

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3276

City of Kake

"HOME OF THE WORLD'S LARGEST TOTEM POLE"

P.O. BOX 500
KAKE, AK 99830
PHONE: (907) 785-3804
FAX: (907) 785-4815

February 27, 2008

Representative Bill Thomas
State Capitol, Room 434
Juneau, Alaska 99801

Dear Representative Thomas:

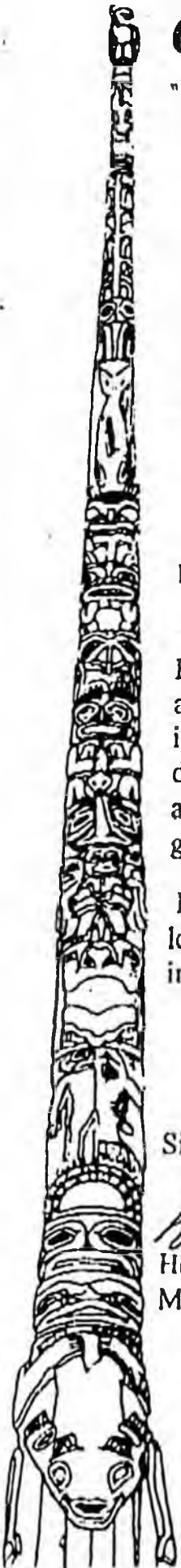
The City of Kake, Mayor and Council Members are in full support of the HB 396 PFD Disbursement. Job wise, our community has definitely suffered an impact with the loss of the timber industry, and the decline in the fishing industry and the cold storage not functioning for at least three years. This disbursement would be a huge benefit to our people as well as the people all around the State of Alaska with the high cost of electricity, fuel and groceries.

In closing, the City of Kake would like to express their gratitude with the level of support we've received from your office, and all the effort you make in assisting rural areas.

Sincerely,



Henrich Kadako, Sr.
Mayor





HAINES BOROUGH, ALASKA

P.O. BOX 1209 • HAINES, ALASKA 99827
Administration 907.766.2231 • (fax) 907.766.2716
Tourism 907.766.2234 • (fax) 907.766.3155
Police Dept. 907.766.2121 • (fax) 907.766.2128
Fire Dept. 907.766.2155 • (fax) 907.766.3373

February 12, 2008

The Honorable Representative Bill Thomas
Alaska State Capitol Building
Room 434
Juneau, Alaska 99801-1182

Re. HB 396

Dear Representative Thomas:

The Haines Borough would like to extend its support of House Bill 396. Along with all Alaskans, Haines Borough residents are being greatly affected by the high fuel prices we are experiencing. This bill, which offers a one time disbursement of \$500 to all Alaskans to offset the hardship of the current high fuel prices, would be a welcome relief while the legislature works out a more permanent plan. Thank you for your work to better the lives of all Alaskans.

Respectfully,

A handwritten signature in black ink, appearing to read 'Fred Shields', written over a light-colored background.

Fred Shields
Haines Borough Mayor

Karen M. Hess
P.O. Box 556
Haines, Ak. 99827

2/29/08

I support HB396 which will increase the amount of the PFD in 2008 by \$500.00. As an Alaska resident, the PFD is something that we count on each year to help offset the rising cost of living. The most steady increase is fuel costs that affect almost every aspect of our lives.

I believe that the HB396 would help Alaskan residents with the rapidly increasing fuel costs.

Karen M. Hess

CITY OF CORDOVA



March 5, 2008

Representative Bill Thomas
State Capitol, Room 434
Juneau, AK 99801-1182

Re: HB 296

Dear Representative Thomas:

On behalf of the City of Cordova, I would like to lend our support to HB 296, which would increase each Alaskan resident's Permanent Fund Dividend by \$500 to help pay for increasing energy costs.

Cordova is lucky to have hydro-electric facilities providing our energy supply for most of the year. But during the coldest winter months, when the water supply is frozen, we join many other communities across Alaska who depend on fuel oil for their energy needs. As the cost of heating oil increases, it becomes a financial burden on the City budget because of the buildings for which we pay utilities. But more importantly, these expenses impact every household in Cordova.

As you know, most Cordovans work seasonally. The unanticipated increases this winter in fuel costs are putting some residents in a financially unstable position. Your idea for using a portion of the income of the Permanent Fund in the future to help all Alaskans with these energy expenses is a great step in the right direction. We have the money available, and what better way to help all Alaskans equally.

Thank you for sponsoring this legislation. Please let me know if the City of Cordova can help in any way as this legislation goes through the committee process.

Sincerely,

Timothy L. Joyce, Mayor
City of Cordova

TLJ:lk

HB

400

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 400
(H) Publish Date: 3/13/08

Identifier (file name): _____ Dept. Affected: LAW
Title An Act relating to obtaining medical assistance for a drug RDU Criminal
overdose. Component Criminal Justice Litigation
Sponsor REPRESENTATIVE(s) KERTTULA
Requester HOUSE JUDICIARY Component Number _____

Expenditures/Revenues (Thousands of Dollars)

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

	Aperopriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

HB 400 would add a mitigating factor to our sentencing law. It would allow the court to consider, for a person convicted of a drug offense, the mitigating factor that the person sought medical assistance for another person (who was overdosing on drugs) at the same time the crime was committed. The department does not expect a significant fiscal impact as a result of this bill.

Prepared by: Robert Meiners, Administrative Services Manager
Division: Administrative Services Division
Approved by: Talis Colberg, Attorney General
Department of Law

Phone 907-465-5427
Date/Time 2/22/08 7:57 AM
Date 2/22/2008



Representative Beth Kerttula

House Minority Leader

House Bill 400

Mitigating Factor: Care for Drug Overdose

Sponsor Statement

Substance abuse is a prevalent problem in Alaska, where we have higher rates of use of controlled substances and deaths from overdoses than the national average. Approximately 85 people die each year from drug overdoses in Alaska. Many times deaths from drug overdoses may be preventable by a single 911 call that is not made because the people who are witnessing the overdose are afraid of being arrested themselves.

House Bill 400 addresses this problem by allowing a mitigating factor in sentencing for crimes involving controlled substances if the defendant sought medical assistance for another person who is experiencing a drug overdose.

Testimony of Angela Hull given to House Judiciary Committee February 25, 2008

Madame Chair, members of the committee, my name is Angela Hull and I am here as a concerned citizen. I would like to thank you for allowing me the opportunity to address you this afternoon.

On March 26, 2007 my 27-year-old daughter, Selene Marhya Wolthausen, was at her home with two other adults and they were all using drugs. This wasn't the way my daughter was raised, but the truth of the matter is – although none of us raise our children to become substance abusers, all too often they do. Sadly, Selene overdosed. Sadder still - neither one of the other two adults called 911.

When my 4-year-old granddaughter came in the house and saw her mommy on the ground, she ran to the neighbors to have them call 911. My 10-year-old grandson began performing CPR on his mother, as he'd seen on television. Not only did the adults fail to call 911, but also when they found out that someone had, they locked emergency personnel out.

No one really knows how long my daughter was down and whether or not those critical minutes that personnel were denied access could have made a difference, but what I do believe is that if the other persons in the home weren't afraid of being arrested for possessing drugs, they might have called 911 right away, and that could have saved my daughter's life.

That's what we're talking about here today – saving lives. You and I, we automatically do the right things in these situations, but our minds and lives aren't ruled by substance abuse. People who have substance abuse problems don't have the same patterns of thinking. They are often not able to think beyond themselves. They do, however, know all about laws that pertain to them, how to get by, how to skirt trouble, and for certain, if they are caught with drugs, they're going to be arrested. It isn't only being arrested that they fear, it's losing access to their drugs. So, they take that extra time – precious, life-saving time - to dispose of the drugs and the paraphernalia. Often they run, leaving someone there to die. They aren't thinking the same way we do. In this case, small children did the right thing and called 911, so the drug users tried to collect themselves enough to face those consequences.

It's too late for Selene; and Selene, unfortunately, isn't alone. In the last five years, seven of Selene's friends have lost their lives to overdose. Some of them here in town, some of them when they moved to the Lower 48. I am here to ask you to help save our children's lives.

In order to help people make good choices and save someone's life, we could provide a very small safety net for them; give them a tool that supports making the right decision. Say to them, please save someone's life – we will not prosecute you for possession, you are safe. This bill could be a stepping stone to that end.

Thank you for your time.

HB

400

SFIN

FILE

S

SENATE FINANCE COMMITTEE REPORT

DATE: 4/6/08

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered HOUSE BILL NO. 400

F.B 400 MITIGATING FACTOR: CARE FOR DRUG OVERDOSE

"An Act relating to a person who seeks medical assistance for a person experiencing a drug overdose."

and recommends:

be replaced with SCS or CS _____ (_____)

adopt previous SCS or CS _____ (_____)

attached amendment(s)

adopt _____ Letter of Intent

further referral to _____ Committee

SENATE BILL:

- Same Title
- New Title

HOUSE BILL:

- Same Title
- Technical Title Change
- New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
LAW	2/22/08			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
	Elton	✓			
	Thomas	✓			
	Dyson	✓			
	Allagans	✓			
	OLSON			✓	
CO-CHAIR:	HOFFMAN			✓	
CO-CHAIR:	STEDMAN	✓			

sec

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 400
(H) Publish Date: 3/13/08

Identifier (file name): _____ Dept. Affected: LAW
Title An Act relating to obtaining medical assistance for a drug RDU Criminal
overdose. Component Criminal Justice Litigation
Sponsor REPRESENTATIVE(s) KERTTULA
Requester HOUSE JUDICIARY Component Number _____

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

HB 400 would add a mitigating factor to our sentencing law. It would allow the court to consider, for a person convicted of a drug offense, the mitigating factor that the person sought medical assistance for another person (who was overdosing on drugs) at the same time the crime was committed. The department does not expect a significant fiscal impact as a result of this bill.

Prepared by: Robert Meinors, Administrative Services Manager
Division Administrative Services Division
Approved by: Tails Colberg, Attorney General
Department of Law

Phone 907-465-5427
Date/Time 2/22/08 7:57 AM
Date 2/22/2008



Representative Beth Kerttula

House Minority Leader

House Bill 400

Mitigating Factor: Care for Drug Overdose

Sponsor Statement

Substance abuse is a prevalent problem in Alaska, where we have higher rates of use of controlled substances and deaths from overdoses than the national average. Approximately 85 people die each year from drug overdoses in Alaska. Many times deaths from drug overdoses may be preventable by a single 911 call that is not made because the people who are witnessing the overdose are afraid of being arrested themselves.

House Bill 400 addresses this problem by allowing a mitigating factor in sentencing for crimes involving controlled substances if the defendant sought medical assistance for another person who is experiencing a drug overdose.

Testimony of Angela Hull given to House Judiciary Committee February 25, 2008

Madame Chair, members of the committee, my name is Angela Hull and I am here as a concerned citizen. I would like to thank you for allowing me the opportunity to address you this afternoon.

On March 26, 2007 my 27-year-old daughter, Selene Marhya Wolthausen, was at her home with two other adults and they were all using drugs. This wasn't the way my daughter was raised, but the truth of the matter is – although none of us raise our children to become substance abusers, all too often they do. Sadly, Selene overdosed. Sadder still - neither one of the other two adults called 911.

When my 4-year-old granddaughter came in the house and saw her mommy on the ground, she ran to the neighbors to have them call 911. My 10-year-old grandson began performing CPR on his mother, as he'd seen on television. Not only did the adults fail to call 911, but also when they found out that someone had, they locked emergency personnel out.

No one really knows how long my daughter was down and whether or not those critical minutes that personnel were denied access could have made a difference, but what I do believe is that if the other persons in the home weren't afraid of being arrested for possessing drugs, they might have called 911 right away, and that could have saved my daughter's life.

That's what we're talking about here today – saving lives. You and I, we automatically do the right things in these situations, but our minds and lives aren't ruled by substance abuse. People who have substance abuse problems don't have the same patterns of thinking. They are often not able to think beyond themselves. They do, however, know all about laws that pertain to them, how to get by, how to skirt trouble, and for certain, if they are caught with drugs, they're going to be arrested. It isn't only being arrested that they fear, it's losing access to their drugs. So, they take that extra time – precious, life-saving time - to dispose of the drugs and the paraphernalia. Often they run, leaving someone there to die. They aren't thinking the same way we do. In this case, small children did the right thing and called 911, so the drug users tried to collect themselves enough to face those consequences.

It's too late for Selene; and Selene, unfortunately, isn't alone. In the last five years, seven of Selene's friends have lost their lives to overdose. Some of them here in town, some of them when they moved to the Lower 48. I am here to ask you to help save our children's lives.

In order to help people make good choices and save someone's life, we could provide a very small safety net for them; give them a tool that supports making the right decision. Say to them, please save someone's life. This bill could be a stepping stone to that end.

Thank you for your time.

HB

406

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 406(STA)
(H) Publish Date: 3/13/08

Identifier (file name): HB406-OOG-DOE-2-29-08 Dept. Affected: OOG
Title: An Act relating to a requirement for competitive bidding RDU: Elections
on contracts for preparation of election ballots Component: Elections
Sponsor: Representative Fairclough
Requester: House State Affairs Committee Component Number: 21

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	0.0							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)
This proposed legislation will have no fiscal impact on the Division of Elections

Prepared by: Gail Fenwick, Director Phone: 465-2644
Division: Division of Elections Date/Time: 2/29/2008, 11:05:am
Approved by: Linda Perez, Administrative Director Date: 2/29/2008
Office of the Governor



Alaska State Legislature

Representative Anna Fairclough — House District 17

House Bill 406

"An Act relating to a requirement for competitive bidding on contracts for the preparation of election ballots."

HB 406 is legislation that would require the Alaska Division of Elections to use a competitive bidding process for their ballot printing contracts.

While it is of the utmost importance to all Alaskans that our ballots be prepared properly and with attention paid to all aspects of fair elections, the competitive bidding process is one that is essential to our economy and fairness. It is important that Alaskan businesses be allowed to participate in competitive bidding for the preparation of our ballots.

HB 406, while including provisions for Alaska local hire, does not subject the Division of Elections to the procurement code.

There are stringent regulations that anyone competing for this business must follow, and this legislation does nothing to harm the reliability of our voting system here in Alaska.

Currently, Alaska's election ballots are sole sourced and prepared by one company that has been printing our ballots for years. While it may come to be that the company earns the right to continue to prepare the ballots, it is only reasonable to allow others to compete for that business with our state.

HB 406 will level the playing field, allow competition in printing and increase fairness in our system of commerce and it will do nothing to injure the integrity of our ballots.



Ph: (907) 262-5267 Fax: (907) 260-5267
35348 K-B Drive, Suite A4, Soldotna, Alaska

February 29, 2008

To Whom it may concern,

I am sending this letter in support of House Bill Number 406. This bill represents an effort to open up the printing of State Election Ballots to competitive bidders. The Division of Elections is wrong in the decision to outsource this job to one single shop, without giving other qualified Alaska shops an opportunity to bid on these jobs.

This is effectively monopolizing the work, and is not a very cost effective way for the State of Alaska to do business. A sanctioned bidding process ensures that the State is getting the best value possible. This current policy does nothing to foster local Alaska Printers' incentive of "healthy competition." A healthy competition always improves the Alaskan economy because competitors lower prices and increase quality of services and products offered.

The current system in place by the Division of Elections does not support fair competitive business practices.

With the proposals presented in house House Bill Number 406 it will give fellow Alaskans an opportunity to bid on the printing of election ballots. The passing of this bill would greatly benefit the printing industry in Alaska as a whole by giving all qualified parties an equal opportunity to bid.

Shane and Melanie Noblin
Owners of Peninsula Printing

To: Representative Bob Lynn
From: Lambert "Lam" Lavea
Re: HB 406

Hello Representative Lynn.

I am writing to support HB 406 opening the Alaska State election ballots to competitive bid. I believe the practice of sole sourcing the printing of the elections ballots to a single Alaska printing company should stop. I believe the State has a responsibility to foster fair business practices and opening the printing of the election ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,



Lambert "Lam" Lavea
Printer's Ink Manager
150 Trading Bay Drive, Suite 2
Kenai, AK 99611
(907) 283-4977



SERVICE
BUSINESS PRINTING

Onnie Kendall
General Manager,
Service Business Printing

Re: House Bill 406

Why the bill is good legislation-

- Sole-sourcing the print work doesn't allow for other AK businesses to have the opportunity to benefit from one of the largest State of AK print jobs.
- Opening up the project to bid will allow all those printers capable of the scope of the project to have an opportunity to take it on.
- An open bid process would give the state a balanced purchase price and would open up the prospect for all capable the prospect of winning the business.

Sincerely,

A handwritten signature in black ink, appearing to read 'Onnie Kendall', with a long, sweeping horizontal flourish extending to the right.

Onnie Kendall
General Manager



907-349-7506 Phone
907-349-4398 Fax

February 26, 2008

To Whom It may concern!

I am writing this letter in support of HB 406 and believe strongly the State of Alaska should put the printing of the election ballots out to competitive bid. For years the Division of Elections has seen fit to sole source the printing of the election ballots to a single company and I believe this is unfair and should be corrected. There are many printing companies in Alaska capable of printing the ballots and all of us should have an opportunity to bid.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Martone", written over a horizontal line.

Frank Martone
Owner
A.T. Publishing & Printing, Inc.

W E C O L O R A L A S K A

1720 Abbott Road • Anchorage, AK 99507-3443 • 800-478-0452 Toll Free • E-mail: atpub@alaska.net


America North Printers

February 26, 2008

To Whom it may concern!

I am writing to support of HB 406, an effort to open the printing of the state election ballots to competitive bid. I believe it is wrong that the Division of Elections sole-sources the printing of the ballots to a single shop, without giving other Alaskan printing companies an opportunity to do the work. I believe the State has a responsibility to foster fair business practices and opening the printing of the ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,



Paul Winn
Owner
America North Printers



6611 Arctic Blvd. • Anchorage, Alaska 99518

(907) 563-4743 • fax (907) 563-4397 • email: qlprint@gcl.net

March 3, 2008

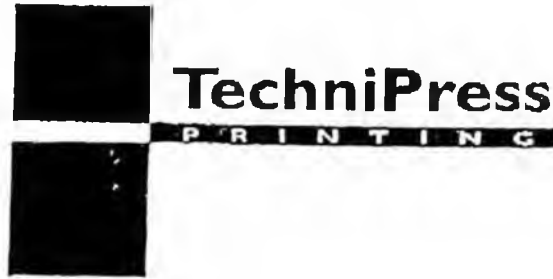
Anna Fairclough,

I am writing to support HB 406 opening the Alaska State election ballots to competitive bid. I believe the practice of sole-sourcing the printing of the elections ballots to a single Alaska printing company should stop. I believe the State has a responsibility to foster fair business practices and opening the printing of the election ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Bob Howard', written in black ink.

Bob Howard



To Whom it May Concern!

I am writing to support HB 406 opening the Alaska State election ballots to competitive bid. I believe the practice of sole-sourcing the printing of the elections ballots to a single Alaska printing company should stop. I believe the State has a responsibility to foster fair business practices and opening the printing of the election ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Jeff Marshall'.

Owner



Alaska State Legislature

Please enter into the record my testimony to the House State Affairs Committee
committee name

Committee on House Bill 406, dated 3-6-08
bill # / subject public hearing date

Good Morning members of the committee.

My name is Kerry Noblin and I represent Peninsula Printing. We are a printing establishment located on the Kenai Peninsula in Soldotna. I have spent over 10 years of my life working in the printing industry and of that 10, the last 4 years have been as the proprietor of Peninsula Printing.

I am here today to give testimony in support of House Bill 406. House Bill 406 represents a requirement for competitive bidding on contracts for the preparation of election ballots.

Currently the Division of Elections is contracting this work through one shop, without giving other qualified printing contractors a chance to bid on the job. I can understand that the Division of Elections have become complacent and comfortable with their current arrangement with their sole printing contractor, but the efforts that go into the printing of these ballots are neither a technical nor an extraordinary effort. The printing of State Election specific ballots is a rather simple job when it comes down to the process of completing it. The largest challenge facing any shop competing for this contract is the sheer volume of ballots. There are many printing contractors in Alaska capable of handling these quantities.

Without putting these ballots out for bid, the State is leaving itself at the mercy of one contractor. Allowing this contractor to dictate terms to the State with regards to pricing, quality and turnaround of this job. It is a bad policy to uphold and it also stifles a strong competitive atmosphere.

With the State Election Ballots being put up for bid among qualified Alaskan Printers, not only will the state be stimulating positive economic growth in the Alaska printing industry, but it will also ensure that the State is getting the best deal possible in terms of price, quality and turn around.

The public bid process of the contracting of other election ballots has been successful in the past, and continues to be a success on a municipality and borough level.

In closing, it is my belief that the State should support this bill. The bill not only ensures the State is getting the best deal possible, it will also help stimulate economic growth in the local printing industry. This concludes my testimony and I would like to thank the members of the committee for their time.

Signed: *Kerry Noblin*
Testifier
Peninsula Printing
Representing (optional)
35348 K-B Drive, Ste A4, Soldotna AK 99669
Address
907-282-5267
Phone number

printworks

To: Alaska House of Representatives
State Affairs committee
Juneau, Alaska

3/3/2008

RE: **HOUSE BILL NO. 406**

From: Kevin S. Fraley, General Manager
Super Software Inc. DBA - "Print Works"
829 Smokey Bay Way
Homer, Alaska 99603
907-235-8500 ex 226 - Cell 907-299-3545

Dear honorable committee members,

The following phrases come to mind as I write my thoughts about HB 406:
"There are two sides to every story." "The cheapest is not always the best choice."
And "Who says you have to be good at what you do? - You just have to be the cheapest!"

These phrases fit when you think about adopting a bill that will take away the power of the Division of Elections to make sure our election ballots are correctly made and delivered on time.

There are a few things to consider as you make this decision:

1. HB 406 makes it difficult for the Division of Elections to guarantee a clean and trouble free election. HB 406 is written with the idea of "making it fair for everyone" - Saving the state money by forcing the Division of Elections to comply with the "lowest bidder" rule. Who says that the Division cannot make sure they are not getting the best price? Or who says that the division is not acting in a fair manner? The Division of Elections has a staff of dedicated people, who are assigned a very difficult job with many tight (almost impossible) deadlines. The Division has an exemption from the bid process that applies to the printing of election ballots. Why was this exemption given? I believe it was given to insure that the Division has the power to make the "best choice" based on other criteria besides just price alone. This criteria includes things like a proven track record and the experience necessary to guarantee that the job is done right. Do we trust them to be fair and to be honest? Is it in the best interest of The State of Alaska to restrict the Division of Elections ability to have control over the ballot preparation process? The passing HB 406 will directly restrict the Division. What is the priority with HB 406? It seems that the priority of HB 406 is favoring the vendor and not the Election process of the State of Alaska. Can we just redo the election if it goes bad? I guess we will have to...

2. Accountability of Ballots. Ballots are like currency. To protect from potential fraud, ballots must be handled and accounted for in a very controlled and systematic manner. Like accounting for money with checks and balances, ballots also require checks and balances (accountability) to insure a valid election. Each and every ballot must be properly accounted for without error. HB 406 has nothing to do with accountability but focuses exclusively on price alone.

There are two Alaskan printers that are "certified" to print "Accu-vote" ballots: Print Works and AT Publishing. While AT Publishing is certified by Global Election Systems (which is now "Premier Election Solutions"), they have only printed ballots for the city of Anchorage. To be certified by Global Elections means that the printer's ability to put ink on paper in Global's specified technical format has been met. No consideration of the printer's accountability system is evaluated in Global's certification process. Unfortunately, we are not talking about just putting ink on paper, it is much, much more than that. The most difficult part of the ballot preparation process is accountability. I emphasize again, each and every ballot must be accounted for with the proper documentation, providing the appropriate "chain of custody" to protect our elections from huge mistakes and improprieties, such as those seen in other state elections. The preparation of our election ballots must not be considered a "simple printing process to be handed to lowest bidder."

3. There is a non-flexible time frame for delivery: Ballots must be in hand 25 days prior to the election:

Sec. 15.15.050. Distribution of election materials.

"The director shall distribute an adequate supply of sample and official ballots and all other materials, forms, and supplies required for the election to the election supervisors for distribution to chairpersons of election boards in precincts not less than 25 days before the date for the election"

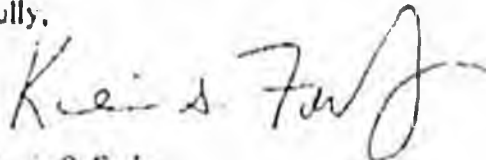
Failure to deliver on time is not an option. How can absentee voting happen if delivery is not on time? One might say - "the printer will be responsible to have insurance just in case". What good would insurance do? The ballots are late putting the election in jeopardy. The potential vendor must have a proven track record for on time delivery.

The bottom line is that there are two certified printers in the state of Alaska to print Accu-vote ballots. Premier Election Solutions is no longer certifying any new vendors for ballot printing. Passage of HB 406 will remove control from the Division of Elections for the sake of one vendor.

I urge the committee to research the track record of all parties involved. Please contact the Division of Elections, The Municipality of Anchorage, or any other city in the state which uses Accu-vote ballots, and research both printers before consideration of this bill.

Thank you for your consideration and time.

Respectfully,



Kevin S. Fraley
General Manager

March 7, 2008

Re: Rebuttal from Patrick Foster, A.T. Publishing, HB 406

Rep. Anna Fairclough!

Since Mr. Fraley's letter mentions my company by name, makes inferences regarding our capabilities, and at times distorts what I believe is the true intent of the legislation, I thought it important to share with you some rebuttal points of my own. I have not changed any of Mr. Fraley's original text, but have separated out areas where I felt a response was warranted. Except where Mr. Fraley is quoting text under his 3rd point near the bottom of his letter, all italicized text is my own. I have separated and made bold any particular points I felt the need to respond to.

Please feel free to contact regarding anything here.

Many thanks,

Patrick Foster
A.T. Publishing & Printing, Inc.
907-240-6616

Testimony by Patrick Foster (A.T. Publishing) in Favor of HB 406
Opening the state election ballots to competitive bid

Good Morning!

Chair Lynn and Members of the Committee, my name is Patrick Foster and I have been working in the print industry in Alaska for nearly 30 years and currently work for AT Publishing & Printing in Anchorage.

I am here in support of HB 406 , opening the state election ballots to competitive bidding for all Alaskan printing companies.

The State of Alaska uses the Diebold electronic ballot readers for the purpose of tallying results for statewide elections. Diebold requires printing companies who print ballots destined for their machines be certified by them. At the time the State of Alaska adopted the use of these ballot readers in the mid 1990's, no companies in Alaska were certified. Shortly thereafter a small Alaska printing company was certified and the Division of Elections has sole-sourced nearly \$2 million to this company since. This is done despite the fact that a number of other Alaskan printing companies have voiced a desire to be included in the process. My company, AT Publishing, became a certified Diebold printer in 2003.

I am aware there is probably a certain "comfort level" the Division has in working with a printer that has proven to do a decent job. I make a living

trying to give my customers that same comfort, and have succeeded in the recent ballot-printing contract in Anchorage. The Municipality of Anchorage went through five election cycles sole-sourcing the printing of its 160,000 ballots with another printer before the decision was made to put the printing of ballots out to competitive bid. The Municipal Clerk was admittedly concerned moving forward with a new printer, but since has found the change was relatively easy and the city has benefited by paying less for the ballots. My company printed Anchorage's election ballots from 2004 through 2006 and the Municipality put a new contract out for bid this year. I am certain that the State Division of Elections would develop a fine working relationship with any printing company that would be awarded the contract for printing its ballots.

Some might claim that the complexity of the Alaska ballots is reason enough to leave things the way they are, but nothing is further from the truth. The task of printing a few hundred thousand ballots would be daunting for some small shops, but they wouldn't bid on this project anyway. There are, however, many companies in Alaska fully capable of handling the volume of work in the time required and handle the packaging and shipping logistics as well. As printing jobs go, the ballots are fairly easy to produce. They do require careful imprinting and packaging, but nothing beyond the scope of many jobs produced by dozens of Alaskan printing companies each year.

Another concern is that the Division of Elections could be bogged down putting each election cycle out to bid. I recommend that each bid be awarded for one election cycle with a performance option for a second cycle.

Opening the election ballots to competitive bid would have a variety of positive effects, including the likely savings of a substantial amount of money. The level playing field would open the door for more Alaskan printing companies to be involved, giving them the opportunity to upgrade their facilities and improve their standing in Alaska and the print industry. Additionally, the State would not have to put all their eggs in one basket, relying on just one printing company for the printing of the ballots.

This concludes my testimony. I would be happy to answer any questions you may have.

Additional Information:

- To be certified as a Diebold ballot printer, a printing company must send Diebold a check for \$5000 along with a small sample print job (from Diebold files). Diebold then tests the sample ballots and either approves or denies the certification. The certification process takes about two weeks.
- Over the past decade I have made a number of attempts to open the process, as have some of my colleagues in the industry only to find ourselves chasing our tails. The Division of Elections claims it is the decision of the Lt. Governor and the Lt. Governor's office has said it was up to the Division of Elections.
- The Municipality of Anchorage saved more than \$10,000 on ballot printing costs alone during the first year of its competitively awarded contract and realized more than \$35,000 in savings over a three-year period. Bids were reduced another 10% this year, likely saving the Municipality of Anchorage an additional \$20,000 - \$30,000 over the next three years.
- In a meeting with Lt. Governor Sean Parnell in February 2007, the Lt. Governor told me he was supportive of the idea of going out to competitive bid, but was concerned that Outside companies could possibly win the bid. This issue is easily handled with the use of the Alaska Product Preference rules and creating a production timeline that would make it difficult for Lower 48 companies to accommodate.

It may be possible to exclude Lower 48 companies from bidding on the ballots.

- According to a state legal opinion on similar legislation, the Division of Elections has the authority to determine it's own bid specifications and is not required to utilize the State procurement process.
- The Division of Elections is also protected from having to seek competitive bids for the election ballots because of an exemption in the Administrative Procurement Act. This exemption should also be removed from statute.
- I have spoken with many different representatives from printing companies about the possibility of them becoming Diebold certified. Almost every one I contacted said there was no point if the State was not going to give them an opportunity to bid on the ballots. Since the Municipality of Anchorage has gone to bid on its ballots, two companies have indicated to me they were strongly considering it.
- The Municipality of Anchorage required any printing company submitting a bid for printing its ballots must be certified by Diebold prior to the bid submission. Dane Sutterfield, a procurement specialist for the Municipality of Anchorage, told me he released the bid proposals with enough time for interested printing companies to achieve the certification.

To: Alaska House of Representatives
State Affairs committee
Juneau, Alaska

3/3/2008

RE: HOUSE BILL NO. 406

From: Kevin S. Fraley, General Manager
Super Software Inc. DBA - "Print Works"
829 Smokey Bay Way
Homer, Alaska 99603
907-235-8500 ex 226 - Cell 907-299-3545

Dear honorable committee members,

The following phrases come to mind as I write my thoughts about HB 406:

"There are two sides to every story." "The cheapest is not always the best choice."

And "Who says you have to be good at what you do? - You just have to be the cheapest!"

These phrases fit when you think about adopting a bill that will take away the power of the Division of Elections to make sure our election ballots are correctly made and delivered on time.

There are a few things to consider as you make this decision:

1. HB 406 makes it difficult for the Division of Elections to guarantee a clean and trouble free election. HB 406 is written with the idea of "making it fair for everyone" - Saving the state money by forcing the Division of Elections to comply with the "lowest bidder" rule.

Who says that the Division cannot make sure they are not getting the best price?

Anytime you have a sole-sourced contract, there is not guarantee of price. When Whitney Brewster testified in Senate State Affairs last year on a similar bill, she was asked (I think by Sen. Gary Stevens) if the Division ever considered getting bids from other Alaskan companies, if for no other reason than for comparison? Her answer was "No".

Or who says that the division is not acting in a fair manner?

No one! Some consider sole-sourcing an unfair practice when there are many other companies willing and capable to handle the work.

The Division of Elections has a staff of dedicated people, who are assigned a very difficult job with many tight (almost impossible) deadlines.

If he's talking about the Division's responsibilities to manage elections, I agree, it must be an enormous task. If he's referring to the printing process, these deadlines are not "almost impossible", by any stretch. A shop like mine can easily print and package the ballots within the time frame required by the Division. Smaller shops would take longer. In Anchorage, there are at least a half dozen shops who have as much capacity as mine. The current director said there was only 16 days to get the job turned around. That is plenty of time.

The Division has an exemption from the bid process that applies to the printing of election ballots. Why was this exemption given?

According to research done by Jason Hooley from the Lt. Governor's office, the exemption was put in place in the early 1960's when there were very few print shops in Alaska and none capable of producing the "punch-style" ballots used at that time. The exemption has not been challenged since. Today, dozens of Alaskan printing companies currently exist that can print the ballots.

I believe it was given to insure that the Division has the power to make the "best choice" based on other criteria besides just price alone.

This criteria includes things like a proven track record and the experience necessary to guarantee that the job is done right.

Not sure what he is saying here. Prior to the first time he did the ballots, he had never done them!

Do we trust them to be fair and to be honest?

Is he accusing other Alaska printing shops of being dishonest?

Is it in the best interest of The State of Alaska to restrict the Division of Elections ability to have control over the ballot preparation process?

Yes, and a qualifying bid process would do that very nicely.

The passing HB 406 will directly restrict the Division.

This is not the case. The Division would be in charge of determining what requirements need to be met in the printing process and would lay out those requirements in the bidding specifications.

What is the priority with HB 406? It seems that the priority of HB 406 is favoring the vendor and not the Election process of the State of Alaska.

Not at all the case, it favors the state of Alaska getting the fairest price while fostering fair business practices in the process.

Can we just redo the election if it goes bad? I guess we will have to...

- 2. Accountability of Ballots.** Ballots are like currency. To protect from potential fraud, ballots must be handled and accounted for in a very controlled and systematic manner. Like accounting for money with checks and balances, ballots also require checks and balances (accountability) to insure a valid election. Each and every ballot must be properly accounted for without error.

HB 406 has nothing to do with accountability but focuses exclusively on price alone.

Accountability is part of the bid specifications.

There are two Alaskan printers that are "certified" to print "Accu-vote" ballots: Print Works and AT Publishing.

While AT Publishing is certified by Global Election Systems (which is now "Premier Election Solutions"), they have only printed ballots for the city of Anchorage.

The MOA ballots represents exactly the same printing and delivery circumstances as the State ballots. Additionally, the MOA requires a faster turnaround than the current State specifications.

To be certified by Global Elections means that the printer's ability to put ink on paper in Global's specified technical format has been met. No consideration of the printer's accountability system is evaluated in Global's certification process. Unfortunately, we are not talking about just putting ink on paper, it is much, much more than that. The most difficult part of the ballot preparation process is accountability. I emphasize again, each and every ballot must be accounted for with the proper documentation, providing the appropriate "chain of custody" to protect our elections from huge mistakes and improprieties, such as those seen in other state elections. The preparation of our election ballots must not be considered a "simple printing process to be handed to lowest bidder."

He is correct in everything except the part about not going to the lowest responsible bidder. Every shop in Alaska handles jobs that require all the things he mentions here.

3. There is a non-flexible time frame for delivery: Ballots must be in hand 25 days prior to the election:

Sec. 15.15.050. Distribution of election materials.

"The director shall distribute an adequate supply of sample and official ballots and all other materials, forms, and supplies required for the election to the election supervisors for distribution to chairpersons of election boards in precincts not less than 25 days before the date for the election".

Failure to deliver on time is not an option. How can absentee voting happen if delivery is not on time? One might say – "the printer will be responsible to have insurance just in case". What good would insurance do? The ballots are late putting the election in jeopardy. The potential vendor must have a proven track record for on time delivery.

The bottom line is that there are two certified printers in the state of Alaska to print Accu-vote ballots. Premier Election Solutions is no longer certifying any new vendors for ballot printing. Passage of HB 406 will remove control from the Division of Elections for the sake of one vendor.

This means only that Diebold no longer is taking \$5000 from Alaskan printing companies wanting to print ballots. Now, all companies can participate in the process, not just two of us. There is available an email statement from Premier Elections Solutions that they are out of the business of certifying, but are willing to work with individual state's desiring some form of printing certification. They recognize the printing of ballots requires much more than simple ink on paper.

I urge the committee to research the track record of all parties involved.

I'd like to know exactly what he's talking about here.

Please contact the Division of Elections, The Municipality of Anchorage, or any other city in the state which uses Accu-vote ballots, and research both printers before consideration of this bill.

This is not about two printers... it IS about all printers in Alaska having an opportunity to bid on the ballots. But, since he brings it up, I have a performance letter from the MOA regarding our work the recent ballot printing contract.

Thank you for your consideration and time.
Respectfully,

Kevin S. Fraley
General Manager

HB

406

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/31/08

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 406(STA)

HB 406 CONTRACTS FOR PREPARATION OF BALLOTS

"An Act relating to contracts for the preparation of election ballots."

and recommends:

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

SENATE BILL:
 Same Title
 New Title

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

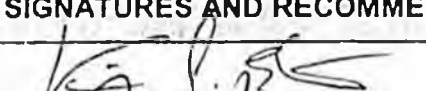

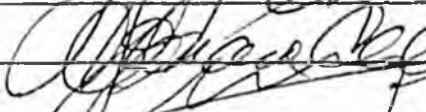

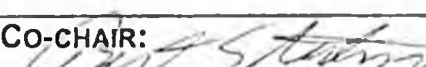
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
GOV	2/29/08			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton	✓			
	Thomas	✓			
	OLSON			✓	
	HIGGINS	✓			
CO-CHAIR:					
	SPELMAN	✓			

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 406(STA)
(H) Publish Date: 3/13/08

Identifier (file name): HB406-OOG-DOE-2-29-08 Dept. Affected: OOG
Title: An Act relating to a requirement for competitive bidding RDU: Elections
on contracts for preparation of election ballots Component: Elections
Sponsor: Representative Fairclough
Requester: House State Affairs Committee Component Number: 21

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	0.0							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE		(Thousands of Dollars)						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts								
1003 GF Match								
1004 GF	0.0							
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)
This proposed legislation will have no fiscal impact on the Division of Elections.

Prepared by: Gail Fenuniai, Director
Division: Division of Elections
Approved by: Linda Perez, Administrative Director
Office of the Governor

Phone: 465-2644
Date/Time: 2/29/2008, 11:05am
Date: 2/29/2008



Alaska State Legislature

Representative Anna Fairclough — House District 17

House Bill 406

"An Act relating to a requirement for competitive bidding on contracts for the preparation of election ballots."

HB 406 is legislation that would require the Alaska Division of Elections to use a competitive bidding process for their ballot printing contracts.

While it is of the utmost importance to all Alaskans that our ballots be prepared properly and with attention paid to all aspects of fair elections, the competitive bidding process is one that is essential to our economy and fairness. It is important that Alaskan businesses be allowed to participate in competitive bidding for the preparation of our ballots.

HB 406, while including provisions for Alaska local hire, does not subject the Division of Elections to the procurement code.

There are stringent regulations that anyone competing for this business must follow, and this legislation does nothing to harm the reliability of our voting system here in Alaska.

Currently, Alaska's election ballots are sole sourced and prepared by one company that has been printing our ballots for years. While it may come to be that the company earns the right to continue to prepare the ballots, it is only reasonable to allow others to compete for that business with our state.

HB 406 will level the playing field, allow competition in printing and increase fairness in our system of commerce and it will do nothing to injure the integrity of our ballots.



Ph: (907) 262-5267 Fax: (907) 260-5267
35348 K-B Drive, Suite A4, Soldotna, Alaska

February 29, 2008

To Whom it may concern,

I am sending this letter in support of House Bill Number 406. This bill represents an effort to open up the printing of State Election Ballots to competitive bidders. The Division of Elections is wrong in the decision to outsource this job to one single shop, without giving other qualified Alaska shops an opportunity to bid on these jobs

This is effectively monopolizing the work, and is not a very cost effective way for the State of Alaska to do business. A sanctioned bidding process ensures that the State is getting the best value possible. This current policy does nothing to foster local Alaska Printers' incentive of "healthy competition." A healthy competition always improves the Alaskan economy because competitors lower prices and increase quality of services and products offered.

The current system in place by the Division of Elections does not support fair competitive business practices.

With the proposals presented in house House Bill Number 406 it will give fellow Alaskans an opportunity to bid on the printing of election ballots. The passing of this bill would greatly benefit the printing industry in Alaska as a whole by giving all qualified parties an equal opportunity to bid.

Shane and Melanie Noblin
Owners of Peninsula Printing

To: Representative Bob Lynn
From: Lambert "Lam" Lavea
Re: HB 406

Hello Representative Lynn.

I am writing to support HB 406 opening the Alaska State election ballots to competitive bid. I believe the practice of sole sourcing the printing of the elections ballots to a single Alaska printing company should stop. I believe the State has a responsibility to foster fair business practices and opening the printing of the election ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,



Lambert "Lam" Lavea
Printer's Ink Manager
150 Trading Bay Drive, Suite 2
Kenai, AK 99611
(907) 283-4977



SERVICE
BUSINESS PRINTING

Onnie Kendall
General Manager,
Service Business Printing

Re: House Bill 406

Why the bill is good legislation-

- Sole-sourcing the print work doesn't allow for other AK businesses to have the opportunity to benefit from one of the largest State of AK print jobs.
- Opening up the project to bid will allow all those printers capable of the scope of the project to have an opportunity to take it on.
- An open bid process would give the state a balanced purchase price and would open up the prospect for all capable the prospect of winning the business.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Onnie Kendall'.

Onnie Kendall
General Manager



**A.T. Publishing
& Printing, Inc.**

907-349-7506 Phone

907-349-4398 Fax

February 26, 2008

To Whom it may concern!

I am writing this letter in support of HB 406 and believe strongly the State of Alaska should put the printing of the election ballots out to competitive bid. For years the Division of Elections has seen fit to sole source the printing of the election ballots to a single company and I believe this is unfair and should be corrected. There are many printing companies in Alaska capable of printing the ballots and all of us should have an opportunity to bid.

Sincerely,

Frank Martone

Owner

A.T. Publishing & Printing, Inc.

W E C O L O R A L A S K A

1720 Abbott Road • Anchorage, AK 99507-3443 • 800-478-0452 Toll Free • E-mail: atpub@alaska.net

America North Printers

February 26, 2008

To Whom it may concern!

I am writing to support of HB 406, an effort to open the printing of the state election ballots to competitive bid. I believe it is wrong that the Division of Elections sole-sources the printing of the ballots to a single shop, without giving other Alaskan printing companies an opportunity to do the work. I believe the State has a responsibility to foster fair business practices and opening the printing of the ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,



Paul Winn
Owner
America North Printers



6611 Arctic Blvd. • Anchorage, Alaska 99518
(907) 563-4743 • fax (907) 563-4397 • email: qlprint@gci.net

March 3, 2008

Anna Fairclough,

I am writing to support HB 406 opening the Alaska State election ballots to competitive bid. I believe the practice of sole-sourcing the printing of the elections ballots to a single Alaska printing company should stop. I believe the State has a responsibility to foster fair business practices and opening the printing of the election ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Bob Howard', written in black ink.

Bob Howard



To Whom it May Concern!

I am writing to support HB 406 opening the Alaska State election ballots to competitive bid. I believe the practice of sole-sourcing the printing of the elections ballots to a single Alaska printing company should stop. I believe the State has a responsibility to foster fair business practices and opening the printing of the election ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Jeff Marshall'.

Owner



Alaska State Legislature

Please enter into the record my testimony to the House State Affairs Committee
committee name

Committee on House Bill 406, dated 3-6-08
bill # / subject public hearing date

Good Morning members of the committee.

My name is Kerry Noblin and I represent Peninsula Printing. We are a printing establishment located on the Kenai Peninsula in Soldotna. I have spent over 10 years of my life working in the printing industry and of that 10, the last 4 years have been as the proprietor of Peninsula Printing.

I am here today to give testimony in support of House Bill 406. House Bill 406 represents a requirement for competitive bidding on contracts for the preparation of election ballots.

Currently the Division of Elections is contracting this work through one shop, without giving other qualified printing contractors a chance to bid on the job. I can understand that the Division of Elections have become complacent and comfortable with their current arrangement with their sole printing contractor, but the efforts that go into the printing of these ballots are neither a technical nor an extraordinary effort. The printing of State Election specific ballots is a rather simple job when it comes down to the process of completing it. The largest challenge facing any shop competing for this contract is the sheer volume of ballots. There are many printing contractors in Alaska capable of handling these quantities.

Without putting these ballots out for bid, the State is leaving itself at the mercy of one contractor. Allowing this contractor to dictate terms to the State with regards to pricing, quality and turnaround of this job. It is a bad policy to uphold and it also stifles a strong competitive atmosphere.

With the State Election Ballots being put up for bid among qualified Alaskan Printers, not only will the state be stimulating positive economic growth in the Alaska printing industry, but it will also ensure that the State is getting the best deal possible in terms of price, quality and turn around.

The public bid process of the contracting of other election ballots has been successful in the past, and continues to be a success on a municipality and borough level.

In closing, it is my belief that the State should support this bill. The bill not only ensures the State is getting the best deal possible, it will also help stimulate economic growth in the local printing industry. This concludes my testimony and I would like to thank the members of the committee for their time.

Signed: *Kerry Noblin*
 Testifier
 Peninsula Printing
 Representing (optional)
 35348 K-B Drive, Ste A4, Soldotna AK 99669
 Address
 907-262-5287
 Fax no number

March 7, 2008

Re: Rebuttal from Patrick Foster, A.T. Publishing, HB 406

Rep. Anna Fairclough!

Since Mr. Fraley's letter mentions my company by name, makes inferences regarding our capabilities, and at times distorts what I believe is the true intent of the legislation, I thought it important to share with you some rebuttal points of my own. I have not changed any of Mr. Fraley's original text, but have separated out areas where I felt a response was warranted. Except where Mr. Fraley is quoting text under his 3rd point near the bottom of his letter, all italicized text is my own. I have separated and made bold any particular points I felt the need to respond to.

Please feel free to contact regarding anything here.

Many thanks,

Patrick Foster
A.T. Publishing & Printing, Inc.
907-240-6616



To Whom it May Concern

I am writing to support HB 408 opening the Alaska State election ballots to competitive bid. I believe the practice of sole-sourcing the printing of the elections ballots to a single Alaska printing company should stop. I believe the State has a responsibility to foster fair business practices and opening the printing of the election ballots to competitive bidding would do exactly that. The Alaska printing industry would benefit by this legislation.

Sincerely,
Mike Haffeman
Owner
Kodiak Print Master

2017 Mill Bay Rd
Kodiak, Alaska 99615
printkodiak@gmail.com

Phone: 486-3023
Fax: 486-3785

Printed on 10/10/01 01:51 PM P2

PKX NO. : 1987405765

FROM : Print Masters of Kodiak

printworks

To: Alaska House of Representatives
State Affairs committee
Juneau, Alaska

3/3/2008

RE: **HOUSE BILL NO. 406**

From: Kevin S. Fraley, General Manager
Super Software Inc. DBA - "Print Works"
829 Smokey Bay Way
Homer, Alaska 99603
907-235-8500 ex 226 - Cell 907-299-3545

Dear honorable committee members,

The following phrases come to mind as I write my thoughts about HB 406:
"There are two sides to every story." "The cheapest is not always the best choice."
And "Who says you have to be good at what you do? - You just have to be the cheapest!"

These phrases fit when you think about adopting a bill that will take away the power of the Division of Elections to make sure our election ballots are correctly made and delivered on time.

There are a few things to consider as you make this decision:

1. HB 406 makes it difficult for the Division of Elections to guarantee a clean and trouble free election. HB 406 is written with the idea of "making it fair for everyone" - Saving the state money by forcing the Division of Elections to comply with the "lowest bidder" rule. Who says that the Division cannot make sure they are not getting the best price? Or who says that the division is not acting in a fair manner? The Division of Elections has a staff of dedicated people, who are assigned a very difficult job with many tight (almost impossible) deadlines. The Division has an exemption from the bid process that applies to the printing of election ballots. Why was this exemption given? I believe it was given to insure that the Division has the power to make the "best choice" based on other criteria besides just price alone. This criteria includes things like a proven track record and the experience necessary to guarantee that the job is done right. Do we trust them to be fair and to be honest? Is it in the best interest of The State of Alaska to restrict the Division of Elections ability to have control over the ballot preparation process? The passing HB 406 will directly restrict the Division. What is the priority with HB 406? It seems that the priority of HB 406 is favoring the vendor and not the Election process of the State of Alaska. Can we just redo the election if it goes bad? I guess we will have to...

2. Accountability of Ballots. Ballots are like currency. To protect from potential fraud, ballots must be handled and accounted for in a very controlled and systematic manner. Like accounting for money with checks and balances, ballots also require checks and balances (accountability) to insure a valid election. Each and every ballot must be properly accounted for without error. HB 406 has nothing to do with accountability but focuses exclusively on price alone.

There are two Alaskan printers that are "certified" to print "Accu-vote" ballots: Print Works and AT Publishing. While AT Publishing is certified by Global Election Systems (which is now "Premier Election Solutions"), they have only printed ballots for the city of Anchorage. To be certified by Global Elections means that the printer's ability to put ink on paper in Global's specified technical format has been met. No consideration of the printer's accountability system is evaluated in Global's certification process. Unfortunately, we are not talking about just putting ink on paper, it is much, much more than that. The most difficult part of the ballot preparation process is accountability. I emphasize again, each and every ballot must be accounted for with the proper documentation, providing the appropriate "chain of custody" to protect our elections from huge mistakes and improprieties, such as those seen in other state elections. The preparation of our election ballots must not be considered a "simple printing process to be handed to lowest bidder."

3. There is a non-flexible time frame for delivery: Ballots must be in hand 25 days prior to the election:

Sec. 15.15.050. Distribution of election materials.

"The director shall distribute an adequate supply of sample and official ballots and all other materials, forms, and supplies required for the election to the election supervisors for distribution to chairpersons of election boards in precincts not less than 25 days before the date for the election".

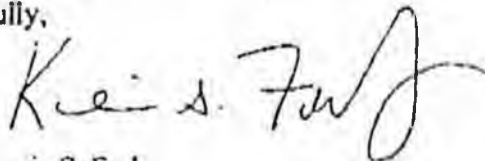
Failure to deliver on time is not an option. How can absentee voting happen if delivery is not on time? One might say - "the printer will be responsible to have insurance just in case". What good would insurance do? The ballots are late putting the election in jeopardy. The potential vendor must have a proven track record for on time delivery.

The bottom line is that there are two certified printers in the state of Alaska to print Accu-vote ballots. Premier Election Solutions is no longer certifying any new vendors for ballot printing. Passage of HB 406 will remove control from the Division of Elections for the sake of one vendor.

I urge the committee to research the track record of all parties involved. Please contact the Division of Elections, The Municipality of Anchorage, or any other city in the state which uses Accu-vote ballots, and research both printers before consideration of this bill.

Thank you for your consideration and time.

Respectfully,



Kevin S. Fraley
General Manager

To: Alaska House of Representatives
State Affairs committee
Juneau, Alaska

3/3/2008

RE: HOUSE BILL NO. 406

From: Kevin S. Fraley, General Manager
Super Software Inc. DBA - "Print Works"
829 Smokey Bay Way
Homer, Alaska 99603
907-235-8500 ex 226 - Cell 907-299-3545

Dear honorable committee members,

The following phrases come to mind as I write my thoughts about HB 406:
"There are two sides to every story." "The cheapest is not always the best choice."
And "Who says you have to be good at what you do? - You just have to be the cheapest!"

These phrases fit when you think about adopting a bill that will take away the power of the Division of Elections to make sure our election ballots are correctly made and delivered on time.

There are a few things to consider as you make this decision:

1. HB 406 makes it difficult for the Division of Elections to guarantee a clean and trouble free election. HB 406 is written with the idea of "making it fair for everyone" - Saving the state money by forcing the Division of Elections to comply with the "lowest bidder" rule.

Who says that the Division cannot make sure they are not getting the best price?

Anytime you have a sole-sourced contract, there is not guarantee of price. When Whitney Brewster testified in Senate State Affairs last year on a similar bill, she was asked (I think by Sen. Gary Stevens) if the Division ever considered getting bids from other Alaskan companies, if for no other reason than for comparison? Her answer was "No".

Or who says that the division is not acting in a fair manner?

No one! Some consider sole-sourcing an unfair practice when there are many other companies willing and capable to handle the work.

The Division of Elections has a staff of dedicated people, who are assigned a very difficult job with many tight (almost impossible) deadlines.

If he's talking about the Division's responsibilities to manage elections, I agree, it must be an enormous task. If he's referring to the printing process, these deadlines are not "almost impossible", by any stretch. A shop like mine can easily print and package the ballots within the time frame required by the Division. Smaller shops would take longer. In Anchorage, there are at least a half dozen shops who have as much capacity as mine. The current director said there was only 16 days to get the job turned around. That is plenty of time.

The Division has an exemption from the bid process that applies to the printing of election ballots. Why was this exemption given?

According to research done by Jason Hooley from the Lt. Governor's office, the exemption was put in place in the early 1960's when there were very few print shops in Alaska and none capable of producing the "punch-style" ballots used at that time. The exemption has not been challenged since. Today, dozens of Alaskan printing companies currently exist that can print the ballots.

I believe it was given to insure that the Division has the power to make the "best choice" based on other criteria besides just price alone.

This criteria includes things like a proven track record and the experience necessary to guarantee that the job is done right.

Not sure what he is saying here. Prior to the first time he did the ballots, he had never done them!

Do we trust them to be fair and to be honest?

Is he accusing other Alaska printing shops of being dishonest?

Is it in the best interest of The State of Alaska to restrict the Division of Elections ability to have control over the ballot preparation process?

Yes, and a qualifying bid process would do that very nicely.

The passing HB 406 will directly restrict the Division.

This is not the case. The Division would be in charge of determining what requirements need to be met in the printing process and would lay out those requirements in the bidding specifications.

What is the priority with HB 406? It seems that the priority of HB 406 is favoring the vendor and not the Election process of the State of Alaska.

Not at all the case, it favors the state of Alaska getting the fairest price while fostering fair business practices in the process.

Can we just redo the election if it goes bad? I guess we will have to...

2. Accountability of Ballots. Ballots are like currency. To protect from potential fraud, ballots must be handled and accounted for in a very controlled and systematic manner. Like accounting for money with checks and balances, ballots also require checks and balances (accountability) to insure a valid election. Each and every ballot must be properly accounted for without error.

HB 406 has nothing to do with accountability but focuses exclusively on price alone.

Accountability is part of the bid specifications.

There are two Alaskan printers that are "certified" to print "Accu-vote" ballots: Print Works and AT Publishing.

While AT Publishing is certified by Global Election Systems (which is now "Premier Election Solutions"), they have only printed ballots for the city of Anchorage.

The MOA ballots represents exactly the same printing and delivery circumstances as the State ballots. Additionally, the MOA requires a faster turnaround than the current State specifications.

To be certified by Global Elections means that the printer's ability to put ink on paper in Global's specified technical format has been met. No consideration of the printer's accountability system is evaluated in Global's certification process. Unfortunately, we are not talking about just putting ink on paper, it is much, much more than that. The most difficult part of the ballot preparation process is accountability. I emphasize again, each and every ballot must be accounted for with the proper documentation, providing the appropriate "chain of custody" to protect our elections from huge mistakes and improprieties, such as those seen in other state elections. The preparation of our election ballots must not be considered a "simple printing process to be handed to lowest bidder."

He is correct in everything except the part about not going to the lowest responsible bidder. Every shop in Alaska handles jobs that require all the things he mentions here.

3. There is a non-flexible time frame for delivery: Ballots must be in hand 25 days prior to the election:

Sec. 15.15.050. Distribution of election materials.

"The director shall distribute an adequate supply of sample and official ballots and all other materials, forms, and supplies required for the election to the election supervisors for distribution to chairpersons of election boards in precincts not less than 25 days before the date for the election".

Failure to deliver on time is not an option. How can absentee voting happen if delivery is not on time? One might say - "the printer will be responsible to have insurance just in case". What good would insurance do? The ballots are late putting the election in jeopardy. The potential vendor must have a proven track record for on time delivery.

The bottom line is that there are two certified printers in the state of Alaska to print Accu-vote ballots. Premier Election Solutions is no longer certifying any new vendors for ballot printing. Passage of HB 406 will remove control from the Division of Elections for the sake of one vendor.

This means only that Diebold no longer is taking \$5000 from Alaskan printing companies wanting to print ballots. Now, all companies can participate in the process, not just two of us. There is available an email statement from Premier Elections Solutions that they are out of the business of certifying, but are willing to work with individual state's desiring some form of printing certification. They recognize the printing of ballots requires much more than simple ink on paper.

I urge the committee to research the track record of all parties involved.

I'd like to know exactly what he's talking about here.

Please contact the Division of Elections, The Municipality of Anchorage, or any other city in the state which uses Accu-vote ballots, and research both printers before consideration of this bill.

This is not about two printers... it IS about all printers in Alaska having an opportunity to bid on the ballots. But, since he brings it up, I have a performance letter from the MOA regarding our work the recent ballot printing contract.

Thank you for your consideration and time.
Respectfully,

Kevin S. Fraley
General Manager

Testimony by Patrick Foster (A.T. Publishing) in Favor of HB 406
Opening the state election ballots to competitive bid

Good Morning!

Chair Lynn and Members of the Committee, my name is Patrick Foster and I have been working in the print industry in Alaska for nearly 30 years and currently work for AT Publishing & Printing in Anchorage.

I am here in support of HB 406 , opening the state election ballots to competitive bidding for all Alaskan printing companies.

The State of Alaska uses the Diebold electronic ballot readers for the purpose of tallying results for statewide elections. Diebold requires printing companies who print ballots destined for their machines be certified by them. At the time the State of Alaska adopted the use of these ballot readers in the mid 1990's, no companies in Alaska were certified. Shortly thereafter a small Alaska printing company was certified and the Division of Elections has sole-sourced nearly \$2 million to this company since. This is done despite the fact that a number of other Alaskan printing companies have voiced a desire to be included in the process. My company, AT Publishing, became a certified Diebold printer in 2003.

I am aware there is probably a certain "comfort level" the Division has in working with a printer that has proven to do a decent job. I make a living

trying to give my customers that same comfort, and have succeeded in the recent ballot-printing contract in Anchorage. The Municipality of Anchorage went through five election cycles sole-sourcing the printing of its 160,000 ballots with another printer before the decision was made to put the printing of ballots out to competitive bid. The Municipal Clerk was admittedly concerned moving forward with a new printer, but since has found the change was relatively easy and the city has benefited by paying less for the ballots. My company printed Anchorage's election ballots from 2004 through 2006 and the Municipality put a new contract out for bid this year. I am certain that the State Division of Elections would develop a fine working relationship with any printing company that would be awarded the contract for printing its ballots.

Some might claim that the complexity of the Alaska ballots is reason enough to leave things the way they are, but nothing is further from the truth. The task of printing a few hundred thousand ballots would be daunting for some small shops, but they wouldn't bid on this project anyway. There are, however, many companies in Alaska fully capable of handling the volume of work in the time required and handle the packaging and shipping logistics as well. As printing jobs go, the ballots are fairly easy to produce. They do require careful imprinting and packaging, but nothing beyond the scope of many jobs produced by dozens of Alaskan printing companies each year.

Another concern is that the Division of Elections could be bogged down putting each election cycle out to bid. I recommend that each bid be awarded for one election cycle with a performance option for a second cycle.

Opening the election ballots to competitive bid would have a variety of positive effects, including the likely savings of a substantial amount of money. The level playing field would open the door for more Alaskan printing companies to be involved, giving them the opportunity to upgrade their facilities and improve their standing in Alaska and the print industry. Additionally, the State would not have to put all their eggs in one basket, relying on just one printing company for the printing of the ballots.

This concludes my testimony. I would be happy to answer any questions you may have.

referral

Revisor's notes. — In 1995, "AS 36.30.337" was substituted for "AS 36.30.339" in this section to reflect the 1996 renumbering of AS 36.30.339.

Sec. 36.30.336. Application. Notwithstanding other provisions of this chapter, AS 36.30.322 — 36.30.338 apply to all procurements subject to this chapter, except as provided in AS 36.15.050 and AS 36.30.322(b). (§ 2 ch 106 SLA 1986; am § 3 ch 62 SLA 1987; am § 16 ch 65 SLA 1987)

Sec. 36.30.337. Procurement preference for recycled products. (a) In the evaluation of a bid or proposal for an agency procurement of products, the agency shall decrease the bid or proposal by five percent if the bid or proposal indicates that the products being purchased will be recycled products.

(b) A decrease made under (a) of this section is in addition to other preferences allowed for the procurement.

(c) The department shall establish the minimum percentage of recycled content that will qualify a product as a recycled product under (a) of this section. (§ 4 ch 175 SLA 1990)

Revisor's notes. — Formerly AS 36.30.339. Renumbered in 1996 under § 49, ch. 137, SLA 1996.

Sec. 36.30.338. Definitions. In AS 36.30.322 — 36.30.338,

(1) "Alaska product" means a product of which not less than 25 percent of the value, as determined in accordance with regulations adopted under AS 36.30.332(a), has been added by manufacturing or production in the state;

(2) "produced or manufactured" means processing, developing, or making an item into a new item with a distinct character and use through the application within the state of materials, labor, skill, or other services;

(3) "product" means materials or supplies but does not include gravel and asphalt;

(4) "recycled Alaska product" means an Alaska product of which not less than 50 percent of the value of the product consists of a product that was previously used in another product, if the recycling process is done in the state. (§ 2 ch 106 SLA 1986; am § 17 ch 65 SLA 1987; am § 6 ch 63 SLA 1988)

Revisor's notes. — Reorganized in 1986 to duplicate the defined terms.

Sec. 36.30.339. [Renumbered as AS 36.30.337.]

Article 6. Contract Formation and Modification.

Section

- 340. Review and approval by the Attorney General
- 350. Solicitation cancellation, bid and proposal rejection, and delay of opening bid or proposal
- 360. Determination of responsibility
- 362. Award of a contract to a nonresident
- 365. Notice of intent to award a contract
- 370. Permissible types of contracts
- 390. Contract term and cancellation

Section

- 410. Right to inspect plant
- 420. Right to audit records
- 430. Contract clauses
- 460. Modification of standard clauses
- 470. Fiscal effects of construction contract modifications
- 480. Establishment and modification of cost prices

Validity and construction with respect to delay contract. 74 ALR3d 18

Sec. 36.30.340. contains a term that standard term is defined reviewed by the At

Sec. 36.30.350. lay of opening bid solicitation may be in part or the date interests of the state reasons for cancellation part of the contract

Quoted in Paul Who Facilities, 908 P2d 994

Collateral reference subdivision to reject all AR0th 150.

Sec. 36.30.360. 1 nonresponsibility of accordance with regulation bidder or offeror to respect to responsibility to the bidder or offeror. Information furnished and may not be disclosed 106 SLA 1986; am §

Sec. 36.30.362. 1 under AS 36.30.170. provide or maintain professional services obtained from source statement explaining shall be kept in the

Sec. 36.30.365. N formal award of a contract award of a construction AS 36.30.300 — 36.30.365. Notice of intent to award

HB

413

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 413
() Publish Date: _____

Identifier (file name): HB413-CED-OL-02-21-08 Dept. Affected: DCCED
Title: Extending the Real Estate Commission RDU: Corp. Bus & Prof Licensing (117)
Component: Corp. Bus & Prof Licensing
Sponsor: Labor & Commerce
Requester: House Labor & Commerce Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services		258.5	258.5	258.5	258.5	258.5	258.5
Travel		25.4	25.4	25.4	25.4	25.4	25.4
Contractual		163.5	163.5	163.5	163.5	163.5	163.5
Supplies		9.2	9.2	9.2	9.2	9.2	9.2
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	456.6	456.6	456.6	456.6	456.6	456.6

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

CHANGE IN REVENUES (1156)	0.0	0.0	913.2	0.0	913.2	0.0	913.2
------------------------------------	------------	------------	--------------	------------	--------------	------------	--------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1156 Receipt Supported Services		456.6	456.6	456.6	456.6	456.6	456.6
TOTAL	0.0	456.6	456.6	456.6	456.6	456.6	456.6

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation extends the Real Estate Commission to June 30, 2016.

In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the Board to conclude its affairs. FY 2009 funding is included in the Operating Budget request. Revenues are collected on a two year cycle. Operating expenditures are calculated by averaging the last full biennium renewal. The costs shown for subsequent fiscal years reflect the direct costs included in the FY 2009 budget.

Prepared by: Chris Wyatt, Administrative Officer
Division: Corporations, Business, and Professional Licensing
Approved by: Emil R. Notti, Commissioner
Agency: Commerce, Community, and Economic Development

Phone: (907) 465-2572
Date/Time: 2/21/08 3:36 PM
Date: 2/21/2008

3/3/06



ALASKA STATE LEGISLATURE HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON
Chairman
State Capitol, Room 17
Juneau, AK 99801-1182
(907) 465-2693 FAX 465-3835

Rep. Mark Neuman, V-Chair Rep. Carl Gatto
Rep. Jay Ramras Rep. Berta Gardner
Rep. Gabrielle LeDoux Rep. Bob Buch

HB 413 Extending the Real Estate Commission Sponsor Statement

HB 413 was introduced at the request of the Department of Commerce and Community Development and the Legislative Budget and Audit Committee.

Per the recommendation of the Legislative Auditor, this bill extends the sunset date of the Real Estate Commission to 2016.

As stated in the July 2007 audit, "The regulation and licensing of real estate professionals provides necessary public protection in the buying and selling of residential and commercial properties. The Real Estate Commission carries out its responsibilities to educate both the public and licensees in a professional, competent, and efficient manner."

We would appreciate your positive consideration of this legislation.

3/3/08

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

July 10, 2007

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Real Estate Commission and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT REAL ESTATE COMMISSION SUNSET REVIEW

July 3, 2007

Audit Control Number

08-20051-07

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(a) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, AS 08.03.010(c)(19) states the commission will terminate on June 30, 2008 and will have one year from that date to conclude its administrative operations.

In our opinion, the termination date for the Real Estate Commission should be extended. The licensing of qualified realtors benefits the public's safety and welfare. We recommend the legislature extend the termination date of the Real Estate Commission to June 30, 2016.

The audit was conducted in accordance with generally accepted government audit standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

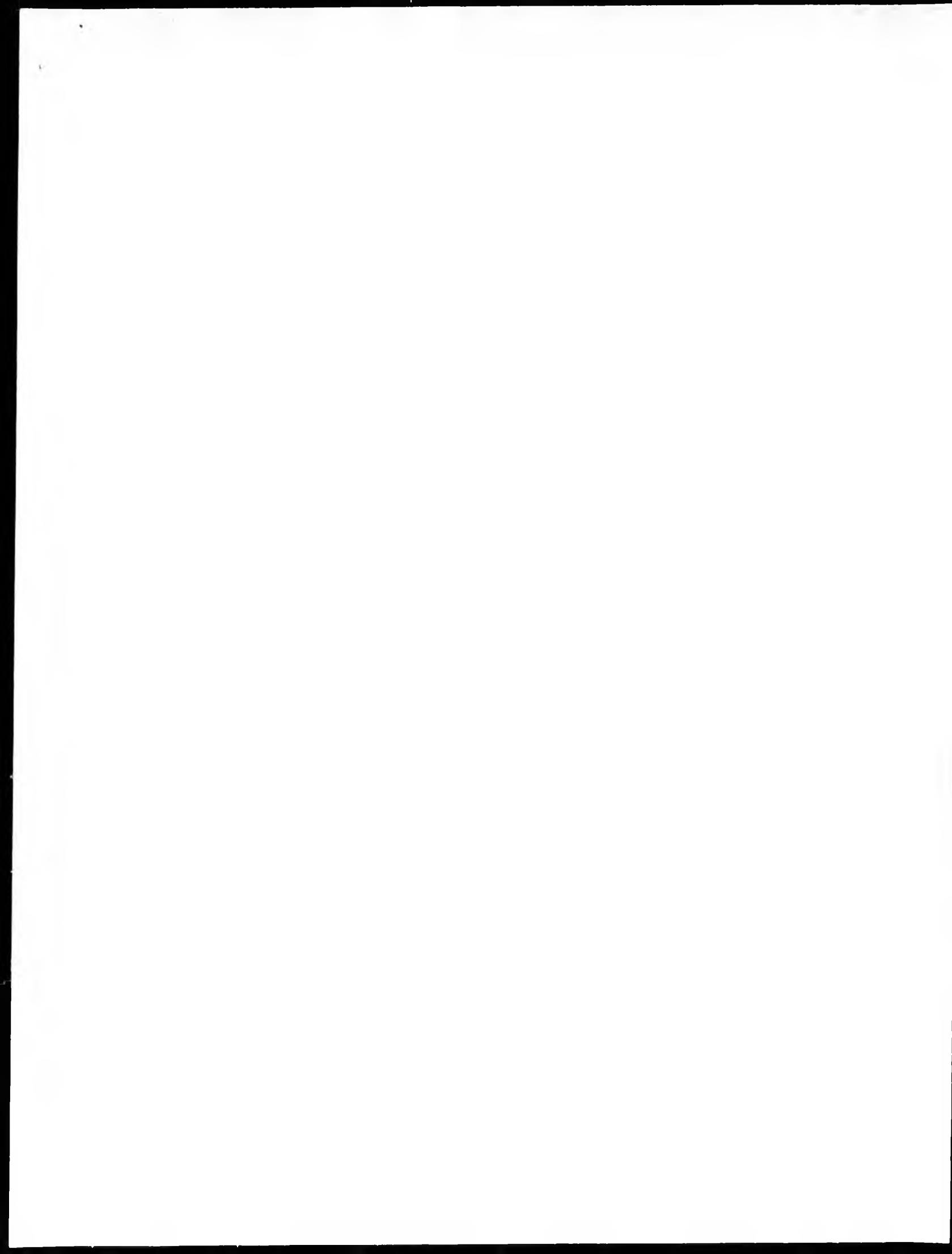
Pat Davidson, CPA
Legislative Auditor

(907) 465-3830



TABLE OF CONTENTS

	<u>Page</u>
Objectives, Scope, and Methodology	1
Organization and Function	3
Report Conclusions.....	7
Findings and Recommendations.....	9
Analysis of Public Need	13
Agency Responses	
Office of the Governor, Boards and Commissions	23
Department of Commerce, Community, and Economic Development	25
Real Estate Commission	27



OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes (AS), we have reviewed the activities of the Real Estate Commission (REC or commission). Under AS 44.66.050(a), the legislative committee of reference shall consider this report during the legislative oversight process in determining if REC should be reestablished. Currently, AS 08.03.010(c)(19) requires REC to terminate on June 30, 2008. If the legislature takes no action to extend the termination date, the commission will have one year from that date to conclude its operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the commission should be extended.
2. To determine if the commission is operating in the public interest.
3. To determine if the commission has exercised appropriate regulatory oversight of real estate licensees.

Scope

Our audit reviews the operation and activities of the commission for the period July 1, 2003 through June 30, 2007. Alaska Statute 44.66.050(c) sets out the criteria we used to determine if there is a demonstrated public need for the commission.

Methodology

To accomplish the audit objectives, the following documents were reviewed:

- Applicable statutes and regulations
- Commission annual reports, meeting minutes, newsletters, and publications
- Licensing staff's correspondence files
- Attorney General opinions
- Newspaper articles
- Commission member résumés

- Current legislation (bills and testimony)
- Licensing files, exam files, investigation files, surety fund claim files
- REC and surety fund financial information
- Civil judgments from the Alaska Court System

We reviewed information from the following databases:

- REC licensing database
- Division of Corporations, Business, and Professional Licensing (DCBPL) investigations database
- State Accounting System (AKSAS)

We interviewed the following individuals:

- Staff of the DCBPL, Department of Commerce, Community, and Economic Development (DCCED)
- Chairperson of REC
- Staff of the Division of Insurance, DCCED
- Chief Administrative Law Judge, Office of Administrative Hearings, Department of Administration
- Private insurance companies that provide errors and omissions (E&O) insurance and surety bonds
- Realtor licensing staff and websites of 11 western states
- Director of Boards and Commissions, Office of the Governor

We also requested complaints from the Commission for Human Rights, the Office of Victim's Rights, the Attorney General, Division of Corporations, Business, and Professional Licensing, the Ombudsman, and the Office of the Governor's Boards and Commission. However, no relevant complaints had been filed.

ORGANIZATION AND FUNCTION

Commission Membership

Alaska Statute 08.88.011 establishes the Real Estate Commission (REC or commission). REC consists of five real estate brokers or associate brokers and two public members.

By statute, the five professional members must be licensed in Alaska for at least three years prior to appointment. The statute further specifies the five members should be from each of the four Judicial Districts, and one from the state at large. However, if no licensed real estate broker or associate broker is eligible or available from the Second Judicial District for appointment, then two licensed brokers or associate brokers shall be appointed from the state at large. Currently, the commission has two REC members from the state at large because of the unavailability of a candidate from the Second Judicial District.

Exhibit 1

Members of the Real Estate Commission As of June 30, 2007

Professional Members

Gene DuVal, 4th Judicial District, Chair
David Somers, Broker at Large, Vice Chair
Brad Cole, 3rd Judicial District
Roger Stone, 1st Judicial District
Rita Wilson, Broker at Large

Public Members

Tim Worthen - Public Member
Floyd Lee Sherman - Public Member

The two public members cannot be engaged in the real estate profession, have a legal contract with a real estate licensee other than as a consumer, or have a direct financial interest in the real estate profession.

Statutory Duties of the Commission

Under Alaska Statute 08.88.071, REC must perform the following duties:

1. Determine whether applicants met requirements for licenses under this chapter and issue licenses to those who qualify.
2. Prepare and grade examinations.
3. After a hearing, REC has the authority to suspend or revoke the license of a licensee - or impose other disciplinary sanctions authorized under AS 08.01.075 on a licensee - who violates real estate statutes and regulations.
4. Prosecute, through the Department of Law, violations of the provisions of this chapter or lawful regulations adopted under this chapter.

5. Release for publication in a newspaper of general circulation, in the locale of the offending person's principal office registered with the commission, a notice of disciplinary action taken by the commission against a person licensed under this chapter.
6. Issue a temporary permit to the personal representative of the estate of a deceased or legally incompetent real estate broker or to another person designated by the commission with the approval of the personal representative of the estate, in order to secure proper administration in concluding the affairs of the decedent broker's real estate business or temporarily managing the real estate business of the broker, respectively.
7. Establish and periodically revise the form of the seller's property disclosure statement required by AS 34.70.010.
8. Have the authority to levy civil fines as established in this chapter.
9. Revoke the license of a broker or associate broker who is convicted of forgery, theft, extortion, conspiracy to defraud creditors, or a felony involving moral turpitude committed while licensed under this chapter. Notwithstanding AS 08.88.171, a person whose license is revoked under this paragraph is not qualified for a license under AS 08.88.171(a) or (b) until seven years have elapsed since the person completed the sentence imposed for the conviction.

Commission License Requirements

REC licenses real estate salespersons, associate brokers, and brokers. In order to obtain initial licensure, a real estate salesperson must pass an examination, be at least 19 years old, must not be under indictment for any felony involving moral turpitude, or if convicted for an offense, the person must have completed the imposed sentence, and be employed by a licensed real estate broker. The salesperson must also complete 20 hours of pre-licensing education.

Real estate brokers and associate brokers must pass an examination and have a minimum of 24 months of active and continuous experience as a real estate licensee. A broker differs from an associate broker in that a broker must be an owner of a real estate business or must be employed as a broker by a corporation or partnership. Brokers and associate brokers must complete 15 hours of pre-licensing education.

All initial licensees must also complete 20 hours of post-licensing education within the first year of receiving their license.

Real estate licensees are renewed biennially. The next biennial renewal date is January 31, 2008. In order to renew their license, real estate licensees must complete a renewal application, remit a license fee, and complete 20 hours of education.