

ALASKA LEGISLATURE

2523

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

HB

153

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 19, 2003

FURTHER REFERRALS:

Date of Committee Action: 3/31/03

The FINANCE Committee considered:

HB 153

HOUSE BILL NO. 153

MEDICAID COST CONTAINMENT & PRIORITY LIST

"An Act repealing the statute that sets priorities for the Department of Health and Social Services to apply to administration of the medical assistance program when there are insufficient funds allocated in the state budget for that program; authorizing the department to make cost containment decisions that may include decisions about eligibility of persons and availability of services under the medical assistance program; and providing for an effective date."

Recommends it be replaced with HCS or CS for _____ ()
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

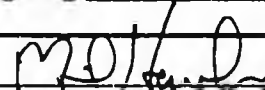
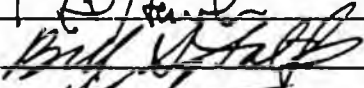
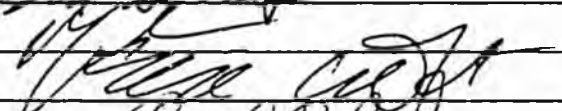
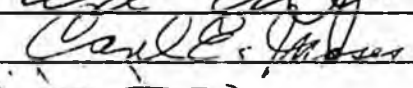

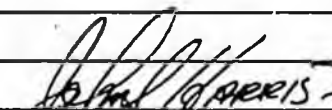
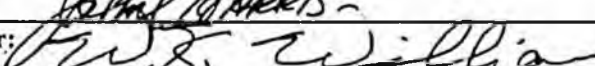
- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of Abbrev for Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
DHSS	#1			✓

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Hawker	✓			
	Stolte	✓			
	Crow			✓	
	MOSES	✓			
	Whitaker	✓			
Chair: 	Harris	✓			
Chair: 	Williams	✓			

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 153
 (H) Publish Date: 3/5/03
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title MEDICAID PRIORITIES WHEN FUNDS INSUFFICIENT BRU Medical Assistance
 Component Medicaid Services

Sponsor RULES

Requester GOVERNOR

Component No. 2077

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						
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 (0)						
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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(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: _____

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Under current law, if insufficient funds are allocated to fully-fund the Medicaid program, the department is directed to eliminate optional Medicaid services based on a priority list that is woefully out-of-date. The existing list is not an effective management tool and, if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.

The proposed bill would replace this obsolescent language with broad general authority for the department to undertake cost containment based on three key principles.

Prepared by: Virginia Stonkus
 Division: Medical Assistance
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-1166
 Date/Time 03/03/2003
 Date 03/04/2003

FISCAL NOTE
FN # 1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 153

ANALYSIS CONTINUATION

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.

The imperative of slowing the growth of state funding for Medicaid while at the same time maintaining health care coverage for needy Alaskans is an issue that can no longer be avoided. Passage of this legislation will give the department some of the tools that it needs to meet this challenge.

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB153
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

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 article III, section 18, of the Alaska Constitution, I am transmitting a bill to provide greater flexibility to the Department of Health and Social Services to implement cost containment strategies for the Medicaid program.

Under current law, if funds appropriated to the Medicaid program are insufficient for a given fiscal year, the department is directed to eliminate optional Medicaid services based on a priority list that is woefully out-of-date. The existing list is not an effective management tool and if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.

The proposed bill would replace this obsolescent language with authority for the department to undertake cost containment based on three key principles.

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

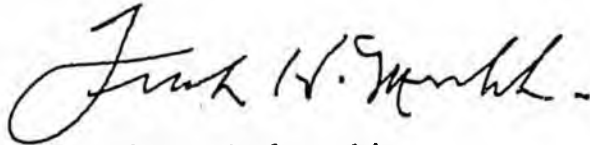
Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.

The Honorable Pete Kott
March 5, 2003
Page 2

The imperative of slowing the growth of state funding for Medicaid while at the same time maintaining health care coverage for needy Alaskans is an issue that can no longer be avoided. Passage of this legislation will give the department additional tools to meet this challenge.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, reading "Frank H. Murkowski".

Frank H. Murkowski
Governor

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

March 20, 2003

Honorable Bill Williams
Co-Chair
House Finance Committee
Alaska State Capitol; Rm. 515
Juneau, AK 99801

Dear Representative Williams,

The Department of Health and Social Services respectfully requests a hearing in the House Finance Committee on House Bill 153, "An Act repealing the statute that sets priorities for the Department of Health and Social Services to apply to administration of the medical assistance program when there are insufficient funds allocated in the state budget for that program; authorizing the department to make cost containment decisions that may include decisions about eligibility of persons and availability of services under the medical assistance program; and providing for an effective date."

This bill will provide greater flexibility to the Department of Health and Social Services to implement cost containment strategies for the Medicaid program.

Under current law, if insufficient funds are allocated to fully-fund the Medicaid program, the department is directed to eliminate optional Medicaid services based on a priority list that is out-of-date. The existing list is not an effective management tool and, if used, would needlessly result in the denial of necessary and cost-effective services to Alaskans in need of health care.

The proposed bill would replace this obsolescent language with broad general authority for the department to undertake cost containment based on three key principles.

First, the department must pursue all other reasonable cost containment measures before eliminating any eligibility groups or services.

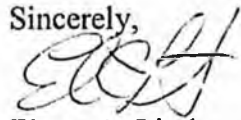
Second, the department should aggressively pursue strategies to maximize federal financial participation in the Medicaid program.

Third, cost containment decisions should be made in a manner that best reflect the needs and interests of eligible Medicaid recipients.

A fiscal note should be on file with the committee.

Your favorable consideration of this request would be appreciated.

Sincerely,



Elmer A. Lindstrom
Special Assistant to the Commissioner

Cc: Mike Tibbles, Legislative Director
Office of the Governor

Virginia Stonkus, Acting Director
Division of Medical Assistance

HB

154

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 4, 2003

FURTHER REFERRALS:

Date of Committee Action: 4/28/03

The FINANCE Committee considered:

HB 154

HOUSE BILL NO. 154

UNDER SCHOOL AGE STUDENTS

"An Act relating to admission to and advancement in public schools of children under school age; and providing for an effective date."

Recommends it be replaced with HCS or CS for HB 154 (FIN)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

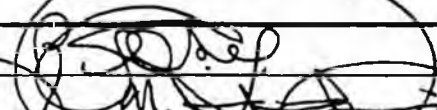

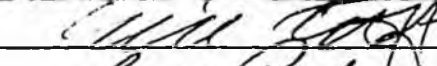
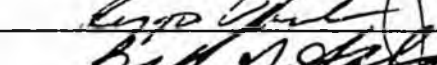

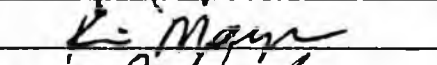
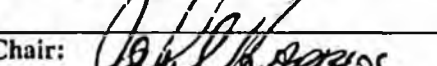
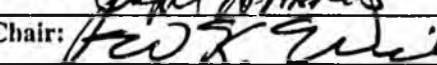

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

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Abbrev
for
Depts.:

- ADM
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- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
EED		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Foster	X			
	Whitaker	✓			
	Chapman			✓	
	[unclear]			✓	
	[unclear]			✓	
	[unclear]			✓	
	[unclear]	✓			
Chair: 	[unclear]			✓	
Chair: 	[unclear]			✓	

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 154(EDU)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title An Act relating to admission to and BRU K-12 Support
advancement in public school of children under school age... Component Foundation Program
 Sponsor Rules Committee
 Requester Governor Component No. 141

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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims		(3,916.2)				
Miscellaneous						
TOTAL OPERATING	0.0	(3,916.2)	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		(3,916.2)				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	(3,916.2)	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This proposed amendment to AS 14.03.080(c) eliminates a district's ability to offer two year kindergarten programs beginning July 1, 2004.

Prepared by: Eddy Jeans, School Finance Manager
 Division: Education and Early Development
 Approved by: _____
 Agency: Education and Early Development

Phone 465-8679
 Date/Time 5/1/03 4:37 PM
 Date 5/1/2003

R/O (FIN)

CS FOR HOUSE BILL NO. 154(EDU)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON EDUCATION

Offered: 3/14/03

Referred: Health, Education and Social Services, Finance

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to advancement in public schools of children under school age; and
2 providing for an effective date." of 1 JUL 04

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

4 * Section 1. AS 14.03.080(c) is amended to read:

5 (c) A child under school age may be admitted to the public school in the
6 school district of which the child is a resident at the discretion of the governing body
7 of the school district if the child meets minimum standards prescribed by the board
8 evidencing that the child has the mental, physical, and emotional capacity to perform
9 satisfactorily for the educational program being offered. A district's educational
10 program must prescribe that under school-age students advance through the
11 curriculum or grade level by the following school year. Effective July 1 2004

12 * Sec. 2. This Act takes effect ~~immediately under AS 01.10.070(c).~~

*conceptual**Rep Foster*AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE FOSTER

TO: CSHB 154(EDU)

1 Page 1, following line 11:

2 Insert a new bill section to read:

3 **** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 **TRANSITION PROVISION; DECLINING FUNDING ADJUSTMENT.** In addition
6 to funding provided under AS 14.17.410(b) and 14.17.490, if, as a result of the amendment of
7 AS 14.03.080(c) made by sec. 1 of this Act, the funding a school district receives under
8 AS 14.17.410 decreases from one fiscal year to the next, the school district may, subject to
9 appropriation for the purpose of this section, use the last fiscal year before the decline in
10 funding as a base fiscal year and offset any reduction in state funding according to the
11 following schedule: (1) for the first fiscal year after the base fiscal year, the school district is
12 eligible to receive basic need as determined under AS 14.17.410(b)(1) plus 100 percent of the
13 difference in basic need between the base fiscal year and the first fiscal year after the base
14 fiscal year; (2) for the second fiscal year after the base fiscal year, the school district is
15 eligible to receive basic need determined under AS 14.17.410(b)(1) plus ^{40%}60 percent of the
16 difference in basic need between the base fiscal year and the second fiscal year after the base
17 fiscal year; ~~(3) for the third fiscal year after the base fiscal year, the school district is eligible~~
18 to receive basic need determined under AS 14.17.410(b)(1) plus 30 percent of the difference
19 ~~in basic need between the base fiscal year and the third fiscal year after the base fiscal year.~~
20 The schedule established in this section is available to a school district for the three fiscal
21 years following the base fiscal year only if the basic need determined under
22 AS 14.17.410(b)(1) for each following fiscal year is less than the amount of basic need in the
23 base fiscal year."

1

2 Renumber the following bill section accordingly.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 154
(H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): _____ Dept. Affected Education & Early Development
Title _____ BRU K-12 Support
Component Foundation Program
Sponsor _____
Requester _____ Component No. 141

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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(3,916.2)					
Miscellaneous						
TOTAL OPERATING	(3,916.2)	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(3,916.2)					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	(3,916.2)	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This proposed amendment eliminates a district's ability to offer two year kindergarten programs by amending AS 14.03.080(c).

Proposed Saving is already taken in the Governor's proposed FY 04 budget.

Prepared by: Eddy Jeans, School Finance Manager Phone _____
Division: Education and Early Development Date/Time 3/5/03 8:50 AM
Approved by: Karen Rehfeld Date 3/5/2003
Agency: Education and Early Development

School District	Total w/o Pre-K	OASIS w/Pre-K	State Cost Generated by Pre-K
Alaska Gateway	4,551,894	4,551,894	-
Aleutian Region	939,370	939,370	-
Aleutians East Borough	2,777,340	2,787,565	10,225
Anchorage	197,487,394	197,556,078	68,684
Annette Island	1,223,136	1,223,136	-
Bering Strait	13,452,828	14,324,457	871,629
Bristol Bay Borough	1,203,628	1,203,628	-
Chatham	1,714,908	1,722,960	8,052
Chugach	1,687,368	1,715,308	27,940
Copper River	5,210,733	5,210,733	-
Cordova	2,675,630	2,679,069	3,439
Craig	3,792,134	3,792,134	-
Delta/Greely	5,483,670	5,483,670	-
Denali Borough	2,640,120	2,640,120	-
Dillingham	3,464,355	3,464,355	-
Fairbanks N. Star Borough	64,768,592	64,788,279	19,687
Galena	14,658,628	14,822,406	163,778
Haines Borough	1,584,374	1,584,374	-
Hoonah	1,392,912	1,399,748	6,836
Hydaburg	815,333	830,050	14,717
Iditarod Area	4,292,376	4,302,651	10,275
Juneau Borough	20,657,653	20,666,591	8,938
Kake	1,131,684	1,131,684	-
Kashunamiut	2,254,883	2,262,130	7,247
Kenai Peninsula Borough	41,523,910	41,528,620	4,710
Ketchikan Gateway Borough	9,531,715	9,536,908	5,193
Klawock	1,148,850	1,148,850	-
Kodiak Island Borough	13,655,051	13,655,051	-
Kuspuk	4,168,872	4,201,402	32,530
Lake & Peninsula Borough	5,797,707	5,797,707	-
Lower Kuskokwim	34,776,160	34,798,175	22,015
Lower Yukon	15,840,489	16,081,647	241,158
Mat-Su Borough	67,312,754	67,348,424	35,670
Nenana	5,327,671	5,327,671	-
Nome	5,006,969	5,006,969	-
North Slope Borough	7,568,755	8,472,874	904,119
Northwest Arctic Borough	18,348,673	19,614,005	1,265,332
Pelican	379,561	386,400	6,839
Petersburg	3,231,989	3,231,989	-
Pribilof	1,098,346	1,108,572	10,226
Sitka Borough	6,567,113	6,579,916	12,803
Skagway	707,917	707,917	-
Southeast Island	2,658,024	2,676,659	18,635
Southwest Region	5,806,090	5,806,090	-
St. Mary's	1,678,316	1,761,908	83,592
Tanana	821,526	840,975	19,449
Unalaska	2,134,007	2,134,007	-
Valdez	3,653,062	3,653,062	-
Wrangell	2,415,335	2,425,803	10,468
Yakutat	1,179,924	1,179,924	-
Yukon Flats	4,137,262	4,137,262	-
Yukon/Koyukuk	5,808,098	5,821,080	12,982
Yupit	4,036,252	4,045,310	9,058
Alyeska Central School	3,500,495	3,500,495	-
Mt. Edgecumbe High School	1,396,430	1,396,430	-
TOTALS:	641,078,266	644,994,492	3,916,226

G:\DistSup\S04Foundation\Fiscal Notes\PRE-K Cost_AS14-03-080c.xls]Pre-Kindergarten Cost to State

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 154
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

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 which clarifies local school district programs for under school age children.

Pursuant to existing statutes, a district may enroll a four year old child, referred to as an "under school age student." The intent of this bill is to prohibit districts from constructing curriculums that offer two years of kindergarten as a standard program. Early entry of four year olds into the school system should be a rare event and reserved for the truly exceptional child.

This bill would remove a school district's ability to offer early entry as standard practice to access the foundation formula and provide state funded pre-school programs. Currently, districts can enroll four year olds and then enroll them again as a kindergarten student in the next school year. This action effectively provides a child with two years of kindergarten with very little in the way of extra expense to the district. The result to the state is an additional year of per pupil funding equating to approximately \$3.9 million.

Enrolling four year olds as the current statute provides should be retained. However, early enrolled children should be expected to advance through to the next grade level or grade level equivalent.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

testimony
4/10/03

House Finance HB 154

For the record I am Bruce Johnson representing the Association of Alaska School Boards.

HB 154 – Under School Age Student, in the estimation of our Association’s members, will eliminate an important tool that *many* ~~some~~ districts have utilized to ensure an “equal start” for all children. The inequality that currently exists among children starting formal schooling is well documented. A recent study by the Economic Policy Institute validates that children enter school with wide achievement disparities. This particular study found that children in the highest socioeconomic group score 60 percent higher in mathematics and reading as compared to the students in the lowest socioeconomic group. Findings such as these help support what educators have known for years – the “achievement gap” begins long before children enter school. This bill, should it become law, will severely limit a school district’s capacity to better ensure that children enter the public school starting gate on more equal footing.

Please don’t misunderstand AASB’s position on this issue – we believe strongly that all children can learn regardless of their socioeconomic status. But the fact remains that many children come to the school house door without the advantages provided to children in our state’s more affluent homes, and this difference is extremely difficult to overcome without opportunities to start with children at a pre-school level.

← * The schooling experience → *

In summary, I urge you to reconsider HB 154 and if needed, regulate the current law before denying the opportunity for children most in need to enter public schools on an equal footing with their peers. Thank you.

- FRONT-ENDS LOADING
 - GOOD INVESTMENT
- IMPACT DOWN-STREAM

I would draw your attention to the tremendous advances in student learning that are occurring in many of our school districts → In nearly all cases, such as the Chugach ^{School District's} continuous Improvement model, students pass through ~~the~~ ^a system comprised of levels; not based on specific age or time frames. Early intervention is key to students acquiring the skills necessary ^{to advance to the next level.} I would submit that a program targeted to needy 4-years olds is far superior to retention at later grades. ^{And I point out, the cost for a year of such is the same.} Our system must recognize that children learn at varying rates and therefore the school experience ^{must} necessarily range ~~from grade~~ ^{from 9 or 10} 11 or 12 years or 14 or 16 years.

SFIN

FILE

HB

154

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
 MAY 15 2003
 SENATE FINANCE
 COMMITTEE

DATE: 5/11/03

FURTHER:

DATE TURNED
 IN TO OFFICE: 15 May 2003

Finance Committee considered CS FOR HOUSE BILL NO. 154(FIN)

HB 154 UNDER SCHOOL AGE STUDENTS

"An Act relating to advancement in public schools of children under school age; and providing for an effective date for the Act of July 1, 2004."

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#
Education	5/1/03	✓		#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>John Taylor</i>	✓			
<i>Don Ho</i>		✓		
<i>Joseph C. Ober</i>		✓		
<i>Tom Brund</i>	✓			
<i>Ben Steen</i>	✓			
COCHAIR:				
COCHAIR: <i>Leslye</i>	✓			

MAY 15 2003

SENATE JOURNAL
OFFICE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 154(FIN)
(H) Publish Date: 5/1/2003

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
Title An Act relating to admission to and BRU K-12 Support
advancement in public school of children under school age... Component Foundation Program
Sponsor Rules Committee
Requester Governor Component No. 141

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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims		(3,916.2)				
Miscellaneous						
TOTAL OPERATING	0.0	(3,916.2)	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		(3,916.2)				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	(3,916.2)	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This proposed amendment to AS 14.03.080(c) eliminates a district's ability to offer two year kindergarten programs beginning July 1, 2004.

Prepared by: Eddy Jeans, School Finance Manager Phone 465-8679
Division: Education and Early Development Date/Time 5/1/03 4:56 PM
Approved by: _____ Date 5/1/2003
Agency: Education and Early Development

Pre-K Foundation Cost

State Cost Generated

School District	Total w/o Pre-K	OASIS w/Pre-K	State Cost Generated by Pre-K
Alaska Gateway	4,551,894	4,551,894	-
Aleutian Region	939,370	939,370	-
Aleutians East Borough	2,777,340	2,787,565	10,225
Anchorage	197,487,394	197,556,078	68,684
Annette Island	1,223,136	1,223,136	-
Bering Strait	13,452,828	14,324,457	871,629
Bristol Bay Borough	1,203,628	1,203,628	-
Chatham	1,714,908	-1,722,960	8,052
Chugach	1,687,368	1,715,308	27,940
Copper River	5,210,733	5,210,733	-
Cordova	2,675,630	2,679,069	3,439
Craig	3,792,134	3,792,134	-
Delta/Greely	5,483,670	5,483,670	-
Denali Borough	2,640,120	2,640,120	-
Dillingham	3,464,355	3,464,355	-
Fairbanks N. Star Borough	64,768,592	64,788,279	19,687
Galena	14,658,628	14,822,406	163,778
Haines Borough	1,584,374	1,584,374	-
Hoonah	1,392,912	1,399,748	6,836
Hydaburg	815,333	830,050	14,717
Iditarod Area	4,292,376	4,302,651	10,275
Juneau Borough	20,657,653	20,666,591	8,938
Kake	1,131,684	1,131,684	-
Kashunamiut	2,254,883	2,262,130	7,247
Kenai Peninsula Borough	41,523,910	41,528,620	4,710
Ketchikan Gateway Borough	9,531,715	9,536,908	5,193
Klawock	1,148,850	1,148,850	-
Kodiak Island Borough	13,655,051	13,655,051	-
Kuspuk	4,168,872	4,201,402	32,530
Lake & Peninsula Borough	5,797,707	5,797,707	-
Lower Kuskokwim	34,776,160	34,798,175	22,015
Lower Yukon	15,840,489	16,081,647	241,158
Mat-Su Borough	67,312,754	67,348,424	35,670
Nenana	5,327,671	5,327,671	-
Nome	5,006,969	5,006,969	-
North Slope Borough	7,568,755	8,472,874	904,119
Northwest Arctic Borough	18,348,673	19,614,005	1,265,332
Pelican	379,561	386,400	6,839
Petersburg	3,231,989	3,231,989	-
Pribilof	1,098,346	1,108,572	10,226
Sitka Borough	6,567,113	6,579,916	12,803
Skagway	707,917	707,917	-
Southeast Island	2,658,024	2,676,659	18,635
Southwest Region	5,806,090	5,806,090	-
St. Mary's	1,678,316	1,761,908	83,592
Tanana	821,526	840,975	19,449
Unalaska	2,134,007	2,134,007	-
Valdez	3,653,062	3,653,062	-
Wrangell	2,415,335	2,425,803	10,468
Yakutat	1,179,924	1,179,924	-
Yukon Flats	4,137,262	4,137,262	-
Yukon/Koyukuk	5,808,098	5,821,080	12,982
Yupit	4,036,252	4,045,310	9,058
Alyeska Central School	3,500,495	3,500,495	-
Mt. Edgecumbe High School	1,396,430	1,396,430	-
TOTALS:	641,078,266	644,994,492	7,916,226

G:\DistSup\304Foundation\Fiscal Notes\PRE-K Cost_AS14-03-080c.xls|Pre-Kindergarten Cost to State

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 154
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

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 which clarifies local school district programs for under school age children.

Pursuant to existing statutes, a district may enroll a four year old child, referred to as an "under school age student." The intent of this bill is to prohibit districts from constructing curriculums that offer two years of kindergarten as a standard program. Early entry of four year olds into the school system should be a rare event and reserved for the truly exceptional child.

This bill would remove a school district's ability to offer early entry as standard practice to access the foundation formula and provide state funded pre-school programs. Currently, districts can enroll four year olds and then enroll them again as a kindergarten student in the next school year. This action effectively provides a child with two years of kindergarten with very little in the way of extra expense to the district. The result to the state is an additional year of per pupil funding equating to approximately \$3.9 million.

Enrolling four year olds as the current statute provides should be retained. However, early enrolled children should be expected to advance through to the next grade level or grade level equivalent.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

HB

155

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 8, 2003

FURTHER REFERRALS:

Date of Committee Action: 5/5/03

The FINANCE Committee considered:

HB 155

HOUSE BILL NO. 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; and providing for an effective date."

Recommends it be replaced with HCS or CS for HB 155 (FIN)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

- List of Abbrev for Depts.:
- ADM
 - CED
 - COR
 - CRT
 - EED
 - DEC
 - DFG
 - GOV
 - HSS
 - LEG
 - LAW
 - LWF
 - MVA
 - DNR
 - DPS
 - REV
 - DOT
 - UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
LWF		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>[Signature]</i>	Mayer	✓			
<i>[Signature]</i>	Hawker	✓			
<i>[Signature]</i>	STATZE			✓	
<i>[Signature]</i>	Jank			✓	
<i>[Signature]</i>	CROPT			✓	
<i>[Signature]</i>	MOSES			✓	
<i>[Signature]</i>	Chenault	✓			
<i>[Signature]</i>	Whitaker	✓			
Chair: <i>[Signature]</i>	Narvesi			✓	
Chair: <i>[Signature]</i>	Williams	✓			

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHE 155(L&C)
() Publish Date: _____

Revision Date/Time (Note if correction): _____
Title: Public Construction Project Requirements

Department: Labor and Workforce Development
BRU: Labor Standards and Safety
Component: Wage and Hour

Sponsor: House Rules
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: Hali 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

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSHB 155(L&C)

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.

23-GH1119AS
Craver
5/1/03

adopted 5/5/03

CS FOR HOUSE BILL NO. 155(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

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

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

6 * Section 1. AS 36.05.040 is amended to read:

7 **Sec. 36.05.040. Filing schedule of employees, wages paid, and other**
8 **information.** All contractors or subcontractors who perform work on a public
9 construction contract for the state or for a political subdivision of the state shall, before
10 the Friday of every second [EACH] week, file with the Department of Labor and
11 Workforce Development a sworn affidavit for the previous reporting period
12 [WEEK], setting out in detail the number of persons employed, wages paid, job
13 classification of each employee, hours worked each day and week, and other
14 information on a form provided by [THAT] the Department of Labor and Workforce

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Development [REQUIRES].

* **Sec. 2.** AS 36.05 is amended by adding a new section to read:

Sec. 36.05.045. Notice of work and completion; withholding of payment.

(a) Before commencing work on a public construction contract, the person entering into the contract with a contracting agency shall designate a primary contractor for purposes of this section. Before work commences, the primary contractor shall file a notice of work with the Department of Labor and Workforce Development. The notice of work must list work to be performed under the public construction contract by each contractor who will perform any portion of work on the contract and the contract price being paid to each contractor. The primary contractor shall pay all filing fees for each contractor performing work on the contract, including a filing fee based on the contract price being paid for work performed by the primary contractor's employees. The filing fee payable shall be the sum of all fees calculated for each contractor. The filing fee shall be one percent of each contractor's contract price. The total filing fee payable by the primary contractor under this subsection may not exceed \$5,000. There is no fee for a contract under which the total amount payable by the contracting agency is less than \$25,000. In this subsection, "contractor" means an employer who is using employees to perform work on the public construction contract under the contract or a subcontract.

(b) Upon completion of all work on the public construction contract, the primary contractor shall file with the Department of Labor and Workforce Development a notice of completion together with payment of any additional filing fees owed due to increased contract amounts. Within 30 days after the department's receipt of the primary contractor's notice of completion, the department shall inform the contracting agency of the amount, if any, to be withheld from the final payment.

(c) A contracting agency

(1) may release final payment on a public construction contract to the extent that the agency has received verification from the Department of Labor and Workforce Development that

(A) the primary contractor has complied with (a) and (b) of this

section;

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(B) the Department of Labor and Workforce Development is not conducting an investigation under this title; and

(C) the Department of Labor and Workforce Development has not issued a notice of a violation of this chapter to the primary contractor or any other contractors working on the public construction contract; and

(2) shall withhold from the final payment an amount sufficient to pay the department's estimate of what may be needed to compensate the employees of any contractors under investigation on this construction contract, and any unpaid filing fees

(d) The notice and filing fee required under (a) of this section may be filed after work has begun if

(1) the public construction contract is for work undertaken in immediate response to an emergency; and

(2) the notice and fees are filed not later than 14 days after the work has begun.

(e) A false statement made on a notice required by this section is punishable under AS 11.56.210.

* Sec. 3. AS 36.05 is amended by adding a new section to read:

Sec. 36.05.900. Definitions. In this chapter, "contracting agency" means the state or a political subdivision of the state that has entered into a public construction contract with a contractor.

* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to read:

CURRENT PUBLIC CONSTRUCTION CONTRACTS. Notwithstanding AS 36.05.045, added by sec. 2 of this Act, a contractor or subcontractor that began work on a public construction contract before July 1, 2003, but has not completed the work before July 1, 2003, shall file a notice of work with the Department of Labor and Workforce Development. The contractor or subcontractor shall file the notice not later than 30 days after the Department of Labor and Workforce Development provides the contractor or subcontractor with a copy of the notice form. The contractor or subcontractor is not required to pay a fee for filing.

1 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 ONLINE PAYROLL REPORTING. Not later than July 1, 2004, the Department of
4 Labor and Workforce Development shall provide for filing of payroll reports as required in
5 AS 36.05.040, amended by sec. 1 of this Act, by secure online electronic filing.

6 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 TRANSITIONAL PROVISIONS: REGULATIONS. Notwithstanding sec. 8 of this
9 Act, the Department of Labor and Workforce Development may proceed to adopt regulations
10 necessary to implement the changes made by this Act. The regulations take effect under
11 AS 44.62 (Administrative Procedure Act), but not before the effective date of the relevant
12 statutory change.

13 * **Sec. 7.** Sections 4 and 6 of this Act take effect immediately under AS 01.10.070(c).

14 * **Sec. 8.** Except as provided in sec. 7 of this Act, this Act takes effect July 1, 2003.

Failed 3-7-

23-GH1119S.J
Craver
5/5/03

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE CROFT

TO: CSHB 155(FIN), Draft Version "S"

1 Page 3, lines 6 - 9:

2 Delete "an amount sufficient to pay the department's estimate of what may be needed
3 to compensate the employees of any contractors under investigation on this construction
4 contract, and any unpaid filing fees"

5 Insert "any unpaid filing fees owed by any contractor, and the portion of the final
6 payment owed to any contractor who is being investigated under this title"

Found 4-6

AMENDMENT

OFFERED IN THE HOUSE FINANCE COMMITTEE

2

BY: REPRESENTATIVE CROFT

TO: CSHB 155(FIN) "S"

Page 2, lines 17 through 19, after "\$25,000.":

Delete all text.

Page 3, after line 22:

Insert a new bill section to read:

“*Sec.4. AS 37.05.146(c) is amended by adding a new paragraph to read:

(77) fees received by the Department of Labor and Workforce

Development under AS 36.05.045.”

Renumber accordingly.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 21, 2003

SUBJECT: Sectional Summary CSHB 155(FIN)
(Work Order No. 23-GH1119)

TO: Representative Bill Williams
Attn: Randy Ruaro

FROM: Barbara R. Craver *BRC*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. This section amends AS 36.05.040 to allow the certified payroll statement required by this section to be filed every two weeks, instead of weekly.

Section 2. This section adds a new section to AS 36.05. The new section

- requires a primary contractor to be designated for each public contract;
- the primary contractor must file a "notice of work" with the Department;
- the "notice of work" lists each component of the contract by the contractor performing that portion of the work and the contract price for that portion of work;
- the primary contractor is responsible for paying the filing fees of all other contractors, the filing fee is one percent of the contract price but cannot exceed \$5,000;
- there is no filing fee for a contract of less than \$25,000;
- when the work on the contract is complete the primary contractor files a "notice of completion";
- the department has 30 days to notify the contractor of any amount of the final payment to be withheld, the contracting agency must hold onto an amount sufficient to pay employees working on any part of the contract which might be under investigation, as well as any unpaid filing fees due to increased contract costs;
- there is an exception to the rule that the notice of work and filing fee is to be filed before work can be started in the case of work undertaken in response to an emergency;

Representative Bill Williams

April 21, 2003

Page 2

- a false statement made on a notice required by this section is punishable under AS 11.56.210 (Unsworn falsification.)

Section 3. A definitions section is added to AS 36.05 to define "contracting agency" and to limit the meaning of "public construction" in this chapter. The change would mean that the term does not include remodeling or repairs for less than \$100,000 by tenants in a state owned building.

Section 4. Provides that a public construction contract begun before July 1, 2003 is not subject to the filing fees, but must provide the notice of work form to the department.

Section 5. Directs the department to allow for online electronic filing of payroll reports by July 1, 2004.

Section 6. Directs the department to begin drafting regulations which shall take effect no sooner than the effective date of the law.

Sections 7 & 8. Effective date sections - Sec. 7 says that secs 4 & 6 take effect immediately and that the rest of the act takes effect July 1, 2003.

BRC:med

03-422.med

23-GH1119\Q
Craver
4/16/03

incorporates #1

**CS FOR HOUSE BILL NO. 155(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION**

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

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

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7 **Sec. 36.05.040. Filing schedule of employees, wages paid, and other**
8 **information.** All contractors or subcontractors who perform work on a public
9 construction contract for the state or for a political subdivision of the state shall, before
10 the Friday of every second [EACH] week, file with the Department of Labor and
11 Workforce Development a sworn affidavit for the previous reporting period
12 [WEEK], setting out in detail the number of persons employed, wages paid, job
13 classification of each employee, hours worked each day and week, and other
14 information on a form provided by [THAT] the Department of Labor and Workforce

1 Development [REQUIRES].

2 * Sec. 2. AS 36.05 is amended by adding a new section to read:

3 **Sec. 36.05.045. Notice of work and completion; withholding of payment.**

4 (a) Before commencing work on a public construction contract, the person entering
5 into the contract with a contracting agency shall designate a primary contractor for
6 purposes of this section. Before work commences, the primary contractor shall file a
7 notice of work with the Department of Labor and Workforce Development. The
8 notice of work must list work to be performed under the public construction contract
9 by each contractor who will perform any portion of work on the contract and the
10 contract price being paid to each contractor. The primary contractor shall pay all
11 filing fees for each contractor performing work on the contract, including a filing fee
12 based on the contract price being paid for work performed by the primary contractor's
13 employees. The filing fee payable shall be the sum of all fees calculated for each
14 contractor. The filing fee shall be one percent of each contractor's contract price. The
15 total filing fee payable by the primary contractor under this subsection may not exceed
16 \$5,000. There is no fee for a contract under which the total amount payable by the
17 contracting agency is less than \$25,000. In this subsection, "contractor" means an
18 employer who is using employees to perform work on the public construction contract
19 under the contract or a subcontract.

20 (b) Upon completion of all work on the public construction contract, the
21 primary contractor shall file with the Department of Labor and Workforce
22 Development a notice of completion, together with payment of any additional filing
23 fees owed due to increased contract amounts. Within 30 days after the department's
24 receipt of the primary contractor's notice of completion, the department shall inform
25 the contracting agency of the amount, if any, to be withheld from the final payment.

26 (c) A contracting agency

27 (1) may release final payment on a public construction contract to the
28 extent that the agency has received verification from the Department of Labor and
29 Workforce Development that

30 (A) the primary contractor has complied with (a) and (b) of this
31 section;

1 (B) the Department of Labor and Workforce Development is
2 not conducting an investigation under this title; and

3 (C) the Department of Labor and Workforce Development has
4 not issued a notice of a violation of this chapter to the primary contractor or
5 any other contractors working on the public construction contract; and

6 (2) shall withhold from the final payment an amount sufficient to pay
7 the department's estimate of what may be needed to compensate the employees of any
8 contractors under investigation on this construction contract, and any unpaid filing
9 fees.

10 (d) The notice and filing fee required under (a) of this section may be filed
11 after work has begun if

12 (1) the public construction contract is for work undertaken in
13 immediate response to an emergency; and

14 (2) the notice and fees are filed not later than 14 days after the work
15 has begun.

16 (e) A false statement made on a notice required by this section is punishable
17 under AS 11.56.210.

18 * **Sec. 3.** AS 36.05 is amended by adding a new section to read:

19 **Sec. 36.05.900. Definitions.** In this chapter,

20 (1) "contracting agency" means the state or a political subdivision of
21 the state that has entered into a public construction contract with a contractor;

22 (2) "public construction" does not include alterations or repairs of less
23 than \$100,000 undertaken by tenants of a building owned or controlled by the state for
24 government or public use after the initial construction or acquisition of the building by
25 the state, notwithstanding AS 36.95.010.

26 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 **CURRENT PUBLIC CONSTRUCTION CONTRACTS.** Notwithstanding
29 AS 36.05.045, added by sec. 2 of this Act, a contractor or subcontractor that began work on a
30 public construction contract before July 1, 2003, but has not completed the work before
31 July 1, 2003, shall file a notice of work with the Department of Labor and Workforce

1 Development. The contractor or subcontractor shall file the notice not later than 30 days after
2 the Department of Labor and Workforce Development provides the contractor or
3 subcontractor with a copy of the notice form. The contractor or subcontractor is not required
4 to pay a fee for filing.

5 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 **ONLINE PAYROLL REPORTING.** Not later than July 1, 2004, the Department of
8 Labor and Workforce Development shall provide for filing of payroll reports as required in
9 AS 36.05.040, amended by sec. 1 of this Act, by secure online electronic filing.

10 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 **TRANSITIONAL PROVISIONS: REGULATIONS.** Notwithstanding sec. 8 of this
13 Act, the Department of Labor and Workforce Development may proceed to adopt regulations
14 necessary to implement the changes made by this Act. The regulations take effect under
15 AS 44.62 (Administrative Procedure Act), but not before the effective date of the relevant
16 statutory change.

17 * Sec. 7. Sections 4 and 6 of this Act take effect immediately under AS 01.10.070(c).

18 * Sec. 8. Except as provided in sec. 7 of this Act, this Act takes effect July 1, 2003.

**ASSOCIATED GENERAL CONTRACTORS of ALASKA**

8005 SCHOON STREET • ANCHORAGE, ALASKA 99518
TELEPHONE (907) 561-5354 • FAX (907) 562-6118

May 5, 2003

**Representative Bill Williams, Co-Chair
Representative John Harris, Co-Chair
House of Representatives Finance Committee
State of Alaska
State Capitol (MS 3100)
Juneau, Alaska 99801-1182**

VIA FAX: 907-465-3793**Re: HB 155****Dear Representatives Williams and Harris:**

After expressing concerns with earlier versions of HB 155, AGC has worked with the Department of Labor to modify the bill to address AGC's concerns. The amended version before the committee this morning is a product of that discussion and is acceptable to the construction industry.

With regards,

**Richard Cattauach
Executive Director**

Department of Labor and Workforce Development

Briefing Paper –HB 155/CSSB 111 (L&C) Alaska Department of Labor of Workforce Development

This bill will alter the language in Title 36.05. to 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.

In addition, 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.

The Act also redefines public construction to exclude tenant improvements with a total value of less than \$100,000, in a building owned or controlled by the state for government or public use after the initial construction or acquisition of the building.

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.

Finally, the bill requires the department to provide a mechanism for the electronic filing of certified payrolls by July 1, 2004.

April 22, 2003

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



NEESER CONSTRUCTION INC.
General Contractors

Representative Bill Williams, Co-Chair
Representative John Harris, Co-Chair
Finance Committee
Alaska House of Representatives
Alaska State Capitol (3100)
Juneau, Alaska 99801-1182

April 10, 2003

Re: CS for House Bill No.155 (L&C)
Subject: Request for Language Changes

Dear Co- Chairs

We are writing to request changes in the language of House Bill No. 155 which will hopefully avoid unnecessary withholding of Contractor funds on State Construction projects.

As a General Contractor in the State of Alaska for many years we have always been concerned about any additional reporting requirements and additional fees which increase the cost of doing work and complicate even further the process of getting paid on State Construction projects. However it has been explained to us by the Associated General Contractors of which we are a member in good standing, that there is a need for the additional revenue which would be generated by the filing fee proposed by House Bill No.155. While it not exactly a joyful acknowledgement we can deal with the expense by passing the cost on to our customers. However the potential for unnecessarily withholding of final payment is yet another matter.

Please take notice to section 2 paragraph C it states "A contracting agency may not release final payment on a public construction contract until the agency has received verification from the Department of Labor and Workforce Development that (1) the primary contractor has complied with(a) and (b) of this section and that all sub-contractors have signed the affidavit". While it is understood that the power to with hold funds until resolution is needed to enforce the regulation it seems as though the proposed language is too punitive and too rigid lacking the discretionary authority of the Contraction Officer or person in authority over the construction contract. It is our understanding the Contracting Officers make decisions regularly through out the Construction Contract which have more monetary significance than the administration of certified payroll regulations. It would seem as though the language could be made better by revising the first sentence to read "A contracting agency may withhold final payment on a public construction contract until the agency has received verification from the Department of Labor and Workforce Development that" (1) (2) (3) (have been complied with).

BRADY & COMPANY
INCORPORATED

Brady Building
1031 W. 4th Avenue, Suite 400
P.O. Box 107502 • Anchorage, AK 99510-7502

Representative Bill Williams, Co-Chair
Representative John Harris, Co-Chair
Finance Committee
Alaska House of Representatives
Alaska State Capitol (3100)
Juneau, Alaska 99801-1182

Re: HB 155

Dear Co-Chairs:

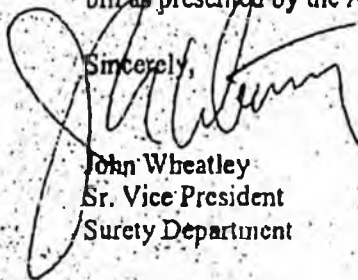
Thank you for the opportunity to express my concern of the terms of HB 155. Section 2 sub section (c) states: Final payment will not be released (by the contracting department) until DOL verifies that all contractors have signed an affidavit indicating that they have paid the prevailing wage; DOL is not conducting an investigation; and DOL has not issued a notice of a violation of this chapter to the primary contractor or any other contractor working on the job.

This seems to penalize the contractors who are complying with the requirement because of actions of contractors not complying with the requirement. Also, there is no penalty for the contractors not complying with the requirement.

Because of the fee schedule expressed in section 2, sub section (a), cost of public construction will increase on a statewide basis. Because of the filing requirements expressed in section 1, paperwork to comply will increase thereby increasing construction costs as well.

I oppose this bill as currently structured and request you seriously consider changes to the bill as presented by the Associated General Contractors.

Sincerely,



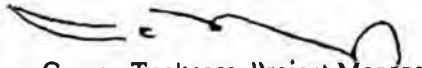
John Wheatley
Sr. Vice President
Surety Department

The question could be asked why not just comply with the regulation and get paid final payment? Well that is not as simple as it seems this regulation requires the General Contractor to administer the payroll of all their Subcontractors and their sub-tier Subcontractors which at times can be difficult due to how small the sub-tier Subcontractors can be. In many cases it is difficult to get their compliance (they don't like paperwork) in most cases they have little time after working construction all day to do their compliance registration so they just procrastinate. We only ask that the Contracting Officer retain the authority to withhold the final payment based on the amount of money at risk and the likelihood of resolution of the compliance problem. This should avoid unnecessarily withholding more money than is necessary to obtain compliance with the regulation.

Please consider this request in any revision to House Bill No. 155 as it seems the only way to treat the General Contractors of the this State fairly with regards to these additional regulatory requirements.

Sincerely,

Neeser Construction Inc.



George Tuckness, Project Manager

Briefing Paper – HB 155

Alaska Department of Labor of Workforce Development

This bill will alter the language Title 36 of Alaska Statutes so that contractors on public works projects are no longer required to submit weekly-certified payrolls (CPR) to the Department of Labor and Workforce Development (DOL).

In place of the CPR, all contractors or subcontractors on a project must file with the DOL a **Notice of Intent** to perform public work, along with a \$100.00 fee. The notice would be on a form provided by the department and include identifying information about the project and the contractor and a statement that the contractor fully understands his/her responsibilities to workers under Title 36 and will comply with its requirements. The **Notice of Intent** will inform the department that each contractor is aware of the proper prevailing rates of pay.

At the end of their portion of the project each contractor or subcontractor will file with DOL an **Affidavit of Compliance**, on a form provided by the department, along with a \$100.00 fee. The affidavit will state that the contractor has completed work on the project and have complied with the requirements of Title 36 with regard to payment of proper prevailing wages and residence preference. The Affidavit of Compliance will provide an instrument for closure on projects and a sworn attestation of compliance with the Act.

The advantage to contractors is that they will no longer have to file the CPR's weekly with the department. In most cases where federal money is involved, CPR's are already filed with the contracting agency. This will eliminate the duplication, yet the payrolls will be accessible for audit purposes in the event of a complaint or investigation. The contracting agency will not be required to audit the payrolls, although the Department of Transportation and Public Facilities (DOTPF) already performed certain tasks to satisfy federal grants on most of their projects.

Presently, many contracting agencies will not make final payment on a project until they have clearance from DOL. Under this plan the department will check its files for the final affidavits. This will make the process of issuing a clearance much quicker and the final payment to get to the contractor sooner.

This bill will enable the department to put its resources in the field where they are needed instead of tying them to an office filing CPR's.

ALASKA STATE LEGISLATURE
House of Representatives

COMMITTEE ASSIGNMENTS:

RULES COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, MEMBER
LEGISLATIVE COUNCIL, MEMBER
SPECIAL COMMITTEE ON OIL & GAS, MEMBER
LEGISLATIVE ETHICS COMMITTEE, MEMBER

website: <http://www.akrepublicans.org/rokeberg/>



INTERIM:
716 WEST 4TH AVENUE, SUITE 300
ANCHORAGE, AK 99501
PHONE: (907) 269-0117
FAX: (907) 269-0119

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801-1182
PHONE: (907) 465-1968
FAX: (907) 465-2040

Representative Norman Rokeberg

e-mail: Representative_Norman_Rokeberg@legis.state.ak.us

MEMORANDUM

To: House Labor & Commerce Committee
From: Representative Norman Rokeberg
Date: April 4, 2003
Re: Amendment to HB 155

A handwritten signature in black ink, appearing to be "Norman Rokeberg", written over the "From:" line of the memorandum.

*Not
Accepted*

Having spent some 30 years in the commercial real estate business, specializing in office space leasing and development, I believe the current statutory provision requiring prevailing wage rates on state leasehold interest is counter productive and extremely costly.

Many landlords engage union shops in the initial core and shell construction phases. However, during tenant fit-up (building the actual interior office space), it is a customary practice to use a mix of union and non-union shops or non-union shops. This is due to 1) lowering the cost of the job and 2) many union shops don't want the work because it is too small and piecemeal.

Bottom line is that this artificial requirement unnecessarily drives up state occupancy costs.



Denali Drilling

April 8, 2003

Representative Bill Williams
State Capitol, Room 515
Juneau, AK 99801

Ref: HB 155
Public Construction Project Requirements

Dear Mr. Williams,

I am strongly opposed to House Bill 155 relating to the submission of payroll information by contractors and subcontractors performing work on public construction contracts.

This will result in added costs to the subcontractor not only with the filing fees but with the withholding of funds until the contracting agency is satisfied with the three stipulations in Sec. 2, AS36.05.045 (c). They could hold back money indefinitely putting the subcontractor in an economic situation. This section needs to be eliminated completely.

I would be happy to discuss this with you further.

Sincerely,
DENALI DRILLING, INC.

Neal Ingalls
President

HI:kh



TAM CONSTRUCTION, INC.

General Contractor

10200 Nigh Road

P.O. Box 111186
Anchorage, AK 99511-1186

Phone (907) 344-4581
FAX (907) 349-4731

Wednesday, April 09, 2003

House Finance Committee Members
Juneau AK 99801-1182

RE: CS HB155
Dispatching: Faxed

Dear Representatives:

I oppose CS HB155.

- RE: Sec. 2. AS 36.05.045 (c) You can not reasonably withhold funds from the Contractor and all subcontractors because one company is not in compliance. A Subcontractor is by definition an independent businessman; therefore a Prime Contracto. cannot control the Subcontractor's business practices beyond the specific jobsite. It seems to me that this "withholding" is in direct violation of Alaska Statute 36.25.020 relating to payment of subcontractors.
- Furthermore, it is equally unfair to require withholding from a subcontractor who completes their work in the early stages of a two-year project, e.g. the clearing and grubbing or surveying subcontractors. Timely cash flow is critical to maintain a small business. Provision must be made to grant clearance for subcontractors as their work is completed.
- RE: Sec. 2. AS 36.05.045 On a long-term project it is not always possible to identify all the subcontractors in advance of the start of work. Provision needs to be made for notification and clearance of subcontractors and/or service companies who are called out unexpectedly to the jobsite.

Please oppose CS HB155.

Sincerely,

K. A. Eaton, SecTreas

K. A. Eaton,
Sec.-Treas.

Bill McKeever, President

"Specializing in underground construction and earth work."



SB / HB
111 / 155

ALASKA

March 21, 2003

Senator Con Bunde, Chairman
Senate Labor & Commerce Committee
Room 506 State Capitol
Juneau, Alaska 99801-1182

Subject: Senate Bill 111

Dear Senator Bunde,

The Leadership Council of the National Federation of Independent Business voted recently to oppose Senate Bill 111 and the companion legislation, House Bill 155.

The bill requires each contractor and subcontractor to file a notice of intent to pay prevailing wages to the Department of Labor and pay a \$100 fee prior to beginning work on a public construction project. An affidavit of wages paid must also be filed with the department upon completion of the project with another \$100 fee due at that time. This is particularly unfair to small specialty contractors who work on numerous jobs with many taking a few days or less to complete.

The Department of Labor has stated that the bill is an advantage to the contractor because they will no longer be required to submit weekly-certified payrolls to the Department of Labor. However the bill requires that the contractor file a certified payroll each week with the contracting agency on a form provided by the Department of Labor.

The bill restricts a contracting agency from release of final payment until it has received verification from the Department of Labor that the contractor and all subcontractors have:

- 1) paid their fees,
- 2) that the Department of Labor is not conducting an investigation regarding payment of prevailing wages
- 3) and that the department has not issued a notice of violation to the contractor or a subcontractor.

This appears that no contractor could be paid if the any of the contractors were in violation or being investigated for violation of this chapter.

Attached to this letter are six letters from small businesses regarding House Bill 155, the companion bill to Senate Bill 111.

Sincerely,

Thyes Shaub, NFIB Lobbyist

Alpine General Contractors, Inc.

P.O. Box 200985
Anchorage, Alaska 99520

(907) 522-2100
FAX 522-2111

April 8, 2003

Representative John Harris & Representative Bill Williams
Fax 465-3799 Fax 465-3793

Re: Opposition to House Bill #155

Sirs,

We oppose HB155 for several reasons.

#1 – Any additional fees charged by DOL will be charged back to the owners of the projects – all are public entities subsidized by our taxes, making those projects cost more. In effect DOL will be making \$1,150,000 (per their projections) but the owners of the projects – DOT, Anchorage School District, MOA, etc... will have to pay more for their jobs. All of those contracting agencies are funded by our tax dollars, so how can you really say that DOL has made \$1,150,000.00? In reality they will have cost everyone more money, because contractors are going to boost their prices to reflect the new paperwork and fees.


#2 – A good number of contracting agencies do not monitor the certified payrolls at this time, however will now have to & will have to hire additional personnel to do that. The cost of any project will rise some more.

#3 - The July 1, 2003 start date for this new fee is unreasonable as contracts have already been issued or are being negotiated without prior notice of this new fee.

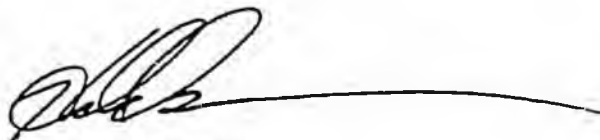
#4 – DOL says they are going to be able to cut a Wage & Hour Tech. They may cut the position of the person who now handles the certified payrolls, but they will have to hire a new someone to verify compliance of the contractors and authorize fund releases.

#5 – Payment for work will be slowed down & possibly held up for undetermined amounts of time if any of the contractors/subcontractors are not in compliance. This is hardly fair to those who are.

Sincerely,



Jacqueline D. Homer
Secretary/Treasurer



Harold L. Homer
President

CC: Finance Committee Members
Thyes Shaub, NFIB Ak State Director

FROM
DEPT. OF LABOR

Wage and Hour Statistics on Public Works Projects

FY	Total project actions (openings and closures)	Average # of contractors per project	Total contractors paying \$100 fees	Fee of \$100	Total potential revenue
02	2,892	5	14,460	100	\$ 1,446,000
01	2,500	5	12,500	100	\$ 1,250,000
00	1,813	5	9,065	100	\$ 906,500
99	2,221	5	11,105	100	\$ 1,110,500
98	2,159	5	10,795	100	\$ 1,079,500
5 year average					
	2,317	5	11,585	100	\$ 1,158,500



SB / HB
111 / 155

ALASKA

March 21, 2003

Senator Con Bunde, Chairman
Senate Labor & Commerce Committee
Room 506 State Capitol
Juneau, Alaska 99801-1182

Subject: Senate Bill 111

Dear Senator Bunde,

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The bill restricts a contracting agency from release of final payment until it has received verification from the Department of Labor that the contractor and all subcontractors have:

- 1) paid their fees,
- 2) that the Department of Labor is not conducting an investigation regarding payment of prevailing wages
- 3) and that the department has not issued a notice of violation to the contractor or a subcontractor.

This appears that no contractor could be paid if the any of the contractors were in violation or being investigated for violation of this chapter.

Attached to this letter are six letters from small businesses regarding House Bill 155, the companion bill to Senate Bill 111.

Sincerely,

Thyes Shaub, NFIB Lobbyist

Key Bookkeeping

Charity A. Seslar

8800 Glacier Hwy, Ste 224

Juneau, AK 99801

Ph: (907)789-0899

Fx: (907)789-1208

E-mail: keybook@aol.com

Representative Anderson
State Capitol
Juneau, AK

RE: House Bill #155

March 13, 2003

Dear Mr. Anderson,

The whole theory behind certified payroll reporting needs a good hard look, and in my opinion should be eliminated entirely. The mere fact that the reporting is required to begin with puts undue burden upon the employer. I can't IMAGINE attaching fees along with it.

Currently, I have only one certified payroll client. This client has on average, at any given time has at least 6 certified jobs active at the same time. Although generally, he and his one employee may work on only one or two jobs per week, we are STILL obligated to file weekly ZERO reports for the jobs with NO activity. I have one job that I've been filing zero reports now for months. Some jobs are short term, perhaps a month, from start to completion, barely leaving time to even GATHER the DOL job number from the state. Whether my client has activity on a job, or not, he is paying for my time to file these reports.

If I were convinced that any of this busy work-paper shuffling even made a difference in the lives of the laborers that it is intended to protect, I might have a different attitude on the subject. But, to my knowledge, these reports are not even being reviewed in a timely matter (if at all), by DOL.

The irony to all of this is that if an employer were being dishonest and chose to break the wage and hours laws, there is no other reconciliation in place to cross check with any other payroll records that the company maintains. I wonder if the \$200.00 fee could even begin to cover the costs of clearing up the

current reporting backlog, let alone improving upon it. The whole thing is entirely meaningless.

I would also imagine that if an employee was not being paid the correct prevailing wage under AK State law, the DOL would be the FIRST to hear about it, DIRECT FROM THE EMPLOYEE. The laborers out there are far smarter that they're being given credit for.

I've worked closely with the DOL (mainly the unemployment tax division) for seven years, and have found them to be the most helpful department of ALL of the government agencies. Let them focus on other issues that truly matter, and eliminate the busy work that serves absolutely no one.

Thank you for your time.

Sincerely,



Charity A Seslar
Owner, Key Bookkeeping



March 13, 2003

CONSOLIDATED ENTERPRISES, INC.633 E. 81ST AVENUE • ANCHORAGE, ALASKA 99518-3145
TELEPHONE (907) 344-4567 • FAX (907) 349-8390

Re: House Bill No. 155

Dear Representative Anderson:

This letter is to inform you of our objection of House Bill No. 155.

It is in our opinion that AS 36.05.040, in its amended verbage is not feasible or reasonable to the general contractor, subcontractor, or contracting agency for the following reasons:

1. Each specific contracting agency will not be uniform and consistent in their knowledge or application of the certified payroll requirements. What is acceptable procedure to one agency may not be to another.
2. Each specific contracting agency is not equipped to handle this paperwork burden. At this time, there are contracting agencies that do not even require the certified payroll form be sent to them, as they can get an accurate clearance from the Department of Labor.
3. Eliminating one Wage and Hour technician that is filing the certified payrolls is a mute point. The Department of Labor will surely need help in filing affidavits and collecting fees from the proposed AS 36.05.045.
4. Each contracting agency will need to hire additional help to handle the additional paperwork burden. This cost will surely be passed down to the taxpayer.

This house bill puts too much authority and power in the hands of the contracting agency. Will each contracting agency then have the power to fine contractors and subcontractors for not filing timely certified payroll forms? Where will the fine line of the contracting agencies power to collect the certified forms and their power to enforce their quality be drawn?

The proposed AS 36.05.045 is outrageous! Requiring that a contractor pay \$100.00 for their *intent* to comply with legal statutes is not acceptable. Where will this stop? Shall we then have to pay for our *intent* to contribute fringe benefits to the appropriate trust, as required in AAC 30.025?

That is not enough, AS 36.05.045, as proposed, will then require contractors to pay for an affidavit stating they *did* comply with the law, and pay yet another \$100.00. Only then, will we be able to collect our final payment on a project.

It is our belief that there are problems with the Department of Labor's paperwork burden. We do not believe that this House Bill is conducive to solving that problem.

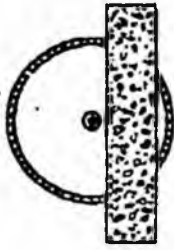
We respectfully request that you do not support this bill.

Sincerely,

CONSOLIDATED ENTERPRISES, INC.

Jody Embly
Treasurer

Fred Lind
President



ALASKA CONCRETE SAWING, INC.

6331 DeBarr Road
Anchorage, AK 99504
Phone: (907) 338-3300
FAX: (907) 338-7162

FAX TRANSMITTAL

DATE: 3/14/03 TO: TOM ANDERSON

ATTN: _____ REC'V FAX # 465-2418

RE: HB # 155

PAGE 1 OF 1

MESSAGE:

WE ARE FREQUENTLY ON THESE JOBS
FOR LESS THAN 4 HRS!
THESE FEES WILL BE CHARGED REGARDLESS
OF PROJECT SIZE

DEFEAT HB 155



TAM CONSTRUCTION, INC.

General Contractor

10200 Nigh Road

P.O. Box 111186
Anchorage, AK 99511-1186

Phone (907) 344-4581
FAX (907) 349-4731

Thursday, March 13, 2003

Representative Tom Anderson
Room 432
State Capitol
Juneau AK 99801-1182

RE: HB155
Dispatching: Faxed to 907-465-2418

Dear Representative Anderson,

I oppose HB155.

- DOL states they will save money by eliminating the technician position but the cost to the taxpayers is increased many times over by requiring each contracting agency to establish a program and then hire a technician. Furthermore, who will then process the filed notices and provide the verifications to the Contracting Agencies?
- The fees are especially harsh on small specialty contractors who spend only a few days at each jobsite. The result must be a sharp increase in price for their work or they will soon be out of business. This increase will be passed back to the State as part of the construction contract price. Where is the savings in that?
- RE: Sec. 2. (c) You can not reasonably withhold funds from the Contractor and all subcontractors because one company is not in compliance. It is not justice when all must pay for the crime of one.

In the DOL Analysis it is stated that "This will eliminate the duplicate volume of paper that is currently processed". If they want to save money why don't they just eliminate the requirements that create the "duplicate volume of paper".

Please oppose HB155.

Sincerely,

K. A. Eaton, Sec Treas

Kathleen A. Eaton,
Sec.-Treas.

CC: Labor & Commerce Committee Members

Bill Walker, President
"Specializing in underground construction and earth work."

Alpine General Contractors, Inc.

P.O. Box 200985
Anchorage, Alaska 99520

(907) 522-2100
FAX 522-2111

March 13, 2003

Representative Tom Anderson
Fax 465-2418

Re: Opposition to House Bill #155

Mr. Anderson,

We object strongly to HB155 for several reasons.

#1 - The additional \$200.00 fees are going to be charged back to the owners of the projects - who are all public entities subsidized by our taxes, making those projects cost more. Actually most companies will probably charge back more than \$200 because of the extra paperwork & time involved in filing.

#2 - The fees are to be charged regardless of the size of the contract or subcontract - We are frequently on multi million jobs where we do under \$2,000.00 or even under \$1,000.00 worth of work.

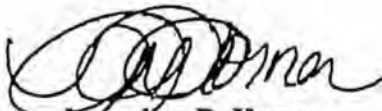
#3 - Each of the contracting agencies are going to be forced to hire more personnel to maintain the certified payroll records, now the costs have risen again for the project.

#4 - Payment for completed work is going to be delayed further while DOL makes sure we've complied, this is not required by the present system as they have the records.

#5 - The additional \$200.00 fees - According to the DOL analysis you will be eliminating a Wage & Hour Technician - however now you'll have to have someone call & verify to the contracting agencies that the contractors have complied - you haven't really incurred new costs nor have you cut personnel.

Please do not support this bill.

Sincerely,



Jacqueline D. Horner
Secretary/Treasurer



Harold L. Horner
President

CC: Labor & Commerce Committee Members
Thyes Shaub, NFIB Ak State Director



2964 Commercial Drive
Anchorage, AK 99501

(907) 258-2425 Fax: (907) 278-8018

March 13, 2003

Representative Tom Anderson
State Capital
Juneau, AK

Fax 907-465-2428

Re: Opposition to House Bill # 155

Mr. Anderson:

As a small contractor who is already scrambling to keep up with costs I find it incredible that the state is considering adding a \$200.00 per contractor fee for the submission of payroll information to DCL. The average construction project probably has four to five subcontractors plus the general contractor. You are asking us to add \$1200.00 to the cost of each public contract awarded plus whatever additional cost we might incur, conservatively \$50.00 per contractor involved, for a total of \$1500.00. A very large contract with many tiers of subcontractors could run ten times that amount. To add this cost and drive up the cost of public contracts at a time when the State is looking everywhere for ways to save money makes no sense. This plus the huge administrative burden you place on the small contractor is not right.

I strongly object to any consideration of HB 155!

Sincerely
K-C CORPORATION

Byron D. Kohfeld
President

Subject: HB 155

Date: Fri, 14 Mar 2003 12:44:47 -0900

From: David W Richards <dwrichar@ptiaiaska.net>

To: "Rep. Tom Anderson" <Representative_Tom_Anderson@legis.state.ak.us>

There are already stringent methods for filing certified payroll. This bill is one more bullet at private business, especially small contractors. Paying a tax in order to have the privilege of providing already detailed, time consuming payroll forms is an insult to people struggling to stay in business. Unless the idea is to make public projects more expensive and keeping them only for the largest construction firms, please don't pass.

David W. Richards
General Contractor

A M E N D M E N T ^

OFFERED IN THE HOUSE

BY REPRESENTATIVE ROKEBERG

TO: CSHB 155(L&C)

1 Page 1, line 5, following "contracts;":

2 Insert "relating to the definition of 'public construction' for purposes of paying
3 prevailing wages;"

4

5 Page 3, lines 17 - 19:

6 Delete all material and insert:

7 "Sec. 36.05.900. Definitions. In this chapter,

8 (1) "contracting agency" means the state or a political subdivision of
9 the state that has entered into a public construction contact with a contractor;

10 (2) "public construction" does not include alterations or repairs of less
11 than \$100,000 undertaken by tenants of a building owned or controlled by the state for
12 government or public use after the initial construction or acquisition of the building by
13 the state, notwithstanding AS 36.95.010."

Replacement

AMENDMENT

2

OFFERED IN HOUSE FINANCE COMMITTEE
BY REPRESENTATIVE CROFT

TO: CS FOR HOUSE BILL NO. 155(L&C)

Page 4, after line 10:

Insert a new section to read

“*Sec. 6. AS 37.05.146 is amended by adding a new paragraph to read:
(77) fees received by the Department of Labor and Workforce Development under AS
36.05.045.”

Renumber accordingly.

AMENDMENT

2

OFFERED IN HOUSE FINANCE COMMITTEE
BY REPRESENTATIVE CROFT

TO: CS FOR HOUSE BILL NO. 155(L&C)

Page 4, after line 10:

Insert a new section to read

“*Sec. 6. AS 37.05.046 is amended by adding a new section:
(77) fees received by the Department of Labor and Workforce Development under AS
36.05.045;”

Renumber accordingly.

AMENDMENT

3

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY: REPRESENTATIVE CROFT

TO: CSHB 155(FIN)

Page 1, line 2, following "contract":

Insert: "**and related filling fees**"

Page 2, lines 17 through 19, after "\$25,000.":

Delete all text.

Page 3, lines 6-9:

Delete all text.

Insert a new subsection to read:

" (2) shall withhold final payment to any contractor that has failed to comply with (a) or (b) of this section or who is the subject of an investigation under AS 36.05.030."

Page 3, lines 22 through 25:

Delete all text.

Page 3, after line 25:

Insert a new bill section to read:

****Sec.4.** AS 37.05.146(c) is amended by adding a new paragraph to read:

(77) fees received by the Department of Labor and Workforce

Development under AS 36.05.045."

Renumber accordingly.

HB

155

SFIN

FILE

REPORTED OUT

MAY 16 2003

SENATE FINANCE COMMITTEE

SENATE FINANCE COMMITTEE REPORT

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>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>C. Beards</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Ben Stevens</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Howard C. [unclear]</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COCHAIR: <i>Lynne [unclear]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COCHAIR:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (Gen Fund 1004)	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
---	----------------	----------------	----------------	----------------	----------------	----------------

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

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 155
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

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.

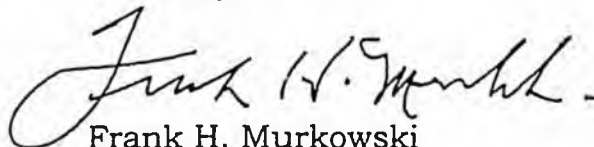
In lieu of filing certified payroll records with the Department of Labor and Workforce Development, each contractor and subcontractor would be required to file a Notice of Intent to Pay Prevailing Wages with the Department of Labor and Workforce Development along with a \$100 fee. The Notice of Intent 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
Page 2

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: _____
Co./Dept./Title: _____ Phone: _____
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