

ALASKA LEGISLATURE COMMITTEES 1903-1900 00/2

3501 HLAB HB 367 - HB 404

377

Department of Labor

Proposed Amendments to Draft
CS for House Bill No. 367 (L&C)

1. Amend lines 14 and 15 on page 3 to read:
under this chapter if the person is a resident, and
2. Amend line 1 on page 5 to read:
for preference or nonresidents for the balance of the request.
3. Amend line 21 on page 5 to read:
30 days after the rejection or termination, request a review by
4. Amend line 24 on page 5 to read:
The Department of Labor may hold a hearing on the question within 20

REPRESENTATIVE MARCO A. PIGNALBERI

TESTIMONY

HB 367 RESIDENT HIRE ON OIL & GAS LEASES

House Labor & Commerce Committee

May 2, 1985

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Representative Marco A. Pignalberi
Testimony HB 367
House Labor & Commerce Committee
May 2, 1985

HB 367/SB 271 Companion Bills

HB 367 is the companion bill to SB 271.

Since the Senate Resources Committee has already conducted a public hearing on SB 271, a number of constructive amendments have been prepared following testimony by the affected state agencies, business firms, labor organizations and interested individuals. These suggested amendments have been duplicated for your consideration as a Committee Substitute for HB 367.

Introduced: 4/11/85
Referred: Labor & Commerce,
Judiciary and Finance

BY PIGNALBERI, COTTEN,
DAVIS, PHILLIPS, HURLEY,
NAVARRE, GOLL AND SUND

1 IN THE HOUSE

2

HOUSE BILL NO. 367

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

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A BILL

6

For an Act entitled: "An Act requiring resident hire under certain oil and

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gas leases and unitization agreements on state land;

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and providing for an effective date."

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

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* Section 1. AS 38 is amended by adding a new chapter to read:

11

CHAPTER 45. RESIDENT EMPLOYMENT PREFERENCE UNDER STATE LEASES.

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Sec. 38.45.010. STATE POLICY. It is the policy of the state to

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develop its natural resources to provide the maximum benefit to the

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people of the state as required by the Constitution of the State of

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Alaska. These benefits include employment opportunities in natural

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source development projects for residents qualified for the employ-

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ment, as well as receipt of state revenue from the development.

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Sec. 38.45.020. LEGISLATIVE FINDINGS. The legislature finds:

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(1) the rate of unemployment among residents of the state

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is one of the highest in the nation;

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(2) a major factor of increasing importance in the unem-

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ployment problem is the failure of employers engaged in the explora-

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tion, development, and production of natural resources on state land,

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and under leases or other agreements granted or permitted by the

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state, to employ state residents;

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(3) whereas at an earlier stage of the state's history it

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was asserted that high unemployment in the state was due to cultural

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and geographical migration barriers, the state now has many residents

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who are qualified, trained, and available for employment in the

HB 367

1 exploration, development, and production of oil and gas on state land,
2 but who are not presently employed because an increasing amount of the
3 work they are qualified to perform is being performed on state land by
4 nonresidents;

5 (4) the state has made significant investments in training
6 programs and vocational education to help furnish industry with qual-
7 ified residents able to work in the development, exploration, and
8 production of oil and gas products on state land;

9 (5) unless the trend towards hiring nonresidents is re-
10 versed, the state's investment in these training and education pro-
11 grams will be of little avail, the state policy of maximizing benefits
12 from natural resource development will be thwarted, and the state will
13 suffer the burdens wrought by increasing demands for public assistance
14 and other state services from unemployed residents and their families;

15 (6) employment of nonresidents displaces qualified resi-
16 dents from work in the development, exploration and production of oil
17 and gas products on state land and from work in service occupations on
18 state land that directly support the development, exploration, and
19 production activities; therefore, the growing number of nonresidents
20 hired for work on state land, in the development, exploration, and
21 production of state resources, is a peculiar source of the unemploy-
22 ment evil now besetting the state;

23 (7) state policies favoring stable levels of taxation have
24 been predicated upon assurances from the oil and gas industry that
25 state residents would receive employment opportunities in the explora-
26 tion, development, and production of oil and gas from state-owned
27 land, but data show that these assurances, and the expectations they
28 created, are not being fulfilled.

29 Sec. 38.45.030. RESIDENT HIRE. (a) An employer shall meet the

1 resident hiring requirements established by the commissioner of labor
2 under this section on an oil and gas project on state lands that is
3 subject to a hiring preference under AS 38.45.050. An employer may
4 not discriminate against qualified residents in employment on an oil
5 and gas project on state land.

6 (b) The commissioner of labor shall determine the amount of work
7 that must be performed under this chapter by qualified residents on an
8 oil and gas project on state land. In making this determination, the
9 commissioner shall consider the nature of the work, the classification
10 of workers, availability of residents, and the willingness of resi-
11 dents to perform the work. The commissioner shall require an employer
12 to make the maximum feasible effort to hire qualified residents for
13 jobs on state land.

14 (c) In order to create, protect, and preserve the right of qual-
15 ified residents to employment in oil and gas projects on state land,
16 the commissioner of natural resources shall incorporate into each
17 lease, unitization agreement, or renegotiation of a lease or agree-
18 ment, provisions requiring compliance with this chapter and authoriz-
19 ing penalties under AS 38.45.070 for failure to comply.

20 (d) The Department of Labor shall maintain a file of the names
21 of qualified residents seeking employment on an oil and gas project on
22 state land. The department shall make the file available to an em-
23 ployer and to an employment or dispatching agency, union, or other
24 similar entity.

25 Sec. 38.45.040. REPORTING PROVISIONS. An employer obligated to
26 meet resident hiring requirements under this chapter shall comply with
27 the reporting provisions that the commissioner of labor determines are
28 reasonably necessary to carry out this chapter.

29 Sec. 38.45.050. APPLICABILITY OF CHAPTER. (a) The Department

1 of Labor shall determine by regulation the minimum monetary value for
2 projects subject to the resident hiring preference under this chapter.
3 In determining the minimum value, the department shall compare the
4 benefit that enures to state residents with administrative and en-
5 forcement costs.

6 (b) An employer shall submit to the department evidence of the
7 monetary value of an oil and gas project on state land. The depart-
8 ment shall determine whether the project is subject to a hiring pref-
9 erence. If the project is subject to a hiring preference, the depart-
10 ment shall determine the extent of the preference under AS 38.45.030.
11 The preference applies only to employment that is performed directly
12 for an employer. The department shall ensure that projects or activ-
13 ities within projects are not artificially divided to prevent coverage
14 under this chapter. If the department finds evidence of artificial
15 division, the burden is on the employer to show that the division is
16 not artificial.

17 Sec. 38.45.060. REGULATIONS AND HEARINGS. (a) The Department
18 of Labor and the Department of Natural Resources shall adopt regula-
19 tions to implement this chapter. The Department of Labor shall adopt
20 regulations prohibiting discrimination against qualified residents in
21 employment on an oil and gas project on state land. Regulations and
22 proceedings under this chapter are subject to the Administrative
23 Procedure Act (AS 44.62) except as provided in (b) of this section.

24 (b) An employer shall determine and judge the work qualifica-
25 tions of applicants for employment. An applicant who has been reject-
26 ed or an employee who has been terminated from employment may request
27 a hearing before the Department of Labor to determine whether the
28 employer violated this chapter in denying the application or terminat-
29 ing the employment. The Department of Labor shall hold a hearing on

1 the question within 10 days of receipt of the request unless the
2 applicant or employee requests a longer period of time.

3 (c) The Department of Labor may conduct investigations and
4 hearings to determine compliance with this chapter. If the commis-
5 sioner of labor finds that an employer has wilfully failed to comply
6 with this chapter, the commissioner may certify the finding to the
7 Department of Natural Resources.

8 Sec. 38.45.070. PENALTIES. (a) If the Department of Labor
9 finds that an employer has rejected a qualified applicant or term-
10 inated a qualified employee from employment in violation of this
11 chapter, the department may require the employer to pay the person
12 three times the amount of wages the person lost and may require addi-
13 tional amounts if the person's actual expenses incurred as a result of
14 the wrongful action exceeded the triple wages assessed. Either party
15 may appeal the department's decision under this section to the su-
16 perior court. The court shall hear the appeal de novo.

17 (b) The Department of Natural Resources, upon certification of
18 noncompliance by the Department of Labor, under AS 38.45.060, may
19 investigate and conduct hearings. If it finds wilful noncompliance,
20 the department may impose on the employer any of the following pen-
21 alties, as appropriate:

22 (1) increase the rent or other forms of compensation re-
23 ceived by the state under the project lease or agreement by a factor
24 of no more than 10; the increase may not exceed \$100,000;

25 (2) require that all or a portion of project operations
26 cease;

27 (3) remove, for an appropriate period of time not to exceed
28 ___ years, the ability of the employer to contract with the state or
29 any of its political subdivisions; or

1 (4) require a noncompliance payment in liquidated damages
2 to the state in an amount equal to seven and one-half times the number
3 of hours required but not worked by qualified residents, times the
4 going wage or salary rate for the particular job or activity involved.

5 Sec. 38.45.080. INJUNCTIVE RELIEF. The Department of Labor or
6 the Department of Natural Resources, in addition to the imposition of
7 penalties under AS 38.45.070, may seek injunctive relief against a
8 person who is not in compliance with this chapter; the Department of
9 Natural Resources may seek injunctive relief to enforce penalties
10 imposed under AS 38.45.070.

11 Sec. 38.45.090. DEFINITIONS. In this chapter

12 (1) "employer" means a person other than the state who is a
13 party to a lease or agreement for an oil and gas project on state land
14 and includes the person's affiliate, principal, subsidiary, contrac-
15 tor, or subcontractor if the activity of the affiliate, principal,
16 subsidiary, contractor, or subcontractor is performed on state land;

17 (2) "oil and gas project on state land" means an oil and
18 gas lease, a unitization agreement, or any renegotiation of a lease or
19 agreement if the state is a party to the lease or agreement and the
20 project is performed in whole or in part on state land;

21 (3) "resident" means a person who

22 (A) except for military service, has been physically
23 present in the state for a period of 30 days immediately before
24 the time the person enters into a contract of employment on an
25 oil and gas project on state land; and

26 (B) shows by all attending circumstances the intention
27 to permanently reside in this state.

28 * Sec. 2. This chapter applies to an oil and gas lease, a unitization
29 agreement, or a renegotiation of a lease or agreement entered into on or

1 after the effective date of this Act.

2 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).

BACKGROUND STATEMENT

Representative Marco A. Pignalberi
Testimony HB 367
House Labor & Commerce Committee
May 2, 1985

BACKGROUND

The State Legislature enacted a resident hire law applicable to oil and gas leases on state lands in 1972. This law was enforced by the Department of Labor throughout the period of construction of the Trans-Alaska Oil Pipeline. A court case (Hicklin v. Orbeck) which eventually was decided by the United States Supreme Court, found the state's local hire law to be unconstitutional. HB 367 would re-establish a state policy for resident hire preference for all employment on oil and gas projects having leases on state land.

There were a number of issues raised in the court arguments, and the Court's opinion addressed various standards which were deficient. The essence of the decision was that the Supreme Court struck down the law because its scope was too broad.

The scope of the preference in HB 367 is much narrower than the previous statute. It is unlike the earlier law which applied to all state oil and gas leases, easements, or right-of-way permits for oil and gas pipelines and unitization agreements. The previous law also extended to other employers who had no direct connection to the state's oil and gas, who performed no work on state land, had no contractual relationship with the state and received no payment from the state.

Rep. Marco Pignalberi
Testimony HB 367
May 2, 1985

HB 367 clearly identifies the definition of "employer" as being limited to that area of activity where work is being performed on oil and gas leases contained on state lands. Other details of the bill are contained in the sectional analysis which follows.

SECTIONAL ANALYSIS

Representative Marco A. Pignalberi
Testimony HB 367
House Labor & Commerce Committee
May 2, 1985

SECTIONAL ANALYSIS

Section 1

adds a new Chapter (AS 38.45) with nine subsections titled:

38.45.010	State Policy
38.45.020	Legislative Findings
38.45.030	Resident Hire
38.45.040	Reporting Provisions
38.45.050	Applicability of Chapter
38.45.060	Regulations and Hearings
38.45.070	Penalties
38.45.080	Injunctive Relief
38.45.090	Definitions

Subsections 010 and 020 State Policy and Legislative Findings

These sections state that the policy for development is to provide benefit to Alaskan residents, and enumerates seven legislative findings about unemployment and the need for a resident employment preference.

Subsection 030 Resident Hire

This section contains four parts which, a) requires employers to meet certain hiring requirements, b) directs the Commissioner of Labor to make a determination of the amount of work subject to a hiring preference, c) directs the Commissioner of Natural Resources to incorporate into leases and other contracts, provisions requiring compliance, and d) directs the Commissioner of Labor to maintain a file of names of qualified residents seeking employment.

Subsection 040 Reporting Provisions

This section requires employers to report to the Commissioner of Labor whatever provisions the Commissioner determines are necessary.

Subsection 050 Applicability of Chapter

This section requires an employer to submit evidence of the value of an oil and gas project, and directs the Commissioner of Labor to determine the minimum value of projects subject to the hiring preference.

Subsection 060 Regulations and Hearings

This section directs the Departments of Labor and Natural Resources to adopt regulations to prohibit discrimination in employment against residents. The Department of Labor is authorized to conduct investigations and hearings to determine compliance.

Subsection 070 Penalties

This Section establishes the penalties for noncompliance. These penalties include payment to a terminated employee or rejected applicant of three times the amount of wages lost. The decision may be appealed to the Superior Court. The Department of Natural Resources is also empowered to impose any of four penalties:

- 1) increase the rent or other compensation from the project lease by a factor of 10, up to an amount of \$100,000;
- 2) require that a project cease operations;
- 3) restrict, for a period of time, the ability of a firm to contract with the state or any municipality;
- 4) require payment to the state an amount equal to seven and one half times the number of hours not worked by residents times the going wage or salary rate for a particular job.

Sectional Analysis
HB 367
May 2, 1985

Subsection 080 Injunctive Relief

Permits the Departments of Labor and Natural Resources to seek injunctive relief, and further permits DNR to seek injunctive relief to enforce penalties.

Subsection 090 Definitions

Definitions listed in this section include:

"employer"
"resident"
"oil and gas project on state land"

Section 2

This section identifies the application of this chapter shall be for:

- 1) an oil and gas lease
- 2) a unitization agreement
- 3) a renegotiation of a lease or agreement

Section 3

The effective date of this Act will be immediately upon enactment

POSITION PAPERS

Bill No. House Bill No. 367

Date April 30, 1985

Title "An Act requiring resident hire under certain oil and gas leases and unitization agreements on state land; and providing for an effective date."

Contact: Robert W. Landau
465-2700
Eileen Plate
465-2700

House Bill 367 would establish a resident hire preference for all employment on oil and gas projects on state land.

Under the bill, the Department of Labor would be primarily responsible for: (1) establishing resident hire requirements for each oil and gas project on state land; (2) maintaining and making available a list of qualified residents seeking employment on oil and gas projects; (3) establishing and monitoring employer reporting requirements; (4) conducting investigations and holding hearings to determine compliance with resident hire requirements; (5) seeking monetary penalties and/or injunctive relief for noncompliance; and (6) promulgating requirements for oil and gas projects on state land.

Because of the beneficial impact of resident hiring on the workforce and the economy in general, the Department strongly endorses the principle that qualified Alaska residents should be given employment preference on natural resource projects on state land. This is consistent with the view that a state is entitled to give preference to its own citizens in the development of the state's natural resources.

Although the Department supports House Bill 367, the bill as presently drafted would have a significant fiscal impact. We believe this impact could be reduced through the following refinement to the bill:

Because of the substantial cost involved in establishing and maintaining a comprehensive list of all qualified residents for oil and gas employment, AS 38.45.030(d) should be amended to require that, upon the receipt of an employer job order for oil and gas employment, the Department will then screen its applicant pool for qualified residents and make the appropriate referrals. It would be very costly to maintain an updated list of all qualified residents interested in oil and gas employment.

In addition, making such a list available to employment agencies, unions, and other entities would run afoul of both state and federal confidentiality laws. Once such an "official" list of qualified applicants is circulated, the potential for abuse of that list is enormous. In its place, the Department recommends a job order/referral system similar to what is currently done on public construction projects.

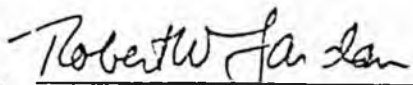
The Department also recommends additional amendments as follows:

1. Additional legislative findings be added to Sec. 38.45.020 to emphasize the particular problems caused by non-resident hire in Alaska.
2. The scope of the bill be expanded to include mineral and timber resource projects in addition to oil and gas leases.

3. An additional provision be added to Sec. 38.45.030(c) to require that companies, who contract with contractors or subcontractors who operate on state land, incorporate, in any contract entered into after the effective date of the bill, a provision requiring the contractor or subcontractor to comply with the provisions of chapter 38.45.
4. The monetary threshold under 38.45.050(b) be eliminated, making the Department responsible for establishing resident hire requirements for each covered project.
5. In Sec. 38.45.060(b), specify that applicants who have been rejected or employees who have been terminated from employment have 30 days to request a hearing, and that the Department be given 20 days, instead of 10, to hold a hearing after a request is received. This will allow the Department sufficient time to investigate a complaint and prepare for a hearing.
6. Under 38.45.070(b)(3), the maximum period for debarment from public construction projects be established as three years for violating companies.
7. A new subsection be added to 38.45.070 to specify that the penalties of having to pay increased rent or having to cease operations could apply only if the employer in violation is a lessee under lease of a state agency, or is a subsidiary or affiliate of the lessee. For example, these penalties would not be applied when a company is in compliance with this chapter, but a contractor or subcontractor is not unless the company has failed to incorporate, in any contract with the violator entered into after the effective date of this chapter, a provision requiring the contractor or subcontractor to comply with the provisions of this chapter.
8. A definition of "qualified resident" be included in 38.45.090.
9. Clarification be made in Sec. 2 of the bill that only those renegotiations of contracts that involve major changes to duties of the parties will require incorporation of the resident hire provisions.

Attached are line-by-line amendments which would incorporate the Department's recommendations.

APPROVED:


for Jim Robison, Commissioner
Department of Labor

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

APR 29 1985

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-485-2400

April 26, 1985

The Honorable Mike Navarre
Alaska State House
Pouch V
Juneau, AK 99811

Dear Representative Navarre:

The Department of Natural Resources defers to the Department of Labor and the Department of Law concerning the constitutionality and applicability of House Bill No. 367. We would, however, point out some of the difficulties that may be incurred when implementing this legislation.

Determining whether a project is subject to local hire requirements could be a problem in cases where part of an oil and gas development project is a shore based facility on a state land lease; or where part of a project is on an oil and gas lease held by another company; or where part of a project is on federal or private land. The regulations developed to implement HB 367 could probably define more specifically the application of local hire requirements under these situations.

To avoid possible difficulties associated with requiring the incorporation of a local hire clause when minor changes are made in existing leases or unit agreements, we suggest the following changes to line 17, page 3: Add the word "new" before the word "unitization" and replace "renegotiation" with "major change". I have enclosed information related to unit agreements to clarify the need for these changes.

As you may know, there have been a number of different resident hire stipulations included in state oil and gas leases over the last decade, and several of the most recent are presented below:

In 1980, the stipulation read:

Lessees shall comply with all valid and applicable laws and regulations with regard to the hiring of Alaska residents. Lessee will not discriminate against Alaska residents, as prohibited by applicable laws and regulations of the State of Alaska. Lessee will furnish the Alaska Department of Labor a quarterly

April 26, 1985

report regarding the employment of Alaska residents on the leased area in compliance with regulations adopted by the Commissioner of Labor.

In 1982, the provision was revised to read:

The lessee is encouraged to hire Alaska residents to perform work done by or for it within the State of Alaska in connection with this lease to the extent that residents are available, willing and qualified. The lessee must submit to the Director, DMEM, a program detailing the affirmative steps it will take to recruit and hire Alaska residents and the statistical indicators it will use to document the program's success. The lessee will submit these statistics annually to the Director, DMEM.

The currently used term eliminates the reporting requirement, at the request of the Department of Labor.

The lessee is encouraged to hire and employ Alaska residents and companies, to the extent that they are available and qualified, for work performed on the leased area.

Lease terms relating to the provisions in HB 367 could be inserted in oil and gas leases and agreements by existing staff and monitoring and enforcement activities could also be completed by existing staff.

If we may provide additional information about this bill or local hire requirements, please let me know.

Sincerely,

Esther C. Wunnicke

Esther C. Wunnicke
Commissioner

cc: House Labor and Commerce
Committee members
Sponsors

MEMORANDUM

State of Alaska

Department of Natural Resources
Division of Oil and Gas
TO: Fred Vreeman, NRO

DATE: April 16, 1985

FILE NO: 4-509.2

TELEPHONE NO: 276-2653

FROM: *Kate Fortney*
Kate Fortney, Unit Manager

SUBJECT: Renegotiation of Unit Agreements

Following is a summary of the various types of unitization activities in which the State might be construed to have the ability to negotiate or renegotiate unit agreement terms. A table listing the unitization activities for the past two years for the existing State units is also attached. If you need any further information, please advise.

SUMMARY OF UNITIZATION ACTIVITIES

1. Approval of a Unit: the creation of a voluntary unit out of separate oil and gas leases is approved pursuant to AS 38.05.180(p)&(q), AS 31.05.110, and 11 A.C 83.301 -- 11 AAC 83.395. The State has the authority to renegotiate rental, royalty, minimum royalty, drilling, and producing terms under AS 38.05.180(p) and the unitization clauses of the various leases.
2. Amend Unit of a Unit Agreement: bilateral amendment of the unitization contract originally approved by the State at the time of unitization. In most cases, the State does not have any control over the direction of an amendment to a unit agreement, although we can negotiate amendment (or addition) of terms we feel are important in return for amendment of other terms the unit operator wants or proposes. For example, a number of units have requested approval of amendments to their unit agreements postponing the formation of a participating area until 90 days prior to production (a change from their original terms requiring a participating area within five years of certification of a well as capable of production in paying quantities).
3. Expansion of a Unit: expansion of the unit area of an existing unit to include additional leases. We can renegotiate rental, royalty, minimum royalty, drilling, and producing terms of certain leases at the time of expansion of a unit; however, to date we have only been able to make the renegotiated terms applicable to the leases to be added to the unit. It's all a game of negotiation; if the entire unit wants the new leases to be added to the unit badly enough, we could probably make the renegotiated terms stick to the entire unit. So far, we haven't had a strong enough case to cause the terms to be added to the entire units; with the upcoming expansion of Prudhoe Bay Unit to encompass the leases in the Lisburne reservoir, we may have such a case (especially since the AOGCC Field Rules for that reservoir dictate that no production from the Lisburne may occur until the unit has been expanded to include all of the Lisburne leases).

4. Contraction of a Unit: units are required to be contracted to essentially their productive acreage within a specified time after the commencement of production. It is doubtful whether we have the ability to induce the amendment of any unit agreement terms at that time, as the language of the unit agreement usually just calls for contraction down to the participating area. Possibly we might have some room for negotiation if the working interest owners want a larger area than we feel is absolutely justified by the geology, but probably not.
5. Approval of Plans of Exploration/Development: each unit is required to present a plan of exploration or development pursuant to 11 AAC 83.341 -- 11 AAC 83.343. The State is more or less obliged to approve such plan if it meets the terms of those regulations.
6. Extension of Unit Agreement: the State has the authority to approve an extension of a unit if it has not discovered oil or gas in paying quantities by the time the original unit agreement expires (usually five years from the unit's initial approval). This happens very rarely.
7. Change in Unit Operator: the State must approve any change in the Unit Operator of a Unit. It is possible that we could tie our approval to a concurrent amendment of the unit agreement, but I think we would be on shaky grounds.
8. Misc. Approvals: the State receives many requests for approvals of miscellaneous activities that do not fall under any of the above categories (e.g. deferral of required unit work commitments, extension of time to comply with unit agreement or plan of development terms, negotiation and construction of emergency storage and field cost settlements for productive units, etc.) It is possible that we could negotiate the addition of a resident hire term as a condition of approval of certain of these approvals.

2257A

cc: Kay Brown
Jim Eason
Bill Van Dyke
Pam Rogers
Renel Hall

PUBLIC TESTIMONY

ON

SB 271

April 17, 1985

Mr. Chairman, members of the Senate Labor and Commerce Committee:

My name is Dixie Hudish, Industrial Relations Officer for the International Brotherhood of Electrical Workers (IBEW), Local No. 1547, 2702 Denali Street, Anchorage, Alaska 99503. I am speaking on behalf of Jack Hull, Business Manager, of the IBEW.

First of all I would like to thank those legislators who have worked so diligently on this proposed Bill that the IBEW wholeheartedly supports SB 271.

The IBEW is most concerned with out of state firms who are awarded bids for construction and bringing their own workers from out of state.

Presently, in our Fairbanks office, where jobs are dispatched out for slope work, we have approximately 200 residents in all four classifications (Communication, Wireman, Lineman and Apprentice)

out of work. We have only 100 members (local residents) working on the slope at this time. Compared to 600 residents last year who are on Book I. Local resident members who have lived in Alaska one year and have worked a certain number of hours (2,080 hours within the past four years) in the trade are dispatched first from Book I.

We have better than 32% Alaska natives in the Apprenticeship program at Fairbanks. These apprentices are from Barrow, Nome, Kotzebue, Galena, Tanana and Fort Yukon. Yet there are 40 apprentice wireman and 120 wireman out of work from the Fairbanks dispatch area.

We have 12% Alaska Natives in the Apprenticeship program in Anchorage and there are presently 70 apprentices out of work (34 wireman, 24 lineman, and 12 communication). Most of these Alaska Native apprentices are from the Bethel area.

We know that a majority of our local people are losing their jobs, primarily from out of state firms who are hiring their own people and bringing them up here to work on the slope.

I would like to mention several oil field firms who are doing just that:

1. GSL Oil Field Service - A firm out of Corpus Christi, Texas, who is working out of the Prudhoe Bay Hotel. They have up to 50-60 workers, mostly out of state, presently hired as maintenance road crews.
2. Pingo Oil Field Service - They hire maintenance people and are of state.
3. North Oilfield Service - Out of state people.
4. Udelhoven Oil Field Service - A good portion of their workers are out of state and work at Kapuruk.

These oil field services are mostly subcontracted by either ARCO or SOHIO.

VECO is another large firm who hires a lot of out of state workers.

The IBEW has not dispatched any non-resident since September 1984.

Out of approximately 300 total electricians working on the slope -- we can fairly say 200 are not local people. The situation

appears not to be getting any better for our local workers, but worse.

We have approximately 300 local people out of work from the Anchorage Dispatch office. This is a very large amount of our members unemployed. Many of these members, I am sure are drawing unemployment.

We have seen many situations where outside firms are awarded contracts only to hire people from outside. Case in point is the Irby Construction Company from Jackson, Mississippi, who received the contract to build the Inter-tie line between Fairbanks and Anchorage. You might say one-half of the line was built by out of state people.

I could continue on with more examples, but I feel I have painted a big enough picture for all of you to realize the situation our local resident members are up against. One only needs to come up on a flight out of Los Angeles, etc. to verify the number of out of state workers heading for the North Slope. The IBEW feels this bill would favorably help the economic picture of Alaska. The oil and gas industry needs to be more responsive to the needs of resident hire and this bill would provide just that.

STATE OF ALASKA
THE LEGISLATURE

APR 10 1985

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 10, 1985

SUBJECT: Resident employment preference under
oil and gas leases or agreements on
state lands (Work Order No. 14-1068)

TO: Representative Marco Pignalberi

FROM: Teresa B. Cramer *ABC*
Legislative Counsel

Enclosed is the bill you requested. The bill raises constitutional issues. Under Hicklin v. Orbeck, 437 U.S. 518, 57 L.Ed. 2d 397, 98 S.Ct. 2482 (1978), the United States Supreme Court struck down a previous Alaska Hire law because its scope was too broad. The court held that state ownership of the oil and gas was insufficient under the Privileges and Immunities Clause to justify the statute's discrimination against nonresidents.

The scope of the preference in the statute struck down by the Court was broader than the preference in this bill. It applied to all state oil and gas leases, easements, or right-of-way permits for oil and gas pipelines and unitization agreements. The Court noted that it extended to employers who had no direct connection to the state's oil and gas, who performed no work on state land, had no contractual relationship with the state and received no payment from the state.

Whether the nexus between the state and the employers covered by this bill falls within the permitted ambit of state activity under the Privileges and Immunities Clause is not clear. The definition of "employer" in the bill is limited to require that the work be performed on state land and therefore meets at least one of the Hicklin standards. However, in Hicklin the Court also noted that even if a state may require private employers to practice a resident hiring preference to alleviate an unemployment problem, and even if a showing was made that nonresidents were a

'peculiar source of the evil,' nonetheless the Alaska Hire law would have been unconstitutional because its discrimination against nonresidents did not bear a substantial relationship to the 'evil' that nonresidents represented, since the preference applied to all Alaskans, not merely those who were unemployed. 437 U.S. at 528.

The Court may accept some modification of this doctrine. In United Building & Construction Trades Council v. Camden, 104 S.Ct. 1020, 79 L.Ed. 2d 249 (1984), labor organizations challenged a municipal ordinance giving city residents preference for 40% of the jobs on city construction projects. The ordinance did not limit the preference to unemployed residents nor did the Court raise that issue in its opinion. The Court remanded the case for development of a factual record establishing the grounds for the preference and supporting the remedy.

As United Bldg. & Construction makes clear, it is crucial to the survival of any resident preference legislation that an adequate legislative record be built showing clearly the facts establishing the cause of the problem and supporting the effectiveness of the preference as a remedy.

There is an additional issue over whether the connection between the state and the contractors under these oil and gas leases and agreements is sufficient to qualify the state as a market participant rather than a market regulator under White v. Massachusetts Council of Construction Employers, Inc., 460 U.S. 204, 103 S.Ct. 1042, 75 L.Ed.2d 1 (1983). In White, the Court held that the Commerce Clause established no barrier to a city employment preference on construction projects financed or administered by the City of Boston. However, in a footnote, the Court noted that

there are some limits on a state or local government's ability to impose restrictions that reach beyond the immediate parties with which the government transacts business. Cf. Hicklin v. Orbeck, 437 U.S. 518, 529-531 (1978). We find it unnecessary in this case to define those limits with precision, except to say that we think the Commerce Clause does not require the city to stop at the boundary of formal privity of contract. In this case, the mayor's executive order covers a discrete, identifiable class of economic activity in which the city is a major participant. Everyone affected by

Representative Marco Pignalberi
April 10, 1985
Page 3

the order is, in a substantial if informal sense,
'working for the city.' 51 LW at 4213.

If I may be of further assistance, please advise.

TBC:ojb
J13/077

SUGGESTED AMENDMENTS

Representative Marco A. Pignalberi
SUGGESTED AMENDMENTS
HB 367
May 2, 1985

SUGGESTED AMENDMENTS

Following are the amendments suggested by the Department of Labor. These changes were made following their testimony before the Senate Resources Committee. I've included a comparison between the amendments and the original section language.

Subsection 020 Legislative Findings

New language was inserted strengthening the legislative findings about unemployment, and additional factual information was included to support the findings.

Subsection 030 Resident Hire

subsection (a)

changes an "oil and gas project" to "natural resource project". This wording is incorporated throughout the bill. This has the effect of broadening the scope of application to include more than just oil and gas projects. Under the new language, resident hiring preferences can also be enforced against any employer engaged in projects in the mining and forestry industries.

subsection (c)

strengthens language directing the Commissioner of Natural Resources to incorporate into leases and agreements a compliance provision for contractors or subcontractors who will be operating on state land.

subsection (d)

relieves the Department of Labor of the responsibility for maintaining a list of names of residents seeking employment. A further change is that an employer now "requests" of the Department of Labor to "assist in locating resident employees".

Subsection 050 Applicability of Chapter

Recommended changes in this subsection remove the minimum value determination for projects subject to the hiring preference provisions. All natural resource projects are now subject to the provisions of this chapter if the Commissioner of Labor so determines. The Commissioner is authorized to "determine the extent of the resident hiring preference for each project".

Subsection 060 Regulations and Hearings

subsection (b)

The suggested change establishes the number of days (30) for a rejected applicant or terminated employee to request a hearing to determine whether an employer violated a provision of this chapter. A second change increases from 10 days to 20 the time within which the Department of Labor shall hold a hearing on the complaint.

Subsection 070 Penalties

adds a new subsection 4(c) which allows the Commissioner of Natural Resources to increase the rental or other compensation from a lease, or to require the project to cease operation on a lease if the lessee itself has failed to comply or failed to incorporate into the contract with the violator a provision requiring compliance.

Rep. Marco Pignalberi
SUGGESTED AMENDMENTS
HB 367
MAY 2, 1985

Subsection 090 Definitions

additional definitions for:
"natural resource project"
"qualified resident"

SECTION 2

Adds new language enabling the provisions of this Act to be retroactive. Renegotiated leases, agreements or contracts entered into before the effective date of this Act may come under the preference provisions of this chapter if it "results in a major change to the duties of a party".

Department of Labor
Proposed Amendments to
House Bill 367

1. Amend Sec. 38.45.020 by adding four additional findings, as follows:
 1. because of its unique climate and its distance from the contiguous states, the state has historically suffered from unique social, seasonal, geographic, and economic conditions that result in an unstable economy;
 2. the unstable economy is a hardship on the residents of the state and is aggravated by the large numbers of seasonal and transient nonresident workers;
 3. the state has one of the highest ratios of nonresident to resident workers in the nation;
 4. the state has a compelling interest in reducing the level of unemployment among its residents;
2. Amend line 1 on page 2 to read:

"exploration, development, production, and extraction of natural resources on state land,"
3. Amend line 8 on page 2 to read:

"production, and extraction of natural resources on state land;"
4. Amend lines 16 and 17 on page 2 to read:

"dents from work in the development, exploration, production and extraction of natural resource products on state land and from work in service occupations on"
5. Amend lines 20 and 21 on page 2 to read:

"hired for work on state land, in the development, exploration, production, and extraction of state resources, is a peculiar source of the unemploy-"
6. Amend line 24 on page 2 to read:

"been predicated upon assurances from the natural resource industries that"
7. Amend line 26 on page 2 to read:

"tion, development, and production of natural resources from state-owned"
8. Amend line 2 on page 3 to read:

"under this section on a natural resource project on state land that is"

9. Amend lines 4 and 5 on page 3 to read:

"not discriminate against qualified residents in employment on a natural resource project on state land."

10. Amend line 8 on page 3 to read:

"natural resource project on state land. In making this determination, the"

11. Amend line 15 on page 3 to read:

"ified residents to employment in natural resource projects on state land,"

12. Amend lines 18 thru 24 on page 3 to read:

"ment, provisions requiring compliance with this chapter, regulations adopted under this chapter, and all later amendments to this chapter or the regulations, and authorizing penalties under AS 38.45.070 for failure to comply. The commissioner shall incorporate into each lease, agreement, or renegotiation a requirement that the lessee include a provision requiring compliance with this chapter, later amendments of this chapter, regulations adopted under this chapter and authorizing penalties under AS 38.45.070 in a contract under the lease or agreement with contractors or subcontractors who will be operating on state land.

(d) An employer subject to resident hiring requirements under this chapter may request the Department of Labor to assist in locating qualified available resident employees. After receiving a request for assistance, the department shall refer qualified available residents to the employer to fill the employer's hiring needs. If the department is unable to refer a sufficient number of residents, it may approve the hiring of nonresidents for the balance of the request."

13. Amend Sec. 38.45.050, beginning on line 29 of page 3 and continuing thru line 16 of page 4 to read:

"Sec. 38.45.050. APPLICABILITY OF CHAPTER. This chapter applies to all natural resource projects on state land. The Department of Labor shall determine the extent of the resident hiring preference for each project under AS 38.45.030. The preference applies only to employment that is performed directly for an employer."

14. Amend line 21 on page 4 to read:

"employment on a natural resource project on state land. Regulations and"

15. Amend line 26 on page 4 to read:

"ed or an employee who has been terminated from employment may, within 30 days after the rejection or termination, request"

16. Amend line 1 on page 5 to read:

"the question within 20 days of receipt of the request unless the"

17. Amend line 28 on page 5 to read:

"three years, the eligibility of the employer to contract with the state or"

18. Amend Sec. 38.45.070 by adding a new subsection to read:

"(c) The commissioner may impose the penalties under (b)(1) and (2) of this section on a lessee only if the lessee itself has failed to comply with this chapter or incorporate into the contract with the violator a provision requiring compliance with this chapter."

19. Amend line 13 on page 6 to read:

"party to a lease or agreement for a natural resource project on state land"

20. Amend AS 38.45.090(2), lines 17 thru 20 on page 6, to read:

"(2) "natural resource project on state land" means a contract, lease, unitization agreement, or a renegotiation of a contract, lease, or agreement for exploration, development, extraction or production of oil and gas, mineral, or timber resources if the state is a party to the contract, lease or agreement and the project is performed in whole or in part on state land;"

21. Amend Sec. 38.45.090 by adding a new definition to read:

"qualified resident" means a resident who possesses the requisite education, training, skills, or experience to perform the work;

22. Amend line 25 on page 6 to read:

"natural resource project on state land; and"

23. Amend Sec. 2, beginning on line 28 on page 6 and continuing thru line 1 of page 7, to read:

"Sec. 2. This chapter applies to a lease, unitization agreement, or contract for the development of oil and gas, or mineral or timber resources entered into after the effective date of this Act and to a renegotiation of the lease, agreement or contract. This chapter applies to the renegotiation after the effective date of this Act of a lease, agreement, or contract entered into before the effective date of this Act if the renegotiation results in a major change to the duties of a party."

CS FOR HOUSE BILL NO. 367 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act requiring resident hire on certain natural resource projects on state land; and providing for an effective date."

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

* Section 1. AS 38 is amended by adding a new chapter to read:

CHAPTER 45. RESIDENT EMPLOYMENT PREFERENCE UNDER STATE LEASES.

Sec. 38.45.010. STATE POLICY. It is the policy of the state to develop its natural resources to provide the maximum benefit to the people of the state as required by the Constitution of the State of Alaska. These benefits include employment opportunities in natural resource development projects for residents qualified for the employment, as well as receipt of state revenue from the development.

Sec. 38.45.020. LEGISLATIVE FINDINGS. The legislature finds:

(1) because of its unique climate and its distance from the contiguous states, the state has historically suffered from unique social, seasonal, geographic, and economic conditions that result in an unstable economy;

(2) the unstable economy is a hardship on the residents of the state and is aggravated by the large numbers of seasonal and transient nonresident workers;

(3) the rate of unemployment among residents of the state is one of the highest in the nation;

(4) the state has one of the highest ratios of nonresident to resident workers in the nation;

1
2 (5) the state has a compelling interest in reducing the
3 level of unemployment among its residents;

4 (6) a major factor of increasing importance in the unem-
5 ployment problem is the failure of employers engaged in the explora-
6 tion, development, and production of natural resources on state land,
7 and under leases or other agreements granted or permitted by the
8 state, to employ state residents;

9 (7) whereas at an earlier stage of the state's history it
10 was asserted that high unemployment in the state was due to cultural
11 and geographical migration barriers, the state now has many residents
12 who are qualified, trained, and available for employment in the explo-
13 ration, development, production, and extraction of natural resources
14 on state land, but who are not presently employed because an increas-
15 ing amount of the work they are qualified to perform is being per-
16 formed on state land by nonresidents;

17 (8) the state has made significant investments in training
18 programs and vocational education to help furnish industry with qual-
19 ified residents able to work in the development, exploration, produc-
20 tion, and extraction of natural resource products on state land;

21 (9) unless the trend towards hiring nonresidents is re-
22 versed, the state's investment in these training and education pro-
23 grams will be of little avail, the state policy of maximizing benefits
24 from natural resource development will be thwarted, and the state will
25 suffer the burdens wrought by increasing demands for public assistance
26 and other state services from unemployed residents and their families;

27 (10) employment of nonresidents displaces qualified resi-
28 dents from work in the development, exploration, production, and
29 extraction of natural resource products on state land and from work in
service occupations on state land that directly support the

1 development, exploration, and production activities; therefore, the
2 growing number of nonresidents hired for work on state land, in the
3 development, exploration, production, and extraction of state re-
4 sources, is a peculiar source of the unemployment evil now besetting
5 the state;

6 (11) state policies favoring stable levels of taxation have
7 been predicated upon assurances from the natural resource industries
8 that state residents would receive employment opportunities in the
9 exploration, development, and production of natural resources from
10 state-owned land, but data show that these assurances, and the expec-
11 tations they created, are not being fulfilled.

12 Sec. 38.45.030. RESIDENT HIRE REQUIREMENTS. (a) An employer
13 shall meet the resident hiring requirements established by the commis-
14 sioner of labor under this section on a natura' resource project on
15 state land that is subject to a hiring preference under AS 38.45.050.
16 An employer may not discriminate against qualified residents in em-
17 ployment on a natural resource project on state land.

18 (b) The commissioner of labor shall determine the amount of work
19 that must be performed under this chapter by qualified residents on a
20 natural resource project on state land. In making this determination,
21 the commissioner shall consider the nature of the work, the classi-
22 fication of workers, availability of residents, and the willingness of
23 residents to perform the work. The commissioner shall require an
24 employer to make the maximum feasible effort to hire qualified resi-
25 dents for jobs on state land.

26 (c) In order to create, protect, and preserve the right of qual-
27 ified residents to employment in natural resource projects on state
28 land, the commissioner of natural resources shall incorporate into
29 each lease, unitization agreement, or renegotiation of a lease or

1 agreement, provisions requiring compliance with this chapter, regula-
2 tions adopted under this chapter, and all later amendments to this
3 chapter or the regulations, and authorizing penalties under AS 38.45.-
4 070 for failure to comply. The commissioner shall incorporate into
5 each lease, agreement, or renegotiation a requirement that the lessee
6 include a provision requiring compliance with this chapter, later
7 amendments of this chapter, regulations adopted under this chapter and
8 authorizing penalties under AS 38.45.070 in a contract under the lease
9 or agreement with contractors or subcontractors who will be operating
10 on state land.

11 (d) An employer subject to resident hiring requirements under
12 this chapter may request the Department of Labor to assist in locating
13 qualified available resident employees. After receiving a request for
14 assistance, the department shall refer qualified available residents
15 to the employer to fill the employer's hiring needs. If the depart-
16 ment is unable to refer a sufficient number of residents, it may
17 approve the hiring of nonresidents for the balance of the request.

18 Sec. 38.45.040. REPORTING PROVISIONS. An employer obligated to
19 meet resident hiring requirements under this chapter shall comply with
20 the reporting provisions that the commissioner of labor determines are
21 reasonably necessary to carry out this chapter.

22 Sec. 38.45.050. APPLICABILITY OF CHAPTER. This chapter applies
23 to all natural resource projects on state land. The Department of
24 Labor shall determine the extent of the resident hiring preference for
25 each project under AS 38.45.030. The preference applies only to
26 employment that is performed directly for an employer.

27 Sec. 38.45.060. REGULATIONS AND HEARINGS. (a) The Department
28 of Labor and the Department of Natural Resources shall adopt regula-
29 tions to implement this chapter. The Department of Labor shall adopt

1 regulations prohibiting discrimination against qualified residents in
2 employment on a natural resource project on state land. Regulations
3 and proceedings under this chapter are subject to the Administrative
4 Procedure Act (AS 44.62) except as provided in (b) of this section.

5 (b) An employer shall determine and judge the work qualifica-
6 tions of applicants for employment. An applicant who has been reject-
7 ed or an employee who has been terminated from employment may, within
8 30 days after the rejection or termination, request a hearing before
9 the Department of Labor to determine whether the employer violated
10 this chapter in denying the application or terminating the employment.
11 The Department of Labor shall hold a hearing on the question within 20
12 days of receipt of the request unless the applicant or employee re-
13 quests a longer period of time.

14 (c) The Department of Labor may conduct investigations and
15 hearings to determine compliance with this chapter. If the commis-
16 sioner of labor finds that an employer has wilfully failed to comply
17 with this chapter, the commissicner may certify the finding to the
18 Department of Natural Resources.

19 Sec. 38.45.070. PENALTIES. (a) If the Department of Labor
20 finds that an employer has rejected a qualified applicant or term-
21 inated a qualified employee from employment in violation of this
22 chapter, the department may require the employer to pay the person
23 three times the amount of wages the person lost and may require addi-
24 tional amounts if the person's actual expenses incurred as a result of
25 the wrongful action exceeded the triple wages assessed. Either party
26 may appeal the department's decision under this section to the su-
27 perior court. The court may hear the appeal de novo.

28 (b) The Department of Natural Resources, upon certification of
29 noncompliance by the Department of Labor under AS 38.45.060, may

1 investigate and conduct hearings. If it finds wilful noncompliance,
2 the department may impose on the employer any of the following pen-
3 alties:

4 (1) increase the rent or other forms of compensation re-
5 ceived by the state under the project lease or agreement by a factor
6 of no more than 10; the increase may not exceed \$100,000;

7 (2) require that all or a portion of project operations
8 cease;

9 (3) remove, for an appropriate period of time not to exceed
10 three years, the eligibility of the employer to contract with the
11 state or any of its political subdivisions; or

12 (4) require a noncompliance payment in liquidated damages
13 to the state in an amount equal to seven and one-half times the number
14 of hours required but not worked by qualified residents multiplied by
15 the going wage or salary rate for the particular job or activity
16 involved.

17 (c) The commissioner may impose the penalties under (b)(1) and
18 (2) of this section on a lessee only if the lessee itself has failed
19 to comply with this chapter or incorporate into the contract with the
20 violator a provision requiring compliance with this chapter.

21 Sec. 38.45.080. INJUNCTIVE RELIEF. The Department of Labor or
22 the Department of Natural Resources, in addition to the imposition of
23 penalties under AS 38.45.070, may seek injunctive relief against a
24 person who is not in compliance with this chapter; the Department of
25 Natural Resources may seek injunctive relief to enforce penalties
26 imposed under AS 38.45.070.

27 Sec. 38.45.090. DEFINITIONS. In this chapter

28 (1) "employer" means a person other than the state who is a
29 party to a lease or agreement for a natural resource project on state

1 land and includes the person's affiliate, principal, subsidiary,
2 contractor, or subcontractor if the activity of the affiliate, princi-
3 pal, subsidiary, contractor, or subcontractor is performed on state
4 land;

5 (2) "natural resource project on state land" means a con-
6 tract, lease, unitization agreement, or a renegotiation of a contract,
7 lease, or agreement for exploration, development, extraction or pro-
8 duction of oil and gas, mineral, or timber resources if the state is a
9 party to the contract, lease or agreement and the project is performed
10 in whole or in part on state land;

11 (3) "qualified resident" means a resident who possesses the
12 requisite education, training, skills, or experience to perform the
13 work;

14 (4) "resident" means a person who

15 (A) except for military service, has been physically
16 present in the state for a period of 30 days immediately before
17 the time the person enters into a contract of employment on a
18 natural resource project on state land; and

19 (B) shows by all attending circumstances the intention
20 to permanently reside in this state.

21 * Sec. 2. This chapter applies to a lease, unitization agreement, or
22 contract for the development of oil and gas, or mineral or timber resources
23 entered into after the effective date of this Act and to a renegotiation of
24 the lease, agreement or contract. This chapter applies to the renegotia-
25 tion after the effective date of this Act of a lease, agreement, or con-
26 tract entered into before the effective date of this Act if the renegotia-
27 tion results in a major change to the duties of a party.

28 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
29 10.070(c).

FISCAL NOTES

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CS HB 367 (L&C)
 Title: "An act requiring resident hire on nat. resource proj. st. lands"
 Sponsor: Pignalberi, et. al.
 Requestor: House Labor & Commerce
 Date of Request: 4/30/85

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Labor Standards & Safety Wage & Hour Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		111.9	115.8	239.1	247.5	256.1
200 TRAVEL		17.0	18.0	50.3	53.3	56.5
300 CONTRACTUAL		31.9	28.5	59.9	63.5	67.3
400 SUPPLIES		2.0	2.1	3.9	4.1	4.4
500 EQUIPMENT		14.8	0	5.4	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		177.6	164.4	358.6	368.4	384.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		177.6	164.4	358.6	368.4	384.3
FEDERAL FUNDS						
OTHER						
TOTAL		177.6	164.4	358.6	368.4	384.3

POSITIONS:

FULL-TIME		3	3	6	6	6
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert J. Bacolas, Sr. Phone: 465-4970
 Division: Labor Standards & Safety Date: 4/30/85
 Approved by Commissioner: Jim Robinson Date: 4/30/85
 Agency: Labor

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
THE FOURTEENTH LEGISLATURE
BILL/RESOLUTION NO.: CS HB 367 (L&C)
TITLE: "An Act requiring resident hire under certain natural resource
projects on state lands"
AGENCY AFFECTED: Department of Labor

In order to carry out the duties of this bill the Department of Labor would require the following resources:

FYs 86 and 87

Two Wage and Hour Investigators I and one Clerk Typist III would be required to carry out the monitoring activities. Costs associated with these positions are detailed on the attached new position request forms.

In addition to these costs, there would be a one time expense of \$15,000 for computer equipment and software to capture residency information.

FYs 88 and beyond

The Prudhoe and Kuparuk unit agreements will possibly be renegotiated this year at which time these leases would be covered by the provisions of this bill. An additional Wage and Hour Investigator and two Wage and Hour Technicians will be required. The costs associated with these positions is summarized below:

	W&H Tech. Anchorage	W&H Tech. Anchorage	W&H Invest. I Fairbanks
Personal Service	34.4	34.4	50.3
Travel	0	0	15.6
Contractual	9.4	9.4	10.9
Commodities	.6	.6	.6
Equipment	<u>1.8</u>	<u>1.8</u>	<u>1.8</u>
	46.2	46.2	79.2

Also, an additional \$15,000 in travel expense would be incurred by existing positions for travel to the North Slope.

Assumptions

- 1) The major unitization agreements (Prudhoe Bay and Kuparuk) will not be covered by this bill until FY 88 when the agreements are renegotiated.
- 2) Inflation will be 3.5% for personal service and 6% for non personal service items.

1	Position Title Wage & Hour Investigator I	Range/Step 16A	Barg. Unit GGU	Form 12 Page/Line	GOV.	ROV.	DISAPP.	
2	Type of Position PFT	Staff Months 12	RP Number	PCN Number	BRU Priority	Location Anchorage	Election District	LEG.

CONTINUATION LEVEL		ADDITION	
Type of Expenditure		2	3
PERSONAL SERVICES			
5 Salary		32,424	
6 Benefits		5,401	
7 Supplemental Benefits		1,987	
8 Fixed Benefits		2,735	
9 TOTAL PERSONAL SERVICES		01	42,547
10 Travel		02	8,500
11 Contractual		03	9,490
12 Commodities		04	500
13 Equipment		05	1,600
14 Other			
15 TOTAL COST			62,637

JUSTIFICATION

This position would monitor new or re-negotiated oil and gas leases and other natural resources projects on state land to ensure compliance with resident hire laws.

The position would interact with the Department of Natural Resources and industry contacts to establish an effective monitoring procedure.

Travel costs are to establish monitoring procedures and for monitoring compliance with resident hire law. Contractual costs include rent, \$3,600; indirect \$3,890; and other average expenses of \$2,000. Commodities of \$500 and one-time equipment costs of \$1,600 are also included.

RECEIPT CODE	FUNDING SOURCE	
16	Federal Receipts	1002
17	G.F. Match	1003
18	General Funds	1004
19	I-A Receipts	1005
20	Program Receipts	1028
21	Other	
		62,637

For M&B Use Only
1A Key Number _____

13 REQUEST FOR NEW POSITION

AGENCY Department of Labor

PROGRAM Worker Protection

BRU Labor Standards & Safety

COMPONENT Wage & Hour Administration

FY 86

Page 1 of 3
Revised Date

LEG:F:

1	Position Title Wage & Hour Investigator I			Range/Step 16A	Barg. Unit GGU	Form 12 Page/Line	GOV.	ROV.	DISAPP.
2	Type of Position PFT	Staff Months 12	RP Number	PCN Number	BRU Priority	Location Anchorage	Election District	LEG.	

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Type of Expenditure			Amount
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This position would monitor new or re-negotiated oil and gas leases and other natural resources projects on state land to ensure compliance with resident hire laws.

The position would interact with the Department of Natural Resources and industry contacts to establish an effective monitoring procedure.

Travel costs are to establish monitoring procedures and for monitoring compliance with resident hire law. Contractual costs include rent, \$3,600; indirect \$3,890; and other average expenses of \$2,000. Commodities of \$500 and one-time equipment costs of \$1,600 are also included.

RECEIPT CODE	FUNDING SOURCE	
16	Federal Receipts	1002
17	G.F. Match	1003
18	General Funds	1004
19	I-A Receipts	1005
20	Program Receipts	1028
21	Other	
		62,637

For M&B Use Only
1A Key Number _____

13 REQUEST FOR NEW POSITION

AGENCY Department of Labor

PROGRAM Worker Protection

BRU Labor Standards & Safety

COMPONENT Wage & Hour Administration

Page	2	of	3
Revised Date			

FY 86

LEG:F:

1	Position Title Clerk Typist III	Grade/Step BA	Barg. Unit GCU	Form 12 Page/Line	GOV.	GOV. DISAPP.
2	Type of Position PFT	Staff Months 12	RP Number	PCN Number	BRU Priority	Location Anchorage
3	CONTINUATION LEVEL		ADDITION		JUSTIFICATION	

4	Type of Expenditure	Amount
1	2	3
5	PERSONAL SERVICES	
5	Salary	19,572
6	Benefits	3,261
7	Supplemental Benefits	1,200
8	Fixed Benefits	2,735
9	TOTAL PERSONAL SERVICES	01 26,768
10	Travel	02 0
11	Contractual	03 7,948
12	Commodities	04 1,000
13	Equipment	05 1,600
14	Other	
15	TOTAL COST	37,316

This clerical position would provide typing, filing, and data entry under the provisions of this bill.

Contractual costs include rent, \$3,600; indirect \$2,348, and other average expenses of \$2,000. Commodities of \$1,000 and one-time equipment costs of \$1,600 are also included.

16	RECEIPT CODE	FUNDING SOURCE
16		Federal Receipts 1002
17		G.F. Match 1003
18		General Funds 1004 37,316
19		I-A Receipts 1005
20		Program Receipts 1028
21		Other

For M&B Use Only
1A Key Number _____

13 REQUEST FOR NEW POSITION

AGENCY Department of Labor
PROGRAM Worker Protection
BRU Labor Standards & Safety
COMPONENT Wage & Hour Administration

FY 86

Page 3 of 3
Revised Date

LEG:F:

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: _____

APR 29 1985

REQUEST

Bill/Resolution No.: HB 367
 Title: Resident Hire Under Oil and Gas Leases on State Land
 Sponsor: Pignalberi, Cotten, Davis
 Requestor: House Labor & Commerce
 Date of Request: 4/25/85

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Carol Wilson Phone: 465-2400
 Division: Commissioner's Office Date: 4/25/85
 Approved by Commissioner: Arms D Arnold, Deputy Date: 4/25/85
 Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

H B

h b

COMMITTEE REPORT
HOUSE

4/25-

(7)

FURTHER:

FINANCE

4/12/85

Date: 4-24-85

The Committee on LABOR & COMMERCE has had HB 373

"An Act repealing the regulation of concert promoters."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note ^{Sup 56}
 Zero Fiscal Note Attached
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Mike...

Max Gruenberg just came down and asked for all the backup on this bill HB 373; he is going to give Marrou trouble on it from the floor--something along the lines that 1) he doesn't believe that it costs \$21,000 to regulate and license these guys; and 2) even if there is only a handful of them, they do protect the public from being ripped off (Note: Max let it drop that his brother in law used to be Rod Stewart's drummer, so he feels I guess that this licensing function by DCED also must help promote and support legitimate concert activity.)

The basic line Marrou will take is that he is not opposed to licensing of these guys, or regulating them, just that it should be done on the local level by the municipalities, and not the state.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House L & C 4-25-85 1:40 pm

HB 373 File Contents

April 24, 1985 Meeting

- 1) Bill Summary -- Legislative Reporting Service
- 2) Alaska Statutes AS 08.92
- 3) Fiscal Note -- Dept. of Commerce, Div. of Occupational Licensing
- 4) Costs and Revenues for Different Boards & Commissions -- from overview on HB 78 provided by Division of Occupational Licensing
- 5) Memo from Rep. Marrou to Chairman Navarre -- April 24, 85
- 6) Senate and House Journal pages from 1977 session on CSSB 185

INTRODUCTION OF BILLS (House)(cont'd)

HB 372 (cont'd)

Introduced April 12 and referred to Health, Education & Social Services, Judiciary, Finance.

Concert Promoters (deregulation)

HOUSE BILL NO. 373, by Rep. Marrou. Would repeal AS 08.92, Business & Professions. Concert Promoters, the state law that regulates concert promoters. Does not provide effective date (takes effect 90 days after Governor signs bill)

Introduced April 12 and referred to Labor & Commerce, Finance.

Lease, Sale, or Disposal of Natural Gas

HOUSE BILL NO. 374, by Reps. Collins and Pignalberi. See Senate Bill 276, page 587, identical.

Introduced April 12 and referred to the House Special Committee on Oil & Gas, Resources, Finance.

AK Bidder Preference (raising / nonresident state rates)

HOUSE BILL NO. 375, by Rep. Pignalberi. Raises the amount of the Alaska bidder preference to 10 percent (currently a contract for award is made to the lowest responsible bidder except that an Alaska bidder is given the bid if the Alaskan's bid is not more than five percentage points higher than the lowest nonresident bidder's). Pignalberi also adds another clause providing that if the nonresident bidder's home state provided a bidder preference greater than 10 percent, and the Alaska bidder does not exceed the lowest nonresident bidder's by more than the percentage allowed under the laws of the nonresident's home state, the award would go to the Alaska bidder. Does not provide effective date (takes effect 90 days after Governor signs bill).

Introduced April 12 and referred to Labor & Commerce, Judiciary, Finance.

Vehicles for Hire (municipal regulation)

HOUSE BILL NO. 376, by Rep. Binkley. Amends AS 29.48.035, Powers Applicable to All Municipalities. Regulatory Powers) by adding a new subsection stating: "(d) A municipality may license, control, and regulate taxicabs, limousines or other vehicles for hire that are operated within the boundaries of the municipality and may fix, establish, and change the rates charged for the service. Based on the municipality's determination of need for the services, the municipality may regulate entry into the business of providing taxicabs, limousines, or other vehicles for hire." Does not provide effective date (takes effect 90 days after Governor signs bill).

Introduced April 12 and referred to Transportation, Judiciary.

INTRODUCTION OF RESOLUTIONS (House)

Surimi On-shore Production (Ak. Seafood Industry)

HOUSE JOINT RESOLUTION NO. 33, by Reps. Thompson, Goll, Grussendorf, Jenkins and Taylor. The resolution requests the U.S. Congress, the U.S. Department of Commerce National Marine Fisheries Service, and other concerned groups to continue their support for funding Alaska Pacific Seafood and the Alaska Fisheries Development Foundation demonstration project to

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 373
 Title: Repealing the regulation
of Concert Promoters
 Sponsor: Rep. Marrou
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Dev.
 Program Category Affected: _____
Consumer Protection
 BRU, Program or Subprogram(s) Affected: _____
Occupational Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE			-0-	-0-	-0-	-0-
----------------	--	--	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Because of the required documents that must be submitted for licensing, the time of one staff person has been a necessity in only a minimal amount. The person assigned also has the responsibility of licensing construction contractors and geologists.

(See continuation attached)

Prepared By: Jennifer Strickler, Management Analyst Phone: 465-2144

Division: Occupational Licensing Date: April 23, 1985

Approved by Commissioner: Loren H. Lounsbury Date: 4/24/85
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

HB 373 Analysis, continued

The statute as written requires posting of a cash deposit or bond in the amount of \$5,000.00. This account must be reconciled by an individual other than the person posting the account. At present, there are five licensees which are subject to biennial license renewal, two occurring in FY '85, and three in FY '86.

HOUSE BILL 78
DIVISION OF OCCUPATIONAL LICENSING

BOARD/PROFESSION	NUMBER OF LICENSEES	FY 84 ALLOCATED COSTS	FY 84 ACTUAL REVENUES	PROJECTED FEE INCREASES	
				10%	25%
Athletic Commission	57	11.3	.9	1,089	1,237
AEL	4097	167.9	200.9	220,983	251,118
Barbers and Hairdressers	2595	96.5	85.7	94,278	107,135
Chiropractors	168	37.2	2.9	3,154	3,583
Collection Agencies	51	26.0	10.7	11,748	13,350
Contractors	7495	137.7	656.3	721,950	820,399
Concert Promoters	7	21.0	1.2	1,325	1,506
Dental	760	103.1	18.9	20,770	23,602
Dispensing Opticians	67	33.3	1.9	2,145	2,437
Electrical Administrators	487	71.7	43.3	47,616	54,108
Geologists	121	21.0	-0-	-0-	-0-
Guides	1348	126.4	46.0	50,691	57,603
Medical	1393	92.3	47.6	52,392	59,536
Marine Pilots	76	43.8	1.6	1,828	2,077
Mortuary Science	121	23.9	1.1	1,230	1,431
Nursing	6261	191.1	52.6	57,943	65,844
Nursing Home Administrators	56	28.1	1.4	1,573	1,787
Optometry	92	35.8	1.8	2,019	2,293
Pharmacy	338	93.3	59.2	65,227	74,121
Physical Therapy	149	34.5	4.9	5,467	6,212
Psychology	104	40.0	3.1	3,480	3,955
Public Accountancy	638	79.5	57.5	63,334	71,970
Veterinary	161	39.0	4.8	5,280	6,000
TOTAL RECEIPTS		<u>1,554.4</u>	<u>1,304.3</u>	<u>1,435,522</u>	<u>1,631,313</u>
UNALLOCATED GENERAL FUNDS		<u>66.3</u>	<u>312.3</u>		
TOTAL FUNDS		<u>1,620.7</u>	<u>1,620.7</u>		

NOTES: The licensing renewal periods vary among the occupations with some expiring annually, biennially, and others quadrennially.

The percentage increases listed here are strictly based on the FY 84 actual revenues and do not necessarily represent specific revenues by occupational group which may be adjusted when applied to any proposed formula.

Alaska State Legislature

COMMITTEES:

Committee on Community and Regional Affairs
Committee on Transportation
Special Committee on Oil and Gas
Special Committee on Fisheries
Finance Sub-committee on Fish and Game

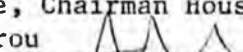


Andre Marrou
Representative

District 5

Kenai	Sterling
Soldotna	Anchor Point
Homer	Port Graham
Seldovia	English Bay
Kachemak	Nikolaevsk
Kasilof	Halibut Cove
Ninilchik	Clam Gulch

April 24, 1985

To: Mike Navarre, Chairman House Labor and Commerce
From: Andre Marrou 

Subject: HB 373, Deregulation of Concert Promoters

HB 373 was introduced to alleviate a glaring and ludicrous application of the law. As of April 23, there are 5 licensed concert promoters in the state of Alaska. The Department of Commerce and Economic Development estimates that the annual cost of regulating this occupation is \$21,000. If HB 78, Occupational Licensing Fees Set by DCED, is signed into law, it can be deduced that some larger portion of these administration costs will be borne by these 5 promoters.

This will probably result in fewer than 5 licensed concert promoters in the State. Thus, in the name of "consumer protection", we will have made it virtually impossible to promote stage performances legally. However, the demand for quality entertainment will not diminish. It will otherwise most likely be provided by those very people whom we seek to protect the public from; that is, people who are willing to break the law to provide this service.

On a broader, more philosophical perspective, occupational licensing just doesn't work as it is intended to. In fact, what really happens is just the thing we were trying to avoid in the first place--that is, higher prices and poorer service. Anything that limits competition will have this effect. The best way to protect the consumer is to maximize competition and to encourage promoters to stand upon their reputations as professionals. As Milton Friedman, Nobel Laureate in 1977 so eloquently states:

"Perfection is not of this world. There will always be shoddy products, quacks, con artists. But on the whole, market competition, when it is permitted to work, protects the consumer better than do the alternative government mechanisms which have been increasingly superimposed on the market." *

In researching the origins of this law, my staff quoted some interesting comments made by the Senate Commerce Committee on May 13, 1977. While they were deliberating this legislation (HB 185), Chairman Brad Bradley made the following comments (and I quote): "Hippy concerts"; "A rowdy hippy bunch that got out of hand"; "legitimate performers". Senator Kay Poland said we should "get the dope act."

* Free To Choose; by Milton Friedman, 1979, page 222.

It appears from the content of these tapes that the Senate Commerce Committee was more interested in controlling behavior than they were in protecting consumers. Tapes from the House Judiciary Committee were indecipherable. Floor action tapes were unavailable due to time constraints. From what I have been able to learn, this law is a knee-jerk reaction to a promotion sponsored by the Anchorage Jaycees in which somebody absconded with the money.

There are currently 14 members of the current Legislature who voted on both sides of this law. Perhaps they could be contacted for more information.

Passing this bill would provide for more entertainment opportunities as well as saving the State some money. I urge its passage.

SCS Senator Croft moved for the adoption of amendment No. 2.
CSHB
185 Senator Orsini moved the amendment be divided. The Presi-
am dent stated the amendment would be divided.
S

Senator Croft moved and asked unanimous consent for adoption of Part I of amendment No. 2, that portion pertaining to EXEMPTION, and (1). Without objection, Part I of amendment No. 2 was adopted.

Senator Huber offered an amendment to Part II, of amendment No. 2:

(2) Change "10,000" to "25,000"

Senator Huber moved for adoption of his amendment to Part II of amendment No. 2. Senator Tillion objected.

Senator Huber withdrew his amendment to Part II of amendment No. 2.

The question being: "Shall Part II of amendment No. 2 be adopted?" On voice vote, Part II of amendment No. 2 was adopted.

Senator Colletta moved and asked unanimous consent that the Rules be suspended and SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 185 amended Senate be engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

The question to be reconsidered is: "Shall SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 185 amended Senate (Concert promoters) pass the Senate?" The roll was taken with the following result:

Yeas:	13	Bradley, Croft, Ferguson, Hackney, Kerttula, Meland, Poland, Rader, Rodey, Sumner, Tillion, Willis, Ziegler
Nays:	7	Butrovick, Colletta, Hohman, Huber, Orsini, Ray, Sackett

and so, SENATE COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 185 amended Senate, passed the Senate on reconsideration and was referred to the Secretary for engrossment.

HB HOUSE BILL NO. 295 (special appropriation to the Office
295 of the Governor to extend the television demonstration project for a six-month period) was before the Senate in third reading for reconsideration.

Senator Colletta moved and asked unanimous consent that HOUSE BILL NO. 295 be returned to the calendar for the purpose of a specific amendment. Without objection, the bill was returned to second reading.

Senators Colletta and Ferguson moved for adoption of amendment No. 1:

Page 1, line 11: delete

Senator Colletta moved for the adoption of amendment No. 1:

The question being: "Shall amendment No. 1 be adopted?" On voice vote, amendment No. 1 was adopted.

Senator Colletta moved and asked unanimous consent that the Rules be suspended and HOUSE BILL NO. 295 amended Senate be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

HOUSE BILL NO. 295 amended Senate on final passage. Without objection, it was so ordered.

Senator Sumner moved and asked unanimous consent that HOUSE BILL NO. 295 amended Senate be engrossed. Without objection, it was so ordered. Senator Ray objected.

The question being: "Shall HOUSE BILL NO. 295 amended Senate be held until May 25, 1977?" The following result:

Yeas:	14	Bradley, Croft, Ferguson, Hackney, Kerttula, Meland, Poland, Rader, Rodey, Sumner, Tillion, Willis, Ziegler
Nays:	6	Butrovick, Colletta, Hohman, Huber, Orsini, Ray, Sackett

and so, HOUSE BILL NO. 295 amended Senate, passed the Senate on reconsideration and was referred to the Secretary for engrossment.

HOUSE BILL NO. 404 amended Senate on final passage. Without objection, it was so ordered. HOUSE BILL NO. 404 amended Senate for other entities) was before the Senate in third reading for reconsideration.

unanimous consent that amend-

part 1 of amendment No. 1 be
with the following result:

Anderson, Beirne, Brown,
Catterton, Cotten, Dankworth,
Gardiner, Guy, Hayes, Kelly,
Meekins, Nakak, Ose, Parr,
Smith, Snider.

Bradley, Carpenter, Cowper,
Eliason, Gruening, Haugen,
Lovseth, Malone, Miles, Miller,
Phillips, Rhode, Rudd,
Urion.

No. 1 was adopted.

tion, part 2 of amendment No. 1

unanimous consent that the House
utes. There being no objection,
m.

CESS

r by Speaker Malone at 4:35 p.m.

unanimous consent that the House
in adopting part 1 of amendment

the House rescind its action in
No. 1?" The roll was taken

Bennett, Carpenter, Cotten,
Duncan, Eliason, Gruening,
Lethin, Lovseth, Malone, Miles,
Rudd, Urion.

Anderson, Bradley, Brown,
Catterton, Dankworth,
Gardiner, Guy, Hayes, Kelly,
Meekins, Nakak, Ose, Osterback,
Phillips, Rhode, Schaeffer, Smith,
Swanson.

e from nay to yea.

Mr. Miller moved and asked unanimous consent that HCS CSSB HCS
149 am H be considered engrossed, advanced to third reading CSSB
and placed on final passage. There being no objection, the 149
bill was read the third time. am H

The question being: "Shall HCS CSSB 149 am H pass the
House?" The roll was taken with the following result:

Yeas: 29 Beirne, Bennett, Carpenter, Chatterton,
Cotten, Cowper, Dankworth, Duncan,
Eliason, Freeman, Gardiner, Gruening,
Haugen, Hayes, Kelly, Lethin, Lovseth,
Malone, Miles, Miller, Nakak, Ose,
Osterback, Parr, Phillips, Rhode, Rudd,
Swanson, Urion.

Nays: 11 Akers, Anderson, Bradley, Brown,
Buchholdt, Guy, McKinnon, Meekins,
Schaeffer, Smith, Snider.

And so, HCS CSSB 149 am H passed the House.

Mr. Miller moved and asked unanimous consent that the roll
call on the passage of the above bill be considered the
roll call on the effective date clause. There being no
objection, it was so ordered.

Mr. Snider gave notice of reconsideration of his vote on
HCS CSSB 149 am H on the next legislative day.

Mr. Urion moved and asked unanimous consent that Representatives
Lethin and Hayes be excused from a call of the House on
May 29, 1977 through June 3, 1977. There being no objection,
it was so ordered.

CSHB 185 (regulating theatrical production and sports CSHB
exhibition promoters) and the Senate amendment, namely, 185
SCS CSHB 185 am S (p. 1486 of the journal) were before the
House at this time.

Mr. Miller moved that the House concur in the Senate
amendment to CSHB 185.

The question being: "Shall the House concur in the Senate
amendment to CSHB 185?" The roll was taken with the following
result:

Yeas: 40 Akers, Anderson, Beirne, Bennett,
Bradley, Brown, Buchholdt, Carpenter,
Chatterton, Cotten, Cowper, Dankworth,
Duncan, Eliason, Freeman, Gardiner,
Gruening, Guy, Haugen, Hayes, Kelly,
Lethin, Lovseth, McKinnon, Malone,
Meekins, Miles, Miller, Nakak, Ose,
Osterback, Parr, Phillips, Rhode, Rudd,
Schaeffer, Smith, Snider, Swanson, Urion.

And so, the House concurred in the Senate amendment to
CSHB 185, thus adopting, SCS CSHB 185 am S.

The Chief Clerk was instructed to so notify the Senate and
SCS CSHB 185 am S was signed by the Speaker and the Chief
Clerk and referred to the Chief Clerk for enrollment.

18-185 AN ACT REGULATING CONCERT PROMOTERS

AMENDED TITLE: SCS CS * AM S

PRIME SPONSORS: RUDD

DATE	SEQ. NO.	JOURNAL PAGE	HOUSE ACTION
02/08/77	01	0224	FIRST READING -- COMMITTEE REPORTS
04/04/77	02	0754	JUD -- CS06
04/12/77	03	0840	SECOND READING
04/12/77	04	0840	JUD CS ADOPTED BY UNAN CONSENT
04/12/77	05	0840	ADVANCED TO 3RD READING BY UNAN CONSENT
04/12/77	06	0840	THIRD READING
04/12/77	07	0840	PASSED BY DIV 37-00-03
05/26/77	26	1539	CONCURRED IN SENATE AMS BY DIV 40-00-00
05/28/77	27	1621	TRANSMITTED TO GOVERNOR
06/13/77	28	1677	SIGNED BY GOVERNOR-CHO114, EFF 09/11/77

Box 23 H18

DATE	SEQ. NO.	JOURNAL PAGE	SENATE ACTION
04/13/77	08	0819	FIRST READING -- COMMITTEE REPORTS
05/18/77	09	1301	COM -- CS01, NR03
05/19/77	10	1322	RLS -- OTHER03 TAKEN UP IMMEDIATELY
05/19/77	11	1328	SECOND READING
05/19/77	12	1328	COM CS ADOPTED BY VOICE VOTE
05/19/77	13	1329	RECOMM TO COM FAILED BY DIV 07-13-00
05/19/77	14	1329	ADVANCED TO 3RD READING BY UNAN CONSENT
05/24/77	20	1395	AM01 ADOPTED BY UNAN CONSENT
05/24/77	21	1396	AM02 PART01 ADOPTED BY UNAN CONSENT
05/24/77	22	1396	AM02 PART02 ADOPTED BY VOICE VOTE
05/24/77	23	1396	ADVANCED TO 3RD READING BY UNAN CONSENT
05/19/77	15	1329	THIRD READING
05/19/77	16	1329	FAILED BY DIV 05-15-00
05/19/77	17	1329	NOTICE OF RECONSIDERATION GIVEN
05/20/77	18	1346	POSTPONED UNTIL 05/24/77 BY UNAN CONSENT
05/24/77	19	1394	RETURNED TO 2ND READING BY UNAN CONSENT
05/24/77	24	1396	READ AGAIN THIRD TIME
05/24/77	25	1396	PASSED ON RECONSIDERATION BY DIV 13-07-00

Box 23 C51

18-186 AN ACT RELATING TO FORGIVENESS OF THE REMAINING OUTSTANDING SCHOOL CONSTRUCTION DEBT OF THE CITY OF HYDABURG;
AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSORS: GARDINER

CO-SPONSORS: FREEMAN

DATE	SEQ. NO.	JOURNAL PAGE	HOUSE ACTION
02/08/77	01	0224	FIRST READING -- COMMITTEE REPORTS
02/18/77	02	0332	FIN -- DPO9
03/01/77	04	0422	SECOND READING
03/01/77	05	0422	ADVANCED TO 3RD READING BY UNAN CONSENT
03/01/77	06	0422	THIRD READING
03/01/77	07	0423	PASSED BY DIV 38-00-02
03/01/77	08	0423	EFFECTIVE DATE VOTE SAME AS PASSAGE
02/18/77	03	0332	HSE SUPPL 20 FISCAL NOTE
05/28/77	18	1621	TRANSMITTED TO GOVERNOR
06/14/77	19	1682	SIGNED BY GOVERNOR-CHO125, EFF 06/15/77

DATE	SEQ. NO.	JOURNAL PAGE	SENATE ACTION
03/02/77	09	0439	FIRST READING -- COMMITTEE REPORTS
03/29/77	10	0692	HESS -- DPO4, NR01
05/25/77	11	1425	FIN -- DPO5, DNP01, NR01
05/26/77	12	1438	RLS -- OTHER03 TAKEN UP IMMEDIATELY
05/26/77	13	1457	SECOND READING
05/26/77	14	1457	ADVANCED TO 3RD READING BY UNAN CONSENT
05/26/77	15	1457	THIRD READING
05/26/77	16	1457	PASSED BY DIV 15-01-04
05/26/77	17	1457	EFFECTIVE DATE VOTE SAME AS PASSAGE

CONSIDERATION OF THE DAILY CALENDAR

SECOND READING OF HOUSE BILLS

HB Mr. Miller moved and asked unanimous consent that HOUSE 51 BILL NO. 51 (veterans' loans) be taken from today's calendar and returned to the Finance Committee. There being no objection, it was so ordered.

HB HOUSE BILL NO. 185 (regulating theatrical promoters) which 185 had been held until today's calendar in second reading (page 832 of the journal) was read the second time with the Judiciary Committee report (page 754 of the journal).

Mr. Miller moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 185 (regulating theatrical production and sports exhibition promoters) be adopted in lieu of HB 185. There being no objection, it was so ordered. CSHB 185

Mr. Miller moved and asked unanimous consent that CSHB 185 be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered and CSHB 185 was read the third time.

The question being: "Shall CSHB 185 pass the House?" The roll was taken with the following result:

Yeas: 37 Akers, Anderson, Beirne, Bennett, Bradley, Brown, Buchholdt, Carpenter, Chatterton, Cotten, Cowper, Dankworth, Duncan, Eliason, Freeman, Gardiner, Gruening, Guy, Hayes, Kelly, Lethin, McKinnon, Malone, Meekins, Miles, Miller, Nakak, Osterback, Farr, Phillips, Rhode, Schaeffer, Smith, Snider, Specking, Swanson, Urion.

Nays: 0

Excused: 3 Haugen, Ose, Rudd.

And so, CSHB 185 passed the House and was referred to the Chief Clerk for engrossment.

HOUSE BILL NO. 288 (authorizing make matching grants to promote travel) was read the second report (p. 734 of the journal).

Mr. Miller moved and asked NO. 288 be considered engrossed and placed on final passage. 288 was read the third time.

The question being: "Shall roll was taken with the following result:

Yeas: 37 Akers, Bradley, Chatte, Duncan, Grueni, McKinn, Miller, Rhode, Swanso

Nays: 0

Excused: 3 Haugen

And so, HB 288 passed the Chief Clerk for engrossment.

THIRD READING

COMMITTEE SUBSTITUTE FOR sale of beverage containers held in third reading (p. third time.

The question to be reconsidered: "Shall the House pass the House?" The roll result:

Yeas: 31 Beirne, Buchh, Dankw, Gruen, McKin, Oster, Schae, Swans

Nays: 5 Akers, Urion

Excused: 4 Freeman

And so, CSHB 171 am passed the vote.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

9/5/89
Date

H B

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ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

May 1, 1985

MEMORANDUM

TO: Representative Dave Thompson

ATTN: Bob Thomas

FROM: Nancy Pease *Nancy Pease*
Legislative Analyst

RE: Alternatives to Taxation
Research Request 85-217 (Additional Information)

In response to my memorandum of April 2, you asked the following questions pertaining to business license revenues in Alaska:

- the number of resident and out-of-state businesses licensed in Alaska;
- whether other states issue general business licenses, and, if so, the license fee;
- an explanation of revenues other than license fees collected in the business license account; and
- the amount of revenue generated by State corporate income tax.

Resident and Out-of-State Businesses Licensed in Alaska

In early 1985, the Alaska Department of Revenue had 63,124 active business licenses on file. This number includes all current business licenses as well as licenses which have lapsed within the year and are eligible for renewal.¹ The number of current (renewed) business licenses is 54,236.

¹According to Paul Engleman of the Office of Enterprise of the Department of Revenue, over three-quarters of the business licenses which lapse are renewed within one year of their expiration; thus the Department of Revenue considers to be active business licenses which have lapsed within the year.

Representative Thompson
May 1, 1985
Page 2

According to Paul Engleman of the State's Department of Revenue, the State's licensing procedure does not require that business owners declare their enterprises to be Alaskan or non-Alaskan. Mr. Engleman suggested that the zip codes of businesses' mailing addresses give a rough indication of the number and percentage of out-of-state and resident businesses operating in Alaska. (Using this means of distinction, multi-state businesses which have an office or mailing address in Alaska are counted as Alaska businesses.) Of all active business licenses, 4.6 percent (2,797) are issued to persons at out-of-state addresses. Of all current (renewed) business licenses, five percent (2,585) are issued to persons at out-of-state addresses.

Business License Fees

In Alaska, all businesses are required to obtain a general business license for an annual fee of \$25. None of the four other states surveyed (Washington, Oregon, California and Idaho) issue an annual general business license. These states do license some specialty tradesmen and professionals to assure standards of performance. License fees vary depending on the occupation.

In California, cities and counties issue general business licenses, setting their license fees locally. In Idaho, the state licenses corporations, charging a one-time fee of \$60 for profit-making corporations and \$20 for nonprofit corporations. In addition, Idaho charges corporations an annual franchise tax. Unincorporated businesses are not licensed by the State of Idaho but are licensed by cities and counties.

Alaska Business License Revenues

As I have noted in conversations with your aide, the business license revenues reported by the Department of Revenue for FY 84 are inflated by bank taxes and litigation awards in favor of the State. In my memorandum of April 2, 1985, I reported that the State had collected approximately \$30.7 million in business license fees. Of this total, only \$1.4 million accrued from collection of \$25 general business license fees.

In FY 84, Alaska collected business license revenue from the following sources:

\$ 10.8 million NCNTAX PORTION--Special business licenses and permits
\$ 19.9 million TAX PORTION--Alaska business license account including:

- \$14.0 million in litigation in favor of the State on Gross Receipts taxes for years prior to 1979;
- \$ 4.4 million from bank taxes collected under AS 43.70, the Business Licenses Tax Act, which exempted banks from corporate income tax. Effective June 9, 1984, Ch 93, SLA 1984 allows banks to be taxed under the Corporate Income Tax Act, AS 43.20. As a result, there will be a shift in revenues from the Alaska Business License account to the Corporate General Income Tax account beginning in in FY 85; and
- \$ 1.4 million in general business license fees.

\$ 30.7 million total business license revenues.

According to Mary Ellen Frank of the Revenue Research Division, the State will collect approximately \$1.4 million in general business license fees in FY 85, and an additional \$600,000 from litigation on gross receipts for prior years, for total business license revenues of \$2.0 million in FY 85.

Corporate Income Tax

Alaska levies a general corporate income tax on all profit-making corporations doing business in Alaska. For multi-state corporations, the tax is imposed on the entire taxable income derived from sources within Alaska. The income derived within Alaska is estimated by a method called formula apportionment which considers the corporations' sales, payroll and properties in Alaska as a percent of its out-of-state holdings and operations. The formula apportionment for oil and gas corporations differs from the formula apportionment used for other corporations; the oil and gas corporate income tax is collected and reported separately from other corporate income tax. The State collected \$265 million from oil and gas corporate income taxes in FY 84, and \$39.5 million in general corporate income tax. According to a

²Revenue Sources FY 84 - FY 87, Alaska Department of Revenue, January 1985, pp 4, 30 and 31.

Representative Thompson
May 1, 1985
Page 4

spokesperson for the Division of Audit, the State generally collects 90 percent of all corporate income tax from oil and gas corporations.

* * *

I hope this information is helpful. If we can be of further assistance, please let us know.

NP

Alaska State Legislature

DISTRICT 27:

AKHIOK
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
CHINIAK
IVANOF BAY
KARLUK
KODIAK
LARSEN BAY
OLD HARBOR
OUZINKIE
PERRYVILLE
PORT LIONS
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(L10)(907) 486-8116

DT: May 2, 1985

TO: Rep. Mike Navarre, Chairman
House Labor and Commerce Committee

FR: Rep. David Thompson

RE: HB 404, increasing Alaska business license tax

House Bill 404 is a straight-forward revenue enhancement measure changing the fee charged for annual general business license taxes from \$25 to \$100 each.

In early 1985 the Alaska Department of Revenue had 63,124 active business licenses on file. This number includes all current business licenses as well as licenses which have lapsed within the year and are eligible for renewal. At the current fee of \$25, the revenue generated from general business license fees is approximately \$1.4 million. With an increase to \$100 each, this annual revenue generation method will provide approximately \$5.6 million annually for an increase of \$4.2 million dollars per year over what is currently generated.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 404
 Title: AN ACT INCREASING THE ANNUAL
 BUSINESS LICENSE TAX
 Sponsor: REP. THOMPSON
 Requestor: HOUSE LABOR & COMMERCE
 Date of Request: 4/26/85

FISCAL DETAIL

Agency Affected: REVENUE
 Program Category Affected: GENERAL GOV.
 BRU, Program or Subprogram(s) Affected:
 PUBLIC SERVICES OPERATING

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Sally Smith Phone: 465-2392
 Division: public services Date: 5/2/85

Approved by Commissioner: [Signature] Date: 5/3/85
 Agency: Department of Revenue

Distribution (by Agency preparing Fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill/Resolution No: HB 404
 Title: An Act Increasing the Annual Business License Tax
 Sponsor: Thompson
 Requestor: Labor & Commerce; Finance
 Date of Request: 4/29/85

Revision Date

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	2,400	4,800	4,800	4,800	4,800

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

1. With the January 1, 1986 effective date the higher rate would be in effect for one-half of FY 86.
2. Assumes 64,000 licenses issued each year over period covered by fiscal note.
3. The revenue impact of the legislation is \$75 per license.

Prepared By: David Tonkovich ^{DT}
 Division: Revenue - Research Section

Phone: 465-2173

Date: 4/30/85

Approved by Commissioner: Mary H. Sturdale
 Agency: Revenue

Date: 5/3/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
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