK 99577
907-696-1888
FAX 907-696-0096

1/28/95

To Whom It May Concern:

Regarding House Bill 103: Mt. McKinley Meats does custom meat smoking, cutting, and sausage-making; in other words, exactly what our business does. They directly compete with us, but since they are state-owned, they are not under any obligation to make a profit. Their labor costs are also much lower, because they use inmates.

Why is the state subsidizing an operation which directly competes with, and in fact undercuts, private enterprise? I contend that this is an unfair and improper use of state funds, and urge you to support House Bill 103.

Thank you for your time.

Sincerely,

Greg Giannulis, owner

~~To: House Judiciary Committee Rep Ronen~~

From: Mike Schultz 895-4368

Delta Junction, Ak

It is my understanding that HB 103 would limit the activities at the Palmer slaughter facility.

Therefore I am opposed to this bill. The slaughter facility, operated by Correctional Industries, is starting to work like it should, which means it provides a dependable market for Alaska raised beef and pork.

Don't mess with it! Please!

Thank you.

A Delta Grain Producer,

Mike Schultz

HC 62 Box 5440, Delta Jct, Ak 99737

Fax message to House Judiciary Committee
fax no 465 2864

Please forward this message
for a 1:00 pm hearing today Jan. 30, '92

Thank you.

Mike Melnick

2 pages