

**SB**

**220**

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

**TONY KNOWLES, GOVERNOR**

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

April 17, 2000

The Honorable Pete Kott  
Alaska State Representative  
State Capitol, Room 118  
Juneau, AK 99801

Dear Representative Kott:

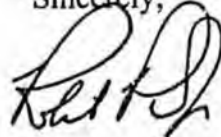
I respectfully request that you schedule Senate Bill 220, an act clarifying the requirements for limited liability companies (LLC's) and partnerships (LLP's) to qualify for the Alaska bidder's and disability preferences under the State Procurement Code, for a hearing in the House Judiciary Committee.

This bill provides needed clarification in recognizing LLC's and LLP's under the state procurement code and furthers the legislative objective of ensuring Alaska businesses receive a preference while safeguarding application of the preferences to bonafide resident businesses.

If you have any questions or need additional information, please feel free to contact my legislative liaison, David Koivuniemi or me.

Thank you in advance for your cooperation.

Sincerely,



Robert Poe, Jr.  
Commissioner

cc: Pat Pourchot, Legislative Director, Office of the Governor



Printed on recycled paper  
by Alaska Litho, Inc.

### **Sponsor Statement for SB 220**

"An act clarifying the requirements for limited liability companies and partnerships to qualify for the Alaska bidder's and disability preferences under the State Procurement Code; and providing for an effective date."

Passage of SB 220 is necessary to clarify the Alaska bidder and disability preference sections of the State procurement statutes regarding limited liability partnerships and limited liability corporations.

Our Procurement Code became effective in 1988, before the inception of limited liability corporations and limited liability partnerships, which were allowed to organize in 1995 and 1997 respectively. Therefore, the procurement preference sections in statute make no reference to them.

This bill inserts language that specifically mentions these types of businesses in the preference sections of the Procurement Code. It also stipulates that all managing members of the Limited Liability Corporation or partnership must be residents of Alaska to qualify for the Alaska bidder's preference. In order to qualify for a disability preference, each of the managing members of the Limited Liability Corporation or partnership must also have a disability.

This clarification is necessary for us to grant preferences to bonafide Alaskan businesses, and it furthers the legislative objectives of the Procurement Code by ensuring that Alaskan businesses receive an advantage in state procurements.

TONY KNOWLES  
GOVERNOR  
governor@gov.state.ak.us



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465-3532  
www.gov.state.ak.us

January 21, 2000

SB 220

The Honorable Drue Pearce  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

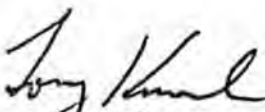
Dear President Pearce:

I am transmitting a bill clarifying the statutory requirements for limited liability companies and limited liability partnerships to qualify for the Alaska bidder's and disability preferences under the State Procurement Code.

Limited liability companies (LLCs) and limited liability partnerships (LLPs) were recently recognized in state law, well after the state procurement code established its Alaska bidder and disability preferences. Therefore, the procurement code preferences do not clearly prescribe qualification requirements for LLCs or LLPs.

By providing needed clarification and recognizing LLCs and LLPs under the state procurement code, this bill furthers the legislative objective of ensuring that Alaska businesses receive a preference while safeguarding application of the preferences to bonafide resident businesses.

Sincerely,

  
Tony Knowles  
Governor

**FISCAL NOTE**

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

No. 1  
Bill Version: SB 220  
(S) Publish Date: 1-24-00

Revision Date/Time (Note if Correction): \_\_\_\_\_  
Title: LLC/LLP's qualifying for Alaska Bidder Preference and Disability Preference  
Sponsor: Rules Committee  
Requestor: Governor

Department Affected: All  
BRU: Centralized Administrative Services  
Component: Purchasing  
COMPONENT SERIAL NO. 60

Expenditures/Revenues: (Thousands of Dollars)  
Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2001	FY 2002	FY2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY 2000) cost: \$ 0.0

POSITIONS:

FULL-TIME	N/A					
PART-TIME	N/A					
TEMPORARY	N/A					

**ANALYSIS:** (Attach a separate page if necessary.)

This bill would amend AS 36.30.170(b) and (e) to establish qualifications for application of the Alaska Bidder and Disability preferences to Limited Liability Companies and Limited Liability Partnerships bidding on State contracts.

There is no fiscal impact.

Prepared by: Marsha Hubbard, Director  
Division: General Services

Phone: 465-5687  
Date: 11/29/99

Approved by Commissioner: Robert Poe Jr.  
Agency: Department of Administration

Date: 11/30/99

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
For further distribution information, call the Governor's Legislative Office

**CS FOR SENATE BILL NO. 220(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered: 4/13/00**

**Referred: Rules**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the requirements for partnerships and limited liability  
2 companies to qualify for the Alaska bidder preference and a certain disability  
3 preference under the State Procurement Code; and providing for an effective  
4 date."

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

6 \* **Section 1.** AS 36.30.170(b) is amended to read:

7 (b) The procurement officer shall award a contract based on solicited bids to  
8 the lowest responsive and responsible bidder after an Alaska bidder preference of five  
9 percent, an Alaska products preference as described in AS 36.30.322 - 36.30.338, and  
10 a recycled products preference under AS 36.30.337 have been applied. In this  
11 subsection, "Alaska bidder" means a person who

12 (1) holds a current Alaska business license;

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

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

4 (4) is incorporated or qualified to do business under the laws of the  
5 state, is a sole proprietorship and the proprietor is a resident of the state, is a limited  
6 liability company organized under AS 10.50 and all ~~managing~~ members are  
7 residents of the state, or is a partnership under AS 32.05 or AS 32.11 and all  
8 partners are residents of the state; and

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

11 \* Sec. 2. AS 36.30.170(e) is amended to read:

12 (e) If a bidder qualifies under (b) of this section as an Alaska bidder, is a  
13 qualifying entity, and is the lowest responsible and responsive bidder with a bid that  
14 is not more than 10 percent higher than the lowest bid, the procurement officer shall  
15 award the contract to that bidder. This subsection does not give a bidder who would  
16 otherwise qualify for a preference under this subsection a preference over another  
17 bidder who would otherwise qualify for a preference under this subsection or (f) of this  
18 section. In this subsection, "qualifying entity" means a

19 (1) sole proprietorship owned by a person with a disability;

20 (2) partnership under AS 32.05 or AS 32.11 if each of the partners is  
21 a person with a disability; [OR]

22 (3) limited liability company organized under AS 10.50 if each of  
23 the ~~managing~~ members is a person with a disability; or

24 (4) corporation that is wholly owned by individuals and each of the  
25 individuals is a person with a disability.

26 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

*amend #1 — remove "managing" from  
line 6 & line 23*

SENATE BILL NO. 220

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/24/00

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act clarifying the requirements for limited liability companies and  
2 partnerships to qualify for the Alaska bidder's and disability preferences under  
3 the State Procurement Code; and providing for an effective date."

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

5 \* Section 1. AS 36.30.170(b)is amended to read:

6 (b) The procurement officer shall award a contract based on solicited bids to  
7 the lowest responsive and responsible bidder after an Alaska bidder preference of five  
8 percent, an Alaska products preference as described in AS 36.30.322 - 36.30.338, and  
9 a recycled products preference under AS 36.30.337 have been applied. In this  
10 subsection, "Alaska bidder" means a person who

- 11 (1) holds a current Alaska business license;
- 12 (2) submits a bid for goods, services, or construction under the name as
- 13 appearing on the person's current Alaska business license;
- 14 (3) has maintained a place of business within the state staffed by the

1 bidder or an employee of the bidder for a period of six months immediately preceding  
2 the date of the bid;

3 (4) is incorporated or qualified to do business under the laws of the  
4 state, is a sole proprietorship and the proprietor is a resident of the state, is a limited  
5 liability company organized under AS 10.50 and all managing directors are<sup>members</sup>  
6 residents of the state, or is a partnership under AS 32.05 or AS 32.11 and all  
7 partners are residents of the state; and

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

10 \* Sec. 2. AS 36.30.170(e) is amended to read:

11 (e) If a bidder qualifies under (b) of this section as an Alaska bidder, is a  
12 qualifying entity, and is the lowest responsible and responsive bidder with a bid that  
13 is not more than 10 percent higher than the lowest bid, the procurement officer shall  
14 award the contract to that bidder. This subsection does not give a bidder who would  
15 otherwise qualify for a preference under this subsection a preference over another  
16 bidder who would otherwise qualify for a preference under this subsection or (f) of this  
17 section. In this subsection, "qualifying entity" means a

18 (1) sole proprietorship owned by a person with a disability;

19 (2) partnership under AS 32.05 or AS 32.11 if each of the partners is  
20 a person with a disability; [OR]

21 (3) limited liability company organized under AS 10.50 if each of  
22 the managing directors<sup>members</sup> is a person with a disability; or

23 (4) corporation that is wholly owned by individuals and each of the  
24 individuals is a person with a disability.

25 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).