

HB

24



Alaska State Legislature

Representative Anna Fairclough – House District 17

MEMORANDUM



Date: March 12, 2010
To: Senator Linda Menard, Chair
From: Representative Anna Fairclough
Re: CSHB 24 (MLV) "An Act relating to a public procurement preference for Alaska veterans"

I am requesting a hearing for CSHB 24 (MLV) "An Act relating to a public procurement preference for Alaska veterans" at your earliest convenience. I have attached relevant materials for your committee.

Thank you in advance for your consideration.

Anna

Attachments:

- I. Sponsor Statement
- II. Section Analysis
- III. Explanation of Changes
- IV. CSHB 24
- V. HB 24
- VI. Zero Fiscal Note
- VII. Back up Documentation



Alaska State Legislature

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CS for House Bill 24

"An Act relating to a public procurement preference for Alaska veterans"

Alaska law, Sec. 36.30.180, states that "The purpose of bidder preference for resident firms when the state acts as a market participant is to encourage local industry, strengthen and stabilize the economy, decrease unemployment, and strengthen the tax and revenue base of the state." House Bill 24 will expand this preference to include Alaska Veteran Owned Businesses.

The National Conference of State Legislatures (NCSL) identified 132 state bills (either introduced, in process, or passed into law in the past two years) that address, to some degree, the veteran business communities concerns at the state level. House Bill 24 brings Alaska into the national effort to encourage veterans to start businesses in Alaska and help them succeed.

With everything that our veterans do for us, I feel that it's only right to give back as much as we can to them. That is why House Bill 24 is an important piece of legislation.

Thank you for your consideration on this issue, and I urge your support on this piece of legislation.

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CS House Bill 24 (MLV)

"An Act relating to a public procurement preference for Alaska veterans."

Sectional Analysis

Section 1. Amends AS 36.30.170(a)

Clean up language for referencing a new section that defines Alaska veterans' preference

Section 2. Amends AS 36.30 by adding a new section

Adds in a preference for Alaska veterans and defines what a qualified entity is.

Section 3. Amends AS 36.30.250(b)

Clean up language for referencing a new section that defines Alaska veterans' preference

Section 4. Amends AS 36.30.335

Clean up language for referencing a new section that defines Alaska veterans' preference



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CS House Bill 24 (MLV)

"An Act relating to a public procurement preference for Alaska veterans."

Explanation of Changes

Page 1, Lines 12 through line 16, until "In"

Removed language that stated if an Alaska bidder, is a qualifying entity, is on the register established under (d) of this section, and is the lowest responsible and responsive bidder with a bid that is not more than 10 percent higher than the lowest bid, the procurement officer shall award the contract to that bidder.

Inserted:

"and is a qualifying entity, a 5 percent cost preference shall be applied to the bid price. The preference shall not exceed five thousand dollars."

Page 2, Lines 14 & 15

Removed language that required the department to maintain a register of individuals who qualify under this section as Alaska veterans.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 24
 () Publish Date: _____

Identifier (file name): HB024CS-DOA-DGS-03-19-10 Dept. Affected: DOA
 Title "An Act relating to a public procurement preference for Alaska veterans." RDU Centralized Administrative Services
 Component Purchasing
 Sponsor Reps. Fairclough, Gatto, Lynn, Dahlstrom
 Requester (H) STA Component Number 60

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
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	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill establishes a state procurement preference for Alaska veteran-owned businesses of 5 percent (up to a maximum of \$5,000 per award). The division does not anticipate additional expenses in implementing this preference. While the preference may result in awards to higher-priced offers as a result of application of the preference, we are unable to determine those costs.

Prepared by: Vern Jones, Chief Procurement Officer
 Division Division of General Services
 Approved by: Kevin Brooks, Deputy Commissioner
Department of Administration

Phone 465-3435
 Date/Time 3/19/10 12:00 PM
 Date 3/19/2010



At-a-Glance Preferences for State of Alaska Contracts

Except when restricted by Federal regulations, certain preferences apply to all State of Alaska contracts for professional services, regardless of their dollar value. **The Alaskan Bidder/Offeror preferences** are the two most common preferences involved in the State of Alaska procurement process.

ALASKAN BIDDER'S PREFERENCE AS 36.30.170(B)

A contract award is made to the lowest responsive and responsible bidder after applying the 5% bidders preference.

An "Alaska bidder" means a bidder/offeror who:

- holds a current Alaska business license;
- submits a bid for supplies, services, or construction under the name appearing on the person's current Alaska business license;
- 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 bid date;
- is incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.05 or AS 32.11 and all partners are residents of the state; and
- if a joint venture, is composed entirely of ventures that qualify under (1) -- (4) of this subsection.

ALASKA OFFEROR'S PREFERENCE (2 AAC 12.260E)

In some circumstances, supplies and services are obtained through the use of a Request for Proposals (RFP). Responses to those RFPs are evaluated using a numerical rating system that considers factors in addition to cost. When a numerical rating system is used, vendors that qualify for the Alaska bidder preference will receive a 10% evaluation point preference (10% of the total available points).

NOTE: The application of all preferences are for evaluation purposes only. The vendor is still paid the full price identified in their bid/offer for the goods or services rendered.

Additional preferences are listed on the back of this page, with excerpts from the relevant statutes and codes.

For additional information, contact the department that manages the particular preference program, or the Department of Administration, Division of General Services, PO Box 110210, Juneau, AK 99811-0210 Phone: (907) 465-2250, Fax: 465-2189 TDD: (907) 465-2205. Or download the booklet: *How to do Business with the State of Alaska* at <http://www.state.ak.us/local/akpages/ADMIN/dqs/pdf/htdbws.pdf>

PREFERENCE	HOW PREFERENCE IS APPLIED	TERMS
USE OF LOCAL FOREST PRODUCTS AS 36.15.010	In a project financed by State money...	...only timber, lumber, and manufactured lumber products originating in this state shall be used, unless impractical.
LOCAL AGRICULTURAL AND FISHERIES PRODUCTS PREFERENCE AS 36.15.050	When agricultural products are purchased using State money...	...only those products harvested or processed within the jurisdiction of Alaska, will be purchased, provided they are available, of comparable quality, and priced no more than seven percent (7%) higher than products harvested outside the state, or in the case of fisheries products harvested or processed of the state, in accordance with AS 36.15.050. NOTE: "Agricultural products" includes dairy products, timber and lumber, and products manufactured in the state from timber and lumber.
ALASKA PRODUCT PREFERENCE AS 36.30.332 3 AAC 92.010	A bidder with materials and supplies: Class I , 25% - 50% produced/manufactured in state, receives 3% bid preference; Class II , 50% - 75% produced/manufactured in state, receives 5% bid preference; Class III , 75% plus, produced/manufactured in state, receives 7% bid preference.	The company and the product must be on the Alaska Product Preference list published by the Department of Commerce, Community and Economic Development at least 30 days prior the issuing date of the solicitation. http://www.commerce.state.ak.us/oed/prodprel/pppcompany.cfm To apply for certification to get on the list: Department of Commerce, Community and Economic Development 550 West 7th Street, Suite 1770, Anchorage, AK 99503 Phone: (907) 269-8110, Fax: (907) 269-8125
RECYCLED PRODUCTS PREFERENCE (AS 36.30.337)	Bids or offers that include the use of recycled products that meet specs in solicitation and minimum recycled content set by the State, receive a 5% cost evaluation preference.	Recycled products must meet the eligibility criteria set by the State for the product at the time of the bid opening or proposal deadline.
EMPLOYMENT PROGRAM PREFERENCE AS 36.30.170(c) 2 AAC 12.050. AS 36.30.990(10)	Preferred Alaskan Bidder offers goods/services through employment program, and is lowest responsive and responsible bidder with a bid no higher than 15% above lowest bid	The Department of Labor & Workforce Development, Division of Vocational Rehabilitation maintains a listing of vendors who qualify for the three disability related preferences. For disability preference certification, please contact: Department of Labor & Workforce Development Division of Vocational Rehabilitation 801 West 10th Street, Suite A, Juneau, Alaska 99801-1894 Phone: (907) 465-2814, Fax: (907) 465-2856 http://www.labor.state.ak.us/dvr/home.htm
ALASKANS WITH DISABILITIES PREFERENCE AS 36.30.170(e)(j)	Preferred Alaskan Bidder is a qualifying entity under AS 36.30.170(e) and (j); is lowest responsive and responsible bidder with bid no higher than 10% of lowest bid	In order to qualify for one of the three disability related preferences, a bidder/offeror must add value by actually performing, controlling, managing, and supervising the services provided, or they must have sold supplies of the general nature solicited to other State agencies, governments, or the general public.
EMPLOYERS OF PEOPLE WITH DISABILITIES PREFERENCE AS 36.30.170(f)(j)	Preferred Alaskan Bidder , responsible and responsive bidder/offeror, is employing 50% plus disabled persons at time of bid/offer submission, and bid price or offer is not higher than 10% than the lowest bid/offer received.	NOTE: A bidder/offer cannot claim more than one of the three disability related preferences for the same bid/offer.
<p>PREFERENCE QUALIFICATION LETTER: The Department of Labor Division of Vocational Rehabilitation will issue a certification letter. A bidder/offeror must be on this Division's list at the time the bid is opened, and must provide a copy of the certification letter to procurement officer, <u>and</u> attach a copy of it to their bid. If the certification letter is NOT attached to their bid, the State will disallow the preference.</p> <p>The Division also maintains lists of Alaskan; [1] employment programs that qualify for preference, [2] individuals who qualify for preference as Alaskan's with disabilities, and, [3] employers who qualify for preference as employers of people with disabilities. In order to qualify for one of these preferences, a bidder must add value by actually performing, controlling, managing, and supervising services provided, or for supplies, a bidder must have sold supplies of general nature solicited to other state agencies, government, or the general public.</p>		

SENATE COMMITTEE REPORT

DATE: 4/17/09

FURTHER:

DATE TURNED
IN TO OFFICE: _____

State Affairs Committee considered CS FOR HOUSE BILL NO. 24(MLV)

HB 24 PROCUREMENT PREFERENCE FOR VETERANS

"An Act relating to a public procurement preference for Alaska veterans."

and recommends:

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

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____


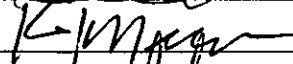



NEW FISCAL NOTE(S):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
Admin	03/19/10			X	

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	French	✓			
	Meyer	✓			
	PASKVAN	X			
	Kookan	X			
CHAIR: 	MENARD	✓			