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<TARGET><BILL>HB 204</BILL><SUBJECT>HB  
204</SUBJECT><COMM>SFIN27</COMM></TARGET>



# FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

Bill Version HB 204  
Fiscal Note Number 2  
(S) Publish Date 4/10/12

Identifier (file name) HB204-DOA-PUR-12-01-11

Title State Procurement Code Dept. Affected Administration  
Centralized Administrative Services

Sponsor Representatives Fairclough Requester Senate State Affairs  
Allocation Purchasing  
OMB Component Number 60

**Expenditures/Revenues** (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in FY13 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	
<b>OPERATING EXPENDITURES</b>	<b>FY13</b>	<b>FY13</b>						
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
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>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE		(Thousands of Dollars)							
1002	Federal Receipts								
1003	GF Match								
1004	GF								
1005	GF/Prgm (DGF)								
1037	GF/MH (UGF)								
1178	temp code (UGF)								
	<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>	<b>0.0</b>	<b>0.0</b>

POSITIONS									
Full-time									
Part-time									
Temporary									

<b>CHANGE IN REVENUES</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>	<b>0.0</b>	<b>0.0</b>
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**Estimated SUPPLEMENTAL (FY12) operating costs** 0.0 (separate supplemental appropriation required,  
*discuss reasons and fund source(s) in analysis section*)

**Estimated CAPITAL (FY13) costs** 0.0 (separate capital appropriation required),  
*discuss reasons and fund source(s) in analysis section*)

**Why this fiscal note differs from previous version (if initial version, please note as such)**  
**Update for session**

Prepared by Vern Jones Phone 907-465-5684  
Division General Services Date/Time 12/1/11 4:00 PM  
Approved by John Cramer, Deputy Commissioner Date 12/2/2011  
Department of Administration

**FISCAL NOTE #2**

**STATE OF ALASKA  
2012 LEGISLATIVE SESSION**

**BILL NO. HB 204**

**Analysis**

This bill reorganizes and provides consistent language for state procurement preferences, making application of preference rules simple and more uniform. The Department of Administration, Division of General Services does not anticipate any fiscal impact from the proposed legislation.



**Alaska State Legislature**  
**Representative Anna Fairclough — House District 17**

**HB 204 Sectional Analysis**

- \* Section 1:** Amends AS 36.30.080(f)  
Increases the threshold limit for small procurements of leased space from 3,000 square feet to 7,000 square feet, consistent with section 7.
- \* Section 2:** Amends AS 36.30.110(b)  
Clarifies Alaska business license requirements for competitive sealed bids and qualification for the Alaska bidder preference. Change would require bidders to show proof of their Alaska Business License prior to award, but would require the license at the time of bid submission in order to qualify for the Alaska bidder preference.
- \* Section 3:** Amends AS 36.30.130(a)  
Eliminates reference to a procurement officer's use of vendor lists, reflecting the repeal of the statute establishing the vendor lists, consistent with section 10.
- \* Section 4:** Amends AS 36.30.210(b)  
Clarifies construction contractor registration requirements, now explicitly requiring registration before award of a contract.
- \* Section 5:** Amends AS 36.30.210(e)  
Clarifies Alaska business license requirements for competitive sealed proposals and qualification for the Alaska bidder preference using language consistent with that used in section 2.
- \* Section 6:** Amends AS 36.30 by adding a new section 36.30.290  
Adds a new section allowing an agency to accept electronic bids and proposals.

**\* Section 7:** Amends AS 36.30.320(a)

Increases the threshold under which a state agency may use informal procurement process to \$100,000 for goods and professional services, to \$200,000 for construction, and 7,000 square feet for lease of space.

**\* Section 8:** Amends AS 36.30.655

Eliminates reference to the removal of debarred or suspended persons from vendor lists, reflecting the repeal of a law establishing the vendor lists, consistent with section 10.

**\* Section 9:** Amends AS 36.30.990

Adds new definitions for “in writing” and “written.”

**\* Section 10:** Repeals statute establishing the vendor list.

**\* Section 11:** Amends the uncodified law of the State of Alaska

Clarifies the application of the procurement act to pending solicitations during transition period.

**\* Section 12:** Effective Date

Language making the procurement act effective immediately.



## Alaska State Legislature

### Representative Anna Fairclough – House District 17

#### Sponsor Statement

#### House Bill 204

"An Act relating to the State Procurement Code, including the use of small procurement provisions for certain amounts of leased space, the requirement of Alaska business license proof for Alaska bidder and other procurement preferences, the registration of construction contract bidders and offerors, the establishment and maintenance of lists of persons who want to provide supplies or services to the state, state agencies, and state instrumentalities, electronic bids and proposals, small procurements, signatures, and writings; and providing for an effective date."

House Bill 204 makes changes to the state's procurement code. Collectively, these changes streamline the procurement code to ensure consistent application of the law, and results in a more understandable, efficient procurement process. These changes are needed to prevent failed procurements and provide modern procurement tools and techniques to the State's workforce.

This legislation would clarify Alaska business license requirements for competitive sealed bids and proposals and qualification for the Alaska bidder preference, which should reduce the number of bids and proposals the state currently disqualifies on technical grounds.

The dollar threshold for informal or small procurements is increased, which will simplify many purchases that are now procured via time consuming and more complex formal procurement rules.

HB 204 updates our Procurement Code and provides tools and techniques to our employees. The bill allows for electronic receipt of bids and signatures. The bill also eliminates the requirement to maintain outdated vendor lists in a time when commerce is moving online.

It has been many years since our procurement code has been modernized. These changes will position us to become more efficient and effective in our purchasing and contracting.

I appreciate your support and consideration of this legislation.

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Representative\_Anna\_Fairclough@legis.state.ak.us

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UNIVERSITY  
of ALASKA  
*Many Traditions One Alaska*

March 26, 2012

To Whom It May Concern,

On behalf of the University of Alaska Statewide System Procurement Office and the procurement offices located at the MAU's in Fairbanks, Anchorage and Juneau, I would like to express support for House Bill 204 (HB204) relating to the State Procurement Code.

After reviewing the proposed changes, it is my opinion that this Bill will benefit the university, along with other public procurement units in Alaska, in making its procurements in a timely, efficient manner while meeting the needs of its customers and the vending community.

The changes will shorten the time necessary to award contracts for space leases and purchases between the old and new thresholds without sacrificing the quality of public notice given to interested parties. Accepting electronic bids and proposals will allow for, and ensure, more timely receipt of the documents, and along with the proposed changes to the requirements for Alaska Business Licenses, should stimulate competition. These changes are fair, reasonable, in some cases long overdue, and on the whole very much welcome.

Thank you for considering the passage of this much needed piece of legislation.

Sincerely,

University of Alaska

A handwritten signature in black ink that reads "Michael Grabek".

Michael Grabek, C.P.M.  
Chief Procurement Officer

March 26, 2012

The Honorable Anna Fairclough  
Representative, Alaska House of Representatives  
Alaska State Capitol, Room 501  
Juneau, AK 99801

Re: House Bill 204

Dear Representative Fairclough:

The mission of the Alaska State Chamber of Commerce (Alaska Chamber) is to promote a positive business environment in Alaska. The Alaska Chamber represents hundreds of businesses and local chambers from across Alaska. These member businesses share the goal of improving Alaska's low "business friendliness" rankings in national polls. Often government regulations erect unnecessary barriers to doing business. House Bill (HB 204) streamlines and modernizes the State's procurement code removing rather than adding barriers.

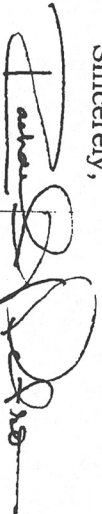
The Alaska Chamber supports HB 204. This past October, Alaska Chamber members gathered to discuss Alaska's economic challenges and opportunities. At our Policy Forum, members agreed to "...ensure that the preferences currently in Alaska's procurement regulations are protected and continue to provide a competitive advantage to Alaska-based or Alaska-owned businesses."

Alaska Chamber members believe the State of Alaska has an interest in maintaining competitive procurement advantages for Alaska-based and Alaska-owned businesses. Alaska's private sector businesses create the jobs and livelihoods that fuel Alaska's economy and population growth.

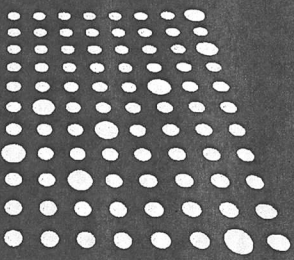
Alaska businesses face more challenges compared to outside institutions. Outside firms have a lower cost of doing business and the preference currently in statute and regulation help offset the advantage outside firms have over Alaska businesses. The intent of these preferences is that when all factors are equal, a preference is provided to businesses located within Alaska. By advantaging Alaskan-based businesses over outside interests, that State of Alaska works to keep Alaskan companies from relocating to outside markets with larger labor pools and greater customer bases. HB 204 strengthens the Alaska bidder preference by clarifying the requirement to have an Alaska business license.

The Alaska Chamber appreciates your work to improve Alaska's business climate and fully supports HB 204.

Sincerely,



Rachael A. Petro  
President/CEO



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OF COMMERCE

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