

HB

155

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
 MAY 16 2003
 SENATE FINANCE
 COMMITTEE

DATE: 5/8/03

FURTHER:

DATE TURNED
 IN TO OFFICE: 16 May 2003

Finance Committee considered CS FOR HOUSE BILL NO. 155(FIN)

HB 155 PUBLIC CONSTRUCTION PROJECT REQUIREMENTS

"An Act relating to the submission of payroll information by contractors and subcontractors performing work on a public construction contract; requiring a notice of work by employers on public construction contracts; providing for the withholding of final payment for public construction contracts; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Labor	4/8/03	53.9		#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Adrian Taylor</i>	✓			
<i>C. Beards</i>	✓			
<i>Ben Stevens</i>	✓			
<i>Howard C. [unclear]</i>			✓	
COCHAIR: <i>Lynne [unclear]</i>	✓			
COCHAIR: <i>[unclear]</i>				

MAY 16 2003

SENATE FINANCE COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 155(FIN)
(H) Publish Date: 5/6/03

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Public Construction Project Requirements BRU: Labor Standards and Safety
Sponsor: House Rules Component: Wage and Hour
Requester: House L&C Component Number: 345

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	44.7	44.7	44.7	44.7	44.7	44.7
Travel						
Contractual	7.2	7.2	7.2	7.2	7.2	7.2
Supplies	2.0	0.2	0.2	0.2	0.2	0.2
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	53.9	52.1	52.1	52.1	52.1	52.1

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (Gen Fund 1004)	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	53.9	52.1	52.1	52.1	52.1	52.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	53.9	52.1	52.1	52.1	52.1	52.1

Estimate of any current year (FY2003) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would amend AS 36.05.040 to require bi-weekly rather than weekly submission of certified payrolls to the Department of Labor and Workforce Development (DLWD), and the addition of a new section under AS 36.05.045 to institute a reporting requirement to DLWD at the beginning and end of a project. In addition, DLWD proposes to institute a new fee at the beginning of a project.

(Continued on second page.)

Prepared by: Hall Denton, Acting Director Phone: 465-4855
Division: Labor Standards & Safety Date/Time: 4/8/03 3:31 PM
Approved by: Greg O'Claray, Commissioner Date: 04/08/03
Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

FISCAL NOTE #2

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSHB 155(FIN)

ANALYSIS: (continued)

Under the new plan, contractors will submit an affidavit of compliance at the beginning of a project certifying intent to comply with prevailing wage laws. Submission of the affidavit of compliance will include a payment of one percent of the total contract value, up to a payment cap of \$5,000. Projects of less than \$25,000 will require filing of the affidavit, but are exempt from the payment of the fee. The contractor will continue the current practice of submitting payrolls to contracting agencies where required.

The department will be required to develop an electronic payroll filing system to be available to contractors by July 2004.

Based on a five-year average, with an estimated 1,000 projects opening per year and with an average contract value of approximately \$250,000, revenue is projected to be approximately \$2,500,000 in the first year. Succeeding years will increase or decrease with the number and value of public contracts let.

The department requests a new position: an Accounting Technician I to receive and account for the fees and manage the affidavits and certified payrolls in the Anchorage office.

The department proposes to begin collecting the fees July 1, 2003.

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

Department of Labor and Workforce Development

CSHB 155 (FIN) Sectional Analysis

Section 1 – Alters the language in Title 36.05. - no longer require contractors on public works jobs to submit weekly-certified payrolls (CPR) to the Department of Labor and Workforce Development. Instead, payrolls will be submitted every two weeks.

Section 2 – Adds language so that, prime contractors on a project must file with the Department a notice of work, and pay a filing fee for the prime and each subcontractor on the project. Filing fees are equal to 1% of the sum of each contractor and subcontractor's contract price not to exceed a total amount of \$5,000 in the aggregate. The filing fee applies only to those projects with a total contract value in excess of \$25,000. Special allowance is made for late filing of the notice of work requirement for emergency work.

At the end of a project, each prime contractor will file with the Department a notice of completion and pay any additional filing fees necessitated by any increases in the contract amounts.

Within 30 days of receipt of the notice of completion, the Department will notify the contracting agency of the need to withhold any amounts on the contract to ensure compliance with AS 36.

Section 3 – Defines “contracting agency” for this chapter.

Section 4 - Adds language so contractors working on public projects begun before July 1, 2003 are exempted from the filing fee but must file the notice of work on a form provided by the department.

Section 5 - Requires the department to provide a mechanism for the electronic filing of certified payrolls by July 1, 2004.

Section 6- Transitional provision language for regulations

Section 7 - Immediate effective dates for Sections 4 and 6

Section 8- All sections except for Sections 4 and 6 take effect July 1, 2003

FRANK H. MURKOWSKI
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
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HB 155
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March 5, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the submission of certified payroll records by contractors and subcontractors performing work on public construction projects.

Currently, under AS 36.05.040, contractors and subcontractors performing work on public construction contracts are required to file certified payroll records each Friday with the Department of Labor and Workforce Development. The Department of Labor and Workforce Development recognizes that many contracting agencies require contractors and subcontractors to file payroll records with them as well. This bill would reduce the double filing requirement on contractors and their subcontractors to file certified payroll records.

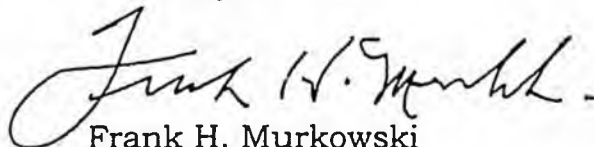
In lieu of filing certified payroll records with the Department of Labor and Workforce Development, each contractor and subcontractor would be required to file a Notice of Intent to Pay Prevailing Wages with the Department of Labor and Workforce Development along with a \$100 fee. The Notice of Intent to Pay Prevailing Wages would provide identifying information about the project, the name of the contractor or subcontractor, and a statement that the contractor or subcontractor will comply with the Little Davis Bacon Act. Furthermore, when the contractor or subcontractor completes its work on the public construction project, an Affidavit of Wages Paid stating that the contractor or subcontractor has completed work on the project and has complied with the requirements of the Little Davis Bacon Act will be required.

The Honorable Pete Kott
March 5, 2003
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Eliminating this weekly filing requirement with the Department of Labor and Workforce Development and requiring the new fees would be an administrative savings to the department as well as generating an annual revenue of \$1.15 million.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, reading "Frank H. Murkowski". The signature is written in dark ink and is positioned above the printed name and title.

Frank H. Murkowski
Governor

SENATE FINANCE COMMITTEE

SIGN-IN

HB 155-PUBLIC CONSTRUCTION PROJECT REQUIREMENTS

NAME: GREG O'CLARY Subject/Bill No: HB 155
Co./Dept./Title: DOLWD comm Phone: 465-2701
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
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Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
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Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions