

ALASKA LEGISLATURE COMMITTEE FILES 1900-1900 00/2

4190 SLAB SB 360 - SB 367 1070

UNIVERSITY OF ALASKA

Jan Faiks
10 April 1986
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Because of the seasonal nature of a number of Alaska industries, it is not surprising that a large portion of people filing for unemployment would find new jobs before their benefits were exhausted. These hirings would in general be eligible for the credit. In addition, there is a normal turnover of people in any industry as employers and employees continually strive to improve their circumstances. This phenomenon also accounts for some of the unemployment and hiring of individuals who have not exhausted benefits.

An estimate (very rough) of the potential for the credits to be used up by this rehiring process, in the absence of targeting, is provided by comparing first payments of unemployment compensation by industry in 1984 (p. 46 of the ADOL, Unemployment Insurance Actuarial Study and Financial Handbook) with the Department of Revenue (DOR) "fiscal note," attached to SB 360, an analysis of the number of resident hirings by industry necessary to eliminate the tax. With a few notable exceptions, the number of credits necessary to reduce the tax liability to zero is small compared to either the number of individuals receiving unemployment compensation or the apparent number rehired before exhaustion of benefits. For example, 11,376 people who said their occupation was construction received unemployment compensation, and apparently about half were rehired before their payments expired. In contrast, DOR estimated that only 1,232 job credits would be necessary to eliminate all tax liability for that industry. The major exceptions to this imbalance are the oil and gas, trade, and finance industries, where the number of claimants is commensurate with the DOR estimates. For example, there were only 1,170 first-time unemployment compensation payments to Alaskans in mining (primarily oil and gas) while DOR estimated 3,156 nonresident jobs displaced would not be enough to eliminate the tax liability in that industry.

Thus, the potential range of impact is great and largely dependent upon targeting. With "perfect targeting," complete use of the credits, and nonresident displacement consistent with the DOR job mix, the direct income displaced from nonresidents to residents would be \$171.1 million (\$86.3 in oil and gas, \$22.2 in construction, and the remainder in other industries). This is the result of hiring 3,156 Alaskans in oil and gas and 8,559 Alaskans in other industries at the same wage as the displaced nonresidents. Assuming a multiplier of .5 and a 25 percent local spending factor for nonresidents, the total impact on Alaska income would be equal to \$171 million, or about \$5 for each \$1 of state tax income foregone.

A more likely result is that "targeting" would be difficult to achieve. Many of those hired to receive a tax credit would be unemployed Alaskans who would have been hired eventually anyway. If one-fourth of the credits are "on target" for oil and gas and

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one-fifth for other industries (a rough judgment based solely on a comparison of the DOR analysis of the number of jobs needed to eliminate the tax and the Department of Labor figures for the unemployed by industry) and if the credits were fully utilized, the impact on resident income would be \$39 million, about \$1.22 of income for each public dollar lost.

I am not in a position to offer any comments on the reduction in public expenditures which would result from the passage of SB 360. Since the unemployment insurance program is not funded out of the state general fund, a reduction in unemployment benefits paid would not directly impact the state treasury. The question of reduced payments for the treatment of social ills arising from unemployment is best addressed by an expert in the field.

I hope this information is useful to you as you consider this and other legislation relating to the issue of local hire.

Sincerely,



Oliver Scott Goldsmith
Professor of Economics

Faiks seeks local hire tax break

by Bruce Scandling
Associated Press

JUNEAU — Employers would get a tax break for hiring state residents, according to a new proposal introduced less than a week after the Alaska Supreme Court tossed out the state's local hire law.

Companies could deduct up to \$6,000 a year from their tax bills for each newly hired Alaskan, under a plan drafted by Sen. Jan Faiks, an Anchorage Republican who co-chairs the Senate Finance Committee.

The deduction would apply only to workers hired after the law was enacted. The tax break would be good for the first two years a worker was on the job.

"I couldn't think of a better way to encourage employers to hire Alaskans," said Faiks, who modeled the law after a federal tax code providing incentives for the hire of minority and disadvantaged workers.

Although the financial ramifications of the bill have not been calculated, the proposal would likely cost the state millions of dollars in lost tax revenue.

According to the state Department of Revenue, 3,000 corporations in Alaska reported taxable income in 1982, the last year for which complete records are available.

"Presumably, there will be some fiscal impact," said Bruce Botelho, deputy commissioner in the Revenue Department. "I'm sure we're going to be asked for the impact on that."

Faiks said employers would determine the residency of workers according to their eligibility for an Alaska Permanent Fund dividend. A person who has lived

See Proposal, page A-8

Proposal

Continued from page A-1

in Alaska for six months and plans to stay is eligible for the dividend.

The new proposal comes less than a week after the Alaska Supreme Court struck down the state's local hire law. In a unanimous opinion, the court said attempts to give Alaskans priority for jobs on state-funded projects is discriminatory, and a violation of the U.S. Constitution.

Ron Zobel, the Anchorage attorney who successfully argued against the local hire law, said Thursday he has questions about tax incentives which would work against non-residents.

"I would not be willing to say that a court would uphold such a scheme, although in this instance the law is a little more complicated," Zobel said.

He said the state supreme court and other courts have continually ruled that efforts to keep jobs away from non-residents are against the law.

"That very purpose of preventing the disposition of jobs (to non-residents) is constitutionally unenforceable," Zobel said.

Faiks said she still supports current attempts in the legislature to rewrite the local hire law with new figures showing the drastic economic impact of non-resident hire in Alaska. But the tax-incentive proposal could be a more well-received approach, she said.

"I think the courts have said that you can't just force people to hire Alaskans," said Faiks.

The measure would also provide incentives for companies to train Alaska workers, she said.

1 IN THE SENATE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 360 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to tax credits for employing and
7 training residents; and providing for an effective
8 date."

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

10 * Section 1. PURPOSE. The legislature recognizes that the state has a
11 significant unemployment problem. This Act is intended to better fulfill
12 the state's duty of loyalty to its citizens, reduce unemployment among
13 residents of the state, remedy social harms resulting from chronic unem-
14 ployment, and encourage the training of state residents so that they are
15 better qualified to compete for job opportunities. If the courts find that
16 a portion of AS 43.20.036(j) or 43.20.041 is unconstitutional, the public
17 interest requires that the remaining portions be implemented as fully, as
18 possible.

19 * Sec. 2. LEGISLATIVE FINDINGS. The legislature finds:

20 (1) the findings made in AS 36.10.005 continue to accurately
21 describe the social, economic, and employment situation in the state;

22 (2) nonresident workers displace a substantial number of qual-
23 ified, available, and unemployed residents, and the displacement is a
24 peculiar source of the high rate of unemployment among state residents;

25 (3) high and persistent unemployment breeds severe social prob-
26 lems including alcoholism and domestic violence;

27 (4) the findings of the Department of Labor of the State of
28 Alaska in its report entitled "Nonresidents Working in Alaska; A Special
29 Study to Measure the Economic Impact of Nonresidents on Alaska's Economy

1 During Calendar Year 1984" support the need for a resident hiring prefer-
2 ence;

3 (5) private sector investment in job training and vocational
4 education programs will help qualify unemployed Alaskans for higher-skilled
5 job opportunities.

6 * Sec. 3. AS 43.20.036 is amended by adding a new subsection to read:

7 (j) For purposes of calculating the income tax payable under
8 this chapter, the taxpayer may apply as a credit against tax liability
9 an Alaska hire credit under AS 43.20.041, for employment of state
10 residents who satisfy the eligibility requirements, equal to the sum
11 of

12 (1) 50 percent of the qualified first-year wages, as de-
13 fined in 26 U.S.C. 51(b)(2), to a maximum credit of \$3,000 for each
14 eligible employee, paid or incurred by the employer during the taxable
15 year;

16 (2) 25 percent of the qualified second-year wages, as
17 defined in 26 U.S.C. 51(b)(3), to a maximum credit of \$3,000 for each
18 eligible employee, paid or incurred by the employer during the taxable
19 year; and

20 (3) 50 percent of the verifiable job training costs, as
21 determined by regulations adopted by the commissioner of labor, to a
22 maximum credit of \$3,000 for each eligible first-year employee, and 25
23 percent of the verifiable job training costs to a maximum credit of
24 \$3,000 for each eligible second-year employee.

25 * Sec. 4. AS 43.20 is amended by adding a new section to read:

26 Sec. 43.20.041. ALASKA HIRE TAX CREDIT. (a) An employer is
27 entitled to claim an Alaska hire credit under AS 43.20.036(j) if the
28 employer employs an eligible state resident for at least six consecu-
29 tive months for a tax credit on first-year wages and 18 consecutive

1 months for a tax credit on second-year wages. The credit for first-
2 year wages may only be claimed in the tax year in which the resident
3 completes 12 consecutive months of employment with the employer, or in
4 which the last day of the resident's consecutive employment with the
5 employer occurs, whichever comes first. The credit for second-year
6 wages may only be claimed in the tax year in which the resident compl-
7 etes 24 consecutive months of employment with the employer, or in
8 which the last day of the resident's consecutive employment with the
9 employer occurs, whichever comes first.

10 (b) An employee is eligible under this section if the employee
11 satisfies the residency requirements of AS 43.23.005(a) on the date
12 immediately preceding the date of hire and on that date the employee
13 was a resident of an underemployment area designated under (c) of this
14 section and

15 (1) was receiving unemployment benefits under AS 23.20 or
16 would have been eligible to receive benefits but had exhausted them;
17 or

18 (2) was not employed and had registered to find work with a
19 ^{[(3)] [(4)]} public or private employment agency or a local hiring hall. [;]

20 ~~(c)~~ (c) The Department of Labor shall report annually to the legis-
21 lature and the governor on the status of employment in the state, the
22 effect of nonresident employment on the employment of residents in the
23 state, and methods to increase resident hire. The report may desig-
24 nate areas as underemployment areas. A designation is valid for two
25 years immediately following a determination by the commissioner of
26 labor. The commissioner of labor shall determine that an economic
27 region of the state or the state as a whole is an underemployment area
28 if the commissioner finds that

29 (1) the rate of unemployment within the area is

1 substantially higher than the national rate of unemployment;

2 (2) the lack of employment opportunities in the area has
3 contributed to serious social or economic problems in the area; and

4 (3) employment of workers who are not residents is a pecu-
5 liar source of the unemployment of residents of the area.

6 (d) An employer may not claim a tax credit under this section if
7 the employer terminated the employment of a resident in the expecta-
8 tion of receiving a greater tax credit under AS 43.20.036(j). If an
9 employer terminates the employment of a resident and then hires a
10 resident to fill the position within three months after the termina-
11 tion and if the employer would be entitled to a greater tax credit
12 under AS 43.20.036(j) for the subsequent employment, there is a pre-
13 sumption that the employer acted in expectation of a greater tax
14 credit. The employer may overcome the presumption by showing by clear
15 and convincing evidence that the employer terminated the employee for
16 cause or that the employee left the employment voluntarily.

17 * Sec. 5. If a provision of AS 43.20.036(j) or 43.20.041, or the appli-
18 cation of a provision to a person or circumstance, is held invalid, the
19 remainder and the application to other persons or circumstances is not
20 affected by the holding. The remainder shall be enforced to the greatest
21 extent constitutionally permissible under the constitutions of the United
22 States and the State of Alaska.

23 * Sec. 6. This Act applies to employees first hired by an employer on
24 or after January 1, 1986.

25 * Sec. 7. This Act is retroactive to January 1, 1986.

26 * Sec. 8. This Act takes effect immediately in accordance with AS 01.-
27 10.070(c).
28



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

CS SSSB 360(L&C): Sectional Analysis

Section 1) Purpose Section

Section 2) Legislative Findings relating to unemployment among state residents, social "costs" associated with unemployment, and the need for private sector investment in job training and vocational programs to help qualify unemployed Alaskans for higher skilled job opportunities.

Section 3) Adds a new section which provides for an Alaskan hire tax credit for employers who satisfy specific requirements.

Tax credit to be computed as follows:

Tax credit equal to the sum of:

50% of the first year wages, or a maximum of \$3,000 for each eligible employee;

25% of second year wages, up to \$3,000 for each eligible employee;

50% of the verifiable job training costs, as determined by DOL regs, up to a max of \$3,000 for first year employees; 25% of the job training costs for a maximum of \$3,000 for each eligible second year employee.

Section 4) Entitlement for the Alaska Hire Tax Credit. An employer is entitled to a "first year" tax credit if he hires an eligible state resident for at least 6 consecutive months, and a "second year" tax credit, on second year wages, after 18 consecutive months of employment.

First year wage credits may only be claimed in the tax year in which the employee completes 12 months of consecutive employment or is terminated, whichever comes first.

Tax credit for second year wages may only be claimed in the tax year in which the employee completes 24 consecutive months of employment with the employer, or the resident employee is terminated, whichever comes first.

An employee is eligible under this section who satisfies the PFD residency requirements, (on the date immediately preceding the date of hire) and is a resident of an area which is defined as "underemployed". Employee must also meet the following additional requirements:

- 1) is either receiving UI benefits or would be receiving them if the resident had not exhausted them;
- 2) not employed but has registered for work;

DOL shall make an annual report designating underemployment areas

DOL to examine each economic region of the state to determine if an area is an "underemployment" area. The criteria for underemployment area is as follows:

- 1) resident unemployment is substantially higher than the national average;
- 2) lack of employment opportunities in the area has contributed to serious social and economic problems in the area.
- 3) nonresident hire is a peculiar source of high resident unemployment.

Employer may not claim a tax credit if the employer terminated an employee in expectation of getting a larger tax credit. Defines situations in which it can be "presumed" that the employer terminated an employee in hopes of getting a greater tax credit. Also provides a method of overturning such a "presumption", based on clear and convincing evidence.

Section 5) If a provision of this act is held invalid, the remainder shall be enforced to the greatest extent permissible under the US and Alaskan Constitutions.

- Section 6) Application: Applies to employees first hired by an employer on or after January 1, 1986.
- Section 7) Retroactive to January 1, 1986
- Section 8) Immediate effective date.



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

11/24/89
Date

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AS21.27.200 DOCUMENT

CHAPTER = 21.27

SECTION = 21.27.200

TITLE = 21

HEADINGS TITLE 21.

Insurance.

CHAPTER 27.

Agents, Brokers, Solicitors, and Adjusters.

CITATION Sec. 21.27.200.

CATCH LINE

BROKER'S AUTHORITY AND COMMISSIONS.

TEXT

(a) A broker, as such, is not an agent or other representative of an insurer, and does not have power as a broker to bind the insurer upon any risk or with reference to any insurance contract. Nothing in this section is intended to alter the common law of agency as applied to transactions under this title.

(b) An insurer or agent has the right to pay to a broker licensed under this title, or under the laws of another state or a province, and the broker has the right to receive from the insurer or agent, the customary commissions upon insurances placed in the insurer by the broker.

HISTORY (Sec. 1 ch 120 SLA 1966)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : _____

REQUEST

Bill/Resolution No. : 377-022-86 SB 365
 Title : Broker is the Agent of Insurer
for payment of premium.

Sponsor : _____
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : Comm. & Economic Dev
 BRU : Insurance

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE						
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FUNDING : (Thousands of Dollars)

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

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

Prepared by : John L. George  Phone : 465-2515
 Divisor : Insurance Date : 11/27/85

Approved by Commissioner : Robert S. Lounsbury Date : _____
 Agency : Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor

Introduced: 1/27/86
Referred: Labor and Commerce

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 365

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act providing that a broker is the agent of an
7 insurer for payment of premium; and providing for an
8 effective date."

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

10 * Section 1. AS 21.27.200(a) is amended read:

11 (a) Except as provided in (c) of this section, a [A] broker, as
12 such, is not an agent or other representative of an insurer, and does
13 not have power as a broker to bind the insurer upon any risk or with
14 reference to any insurance contract. Nothing in this section is
15 intended to alter the common law of agency as applied to transactions
16 under this title.

17 * Sec. 2. AS 21.27.200 is amended by adding a new subsection to read:

18 (c) Notwithstanding a statute, or a provision in the policy or
19 contract, to the contrary, a payment of premium to a broker is con-
20 sidered to be payment to the insurer.

21 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
22 10.070(c).

Ford
3/26/86

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 365 (L & C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing that a broker is the agent of an
7 insurer for payment of premium; and providing for an
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11 (a) Except as provided in (c) of this section, a ^①[A] broker, as
12 such, is not an agent or other representative of an insurer, and does
13 not have power as a broker to bind the insurer upon any risk or with
14 reference to any insurance contract. ^② Nothing in this section is
15 intended to alter the common law of agency as applied to transactions
16 under this title.

17 * Sec. 2. AS 21.27.200 is amended by adding a new subsection to read:

18 (c) Notwithstanding a statute, or a provision in the policy or
19 contract to the contrary, payment of a premium to the broker is con-
20 sidered to be payment to the insurer, if the payment to the broker is
21 supported by competent evidence.

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

23 10.070(c). *nothing in this subsection is intended to limit*
24 *the right of the insurer to recover premium*
25 *from the broker which the insurer has not*
26 *received.*

WORK DRAFT

WORK DRAFT

WORK DRAFT

Ford
4/2/86

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 365 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing that a broker is the agent of an
7 insurer for payment of premium; and providing for an
8 effective date."

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

10 * Section 1. AS 21.27.200(a) is amended read:

11 (a) Except as provided in (c) of this section,

12 (1) a [A] broker, as such, is not an agent or other
13 representative of an insurer, and does not have power as a broker to
14 bind the insurer upon any risk or with reference to any insurance
15 contract; and

16 (2) nothing [. NOTHING] in this section is intended to
17 alter the common law of agency as applied to transactions under this
18 title.

19 * Sec. 2. AS 21.27.200 is amended by adding a new subsection to read:

20 (c) For purposes of determining an insured's entitlement to
21 coverage, a premium paid to the broker is considered to be received by
22 the insurer, if the payment to the broker is designated for specific
23 coverage from a specifically named insurer and is supported by compe-
24 tent evidence.

25 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
26 10.070(c).

27

28



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 27, 1986

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

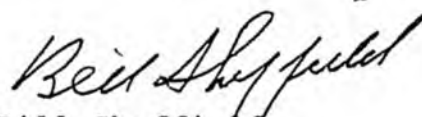
Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the authority of insurance brokers.

This bill will add a new AS 21.27.200(c), to provide that, for purposes of receiving payment of an insurance premium, a broker is legally considered an agent of the insurance company. Upon payment, the person who made the payment to the broker is immediately covered by the policy. This will be true even if the broker fails to forward the premium to the insurance company.

This bill will offer insureds greater protection against disreputable brokers who collect premiums and then fail to place the actual insurance coverage.

Sincerely,


Bill Sheffield
Governor


SB 365: "An Act providing that a broker is the agent of an insurer for payment of premium; and providing for an effective date."

This is a Governor's bill and the department supports the bill. It would provide that, for purposes of receiving payment of an insurance premium, a broker is legally considered an agent of the insurance company. This legislation does not give the broker the ability to bind coverage with an insurance company that has not given him that authority.

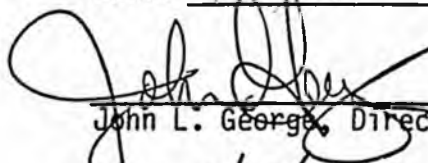
Alaska insurance law currently recognizes and licenses several types of insurance producer. These are agent, broker, solicitor, general agent, and surplus lines broker. Three of these, the agent, the solicitor of an agent, and the general agent, have a direct contractual relationship with the insurance company in which it places business. The effect of this is that when an agent, solicitor under an agent, or general agent receives premium from an insured, it is the same as though the insurance company had received the funds, even if the insurance company never receives the money.

The situation with a broker is not as clear. The broker by definition represents the insured, not the insurance company. It is possible that a legal argument could be made to attempt to treat the broker as an agent of the insurer, but it would not be a strong argument and not uniformly applicable. This was recognized when the surplus lines model law was drafted by the National Association of Insurance Commissioners in 1983 and adopted in Alaska law in 1984. Alaska Statute 21.34.130 provides that collection of premium by a surplus lines broker is considered collection by the insurance company writing the coverage.

During the past two years, it has become clear that a similar law is needed for brokers. Two large broker insolvencies have occurred where insureds have paid the broker who in turn has failed to remit those funds to the insurer resulting in cancellation of coverage for nonpayment of premium. The insured then suffers a loss of coverage and monies. In most cases, the insured person did not know in which capacity the producer was acting, let alone understand and appreciate the distinction.


Loren H. Lounsbury, Commissioner
Department of Commerce & Economic
Development

Date: 2/28/86

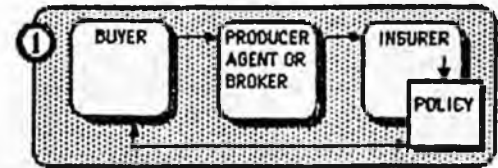

John L. George, Director of Insurance

Date: 2/28/86

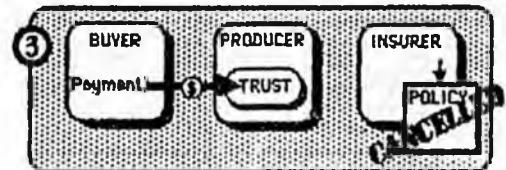
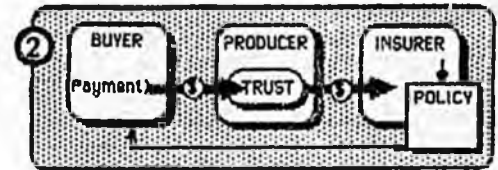
INSURANCE PURCHASE TRANSACTIONS

COMMENTS FOR SB 365

In the typical insurance purchase transaction, the buyer (insured) places an order with a producer (agent or broker), who in turn places the order with an insurance company who issues the policy. See Figure 1.



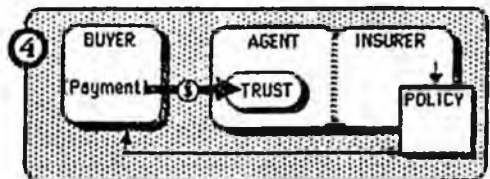
As part of the transaction, the prospective insured and the producer arrive at an agreement concerning the terms of payment for the insurance policy, usually paying in full within 30 days of effecting coverage. These funds, when paid to the producer, are received in a trust account, accounted for and paid to the appropriate party when due. This requirement is found in AS 21.27.360. The producer is responsible for payment of those monies to the insurer by 30 to 45 days following the end of the month in which the transaction was effective. That means that the money is not due to the insurance company from the producer until 31 to 75 days after the effective date of coverage and sometimes more. See Figure 2. Most transactions, except direct bill, occur in this manner.



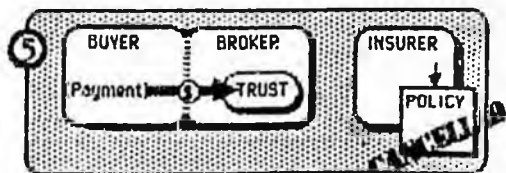
In some cases, the producer violates the law and misappropriates the premium monies to his own use and does not forward them to the insurance company. Normally, the insurance company will send a notice of cancellation for nonpayment of premium when that occurs. See Figure 3.

The buyer of insurance will usually not know whether his insurance person has a license as an insurance agent, insurance broker, or both. The buyer will rarely know which license of a producer is being used on a particular transaction. Further, the distinction between the two is unlikely to be understood by most buyers of insurance. Yet, this distinction may be and has been a critical point when a misappropriation occurs, because the public protection is different with the two types of license.

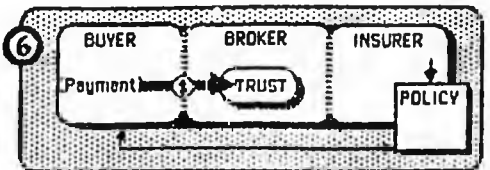
If the buyer conducts his transaction with a producer acting under his agents license, the buyer has protection from the misappropriation of the agent. Since the insurer has appointed the producer to act as its agent, any collection of premium is collection by the insurer. Any misappropriation by the agent of an insurer will have no impact on the insurance policy. Thus any cancellation by the insurer would be rescinded as soon as the insured had made payment to the agent. See Figure 4.



When the buyer conducts his transaction with a producer acting under his brokers license, the buyer has no protection from the misappropriation of the broker. The broker is the representative of the buyer, not the insurer. A misappropriation by the broker results in cancellation of any coverage. See Figure 5. During the past two years, there have been several massive misappropriations resulting in loss to buyers in excess of \$500,000. Currently, several more similar situations are under investigation.



SB 365 proposes to provide protection to the buyer by establishing a special relationship between the broker and the insurer. The broker would be the agent of the insurer for the purpose of the collection of premium only. When the broker collects premium from the buyer for a policy he has placed, it would be the same as though the buyer had paid the insurer directly. The logic behind this proposal, is that the insurer is in a position to control the monetary actions of the broker or certainly influence them more readily than is possible for the buyer. See Figure 6. We urge passage of this legislation.



* Need to move the
"2nd" L&C CS.

THIS MEASURE WILL OFFER CONSUMERS (INSUREDS) GREATER PROTECTION AGAINST BROKERS WHO COLLECT MONEY FOR PREMIUMS AND THEN FAIL TO PLACE INSURANCE COVERAGE. RECENT BROKER INSOLVENCIES HAVE RESULTED IN SITUATIONS WHERE THE INSURED HAS PAID MONEY TO THE BROKER, AND THE BROKER HAS FAILED TO PAY THE PREMIUM TO THE INSURANCE COMPANY. THIS IN TURN HAS RESULTED IN THE CANCELLATION OF POLICIES, (FOR NONPAYMENT OF PREMIUM), AND THE CONSUMER HAS LOST BOTH THE INSURANCE COVERAGE AND HIS MONEY.

IF THERE ARE TECHNICAL QUESTIONS ABOUT THE L&C CS:

THE L&C CS MADE TECHNICAL CHANGES IN SECTION 1 TO CLARIFY THE EXEMPTION WHICH OCCURS IN SECTION 2 OF THE MEASURE. SECTION 2 OF THE MEASURE HAS BEEN REPHRASED TO CLARIFY THE RELATIONSHIP BETWEEN THE BROKER AND INSURER, I.E. COMPETENT EVIDENCE OF PAYMENT FOR SPECIFIC COVERAGE FROM A SPECIFICALLY NAMED INSURER.



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SB 365: Summary

This bill will offer consumers (insureds) greater protection against brokers who collect money for premiums and then fail to place insurance coverage. Recent broker insolvencies have resulted in situations where the insured has paid money to the broker, and the broker has failed to pay the premium to the insurance company. This in turn has resulted in the cancellation of policies (for nonpayment of premium) and the insured has lost both the insurance coverage and his money.

The L&C CS separated the sentences in section 1 to clarify that the exemption referenced in (c) pertains to both (1) and (2).

Section 2) of the CS was also rephrased to make clear the relationship between the broker and the insurer. i.e. competent evidence of payment for specific coverage from a specifically named insurer.

CHAIRMAN'S INFORMATION: CSSB 365 (L&C)

1) BILL TITLE: "An act providing that a broker is the agent of an insurer for payment of premium; and providing for an effective date"

a) Introduced: Governor

b) Co-sponsors:

2) INTENT: This measure will offer consumers (insureds) greater protection against brokers who collect money for premiums and then fail to place insurance coverage.

The L&C CS separated the sentences in section 1 to clarify that the exemption referenced in (c) pertained to both (1) and (2).

Section 2) of the CS was also rephrased to make clear the relationship between the broker and the insurer. i.e. competent evidence of payment for specific coverage from a specifically named insurer.

FISCAL NOTE: 0

3) ADDITIONAL REFERRALS: Sen Rules

4) PUBLIC HEARINGS: Both L&C and Rules

a) Sponsor:

b) Public Witnesses:

5) BILL ACTION:

a) Hold in committee?

b) Assign to sub committee for further review?

c) Move from committee?

d) Close public hearings?

6) COMMITTEE ACTION?

a) amendments?

b) CS adoption? Need to adopt the L&C CS



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 A. Smith
Signature of Camera Operator

11/24/89
Date

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STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

P.O. BOX 1149
JUNEAU, ALASKA 99802
PHONE: (907) 465-2700

March 11, 1986

Mr. Michael Thill
Labor and Commerce Committee
Alaska State Senate
Pouch V
Juneau, AK 99811

Dear Michael:

This is in response to your request for information on Senate Bill No. 367 and its companion bill, House Bill No. 466.

Senate Bill 367 would establish three new types of resident employment preferences on public construction projects to replace the current resident employment preference in AS 36.10.010 which has been found to be unconstitutional by the Alaska Supreme Court.

As the State agency charged with the administration and enforcement of resident hire preferences, the Department of Labor strongly supports the creation of these new employment preferences. The Department believes that because the new preference categories are much more narrowly focused than existing law, they stand a much better chance of being factually and legally supported in the event of a challenge. The preferences are specifically tailored to benefit only those unemployed and disadvantaged Alaskans who are most in need of employment.

Under this bill, the Department of Labor will have substantial research and enforcement responsibilities. In order to provide the necessary factual foundation to support each of the new employment preferences, the Department will have a continuing obligation to research and compile economic and statistical data on various aspects of employment and unemployment in Alaska. Because many of the criteria which would trigger application of the preferences cannot be substantiated with currently available information, the department's research staff will be required to go well beyond the bounds of its recent study on nonresidents working in Alaska.

Enclosed is a listing of the amendments which would be required to Senate Bill No. 367 to align it with the amendments that have so far been made or offered to House Bill No. 466. Of course, not all of these amendments were initiated by the Department of Labor. Nonetheless, we do support them and would recommend that they be incorporated into Senate Bill No. 367.

Mr. Michael Thill

-2-

March 11, 1986

House Bill No. 466 is continuing to be refined so other amendments to it will no doubt follow.

Thank you for your interest.

Sincerely,



Eileen Plate
Special Assistant

EP:kmc
07001

Enclosure



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

CSSB 367: Sectional Analysis

Section 1) Purpose Section

Section 2) Legislative finding that the ratio of employees on a payroll who were refused or did not apply for a PFD to those who received a PFD is a reasonable indicator of the nonresidents/residents employed on a public works project.

When determining the nonresident/resident ratios on a public works project, the commissioner may consider on site surveys, interviews, questionnaires, examination of employees vehicle registrations, and payroll information.

The following are reasonable indicators of resident/nonresident ratios:

- 1) the ratio of applicants for UI benefits who list out of state residences/in state residences;
- 2) the ratio of UI covered employees who did not apply for or were denied PFD's/eligible employees for PFD's;

Further Legislative Findings:

- 1) the number of residents unable to find work is considerably higher than unemployment rates based on nationally accepted measures;
- 2) rural residents work search efforts do not meet the federal definitions of unemployment because of a continuing lack of opportunities in the rural areas of the state.

Section 3) An employer subject to the hiring requirements of this chapter may request assistance from DOL in locating qualified employees. After a request for assistance, DOL shall refer qualified applicants to the employer. Employer shall cooperate with the Department.

If DOL is unable to refer a sufficient number of qualified residents, the commissioner may approve the hiring of residents ineligible for the hiring preference and non residents to fill the work force needs.

Section 4) Commissioner of DOL shall adopt regs to encourage and require the hiring of residents to the maximum extent permitted by law.

Section 5) Adds new sections to 36.10

36.10.130: The AG and the Commissioner of DOL shall report every 2 years to the Legislature and the Governor on the status of employment in the state, the effect of nonresident employment on employment of residents, and methods to increase resident hire. Report to be submitted by Jan 31 of the first session of a legislature.

36.10.140: Eligibility for Preference:

A resident is eligible if he registers with DOL, and:

- 1) is receiving UI benefits or has exhausted them;
- 2) is not working and has registered to find work;
- 3) underemployed or marginally employed;
- 4) has completed an OJT program, approved by DOL; and is unemployed or marginally employed in relation to the skills acquired;

Requires employer, subject to this chapter, to certify with DOL that resident employees are eligible for the preference.

36.10.150: Determination of Underemployed Areas:

After the Commissioner of DOL determines that an economic region of the state, or the whole state, is an "underemployed area", for the next 2 years qualified local residents shall be granted work preference on projects within the local area.

Commissioner determines that an economic region is an underemployed area if:

- 1) Rate of unemployment exceeds the national rate of unemployment;
- 2) substantial number of residents desire work that would be done on a public works project;
- 3) lack of work has contributed to social and economic problems in the area;
- 4) employment of nonresidents results in unemployment of residents;

36.10.160: Economically Distressed Area Preference

After a determination by the Commissioner of DOL that an area is economically distressed, for the next 2 years qualified residents shall be given preference for at least 50% of work on a project which is located within the area. This preference applies to worker hours on a craft by craft basis.

Commissioner to determine economically distressed area:

- 1) unemployment in the area exceeds the national average by 5% points;
- 2) lack of employment results in social and economic problems;
- 3) nonresident employment results in unemployment for residents;

36.10.170 Economically Disadvantaged Minority Preference

After commissioner determines that minority residents of an economic region are economically disadvantaged, for the next 2 years they shall be given a preference for at least 25% of the work on each project within the area. Preference applies to worker hours on a craft by craft basis.

Commissioner to determine whether minority residents of an area are economically disadvantaged as follows:

- 1) civilian minority population of the area exceeds the average civilian minority population of the state;
- 2) either the % of unemployment of civilian minority residents of the area is 2 times the % of unemployment of nonminority residents, or the civilian minority population has suffered past economic discrimination;
- 3) economic disadvantage of minority residents has contributed to social and economic problems in the area.
- 4) employment of nonresidents results in the unemployment of civilian minority residents of the area;

Defines minority as a Black, Hispanic, Asian or Pacific Islander, American Indian, or Alaska Native, as those terms are defined by the EEO Commission.

36.10.180: Projects Subject to Preference

- 1) contracts let by a municipality
- 2) construction project funded wholly or partly with state money
- 3) public works project under a grant to a municipality;
- 4) public works project under a grant to a named recipient;
- 5) public works project under a grant to an unincorporated community;

If the Governor declares an economic disaster then the preference under that chapter supercedes the preference for contracts awarded by the state.

Commissioner shall define the boundaries of an economic region or area where the preference applies;

36.10.190: Penalties

Person who makes a false sworn statement for eligibility certification is subject to criminal prosecution for perjury. (Class B Felony)

Person who makes an unsworn falsification is subject to perjury (Class A misdemeanor);

In addition to criminal penalties, a person who is guilty of falsifying statements of certification, whose conviction is not reversed, shall forfeit future rights for employment preference under this chapter.

36.10.900: Effect of Judicial Decisions

If a provision of this chapter is held invalid, the remainder of this chapter shall not be affected by that holding. The remainder shall be enforced to the greatest extent possible under the Alaska and US Constitutions.

36.10.990: Definition "qualified"

Section 6) Adds definitions of "craft" and "resident"

Section 7) DOL to require compliance with this chapter for a municipal grant for a public works project;

Section 8) DOL to require compliance with this chapter on grants to named recipients;

Section 9) DOL to require compliance with this chapter for public works projects funded by grants to unincorporated communities;

Section 10) Provisions of this act do not apply to a contract entered into before the effective date of this act, unless the contracts require compliance with resident hire provisions that take effect during the term of the contract.

Section 11) repealer

Section 12) repealer

Section 13) Effective date for the repealer in section 12 conditioned upon actions of the court and its consideration of appeal on the Robison vs Francis decision.

Section 14) Sections 1-11 have an immediate effective date;

CHAIRMAN'S INFORMATION: CSSB 367(L&C)

1) BILL TITLE: "An act relating to Alaskan resident employment preference; and providing for an effective date."

a) Introduced: Faiks, Josephson, Sturgulewski, and V Fischer.

b) Co-sponsors:

2) INTENT: This measure establishes a resident hire preference for public works projects and details the eligibility criteria. The CS contains extensive Purpose and Findings sections and creates a series of "preference" situations. These include:

1) Eligibility for preference

2) Determination of "Underemployed Areas".

3) "Preference for Residents of Economically Distressed Areas".

4) "Preference for Economically Disadvantaged Minorities"

The CS details what projects will be subject to preference, and what the penalties shall be for false certification. The bill requires the Department of Labor to assist employers in locating qualified resident workers, and it contains an "escape" mechanism for those employers who are unable to fill their work force needs with residents.

CS incorporates amendments proposed by the Dept of Labor to put the bill in accord with the House version;

FISCAL NOTE: 2 from the Department of Labor \$331.9 + \$161.3 for a total of \$493.2

3) ADDITIONAL REFERRALS: Judiciary, Rules

N.B. NEEDS A FINANCE REFERRAL

4) PUBLIC HEARINGS:

- a) Sponsor:
- b) Public Witnesses:

5) BILL ACTION:

- a) Hold in committee?
- b) Assign to sub committee for further review?
- c) Move from committee?
- d) Close public hearings?

6) COMMITTEE ACTION?

- a) amendments?
- b) CS adoption? Need to adopt L&C CS

Original sponsors: Faiks, Josephson,
Sturgulewski and V.Fischer

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IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

CS FOR SENATE BILL NO. 367 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to Alaskan resident employment preference; and providing for an effective date."

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

* Section 1. PURPOSE. The legislature recognizes that the state has a significant unemployment problem. This Act is intended to better fulfill the state's duty of loyalty to its citizens, reduce unemployment among residents of the state, remedy social harms resulting from chronic unemployment, and assist economically and socially disadvantaged residents. If the courts find that a portion of AS 36.10 is unconstitutional, the public interest requires that the remaining portions be implemented as fully as possible.

* Sec. 2. AS 36.10.005 is amended by adding new subsections to read:

(c) The legislature further finds that the ratio of employees on a certified payroll who did not apply for or were refused a permanent fund dividend under AS 43.23 to employees who were found eligible to receive a dividend is a reasonable but not exclusive indicator of the ratio of nonresident to resident employees on a public works project.

(d) When determining the ratio of nonresident to resident employees working on a public works project, the commissioner may consider information gathered from on-site surveys of public works projects including individual interviews, questionnaires, examination of the state of registration of vehicles owned or operated by employees, and other information acquired from inspection of certified payrolls.

1 (e) The legislature finds that the following factors are reason-
2 able but not exclusive indicators of the ratio of nonresident to
3 resident employees in the state:

4 (1) the ratio of applicants for unemployment insurance who
5 list out-of-state residences to applicants who list residences in the
6 state;

7 (2) the ratio of employees who are subject to unemployment
8 insurance coverage and who did not apply for or were denied a perma-
9 nent fund dividend to employees who were found eligible for a divi-
10 dend.

11 (f) The legislature finds that

12 (1) the number of state residents who are unable to find
13 work is considerably higher than is reflected by unemployment rates
14 based on nationally accepted measures;

15 (2) many rural state residents who wish to work do not seek
16 employment as frequently as necessary to meet federal definitions of
17 unemployment because of continuing lack of employment opportunities in
18 rural areas of the state.

19 * Sec. 3. AS 36.10.070 is repealed and reenacted to read:

20 Sec. 36.10.070. UNAVAILABILITY OF PREFERRED WORKERS. (a) An
21 employer subject to hiring requirements under this chapter may request
22 the Department of Labor to assist in locating qualified, eligible
23 employees. After receiving a request for assistance, the department
24 shall refer qualified, eligible, available residents to the employer
25 to fill the employer's hiring needs. The employer shall cooperate
26 with the department.

27 (b) If the department is unable to refer a sufficient number of
28 qualified, eligible, available residents able to perform the work, the
29 commissioner of labor may approve the hiring of residents who are not

1 eligible for preference and nonresidents for the balance of the re-
2 quest.

3 * Sec. 4. AS 36.10.075 is amended by adding a new subsection to read:

4 (b) The commissioner of labor shall adopt regulations to encour-
5 age and require the hiring of residents to the maximum extent permit-
6 ted by law.

7 * Sec. 5. AS 36.10 is amended by adding new sections to read:

8 Sec. 36.10.130. RESIDENT HIRE REPORT. The attorney general and
9 the commissioner of labor shall report biennially to the legislature
10 and the governor on the status of employment in the state, the effect
11 of nonresident employment on the employment of residents in the state,
12 and methods to increase resident hire. The report shall be submitted
13 by January 31 of the first session of a legislature.

14 Sec. 36.10.140. ELIGIBILITY FOR PREFERENCE. (a) A person is
15 eligible for an employment preference under this chapter if the person
16 registers as required by the Department of Labor, is a resident, and

17 (1) is receiving unemployment benefits under AS 23.20 or
18 would be eligible to receive benefits but has exhausted them;

19 (2) is not working and has registered to find work with a
20 public or private employment agency or a local hiring hall;

21 (3) is underemployed or marginally employed as defined by
22 the department; or

23 (4) has completed a job-training program approved by the
24 department and is either not employed or is engaged in employment that
25 does not use the skills acquired in the job-training program.

26 (b) An employer subject to a resident hiring requirement under
27 this chapter shall certify that persons employed as residents under
28 the preference are eligible for the preference.

29 Sec. 36.10.150. DETERMINATION OF UNDEREMPLOYED AREA. (a)

1 Immediately following a determination by the commissioner of labor
2 that an economic region of the state is an underemployed area or that
3 the state as a whole is an underemployed area, and for the next two
4 years after the determination, qualified residents of the area who are
5 eligible under AS 36.10.140 shall be given preference for work on each
6 project under AS 36.10.180 that is wholly or partially sited within
7 the area.

8 (b) The commissioner shall determine that an economic region of
9 the state or the state as a whole is an underemployed area if the
10 commissioner finds that

11 (1) the rate of unemployment within the area is substan-
12 tially higher than the national rate of unemployment;

13 (2) a substantial number of residents in the area desire
14 work in occupations that would be employed on a public works project;

15 (3) the lack of employment opportunities in the area has
16 contributed to social or economic problems in the area; and

17 (4) employment of workers who are not residents is a pecu-
18 liar source of the unemployment of residents of the area.

19 Sec. 36.10.160. PREFERENCE FOR RESIDENTS OF ECONOMICALLY DIS-
20 TRESSED AREAS. (a) Immediately following a determination by the
21 commissioner that an economic region of the state is an economically
22 distressed area, and for the next two years after the determination,
23 qualified residents of the area who are eligible under AS 36.10.140
24 shall be given preference for at least 50 percent of employment on
25 each project under AS 36.10.180 that is wholly or partially sited
26 within the economically distressed area. The preference applies to
27 worker hours on a craft-by-craft basis.

28 (b) The commissioner shall determine that an area is an econom-
29 ically distressed area if the commissioner finds that

1 (1) the unemployment rate in the area exceeds the national
2 rate of unemployment by at least five percentage points;

3 (2) the lack of employment opportunities in the area has
4 contributed to social or economic problems in the area; and

5 (3) employment of workers who are not residents is a pecu-
6 liar source of unemployment of residents of the area.

7 Sec. 36.10.170. PREFERENCE FOR ECONOMICALLY DISADVANTAGED MINOR-
8 ITY RESIDENTS. (a) Immediately following a determination by the
9 commissioner that the minority residents of an economic region are
10 economically disadvantaged, and for the next two years after the
11 determination, qualified minority residents of the area who are eligi-
12 ble under AS 36.10.140 shall be given preference for at least 25
13 percent of emp. ment on each project under AS 36.10.180 that is
14 wholly or partially sited within the area. The preference applies to
15 worker hours on a craft-by-craft basis.

16 (b) The commissioner shall determine that minority residents of
17 an area are economically disadvantaged if the commissioner finds that

18 (1) the civilian minority population of the area exceeds
19 the average civilian minority population for the state; ✓

20 (2) either the percent of unemployment of civilian minority
21 residents of the area is at least two times the percent of unemploy-
22 ment of nonminority residents of the area or the civilian minority
23 population of the area has suffered past economic discrimination; ✓

24 (3) the economic disadvantage of civilian minority resi-
25 dents of the area has contributed to social or economic problems in
26 the area; ✓

27 (4) employment of workers who are not residents is a pecu-
28 liar source of unemployment of civilian minority residents of the
29 area.

1 (c) In this section, a person is considered to be a member of a
2 minority if the person is black but not of Hispanic origin, Hispanic,
3 Asian or Pacific Islander, American Indian or Alaskan Native, as those
4 terms are defined by the Equal Employment Opportunity Commission.

5 Sec. 36.10.180. PROJECTS SUBJECT TO PREFERENCE. (a) The pref-
6 erences established in AS 36.10.150 - 36.10.170 apply to

7 (1) the performance of contracts let by a municipality for
8 construction, repair, preliminary surveys, engineering studies, con-
9 sulting, maintenance work, or any other retention of services neces-
10 sary to complete a given project;

11 (2) a construction project that is partly or wholly funded
12 by state money if the state or an agency of the state, a department,
13 office, agency, state board, commission, regional school board with
14 respect to an educational facility under AS 14.11.020, public corpo-
15 ration, or other organizational unit of or created under the execu-
16 tive, legislative or judicial branch of state government, including
17 the University of Alaska and the Alaska Railroad Corporation, is a
18 signatory to the construction contract;

19 (3) work performed on a public works project under a grant
20 to a municipality under AS 37.05.315;

21 (4) work performed on a public works project under a grant
22 to a named recipient under AS 37.05.316; and

23 (5) work performed on a public works project under a grant
24 to an unincorporated community under AS 37.05.317.

25 (b) If the governor has declared an area to be an area impacted
26 by an economic disaster under AS 44.33.285, then the preference for
27 residents of the area established under AS 44.33.285 - 44.33.310
28 supercedes the preference under AS 36.10.150 and 36.10.160 for con-
29 tracts awarded by the state.

1 (c) The commissioner shall define the boundaries of an economic
2 region or an area within which a preference applies.

3 Sec. 36.10.190. PENALTIES. (a) A person who makes a false
4 sworn statement in connection with a certification of eligibility for
5 an employment preference under this chapter is subject to criminal
6 prosecution for perjury as provided in AS 11.56.200.

7 (b) A person who makes an unsworn falsification, with the intent
8 to mislead a public servant in the performance of a duty, in connec-
9 tion with a certification of eligibility for an employment preference
10 under this chapter, is subject to criminal prosecution as provided in
11 AS 11.56.210.

12 (c) In addition to criminal penalties imposed by state law, if a
13 person is convicted of a crime in connection with a false statement
14 made in a certification required under AS 36.10.140, and the convic-
15 tion is not reversed, that person shall forfeit all future rights to
16 eligibility for an employment preference under this chapter.

17 Sec. 36.10.900. EFFECT OF JUDICIAL DECISIONS. If a provision of
18 this chapter, or the application of a provision to a person or circum-
19 stance, is held invalid, the remainder of this chapter and the appli-
20 cation to other persons or circumstances shall not be affected by the
21 holding. The remainder shall be enforced to the greatest extent
22 constitutionally permissible under the constitutions of the United
23 States and the State of Alaska.

24 Sec. 36.10.990. DEFINITION. In this chapter "qualified" means
25 possesses the requisite education, training, skills, or experience to
26 perform the work.

27 * Sec. 6. AS 36.95.010 is amended by adding new paragraphs to read:

28 (9) "craft" means a recognized construction trade;

29 (10) "resident" means a person who establishes residency

1 under AS 01.10.055.

2 * Sec. 7. AS 37.05.315 is amended by adding a new subsection to read:

3 (e) The Department of Labor shall require a municipality awarded
4 a grant for a public works project under (a) of this section to comply
5 with the hiring preferences under AS 36.10.150 - 36.10.170 for employ-
6 ment generated by the grant.

7 * Sec. 8. AS 37.05.316 is amended by adding a new subsection to read:

8 (b) The Department of Labor shall require a recipient awarded a
9 grant for a public works project under (a) of this section to comply
10 with the hiring preferences under AS 36.10.150 - 36.10.170 for employ-
11 ment generated by the grant.

12 * Sec. 9. AS 37.05.317 is amended by adding a new subsection to read:

13 (b) The Department of Labor shall require the qualified incor-
14 porated entity awarded a grant or agents or contractors with whom the
15 Department of Community and Regional Affairs contracts under (a) of
16 this section to comply with the requirements of AS 36.10.150 - 36.10.-
17 170 for employment generated by the grant or contract if the grant or
18 contract is for a public works project.

19 * Sec. 10. The provisions of this Act do not apply to a contract en-
20 tered into before the effective date of this Act unless the contract in-
21 cludes a provision requiring compliance with laws regarding the hiring of
22 Alaska residents that take effect during the term of the contract.

23 * Sec. 11. AS 36.95.010(4) and (5) are repealed.

24 * Sec. 12. AS 36.10.010 is repealed.

25 * Sec. 13. Section 12 of this Act takes effect April 17, 1986, or im-
26 mediately, in accordance with AS 01.10.070(c), whichever is later, if the
27 final decision of the Alaska Supreme Court in Robison v. Francis, File No.
28 S-493, Opinion No. 3011, January 17, 1986, is not submitted for review to
29 the United States Supreme Court. If the decision is submitted for review

1 but the United States Supreme Court declines to accept review, then sec. 12
2 of this Act takes effect on the date of the order of the United States
3 Supreme Court declining to accept review. If the United States Supreme
4 Court accepts review, then sec. 12 of this Act takes effect on the date of
5 a final decision of the United States Supreme Court affirming the decision
6 of the Alaska Supreme Court.

7 * Sec. 14. Sections 1 - 11 of this Act take effect immediately in
8 accordance with AS 01.10.070(c).
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STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : 3/17/86

REQUEST

Bill/Resolution No. : CSSB 367 (L&C)
 Title : "An Act relative to Alaskan
 resident employment preference..."
 Sponsor : Faiks, Josephson, et. al.
 Requestor : Labor and Commerce
 Date of Request : 3/14/86

FISCAL DETAIL

Agency Affected : Labor
 E.I.U. : Administrative Services
 Components : Special Services

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		108.5	108.5	108.5	108.5	108.5
TRAVEL						
CONTRACTUAL		219.2	225.5	246.2	242.5	251.2
SUPPLIES		1.2	1.2	1.3	1.3	1.4
EQUIPMENT		4.0	.8	.9	.9	1.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	331.9	336.0	356.9	353.2	362.1
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND		331.0	336.0	356.9	353.2	362.1
FEDERAL FUNDS						
OTHER						
TOTAL	0	331.9	336.0	356.9	353.2	362.1

POSITIONS :

FULL-TIME	0	3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Judy G. Knight, Director Phone : 465-2720
 Division : Administrative Services Date : 3/17/86
 Approved by Commissioner : Jim Robison for Date : 3/17/86
 Agency : Labor

Distribution (by Agency preparing fiscal note) :
 Legislative Finance

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 367 (L&C)

This legislation requires a biennial report that designates eligible areas. Determination that "employment of workers who are not residents is a peculiar source of the unemployment of residents of the area" will require this department to collect extensive occupational information by resident status. Two statistical clerks and one Labor Economist II would complete the report. Request for New Position forms are attached which explain position duties and costs.

The contractual services costs are detailed as follows:

<u>Description</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
Key Entry	\$ 40.0	\$ 60.0	\$ 62.0	\$ 64.0	\$ 66.0
DP operations	120.0	135.0	150.0	153.0	156.0
DP applications	30.0	4.5	4.7	4.9	5.1
Printing	4.5	2.0	4.5	2.1	5.0
Phone (Toll service)	12.0	12.5	13.0	6.0	6.2
Equipment lease	8.0	8.3	8.7	9.0	9.4
Equipment maintenance	.8	.8	.9	.9	.9
Training, shipping, & misc.	2.9	2.4	2.4	2.6	2.6
	<u>\$218.2</u>	<u>\$225.5</u>	<u>\$246.2</u>	<u>\$242.5</u>	<u>\$251.2</u>

The following assumptions were made in preparing this fiscal note:

1. An annual report designating underemployment areas would be completed by January 31 of the first session of each legislature year beginning in 1987.
2. On-going collection of occupational titles would be required from employers, and extensive computer matching would be necessary to determine residency status.
3. Beginning in 1988, occupational displacement information would be highlighted requiring continuation of both the existing occupational information budget levels, and the additional information on occupational titles.

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 367

4. The collection of occupational titles from firms will be phased in over a three year period. Industries identified as having the highest dollar payments to nonresidents in 1984 would be targeted first:

First Year - construction, oil and gas mining, and food processing;

Second Year - all first year industries plus business services, local government, miscellaneous services, eating and drinking places, air transportation, and state government; and

Third Year - all industries.

5. In addition to the occupational information, reporting of the residency status by industry and area would be necessary.
6. All minority demographic and economic information, except that required from contractors on state funded construction projects, will be derived from the decennial census. No costs are included for this in this fiscal note.
7. Work would begin on the first report July 1, 1986.

Position Title Labor Economist II		
Time Status PFT	Staff Months 12.0	RP Number

Type of Expenditure		Amount
1	2	3
Salary	33,660	
Benefits	10,779	
Premium Pay		
Other		
Total Personal Services		44,439
Travel		0
Contractual		1,000
Commodities		500
Equipment		2,000
Other		
Total Cost		47,939

Receipt Code	Funding Source	Amount
	Federal Receipts 1002	
	G. F. Match 1003	
	General Funds 1004	47,939
	EA Receipts 1005	
	Program Receipts 1028	
	CIP Receipts 1061	
	Other	

For B&M Use Only
Key Number _____

No. of Positions 1	Range/Step 16A	Base Unit GGU	Gov.	Approv.	Disapp.
Location Juneau		Election District	Leg.		

Justification

This position will have primary responsibility for the analysis of data and preparation of the annual resident hire report. Specifically the duties would include:

1. Coordinate the collection and monitor the validity of relevant resident hire related statistics from other agencies including the Department of Revenue and the Division of Labor Standards and Safety.
2. Coordinate the updating and crossmatching of resident hire related data files on the mainframe computer with the analyst programmer.
3. Analyze microcomputer resident hire data bases to generate resident hire related tables and reports. The reports will include data relating to occupational displacement of nonresidents by census area and other related economic statistics associated with issue of resident hire.
4. Supervise the Statistical Clerk that will prepare the basic resident hire data tables for the report.
5. Prepare the annual resident hire report.

Contractual services costs include phone, training, and other miscellaneous items.

**Request For
New Position**

Agency Labor
BRU Administrative Services
Component Special Services

Page 1 of 2
Revised Date _____

FY 87

Position Title Statistical Clerk			No. of Positions 2	Range/Step 8B	Bagg. Unit GGU	Govt. Leg.	Approv.	Disapp.																																																											
Time Status PFT	Staff Months 12.0	RP Number	Location Juneau		Election District																																																														
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>1</th> <th>2</th> <th>Amount</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td></td> <td>47,160</td> <td></td> <td></td> </tr> <tr> <td>Benefits</td> <td></td> <td>16,914</td> <td></td> <td></td> </tr> <tr> <td>Premium Pay</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3">Total Personal Services</td> <td></td> <td>64,074</td> </tr> <tr> <td>Travel</td> <td></td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>Contractual</td> <td></td> <td></td> <td></td> <td>2,700</td> </tr> <tr> <td>Commodities</td> <td></td> <td></td> <td></td> <td>700</td> </tr> <tr> <td>Equipment</td> <td></td> <td></td> <td></td> <td>2,000</td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3">Total Cost</td> <td></td> <td>69,474</td> </tr> </tbody> </table>			Type of Expenditure	1	2	Amount	3	Salary		47,160			Benefits		16,914			Premium Pay					Other					Total Personal Services				64,074	Travel				0	Contractual				2,700	Commodities				700	Equipment				2,000	Other					Total Cost				69,474	Justification One position will support a labor economist to prepare an annual report on the effect of nonresident employment on Alaskans. Secondly this position would assist on the quality control of occupational titles which would be submitted by employers each quarter. Specifically the duties would be: <ol style="list-style-type: none"> 1. Update tables of economic information by resident status. 2. Load information into spreadsheets to show occupational displacement of residents by nonresidents. 3. Assist in the quality control of the occupational displacement of results by nonresident workers. 				
Type of Expenditure	1	2	Amount	3																																																															
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Receipt Code	Funding Source	Amount																																																																	
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**Request For
New Position**

Agency Labor
 BRU Administrative Services
 Component Special Services

Page 2 of 2
 Revised Date _____

FY 87

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : CSSB 367 (LCC)
 Title : "An Act relating to Alaskan
 resident employment preference."
 Sponsor : Faiks, Josephson, et. al.
 Requestor : Labor and Commerce
 Date of Request : 3/14/86

FISCAL DETAIL

Agency Affected : Labor
 BRU : Labor Standards & Safety
 Components : Wage & Hour

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		114.8	101.7	105.8	110.0	114.4
SUPPLIES						
EQUIPMENT		46.5	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	161.3	101.7	105.8	110.0	114.4

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

REVENUE						
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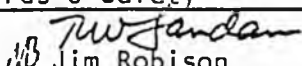
FUNDING : (Thousands of Dollars)

GENERAL FUND	0	161.3	101.7	105.8	110.0	114.4
FEDERAL FUNDS						
OTHER						
TOTAL	0	161.3	101.7	105.8	110.0	114.4

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

Prepared by :  Bob Bacolas, Director Phone : 465-4870
 Division : Labor Standards & Safety Date : 3/14/86
 Approved by Commissioner :  Jim Robison Date : 3/14/86
 Agency : Labor

Distribution (by Agency preparing fiscal note):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CS for SB 367 (L&C)

Currently the Division of Labor Standards and Safety (LS&S) receives weekly certified payroll documents for all public construction projects as required in AS 36. Under this bill the department will use the public construction certified payroll forms as source documents to determine the legal domicile of persons employed on public construction projects. In certain cases the department will also be scrutinizing the ethnic makeup of the employees to determine the utilization of minorities.

These certified payroll documents are now collected and summarized manually by the Division of Labor Standards and Safety. This fiscal note will fund the automation of the certified payroll documents. This will allow a more timely determination of residency status of persons employed on public construction projects. This automation will also assist in providing a list of employees with incomplete or questionable data. The existing investigative staff will then resolve the questionable items through personal contact with employees and employers.

Reports will be developed for the Research and Analysis Section to allow them to do crossmatch reviews with other data sources (e.g. Permanent Fund Dividend).

Specific costs are as follows:

Contractual Services

Professional fees for data entry	80.0
DP Applications/programming development (one time only \$17.0)	20.0
DP Support (misc. chargeback)	3.0
DP Telecommunications	.8
Communications (phone and postage)	5.0
Equipment repair and maintenance	5.0
Other miscellaneous	1.0
	<u>114.8</u>

Equipment (one time only)

4 workstations	21.6
3 printers	5.4
3 modems	15.0
75 Mega byte disk pack	1.5
Telecommunication software	3.0
	<u>46.5</u>

Total 161.3

A contract for data entry services will be required for entry of all payroll records into the new automated system.

Equipment upgrades and improved telecommunication links between Juneau, Fairbanks and Anchorage will allow online review and audit of certified payroll data in each location. The equipment will be a one time purchase. Other cost are projected to future years at 4% inflation.

AS11.56.200 DOCUMENT

CHAPTER = 11.56

SECTION = 11.56.200

TITLE = 11

HEADINGS TITLE 11.

Criminal Law.

CHAPTER 56.

Offenses Against Public Administration.

ARTICLE 2.

Perjury and Related Offenses.

CITATION Sec. 11.56.200.

CATCH LINE

PERJURY.

TEXT

(a) A person commits the crime of perjury if the person makes a false sworn statement which the person does not believe to be true.

(b) In a prosecution under this section, it is not a defense that

(1) the statement was inadmissible under the rules of evidence; or

(2) the oath or affirmation was taken or administered in an irregular manner.

(c) Perjury is a class B felony.

HISTORY (Sec. 6 ch 166 SLA 1978)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS11.56.210 DOCUMENT

CHAPTER = 11.56

SECTION = 11.56.210

TITLE = 11

HEADINGS TITLE 11.

Criminal Law.

CHAPTER 56.

Offenses Against Public Administration.

ARTICLE 2.

Perjury and Related Offenses.

CITATION Sec. 11.56.210.

CATCH LINE

UNSWORN FALSIFICATION.

TEXT

(a) A person commits the crime of unsworn falsification if, with the intent to mislead a public servant in the performance of a duty, the person submits a false written or recorded statement

which the person does not believe to be true
(1) in an application for a benefit; or
(2) on a form bearing notice, authorized by law, that
false statements made in it are punishable.
(b) Unsworn falsification is a class A misdemeanor.

HISTORY (Sec. 6 ch 166 SLA 1978)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS35.10.070 DOCUMENT

CHAPTER = 35.10

SECTION = 35.10.070

TITLE = 35

HEADINGS TITLE 35.

Public Buildings, Works, and Improvements.

CHAPTER 10.

Public Works.

ARTICLE 1.

Public Works Planning and Construction.

CITATION Sec. 35.10.070.

CATCH LINE

RESEARCH ON PUBLIC WORKS.

TEXT The department may gather, investigate and compile information concerning the use, construction and maintenance of public works, the practices and methods of efficient organization, financing and such other information, data and statistics of the state and the extent of natural resources of building materials in the state. The department shall disseminate this information, together with recommendations it considers advisable.

HISTORY (Sec. 6 art III title III ch 152 SLA 1957)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS36.10.005 DOCUMENT

CHAPTER = 36.10

SECTION = 36.10.005

TITLE = 36

HEADINGS TITLE 36.

Public Contracts.

CHAPTER 10.

Employment Preference.

CITATION Sec. 36.10.005.

CATCH LINE

LEGISLATIVE FINDINGS.

TEXT (a) The legislature finds that
(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;
- (5) the state has a compelling interest in reducing the level of unemployment among its residents;
- (6) the construction industry in the state accounts for a substantial percentage of the available employment;
- (7) construction workers receive a greater percentage of all unemployment benefits paid by the state than is typical of other states;
- (8) historically, the rate of unemployment in the construction industry in the state is higher than the rate of unemployment in other industries in the state;
- (9) it is appropriate for the state to consider the welfare of its residents when it funds construction activity;
- (10) it is in the public interest for the state to allocate public funds for capital projects in order to reduce unemployment among its resident construction workers;
- (11) the influx of nonresident construction workers contributes to or causes the high unemployment rate among resident construction workers because nonresident workers compete with residents for the limited number of available construction jobs;
- (12) nonresident workers displace a substantial number of qualified, available, and unemployed Alaska workers on jobs on state funded public works projects;
- (13) the state has a special interest in seeing that the benefits of state construction spending accrue to its residents;
- (14) the natural resources of land owned by the state belong to the citizens of the state;
- (15) Alaskans have chosen to use the majority of the royalties derived from the state's natural resources to fund state government;
- (16) the vast majority of the state's revenue is derived from natural resource income rather than from other forms of taxation;
- (17) because the state has no personal income tax or sales tax, nonresident workers use services provided by the state but do not contribute fairly to the costs of those services; and
- (18) Alaskans, more than the residents of other states, suffer economically when nonresidents displace qualified residents since resident workers contribute local taxes as well as their share of the royalties from natural resources.

(b) The legislature further finds that

- (1) the state and its political subdivisions, when acting as a market participant in funding public works projects, should give Alaska residents an employment preference to promote a more stable economy;
- (2) the state and its political subdivisions have a duty of loyalty to their citizens and should fulfill this

duty by giving residents preference for employment on public works projects they fund;

(3) there is a legitimate and compelling governmental interest and that the public health and welfare will suffer if state residents are not afforded employment preference in state-funded construction-related work.

HISTORY (Sec. 1 ch 69 SLA 1985)

RO601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS36.05.010 DOCUMENT

CHAPTER = 36.05

SECTION = 36.05.010

TITLE = 36

HEADINGS TITLE 36.

Public Contracts.

CHAPTER 05.

Wages and Hours of Labor.

CITATION Sec. 36.05.010.

CATCH LINE

WAGE RATES ON PUBLIC CONSTRUCTION.

TEXT

A contractor or subcontractor who performs work on public construction in the state, as defined by AS 36.95.010(3), shall pay not less than the current prevailing rate of wages for work of a similar nature in the region in which the work is done. The current prevailing rate of wages for each pay period is that contained in the latest determination of prevailing rate of wages issued by the Department of Labor before the end of the pay period.

HISTORY (Sec. 14-2-1 ACLA 1949; am sec. 1 ch 142 SLA 1972; am sec. 1 ch 89 SLA 1976)

END OF DOCUMENT

AS36.95.010 DOCUMENT

CHAPTER = 36.95

SECTION = 36.95.010

TITLE = 36

HEADINGS TITLE 36.

Public Contracts.

CHAPTER 95.

General Provisions.

CITATION Sec. 36.95.010.

CATCH LINE

DEFINITIONS.

TEXT

In this title unless the context requires otherwise

(1) "contractor" means the contractor including subcontractors performing work necessary to facilitate public construction;

(2) "laborer, mechanic, or field surveyor" means a person who engages in work which is basically physical or unskilled in nature; or who engages in work, requiring the

use of tools or machines, which basically consists of the shaping and working of materials into some type of structure, machine or other object; or who engages in outdoor tasks related to the operation of findings and delineating contour, dimensions, position, topography, as of any part of the earth's surface, by preparation of measured plan or description of any area or other portion of country or of road or line through any area or other portion of country;

(3) "public construction" or "public works" means the on-site field surveying, erection, rehabilitation, alteration, extension or repair, including painting or redecorating of buildings, highways or other improvements to real property under contract for the state, a political subdivision of the state, or a regional school board;

(4) "qualified" means a person who, except for apprentices, is a journeyman mechanic in that person's particular trade;

(5) "resident" means a person who maintains a domicile in the state; domicile is the true and permanent home of a person from which that person has no present intention of removing and to which that person intends to return whenever away from that home;

(6) "state or a political subdivision of the state" means any state department, state agency, state university, borough, city, village, school district or other state subdivision;

(7) "wages" includes fringe benefits;

(8) "retainage" means money withheld from a contractor until completion of a contract or satisfaction of other contingency as evidenced by approval of the applicable pay estimate.

HISTORY (Sec. 16 ch 142 SLA 1972; am sec. 3 ch 89 SLA 1976; am sec. 16 ch 147 SLA 1978; am sec. 2 ch 85 SLA 1982; am sec. 92 ch 6 SLA 1984)

RO601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS37.05.315 DOCUMENT

CHAPTER = 37.05

SECTION = 37.05.315

TITLE = 37

HEADINGS TITLE 37.

Public Finance.

CHAPTER 05.

Fiscal Procedures Act.

ARTICLE 4.

General Provisions.

CITATION Sec. 37.05.315.

CATCH LINE

GRANTS TO MUNICIPALITIES.

TEXT

(a) When an amount is appropriated or allocated as a grant to a municipality, the Department of Administration shall promptly notify the municipality of the availability of the grant. When the Department of Administration receives an

agreement executed by the municipality which provides that the municipality (1) will spend the grant for the purposes specified in the appropriation or allocation; (2) will allow, on request, an audit by the state of the uses made of the grant; and (3) assures that, to the extent consistent with the purpose of the appropriation or allocation, the facilities and services provided with the grant will be available for the use of the general public, the Department of Administration shall pay the grant directly to the municipality. The agreement executed by a municipality under this section shall be on a form furnished by the Department of Administration and shall be executed within 60 days after the effective date of the appropriation or allocation.

(b) An appropriation or allocation for a grant to a municipality for construction of a public facility lapses if substantial, ongoing work on the project has not begun within five years after the effective date of the appropriation or allocation.

(c) In accepting a grant of money for construction of a public facility, a municipality covenants with the state that it will operate and maintain the facility for the practical life of the facility and that the municipality will not look to the state to operate or maintain the facility or pay for its operation or maintenance. This requirement does not apply to a grant of money for repair or improvement of an existing facility operated or

AS37.05.315 DOCUMENT

maintained by the state at the time the grant is accepted if the repair or improvement for which the grant is made will not substantially increase the operating or maintenance costs to the state.

(d) Not less than 20 percent of a grant shall be paid to a municipality within 10 days of the effective date of the agreement under (a) of this section. The remainder of the grant shall be paid either in monthly installments equal to the amount of grant money the municipality expended in the previous month or in a lump sum as determined by the Department of Administration.

HISTORY (Sec. 1 ch 156 SLA 1980; am sec. 1 ch 4 SLA 1982)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS37.05.316 DOCUMENT

CHAPTER = 37.05

SECTION = 37.05.316

TITLE = 37

HEADINGS TITLE 37.

Public Finance.

CHAPTER 05.

Fiscal Procedures Act.

ARTICLE 4.

General Provisions.

CITATION Sec. 37.05.316.

CATCH LINE

GRANTS TO NAMED RECIPIENTS.

TEXT

When an amount is appropriated or allocated to a department as a grant for a named recipient which is not a municipality, the department to which the appropriation or allocation is made shall promptly notify the named recipient of the availability of the grant and request the named recipient to submit a proposal to provide the goods or services specified in the appropriation act, or both, for which the appropriation or allocation is made. At the same time, the department may issue a request for proposals from other qualified persons to provide the same goods or services, or both, in the same area. The department shall contract with the named recipient unless the Office of the Governor, with due regard for any local expertise or experience among those making proposals, determines that an award of the contract to a different party would better serve the public interest. If the contract is awarded to another party than that named by the legislature, the basis of that action shall be stated in writing at the time the grant is issued and a copy of the written statement shall be sent to the Legislative Budget and Audit Committee. A contract shall be executed within 60 days after the effective date of the appropriation or allocation. The purchase of the goods or services, or both, shall be in accordance with AS 37.05.230(1)(B).

HISTORY

(Sec. 2 ch 4 SLA 1982)

RO601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS37.05.317 DOCUMENT= 1 OF 1 PAGE = 1 OF 2

CHAPTER = 37.05

SECTION = 37.05.317

TITLE = 37

HEADINGS TITLE 37.

Public Finance.

CHAPTER 05.

Fiscal Procedures Act.

ARTICLE 4.

General Provisions.

CITATION Sec. 37.05.317.

CATCH LINE

GRANTS TO UNINCORPORATED COMMUNITIES.

TEXT

When an amount is appropriated or allocated as a grant under this section to an unincorporated community, it shall be disbursed as follows:

(1) Within 45 days after the effective date of the appropriation or allocation, the Department of Community and Regional Affairs shall notify the governing body of the unincorporated community, if any, that a grant is available.

(2) The Department of Community and Regional Affairs shall determine if there is a qualified incorporated entity in the community area that will agree to receive the grant and administer it, subject to terms generally applicable to private grantees. If there is more than one such entity, the Department of Community and Regional Affairs shall select the

most qualified and the grant shall be awarded to that incorporated entity for the purposes specified in the appropriation act. However, the Department of Community and Regional Affairs shall give preference to a nonprofit corporation organized by a community for receipt of the grant.

(3) If there is no incorporated entity qualified to receive the grant, the Department of Community and Regional Affairs shall administer the program as specified in the appropriation act directly or through agents or contractors with whom it may contract in the community area.

HISTORY (Sec. 2 ch 4 SLA 1982)

RO601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS44.33.285 DOCUMENT

CHAPTER = 44.33

SECTION = 44.33.285

TITLE = 44

HEADINGS TITLE 44.

State Government.

CHAPTER 33.

Department of Commerce and Economic Development.

ARTICLE 5.

Areas Impacted by Economic Disaster.

CITATION Sec. 44.33.285.

CATCH LINE

ACTION BY GOVERNOR.

TEXT The governor may, upon recommendation of the commissioner of commerce and economic development, designate by proclamation an area as an area impacted by an economic disaster. When an area is so designated, the legislature may appropriate money for assistance grants and the governor may recommend in the governor's budget submission that capital projects planned for the area be accelerated and that new projects be funded for the area. The proclamation may provide that waivers of capital projects requirements, as authorized in AS 44.33.300, become effective only to the extent set out in the proclamation.

HISTORY (Sec. 1 ch 277 SLA 1976; am sec. 35 ch 113 SLA 1982)

RO601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.