

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

4199 SLAB SB 474 - SCR 2 1028



RECORDS CERTIFICATION

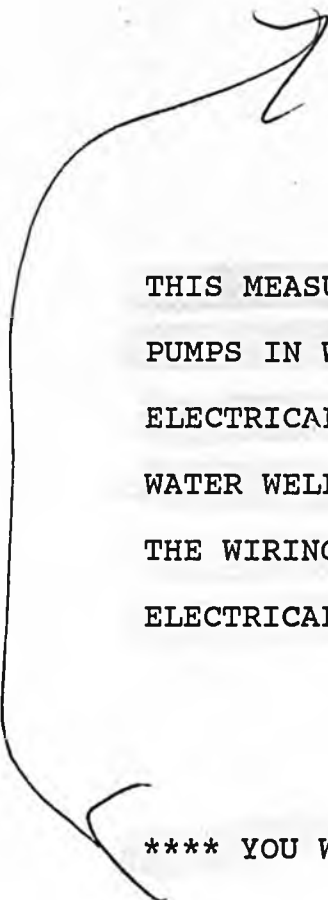
I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this 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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THIS MEASURE EXEMPTS PERSONS WHO INSTALL AND WIRE SUBMERSIBLE PUMPS IN WATER WELLS FROM THE LICENSURE REQUIREMENTS AS ELECTRICAL ADMINISTRATORS. CONCERNS HAVE BEEN EXPRESSED BY WATER WELL PUMP INSTALLERS OVER THE CURRENT LAW WHICH REQUIRES THE WIRING TO BE DONE BY AN ELECTRICIAN AND INSPECTED BY AN ELECTRICAL ADMINISTRATOR.

**** YOU WILL NEED TO MOVE THE L&C AMENDMENT ON THE FLOOR****

AN AMENDMENT WAS OFFERED IN THE SENATE LABOR AND COMMERCE COMMITTEE TO LIMIT THE ELECTRICAL WIRING PROVISIONS TO THE WELL HEAD CONTROL UNIT IF OUTSIDE OF A BUILDING OR STRUCTURE. THIS AMENDMENT WAS SUPPORTED BY THE DEPARTMENT OF LABOR, AND HAS THE EFFECT OF ALLOWING AN INSTALLER OF SUBMERSIBLE PUMPS TO WIRE TO THE CONTROL UNIT IF IT IS LOCATED OUTSIDE OF A BUILDING OR STRUCTURE, OR TO THE WELL HEAD IF THE CONTROL UNIT IS OUTSIDE A STRUCTURE.

AMENDMENT OCCURS ON PAGE 2, LINE 13: after unit insert:
if outside a building or a structure.

Alaska Water Well Assn.
P.O. Box 110435
Anchorage, AK 99511-0435

April 12, 1986

Representative Sam Cotten
District 15
Pouch V
Juneau, AK 99811

Dear Sam:

First, I would like to thank you for your efforts and assistance thus far in our communications regarding the State Department of Labor's proposed certificate of fitness program for water well pump installers. Your great support was acknowledged at the annual Alaska Water Well Association meeting in February and was extremely well received by the membership.

The research material provided by your staff is first rate and has been quite useful in responding to inquiries.

Sam, we seem to have another obstacle on this subject, specifically opposition to the proposed exemption for a water well pump installer by permitting them to go to the load side of the disconnect. The terminology used in SB 474 implies limiting service to the well head. The crucial term here is well head controller unit which we suggest would better serve the need by reading well pump system controls.

At the request of your office, I spoke with Mr. Al Dwyer, the inspector responsible for electrical functions in Southeast Alaska.

Mr. Dwyer expressed a serious concern over improper installation by present contractors, and indicated he wanted their level of responsibility to terminate at the well head. The reasons he stated were that (A) installations he has inspected were of poor workmanship. (B) The cable being used inside the household was the twisted three wire material designed for use in the wet environment of the well. (C) This wire was being stapled to the floor joists, etc. leaving a potential fire hazard in the years to come. (D) The contractors responsible for this workmanship have been warned previously but

persist in the stated practice. (E) Commercial installations such as stores, gas stations and office buildings have wiring codes that are specifically different than those required in residential construction and consequently, these contractors are not versed in the proper techniques and codes and therefore are not qualified to perform those installations.

Sam, all of Mr. Dwyer's objections are valid concerns, however I believe he is trying to prevent the certificate of fitness program from doing what it is designed to do; to pre-qualify people within a given industry by testing and minimum experience standards set at levels which would prevent persons utilizing improper installation knowledge from being licensed. If this is allowed, then why do we even have a certificate of fitness program? It is a lot like the stereotype attitude used in racial prejudice. If one person is lazy, all like him are lazy.

I would like to address what seems to be the logical corrective approach to Mr. Dwyer's objections by reviewing them one at a time.

(A) Present installations are of poor workmanship. If there is a defined code where proper techniques are stated and the observation is not based on personal preference of technique, the card carrying contractor should be informed as such. If he then fails to correct the error or continues to perform shoddy work at other installations, his certificate of fitness should be revoked thereby putting him out of business until such time as he is reinstated. The first suspension could be something like 60 days with a requirement for re-passing the exam, while a second suspension (or third) should be permanent.

(B) The cable being used inside the household is the twisted three wire material designed for use in the wet environment of the water well. Surely there is a code in this State that requires the use of either a Romex or UF type cable in that type of installation. If such a code exists, the contractor should be required to comply or have his certificate either revoked or suspended per the above mentioned procedure.

If not, Mr. Dwyer's objection is a personal one that should not be considered, because if we let field inspectors be the interpreters of various laws, there will be no consistency in the field for the contractors to follow. As a result, project cost overruns will run rampant on construction jobs and shoddy workmanship will be even more prevalent as the contractor tries to cut cost in other areas due to being caught doing something that is perfectly acceptable in other parts of the State.

(C) The potential for a fire hazard existing in these conditions is obvious, and I am in complete agreement with Mr. Dwyer. A double insulated wire such as Romex or UF should be used inside the house per existing codes.

(D) The contractors have been warned previously of shoddy workmanship, but persist in their ways. Fine, use the program to weed them out, but don't knock the program if you're (sic) not using it properly! The whole purpose of a Certificate of Fitness program is to improve the quality of workmanship in the respective industry and provide a mechanism for establishing and maintaining competency.

(E) Commercial installations such as stores, gas stations, office buildings have wiring codes that are specifically different than those required in residential construction and consequently, these contractors are not versed in the proper techniques and codes and therefore are not qualified to perform those installations.

It has already been agreed to by the AWWA membership and the Department of Labor that two classifications need to exist; one for residential and one for commercial. We suggest Mr. Dwyer's object in could easily be remedied by allowing only contractors certificated for residential service to connect as far as the load side of the disconnect on residential applications only. Those certificated for and servicing commercial work should limit their service to the source side of the motor controller and not be involved in running wire to the source from the controller.

Mr. Dwyer objected to my suggestion of allowing the commercial contractor to service beyond the well head, but it is imperative that they be allowed to do so. Otherwise, costs for the system owner will rise due to the requirement of at least one additional service personnel to be at the job site while the equipment is being installed and tested. Again, the exam for a certificate is properly structured to adequately test the knowledge of the individual as well as his practical experience.

We feel it is imperative that the certificated pump system installer be allowed to service the system to the above stated levels to avoid unnecessary call backs resulting in high costs to the consumer and also to avoid tarnishing the image of the installer by having provided a product that fails. If the electrician doesn't install the controller equipment provided by the pump manufacturer, then the warranty for the motor is void. Who pays for a motor that burns out on start-up when the proper ambient compensated quick trip overload heaters were not installed by the electrician?

All too often, we experience installations where the control circuit was installed by a licensed journeyman electrician where the motor or control failed upon start-up simply because the electrician connected the third lead from the motor to a ground at the control box, rather than follow the manufacturer's wiring diagram located inside the cover of the enclosure, or use a Romex 2 wire with ground from the well head to the control. These failures aren't the responsibility of the pump installer, but because he provided the equipment, the electrician and/or consumer turns and points a finger at him, expecting him to warranty the allegedly "defective" product.

Unfortunately, I have yet to experience an electrician come forth and admit that he's made a mistake and buy the component(s) necessary to repair the fault.

On commercial installations, the motor manufacturers very emphatically state that if their control requirements are not met, they will not warrant the product. That is because they recognize the potential for human health hazard should a failure occur. However, on most applications, particularly 3 phase, again, the journeyman electrician feels his practical experience makes him more qualified than the factory's design engineers and he doesn't provide the overload protection they require.

Who is to pay for the burned out motor when they haven't followed the directions? It isn't the pump installer's problem, nor is it the supplier's problem. The manufacturer has already protected himself by stating his requirements in his installation and operation instruction manual. The pump installer has normally paid for this equipment before he gets paid, and in this situation, he is forced to submit to the demands of the owner to get his money, even though he is not the responsible party.

If, as Mr. Dwyer states, the licensed journeyman electricians are fully qualified in motor start circuits, I wonder why it is that my employer is asked several times each construction season to warrant failures directly attributable to improper techniques practiced by these same licensed electricians.

It is extremely disturbing to realize one individual that has had experience with a limited number of contractors representing a very small segment of this state's population could influence such a major decision by making a few casual comments while being uninformed about all aspects of the subject being discussed. If this situation is an example of how our system works, there is definitely a need for improvement in the system.

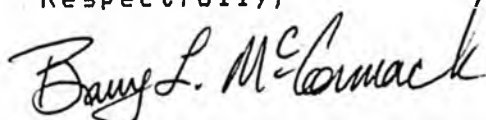
letter to Representative Sam Cotten re Certificate of Fitness. pg. 5

Sam, I'm enclosing a copy of the National Water Well Association's primer on their Certified Pump Installer program which is the testing standard the AWWA has suggested the Department of Labor adopt in this program. You will also find a copy of a cover letter NWWA sends out which confirms the need for proper practical experience to pass these exams. By reviewing it, you will see it requires more than knowledge of how to turn wrenches and squeeze a pair of crimping pliers to pass and become recognized by the National Association as a Certified Pump Installer. Mr. Dwyer is of the belief the exam is geared primarily towards health concerns for well construction, which isn't correct.

You will also find enclosed copies of the letters we submitted to the Department of Labor at the public hearing held November 4th in Anchorage.

Again, Thank you for your assistance in our cause. If I may be of further help, please feel free to contact me at 563-3424 days or at home evenings at 344-4707 (unlisted.)

Respectfully,



Barry L. McCormack, Executive Secretary
Alaska Water Well Association

cc: Mr. Don Robison, Commissioner
State of Alaska
Department of Labor

November 4, 1985

State of Alaska
Department of Labor, Mechanical Inspection
Pouch 7-020
Anchorage, AK 99510

Subject: Licensing and Certification of Filings Exams for Water
Well Installers.

Gentlemen:

As a supplier, we applaud your good intention of requiring water well installers to take a qualifying exam for licensing and to certify their fitness as an experienced, competent technician to install and service commercial and residential water systems.

This move should help to stem the tide of disreputable firms and individuals that have managed to tarnish the image of the Alaskan water well installer from continually coming into Alaska from Outside when their reputations prevent them from making an acceptable living wage in their economically depressed home area. We view this as an opportunity to improve the level of competency of the people in the industry and possibly reduce some of the excessive competitiveness brought on by the insurgence of these people into the Alaska marketplace.

We feel it is imperative that we express concern over the definition you have proposed for a "water well installer." The definition given leads us to believe you would not permit the water well installer to install the control box for a three wire submersible pump, nor install the pressure tank. We further see this as a problem for the few cases where a jet pump is needed, either as a booster pump or as the sole pumping source for the water system.

Experience as a supplier that is asked to warranty defective products leads us to object to the limitation you have placed on the water well installer with this definition. Not once, but several times each year, we are asked to warranty failed motors and control boxes because some certified journeyman electrician wired the control in accordance with all he has been taught. When we question the cause of failure and find that the electrician grounded the third lead, which is part of the start circuit for the motor. This is definitely not a warrantable failure. When the electricians are questioned why they didn't follow the instructions in the cover of the control, their typical response is that they thought the manufacturer had made a mistake in the wiring diagram.

Each year nearly one million domestic submersible water pumps are produced in the United States. This statistic comes from the Water Systems Council, a consortium of the 26 major water system manufacturers. Surely none would make that mistake consistently for several years, or they would go out of business due to insurmountable warranty costs.

It appears that a licensed electrician feels that he is entitled to redesign a circuit at will and then not have to accept responsibility for his actions and warrant the failed product.

And what about the situation where the journeyman plumber installs a pressure tank too small for the capacity of the pump in the well? The pump cycles on and off too frequently and either burns out the motor or a component of the control box. What happens if the plumber installs a pre-pressurized tank when the water well installer has made provisions for a galvanized tank by installing a bleeder orifice in the vertical drop pipe? The consumer continually gets air out the faucets, possibly breaking dishes and glasses until the plumber comes out to change the tank, probably to another pre-pressurized tank thinking the first was defective. This becomes another situation where the supplier is asked to warranty a product that is in fact not defective but simply improperly applied because the installing technician was not aware of the total system design.

Many times we've received calls from plumbers and system owners complaining about the limited amount of water (drawdown) they are able to get out of the pre-pressurized tank on each pumping cycle. This comes from not having matched the pressure switch's pre-set operating range with the air charge in the tank. Again, this causes undue rapid cycling of the pump unit and possibly a failure which is not warrantable.

Alaska has many aquifers which yield very little water. In some cases, not enough for a standard water system to work. Consequently, special controls and storage tanks along with a booster pump must be used to provide the water system owner with a water supply adequate to pass the lending institution's requirements and those of the Department of Environmental Conservation. In those instances, the total system design becomes even more important, as there are several areas where mismatched equipment could lead to system failure and costly repairs. Failures of this nature are not warrantable.

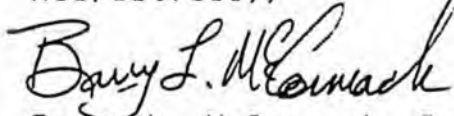
Who pays for these unnecessary failures? The consumer, the technician, the supplier and the manufacturer all wind up paying through either cash outlay or reputation for not giving in to every incompetent's demands.

The water well installer must be able to install the complete system from the pump in the well thru the exit of the pressure tank, as it is a system requiring a complete balanced design. If the system is not balanced or some of the necessary components are left out, the results can spell disaster for the water system owner as they will be plagued with problems or faced with ridiculously high repair bills when they have to have a "journeyman plumber," "service/sewer plumber," "maintenance electrician" and a "water well installer" all come to the point of service at the same time to diagnose the defect and then hopefully, repair it to an acceptable operating condition.

Again, we applaud the intent of setting a standard for more qualified technicians in the industry, but implore you to allow the "water well installer" to have complete control over the installation of the system thru the tank and its necessary accessories, and the electrical circuit providing power to the system from the breaker box forward. This will follow suit with the training provided by manufacturers at in the field seminars and the National Water Well Association's Certified Pump Installer (CPI) examination program.

We also suggest that you not give "Grandfather Rights" to individuals other than those holding NWWA CPI certificates, as as you would otherwise only perpetuate the problem of unqualified operating in the Alaska water well industry. We urge you to consider using the NWWA'S CPI exam as a measurable standard to qualify any and all licensee's.

Respectfully,



Barry L. McCormack, General Manager
Alaska Pump & Supply, Inc.

cc: State Senator Sturzelewski
State Senator Faiks
State Representative Boucher
State Representative Collins

November 4, 1985

State of Alaska
Department of Labor, Mechanical Inspection
Pouch 7-020
Anchorage, AK 99510

Subject: Proposed Licensing of "Water Well Installers"

Gentlemen:

The Alaska Water Well Association (AWWA) submits the following information on behalf of member and non-member water well/pump installers and Alaskan water well owners.

Ten (10) states are known to require licensing of water well/pump installers currently. Those states are California, Colorado, Delaware, Hawaii, Illinois, Maryland, Michigan, New Hampshire, New Jersey and Tennessee. Several additional states have proposed legislation under consideration to license water well/pump installers.

Each of the 10 licensing states has a licensing board with appointed members ranging from 5 to 13 total members of which 1 to 6 are current licensed resident specialty contractors serving from 2 to 5 year terms. They usually represent various geographic areas of the respective state.

Qualifications for applicants vary from no required time in service to as much as 5 years in service with the majority using 2 years, which the proposed 4,000 hours experience would equate to if the applicant were to work steady 40 hour weeks for 51 of 52 weeks over a two year period.

Several but not all require a performance bond ranging from \$2,000.00 to \$10,000.00. All require an examination, with some requiring either written or oral and some offering a choice to be made by the licensing board. Translators are provided by some where they may be needed.

The regulating or licensing State agency varies from state to state with most being regulated by the agency or department equal to Alaska's Department of Environmental Conservation (D.E.C.).

Presently the State of Alaska recognizes the National Water Well Association (NWWA) by reference to NWWA publications and studies in D.E.C. publications regarding practices for installation and sizing of Class A, B, and C water systems. The NWWA is recognized by the United States Geological Survey division of the Department of the Interior by requesting its assistance thru chapter and affiliate state associations in monitoring and recording the quantity and quality of water well activity over the preceding decade.

The NWWA has utilized its own voluntary certification program for the last decade. To become certified, individuals must have at least two years full time experience in an operational or supervisory capacity in pump installing to be eligible to take the exams. If the state in which the applicant operates requires licensing, he must show evidence of having this license before he can become certified. Membership in the NWWA is not required.

The exams consist of a general test on well drilling and at least one additional exam from any one of 13 specialty categories available. These categories test the applicant's ability to use his equipment on the particular types of products used in his area, giving consideration to the local geological formations.

To maintain certification, individuals are required to renew annually and demonstrate they have attended at least 20 hours of approved continuing education each three-year period.

These exams are given upon request of local chapter and affiliate associations, however, NWWA strictly requires enforcement of a neutral, non-licensable individual such as a State or Federal employee or an NWWA staff member acting as proctor during the examination.

It is the position of the Alaska Water Well Association, by majority of the Board of Directors to support licensing and Certificate of Fitness exams for water well/pump installers in the State of Alaska.

We do object to wording used in definition of a "water well installer" in that the 'work necessary to the installation of commercial and residential wells' 'is limited to the pump installation terminating at the well head.' It should be understood that our reasons for this objection are not only for our behalf but also on behalf of the Alaskan water well owners as they will suffer increased cost on initial installations and aftermarket service of their water well system.

None of the aforementioned states has explicitly established a limit of service to be performed by the installer. Some do specifically include the water system as a whole by including provision to service as may be necessary to protect such water from contamination and all construction involved in connecting pumping units or pressure tanks into the water supply system of buildings served by the well from which the pump is supplying water. Provision is also included for repair to existing installations.

As this proposed change is written, responsibility for warranty of the water system design lies spread over as many as 4 separate parties. Consumer costs will rise considerably when each contractor has to raise prices to cover possible errors by the other involved parties should they error in selection of appropriately sized equipment or make an improper installation resulting in failure of another party's installed equipment.

Presently, when a well/pump installer performs a new installation, he may provide in addition to the pump and it's required electrical control, the water and electrical lines between the well and tank as well as the pressure tank and it's required appurtenances for proper operation of these components as a system.

When a consumer needs service currently, one phone call can result in a service call to diagnose and rectify the fault by one technician. However, if the proposed change is passed as written, as many as 4 technicians may be required to analyze and rectify the problem. With current labor rates from \$45.00 to 60.00 per hour, the wording of this change would be a grave injustice to the typical well owner, because getting all the required parties together at one time will be next to impossible, in addition to horrendously expensive.

The AWWA requests that the State of Alaska Department of Labor revise the term 'water well installer' to "pump and water system installer." We also request that the definition be revised to include installation of the complete water system from the pump installed in the well thru the first gate valve from the exit of the pressure tank, (not to be more than 24 linear pipe inches from the tank outlet) and to the circuit breaker box with electrical service limited to the circuit(s) required to operate the pump and its related controls.

With many low producing aquifers in Alaska it is not uncommon for the water system to require the use of a storage tank, high and low level controls for same and the well plus a booster pump. If the 'water well installer' is not permitted to be directly involved in the selection, application and installation of this equipment, severe water shortage problems may be experienced by the homeowner.

Alaska presently has several NWWA certified pump installers. The AWWA urges the Department of Labor to recognize the NWWA certification program as its testing standard for the State's Certificate of Fitness exam. This coupled with the above request to redefine a water well installer should result in a cohesive comprehensive program that will benefit all Alaskans served by water wells.

We respectfully request that you carefully consider the re-wording we've suggested to this proposed change before submitting a final format to the legislature.

Sincerely,



Ronald Palmer, President
Alaska Water Well Association

RP/BLMc

cc: Governor Bill Sheffield

Board of Directors, AWWA

Ms. Christine Reimer, Legislative Services, NWWA

CHAIRMAN'S INFORMATION: SB 474

- 1) BILL TITLE: "An act relating to exemptions from licensing requirements as electrical administrators; and providing for an effective date."
 - a) Introduced: Senate Labor and Commerce
 - b) Co-sponsors:
- 2) INTENT: This measure expands the list of exemptions from the licensing requirements for electrical administrators. The amendment adds persons who install submersible pump motors and wire them to the "well head" controller unit in water wells.

FISCAL NOTE: 0

- 3) ADDITIONAL REFERRALS: Rules
- 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?

A M E N D M E N T

#2

By Eliason

Offered in the SENATE

TO: SB 474

On page 1, line 12 After the word "manufacture" insert
the following:

","maintenance, replacement"



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

SB 474: Summary

This measure expands the list of exemptions from electrical administrator licensing requirements. The amendment adds persons who install submersible pump motors and wire them to the well head controller unit in water wells.

Introduced: 4/9/86
Referred: Labor and Commerce

*Conf. Franchise of
F. Franchise*

Bill starts

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 474

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 exemptions from licensing re-
7 quirements as electrical administrators; and pro-
8 viding for an effective date."

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

10 * Section 1. AS 08.40.190(b) is amended to read:

11 (b) This chapter does not apply to a [ANY] person engaged in

12 (1) the manufacture or repair of electrical apparatus or
13 equipment;

14 (2) electrical work, the cost of which does not exceed
15 \$5,000, involving residences or small commercial establishments in
16 communities

17 (A) which have a population of under 500; or

18 (B) which are over 50 miles by air or water transpor-
19 tation from the business place of an electrical administrator
20 licensed under this chapter;

21 (3) electrical installation on residential property which
22 is owned by the installer or a member of the installer's immediate
23 family and not intended for sale at the time of making the installa-
24 tion;

25 (4) the operation, maintenance or repair of a television or
26 radio broadcasting system and the installation of a radio broadcasting
27 system under 500 watts input power except for A.C. power supply and
28 wiring;

29 (5) the installation, maintenance and repair of elevators

1 so long as the work is performed by an agent or employee of the eleva-
2 tor industry and is confined to the elevator control system, which
3 system does not include the power supply, wiring and motor connection;

4 (6) the operation, maintenance and repair of telephone,
5 telegraph, and intercommunication facilities;

6 (7) the installation, maintenance and repair of fire alarm,
7 intrusion alarm or other low voltage signaling systems of 48 volts to
8 ground or less;

9 (8) the maintenance or repair of diesel electric engines
10 installed on heavy construction equipment, either in a shop or on a
11 job site;

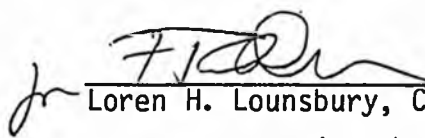
12 (9) the installation in a water well of the submersible
13 pump motor and the wiring to the well head controller unit. *is outside*

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01. *600/6000*
15 10.070(c). *or structures*

Department of Commerce
Economic Development / POSITION PAPER

SB 474 An Act relating to exemptions from licensing requirements as electrical administrators.

The department does not oppose this bill.


Loren H. Lounsbury, Commissioner

DATE: 4/17/86

0245k41786a

Bill No. Senate Bill 474

Date April 22, 1986

Title "An Act relating to exemptions from licensing requirements as electrical administrators; and providing for an effective date."

Contact: Eileen Plate
465-2700
Robert Bacolas
465-4870


Senate Bill 474 proposes to exempt the installation of water well pumps from the electrical administrator licensing requirements.

Although the Department has no particular objection to allowing an installer to wire a submersible pump and position it in the well, wiring from the well head to the controller should be performed by a qualified electrician and inspected by an electrical administrator. A controller can be located anywhere in a home, school or other building and it is critical that the person installing the wiring is knowledgeable of the proper wiring method required for the particular occupancy in which the wiring is being done. Further, since it is not possible for the Department of Labor to inspect every electrical installation, the supervision of such work by an electrical administrator is essential.

The Department is opposed to water well pump wiring being installed beyond the well head by a person other than a qualified electrician under the supervision of an electrical administrator.

Senate Bill 474 would not have a fiscal impact on the Department of Labor.

APPROVED:


Jim Robison, Commissioner
Department of Labor

AS08.40.190 DOCUMENT

CHAPTER = 08.40

SECTION = 08.40.190

TITLE = 08

HEADINGS TITLE 8.

Business and Professions.

CHAPTER 40.

Electrical Administrators.

ARTICLE 3.

General Provisions.

CITATION Sec. 08.40.190.

CATCH LINE

EXCLUSIONS.

TEXT (a) This chapter does not apply to any utility or municipality engaged in

(1) electrical construction and maintenance of electrical wiring for the generation and distribution of electrical current where the wiring is an integral part of a system owned and operated by that utility or municipal light and power department;

(2) the installation, operation, maintenance, or repair of telephone, telegraph, signal or communication systems when the work is performed by the employees of that utility.

(b) This chapter does not apply to any person engaged in

(1) the manufacture or repair of electrical apparatus or equipment;

(2) electrical work, the cost of which does not exceed \$5,000, involving residences or small commercial establishments in communities

(A) which have a population of under 500; or

(B) which are over 50 miles by air or water

transportation from the business place of an electrical administrator licensed under this chapter;

(3) electrical installation on residential property which is owned by the installer or a member of the installer's immediate family and not intended for sale at the time of making the installation;

(4) the operation, maintenance or repair of a television or radio broadcasting system and the installation of a radio broadcasting system under 500 watts input power except for A.C. power supply and wiring;

(5) the installation, maintenance and repair of elevators so long as the work is performed by an agent or employee of the elevator industry and is confined to the elevator control system, which system does not include the power supply, wiring and motor connection;

(6) the operation, maintenance and repair of telephone, telegraph, and intercommunication facilities;

(7) the installation, maintenance and repair of fire alarm, intrusion alarm or other low voltage signaling systems of 48 volts to ground or less;

(8) the maintenance or repair of diesel electric engines installed on heavy construction equipment, either in a shop or on a job site.

(c) Work within the exclusionary provisions of this section is nevertheless subject to the inspection provisions of AS 08.40.070 and must follow the regulations regarding workmanship adopted by the board.

HISTORY

(Sec. 8 ch 158 SLA 1960; am sec. 1 ch 79 SLA 1967; am sec. 10 ch 53 SLA 1977; am secs. 7, 8 ch 71 SLA 1980)

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2534

DIVISION OF OCCUPATIONAL LICENSING

March 26, 1986

Honorable Sam Cotten
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Cotten:

Mr. Bill Stoltze advised that our suggested wording for an exemption from the electrical administrator act for water well drillers appeared quite limited.

I discussed this further with Al Dwyer, Electrical Inspector, to further critique the wording suggested in my letter to you dated March 24, 1986. My suggested wording was:

AS 08.40.190(b)(9). This act does not apply to any person engaged in

- (9). Water well drillers for installation of the submersible pump motor and the wiring to the well head controller unit.

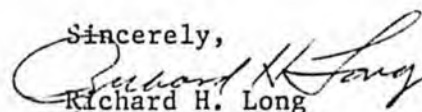
The intent is to assure that the installer can install the pump motor and bring the wire to the top of the well, but not to wire into the controller units, whether they be automatic or manual switching units. After our critique, to assure the installer who is not properly licensed to perform the wiring work does not make any connections at the controller unit or elsewhere toward the energy source, perhaps the wording should be shortened to read:

- (9). Water well drillers for installation of the submersible pump motor and the wiring to the top of the well.

As I mentioned in my previous letter, there are many and varied safety problems and various electrical code requirements that vary pertaining to connecting the installed pump to a controller unit and the energy source. If improperly installed there can be serious danger to persons and property according to the well location compared to the energy source. Mr. Dwyer still advises that it would be unwise to extend the exemption any further than the well head, up to but not including into the controller unit.

Thank you for this opportunity to provide comments to you on this matter. Feel free to contact this office again for further assistance.

Sincerely,



Richard H. Long
Chief Investigator and
Acting Director

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

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 474
 Title: An Act relating to exemptions from licensing requirements as electrical administrators;
 Sponsor: Senate Labor & Commerce
 Requester: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Dev.
 BRU: Occupational Licensing
 Components: _____

EXPENDITURES / REVENUES : (Thousands of Dollars)

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

CAPITAL						
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REVENUE		-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

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

POSITIONS:

FULLTIME		-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary.

The bill exempts water well drillers from being subject to the electrical administrator statutes in the installation of a submersible pump motor and wiring to the well head controller unit.

The bill is not expected to generate new costs or revenues.

Prepared by: Jennifer Strickler, Management Analyst
 Division: Occupational Licensing

Phone: 465-2144
 Date: 4-15-86

Approved by Commissioner: [Signature]
 Agency: Commerce and Economic Development

Date: 4/16/86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : SB 474
 Title : "An Act relating to exemptions from licensing requirements as electrical administrators..."
 Sponsor : Senate Labor and Commerce
 Requestor : Senate Labor and Commerce Comm
 Date of Request : 4/10/86

FISCAL DETAIL

Agency Affected : Labor
 BRU : Labor Standards and Safety
 Components : Mechanical Inspection

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						

FUNDING : (Thousands of Dollars)

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

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Robert J. Bacolas, Str. Phone : 465-4870
 Division : Labor Standards and Safety Date : 4/21/86
 Approved by Commissioner : Jim Robison Date : 4/21/86
 Agency : Labor

Distribution (by Agency preparing fiscal note) :

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



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James A. Smith
Signature of Camera Operator

11/24/89
Date

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4 8 7

MEMORANDUM

State of Alaska

TO: Michael Thill, Staff Assistant
Senate Labor & Commerce Committee

DATE: April 30, 1986

FILE NO:

TELEPHONE NO: 465-3600

FROM: Harold M. Brown

SUBJECT: Proposed amendment
to SB 487 concern-
ing general regula-
tion adoption
authority

By: Atty: Harold M. Brown
Peter B. Froehlich
Assistant Attorney General

As I mentioned to you by telephone yesterday, there is an additional clarifying amendment that should be included in SB 487 on the Real Estate Commission. That amendment would correct an apparent oversight which has resulted in the absence of an explicit grant to the commission of general regulation adoption authority. Currently, AS 08.88 includes two explicit grants to the commission of specific regulation adoption authority, but no grant of the typical general regulation adoption authority usually given to occupational licensing boards and commissions.

The commission has the following explicit specific regulation adoption authority:

Sec. 08.88.081. COMMISSION REGULATIONS. The commission shall adopt regulations pertaining to the responsibilities of persons licensed under this chapter and the grounds for revoking or suspending a license.

Sec. 08.88.111. COMMISSION REGULATIONS. The commission shall adopt procedural regulations describing

- (1) how it conducts an examination;
- (2) how a person applies to take an examination, applies for a license, and registers that person's office.

I propose that AS 08.88.081 be amended to add a general regulation adoption authorization and at the same time consolidate the two specific authorities as follows:

* Sec. 2. AS 08.88.081 is amended to read:

Sec. 08.88.081. COMMISSION REGULATIONS. The commission shall adopt regulations necessary to carry out the purposes of this chapter including regulations

- (1) pertaining to the responsibilities of persons licensed under this chapter and the grounds for

revoking or suspending a license;

(2) describing how it conducts an examination;
and

(3) describing how a person applies to take an examination, applies for a license, and registers that person's office.

Renumber the following sections of the bill accordingly.

Of course, AS 08.88.111 should then be repealed.

This additional amendment would clarify that the Real Estate Commission has the same general regulation adoption authority as do other agencies. We believe that the commission has this authority implicitly, even without this amendment but it would be better to make the authority explicit.

Concerning SB 487 as a whole, we believe that the bill includes both some desirable housekeeping amendments and some amendments that may not be desirable, or that at least may require more study.

Please let me know if I can provide you or the committee any further information on this proposed amendment to SB 487, or on the entire bill.

PBF:md

cc: Hon. Loren Lounsbury, Commissioner
Dept. of Commerce & Economic Development

James Magowan, Director
Real Estate Commission

Arthur H. Peterson
Assistant Attorney General
Legislation/Regulations Section



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Signature of Camera Operator

11/24/89
Date

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CHAIRMAN'S INFORMATION: CSSB 489 (L&C)

- 1) BILL TITLE: "An act extending the termination date of the Alaska Public Utilities Commission until 1987; and providing for an effective date."
 - a) Introduced: Sen Finance
 - b) Co-sponsors:

- 2) INTENT: This measure extends the termination date of the APUC for 1 year.

FISCAL NOTE: 0 (not received, but should be zero predicated on budget resources)

- 3) ADDITIONAL REFERRALS: Rules
- 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 the Senate L&C CS

Original sponsor: Finance Committee

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 489 (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 extending the termination date of the Alaska
7 Public Utilities Commission until 1987; and providing
8 for an effective date."

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

10 * Section 1. AS 44.66.010(a)(4) is amended to read:

11 (4) Alaska Public Utilities Commission (AS 42.05.010) --
12 June 30, 1987 [1986];

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

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James O. Smith
Signature of Camera Operator

11/24/89
Date

SR

Q



NAKNEK ELECTRIC ASSOCIATION, INC.

POST OFFICE BOX 118 • NAKNEK, ALASKA 99633 • PHONE (907) 246-4261

MAR 3 1986

February 26, 1986

Senator Frank Ferguson
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Ferguson:

The reading of Resolution Number Nine into the Commerce Committee log was received with astonishment.

This association is recipient of consecutive safety awards, has no written nor verbal complaint by members, public, Federal or State agencies.

We take pride in our ability to provide service of high quality and continuity. When the "Bristol Bay winds" blow at excess of seventy miles an hour, our line crews are able to busy themselves with inside work rather than emergency exposure to the climatic conditions with repair.

The total systems unscheduled outage last year amounted to one half minute per consumer. The highly technical service requirements to the United States Air Force Base at King Salmon, fourteen miles from our generation plant, indicates they have the best quality and continuity of service in the Alaska command.

It is felt such service would be unattainable with "poor safety" conditions as referred to in Resolution Number Nine to the Commerce Committee.

We request your consideration to withdraw Resolution Number Nine in lieu of the aforementioned remarks.


If you have written complaint of safety infraction we should appreciate such to enable our prompt attention. Work and system safety is of prime concern of our Board of Directors, employees, management and members. Our annual budget has allocation of one hundred hours for safety training alone.

On another subject, we should like to thank you for your assurance to Dave Hutchens that the P.C.E. program shall be properly addressed by your office. We too should like to offer any data our office has that might assist you with reference to P.C.E.

February 26, 1986

In closing, we once again should appreciate your passing along any information you have of safety infractions within our system to enable our prompt attention and removal or repair.

Sincerely,


Claude E. Franke
General Manager

cc: Senator Fred Zharoff
Representative Herrmann
Dave Hutchens
Roger Kempel



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James A. Smith
Signature of Camera Operator

11/24/89
Date

SCR

2



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Commerce & Econ. Dev.	DIVISION Office of Enterprise	BILL NUMBER SCR No. 2	SPONSOR Vic Fischer
DEPARTMENT POSITION Neutral			
PREPARED BY Paul Fletcher, Director	DATE	COMMISSIONER'S SIGNATURE Loren H. Lounsbury	DATE

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Department of Labor Department of Community & Regional Affairs Department of Environmental Conservation	CONSTITUENT GROUP(S) AFFECTED BY BILL Small Business Persons
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT
This was submitted by Senator Vic Fischer.

ANALYSIS OF BILL/PROGRAM EFFECTS

Although the department is in favor of any bill that would assist its efforts in business development, the department feels that the creation of a new task force is not needed at this time. The advocacy BRU of the department is already engaged in many of the proposed task force activities. Given the funding which will be required for such a task force to operate, the advocacy BRU could provide the same results.

The department is in support, however, of requesting the Governor to direct the Attorney General to investigate and recommend measures available to the State to assure that small businesses get a proportionate share of State business.

AMENDMENTS PROPOSED
None.

1637W21185b

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/resolution No.: SCR No. 2
 Title: Relating to Small Business
Development in the State
 Sponsor: Vic Fischer
 Requestor: Vic Fischer
 Date of Request: 1/15/85

FISCAL DETAIL
 Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: _____
Economic Development
 BRU, Program or Subprogram(s) Affected: _____
Advocacy

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						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

See attached.

Prepared By: Paul Fletcher Phone: 465-2018
 Division: Office of Enterprise Date: 2-11-85
 Approved by Commissioner: Loren H. Lounsbury Date: _____
 Agency: Department of Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

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

7/1/84

The purpose of SCR No. 2 is to establish a task force to assess small business in Alaska and make recommendations. Specifically, the task is charged with:

1. emphasizing and promoting small business development and maintenance in Alaska;
2. assisting in securing adequate sources of bonding, credit and loans for small, Alaska-owned businesses; assuring, wherever possible, that State funded construction projects are specified, modified, and contracted in a manner to assure a reasonable proportion of State funded construction projects are performed in small, Alaska-owned businesses; and
3. assuring that a reasonable portion of State funded construction and procurement dollars be contracted through small owned businesses.

For the purposes of this Fiscal Note, it will be assumed that this will be an interagency task force with the following departments represented:

The Commissioners of the Departments of Commerce and Economic Development, Revenue, Labor, and Transportation and Public Facilities and/or their designees;

The task force will have one-day meetings on a quarterly basis.

The task force will submit a final report to the Governor, Legislature, and the general public with its findings and recommendations.

Chairman's Information:

- 1) SCR 2 "Relating to small business development in the state"
 - a) Introduced: Sen Victor Fischer
 - b) Co-Sponsors: none

- 2) INTENT: Requests the Governor to appoint a task force to assess state policy in contracting, local hire, and small business advocacy. Further, requests the Governor to direct the attorney general to investigate and recommend measures that will assure a reasonable portion of state funded construction projects are contracted thru small Alaskan owned businesses.

FISCAL NOTES: 0

- 3) COMMITTEE COMMENTS:

- 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?

Senator Vic Fischer

(907) 465-4954

Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954



February 6, 1985

To: Senator Fred Zharoff, Chair and
Members, Senate Labor and Commerce Committee

From: Senator Vic Fischer *[Signature]*

Re: SCR 2 - Small Business Development in Alaska

During the 1982 Interim, the Senate State Affairs Committee conducted an investigation into the effects of state contracting procedures on small, minority and female owned businesses in Alaska.

In the course of that study, and through subsequent testimony before committee hearings on small business development in Alaska, it's become apparent that problems facing minorities and women are basically the same as those facing all small Alaska-owned businesses.

Besides the obvious problems associated with high costs, extreme weather, lack of infrastructure, and vast distances, small businesses face major problems in dealing with the state, particularly on state funded construction projects.

The state has no comprehensive policy of support and advocacy for small business development. We don't even have a working definition of "small" business that realistically reflects the kind of "mom and pop" operations most of us think of when we think of "small".

State construction projects are contracted in a manner that, often as not, preclude any Alaskan-owned business from successfully bidding, at least as a prime contractor. That leaves Alaskans in the position of competing for subcontracts, usually with a large "outside" prime.

Lack of technical assistance, inability to secure adequate bonding, credit or financing, and an impossibly tight cash flow, makes successful competition for a sub-contracts extremely difficult for small, local businesses. Meanwhile, the concrete continues to be poured and Alaskans continue to stand in the cold while someone else reaps the benefits of state funded construction projects.

Small businesses are the state's best source of employment, new industry, local control, and a diversified economy. In spite of this, small businesses are folding at a phenomenal rate due to insurmountable problems with obtaining adequate bonding, financing, and technical assistance.

Background Materials

SCR 2 asks the Governor to address these concerns through several measures, including appointing a task force to assess state policy in contracting, local hire, and small business advocacy, and to recommend measures that will:

- emphasize and promote small business development and maintenance
- assist in securing adequate sources of bonding, credit, and loans for small, Alaskan-owned businesses
- specify, modify and contract state-funded construction projects a manner to assure a reasonable portion of the work is performed by small, Alaska-owned businesses

Further, SCR 2 asks the Governor to direct the Attorney General to investigate and recommend measures available to the state to assure that a reasonable portion of state-funded construction and procurement dollars be contracted through small, Alaskan-owned businesses, consistent with provisions of the United States and State of Alaska's constitutions.

Encouraging small business development in Alaska is the single most effective thing the state can do to provide for new industry and a stable economic base, opportunities for future growth to Alaska's young people, a diversified economy, and jobs for Alaskans.

More than that, the state benefits greatly from local businesses with strong community, family, and cultural commitments to Alaska. That business community, with proper nurturing, can maintain and strengthen the overall economy, mobilize the state's full productive capacity, and preserve and expand the competition basic to our free enterprise system.

It will take a push from both the legislative and executive branch to end this policy of "benign neglect" and take an active lead in assuring that small, Alaska-owned businesses benefit from publicly funded construction projects and an enhanced business climate.

I believe SCR 2 is an important step in that direction and I urge your positive consideration of this measure.

/gb

imilar to that offered through e to help students overcome ter high school, participants ining or college, financed in job income.

areer Outreach are examples at are urgently needed and de. Implementing them is ex- siness can expect to recover g students, giving them part- in full-time jobs when their oubletful that they will get in- us, government must be will- incentives.

net loss to the government, act be a good investment. the average, a job is worth ederal government. If 25 per- re shared with employers of orm of tax credits extending arties would benefit hand- uire experienced employees; on careers; and society as a

problem of such magnitude ignore it or hope that it will clearly demonstrate that it e initiative in planning com- ining programs and putting e within our grasp the res- es of millions of people and l. We must start recognizing

5

Small Business

Small business has always been an integral and vital part of American life. Prior to the onset of rapid industrialization, it dominated the economy. Following the emergence of large corporations in the late nineteenth century, observers predicted that small companies would become obsolete with the eventual nationalization of the economy; despite major changes in the social, economic, and political environment, however, small businesses in America have persisted in significant numbers. They constitute approximately 99.8 percent of the companies in the United States, produce about 38 percent of the nation's goods and services, and account for more than 47 percent of the jobs in the private sector.

A widespread preoccupation with industrial and commercial giants has obscured the contributions small business has made to America's growth and development. For example, few people are aware that between 1953 and 1973 close to half of the major innovations introduced into U.S. industry came from firms with fewer than 1,000 employees—and a quarter of those originated in firms with fewer than 100. In addition, small business has outshone big business with respect to job-creating efficiency. As a

SOURCES

"Rebirth of Technological Innovation via Small Business" address (also published as part of a technology booklet series), American Physical Society, Chicago, Illinois, March 23, 1979.

"Small Business: A Great Resource for a Country, A Great Opportunity for Big Business" address, American Club of Stockholm, Stockholm, Sweden, February 6, 1980.

Testimony by W.C. Norris before the Senate Select Committee on Small Business, Hearings on Economic Growth, Washington, D.C., July 1, 1980.

"Big Business Helps Small Business To Improve Productivity and Create Jobs" essay, June 24, 1980.

"Technology for Community Enterprise Development" address, Second National Conference on New Enterprise Development, Washington, D.C., March 2, 1981.

1979 MIT study demonstrated, small companies were responsible for 7.4 million, or 78 percent, of the 9.6 million new jobs added to the U.S. economy between 1969 and 1976.

Today small business continues to serve as a symbol of opportunity and enterprise in our system of values, but there is reason to be concerned about its future. The cumulative impact of government regulations, the escalating cost and concomitant scarcity of capital, the decreasing availability of technology, and heightened competition from big business have combined over the past decade to bring about a serious deterioration in the climate for small business. The mortality rate of new companies is shocking: only about 20 percent of those that are started each year manage to survive, and close to 400,000 fail annually. These figures affect not only would-be entrepreneurs, but also the millions of Americans who could be sharing in the abundant benefits and countless skilled jobs that would have resulted had these businesses been successful.

If we are to save small business, we—meaning big business, government, non-profit and for-profit endeavors, community organizations, and all other major segments of our society—must join in a massive and systematic effort to nurture the innovative potential and profitable growth of existing small businesses and stimulate the creation of still more new businesses and small firms. We already have at hand the technological, professional, and management resources needed to implement this systematic effort. However, many of these lie dormant or underutilized in corporations, government offices, universities, and other places. We must find ways to assemble them, apply them, and make them more accessible to small business. To achieve these objectives, we must revise existing government policies and commercial practices that inhibit the use of these resources, find better ways of distributing them, and enlist the aid of community-based organizations in coordinating and focusing the talents of business, academia, and state and local governments.

In 1978, I chaired a committee which made a number of

small companies were re-
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recommendations to Jordan Baruch, then Assistant Secretary of Commerce, aimed at making capital and management resources more available to small, technically oriented enterprises. Specifically, the committee advocated the following: (1) reducing capital gains taxes to 25 percent for firms employing between 100 and 500 workers, and to 10 percent for firms with fewer than 100 employees; (2) deferring the capital gains tax for firms that re-invest the proceeds from their stock sales in small businesses; (3) raising to \$200,000 the threshold at which the full corporate income tax takes effect for small businesses; (4) increasing the carry-forward provisions for small business start-up losses from five to ten years; and (5) restoring qualified stock option plans for key employees.

In 1977-78, the 95th Congress reduced the maximum tax on capital gains to 28¹ percent; in 1979-80, the 96th Congress followed this example by reducing it further to 20 percent. Pending legislation reflects two more of the committee's recommendations: a carry-forward period of ten years for start-up losses, and the deferral of taxes when the proceeds from stock sales are re-invested in small business.

The committee also suggested means by which research could be further stimulated and the technology developed by big business and government be made more useful to small enterprises. These included: (1) requiring each government agency to allocate at least 10 percent of its R&D budget to helping small business; (2) allowing small companies to establish and maintain tax-deductible reserves for R&D use in times of financial hardship; and (3) redirecting some government-sponsored research into improving small farms and food processors, and making food production less capital- and fossil fuel-intensive.

The first two of these recommendations are contained in pending legislation, but little attention has been given to date to the redirection of funds for agricultural purposes. There are two exceptions: the National Science Foundation recently set aside some funds for research applicable to small-scale agriculture, and the Department of Agriculture has stated its intention to do likewise. Generally speaking, though, no major legislative action has been taken on these matters. This may be due to a lack of awareness of the

tremendous potential inherent in small-scale agriculture and food processing. Control Data is one of the few companies to recognize this potential and act on it; since 1979, we have been committed through Rural Ventures to fostering the development of small-scale agriculture and food-processing enterprises.

Finally, the committee made two recommendations designed to improve the diffusion of technology to small businesses: (1) that each government agency allocate five percent of its R&D funds for technology transfer; and (2) that tax incentives be provided to induce large companies to make their technologies more available to small companies.

Traditional methods of technology transfer have proved ineffective. Were government agencies to begin devoting five percent of their R&D budgets to technology transfer, these funds could be used primarily to encourage individual researchers to contribute their time and skills to identifying commercial applications. The incentives could be tied to the benefits realized from the transfers of the technologies involved.

On October 21, 1980, Congress acknowledged the feasibility of this idea by passing the Stevenson-Wydler Technology Innovation Act of 1980, which mandates that each government agency allot one-half of one percent of its R&D funds to technology transfer. While this falls short of the recommended amount, it is a step in the right direction. No effort has yet been made to give corporations tax incentives for sharing their technologies.

More is needed than budget allocations and tax incentives, however. To increase the flow of technology to small business, a well-defined technology transfer system must be established and implemented. Control Data offers two such systems, Technotec and Worldtech. Technotec is a commercially available computer-based information storage and retrieval network; its memory holds massive amounts of information about technologies that can be quickly recalled. Worldtech is a marketing service that gives subscribers assistance in finding, transferring, and applying specific technologies. One method of transfer in-

it in small-scale agriculture. Data is one of the few commercial and act on it; since 1979, through Rural Ventures to foster small-scale agriculture and food-

side two recommendations: provision of technology to small government agency allocate five percent technology transfer; and incentives to induce large companies more available to small

technology transfer have proved government agencies to begin devoting resources to technology transfer, especially to encourage individual time and skills to identify incentives could be tied to the transfers of the tech-

has acknowledged the feasibility of the Stevenson-Wydler Act of 1980, which mandates that one-half of one percent of its budget go to technology transfer. While this falls short of the step in the right direction. Some private corporations tax incentives.

Education and tax incentives of technology to small business transfer system must be developed. Control Data offers two models. Technotec is a computer-based information memory holds massive technologies that can be marketing service that includes finding, transferring, and a new method of transfer in-

volves the establishment of small companies based on replicable technologies in fields including microcircuitry, small-scale agriculture, and food processing.

There are resources besides technology that are not being wisely used. Huge reservoirs of untapped management and professional expertise exist in both big business and universities. Most small businesses urgently require professional and management consulting help, especially during start-up and the early years. Although several consulting programs already exist under the sponsorship of government agencies, local chambers of commerce, universities, and other organizations, these tend to be sporadic, not easily accessible, and not specific enough. A far better approach would be for business, universities, and community-based organizations to work together to develop a systematic method of delivering consulting and other support services to small business.

Since big business is the largest single source of persons qualified to do consulting work, it is especially important for it to recognize the profit potential inherent in aiding small companies. That this is not mere theory has been demonstrated by Control Data's success with a variety of approaches, including Business Advisors, Inc., Control Data Business Centers, and Control Data Business and Technology Centers.

Business Advisors, Inc. (BAI) was organized in 1979 to provide professional assistance to small enterprises in the areas of finance, technology management, manufacturing and processing, communications, marketing, personnel, operations, and strategic and business planning. It is unique with respect to quality, diversity, and affordability. The majority of the people involved are Control Data employees who are made available to small businesses on a part-time, temporary basis. Information about them and their specific skills is entered in a computerized "skills data bank." Also listed are the names and capabilities of retired persons and university personnel who have indicated their interest in and availability for consulting work. This arrangement has proved beneficial to all concerned: to small businesses that obtain the consulting help they need; to Control Data employees who offer their services and find

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS COMMITTEE

SENATOR VIC FISCHER, CHAIRMAN

POUCH V, JUNEAU 99811

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Senate State Affairs Committee 1982 interim report

EFFECTS OF STATE CONTRACTING PROCEDURES ON SMALL AND MINORITY-OWNED ALASKAN BUSINESSES

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Senate State Affairs Committee 1982 Interim Report

EFFECTS OF STATE CONTRACTING PROCEDURES ON SMALL AND MINORITY-OWNED ALASKAN BUSINESSES

During the 1982 interim, the Senate State Affairs committee investigated the effects of state construction contracting procedures on small and minority-owned business in Alaska. This is a report on that effort.

Specifically, the committee examined an interagency agreement between the state Department of Transportation and Public Facilities (DOTPF) and the Alaska State Commission on Human Rights (ASCHR) affecting minority owned businesses contracting with the state.

The following report includes a review of that agreement, description of development and transmittal of a polling questionnaire, an analysis of the results, and recommendations based on suggestions and information received during the course of administering the questionnaire.

ASCHR/DOTPF AGREEMENT

In 1980 the ASCHR entered into an agreement with DOTPF to increase participation of minority owned businesses in contracting for state funded capital projects.

DOTPF agreed to take affirmative action in insuring minority owned business had an equitable chance to successfully bid state funded projects. Included in the agreement were provisions requiring that DOTPF:

- create the position of Minority Business Enterprise officer in DOTPF
- Prepare and distribute a policy and procedure memorandum outlining the scope and authority of the MBE officer
- charge the MBE officer with responsibility for developing and implementing an affirmative action plan
- identify and certify MBE's
- require successful prime contract bidders to submit proof of having contacted MBE's as subcontractors (when they intend to subcontract) for information and to solicit bids
- be responsible for notifying and informing minority owned businesses of contracting bids and procedures
- establish, print, maintain, update and distribute a MBE directory

DOTPF and ASCHR also agreed on goals for assuring a reasonable percent of total state construction dollars were contracted to minority owned businesses. Those goals required that 7.5% of total construction dollars for projects under \$100,000, not subject to competitive bid, to be contracted through MBE's in FY 1981 (the first year of the agreement), 11.5% in FY 1982, and 15% in FY 1983. Identical percentage goals were agreed upon for total subcontracting dollars on wholly state funded construction projects.

These goals were not considered quotas, and terms of the agreement provided that justified failure by DOTPF to meet these goals would not be considered to be a breach of the agreement.

The agreement further required that ASCHR actively monitor DOTPF's compliance and required DOTPF to provide adequate and accurate records to enable the Commission to document their compliance.

This agreement represented final resolution of a complaint originally filed with the Commission in December, 1978. After several months of negotiations between agencies, it was finalized and went into effect for the first time in 1980.

By June of 1982, a quest editorial in the Anchorage Times by E. Louis Overstreet, charged that DOTPF had not complied with the agreement. He based this charge on an "unreleased report" that "documents the failure of DOTPF to live up to the provision of an agreement it entered into with the Alaska Human Right commission in February 1980".

Shortly after that editorial appeared, a constituent delivered a copy of the ASHRC file charging DOTPF with non-compliance to the Senate State Affairs Committee. That constituent requested the committee to review the effectiveness of the agreement in increasing minority business participation and to find out why the ASCHR was "suppressing" a report of non-compliance under the "cover" of confidentiality.

The committee formally requested a compliance report from the ASCHR. ASCHR, however, was statutorily prevented from meeting the committee's request due to terms of the agreement with DOTPF* and restrictions under state law (AS 18.80.115).

The ASCHR subsequently filed an action in superior court charging DOTPF with non-compliance on October 14, 1982. However, until they had exhausted conciliation efforts, and met the time provisions for filing and rebuttal laid out in the agreement, they were prevented from disclosing any information about DOTPF's compliance or non-compliance.

* Part III, paragraph 4, of the agreement states: "Whether or not a breach of this agreement has occurred shall be determined by the superior court. Prior to filing an action seeking any such determination by the superior court, the parties agree to maintain strict confidentiality regarding any alleged breach and any conciliation efforts".

Because of the confidentiality restrictions, the committee was unable to enlist the help of the Commission or the Department in determining compliance with and effectiveness of the agreement. At the time they were asked to investigate, it was impossible to predict whether there had been compliance, how long conciliation efforts may take or, indeed, if they were being pursued at all.

The Committee met the same restriction and frustration the minority business community faced when asking for swift and affirmative state action in increasing opportunities to participate in state funded construction projects. In addition, as the committee of oversight, Senate State Affairs was vitally interested in how seriously state agencies complied with agreements made with the Commission.

In order to independently determine the effectiveness of this agreement, the committee prepared and distributed a questionnaire to prime and subcontractors relating to state construction contract award procedures, specifically as they apply to minority owned businesses and the DOTPF/ASCHR agreement.

Following is a description of that questionnaire, an analysis of the results, and recommendations based on suggestions and information received during the course of administering the questionnaire.

QUESTIONNAIRE DESCRIPTION AND METHOD

Two questionnaires were prepared by Committee staff with help from minority businesses, DOTPF's Minority Business Enterprises officer, the Minority Business Assistance Center, and the ASCHR Systemic Discrimination Unit. One was directed to prime contractors, the other to minority owned businesses eligible to subcontract a DOTPF project. (Copies of questionnaire are attached).

Committee staff obtained a list of bid applicants for DOTPF construction projects from 1980 to 1982 and were able to compile a mailing list from that information. When it could be determined, only successful bidders for DOTPF contracts were sent prime contractor questionnaire.

A mailing list for minority owned business was compiled from a directory provided by DOTPF's Minority Business Enterprise officer, the Minority Business Assistance Center, and other constituent sources. Each was sent a Minority Business Enterprise questionnaire.

In addition to returned questionnaires, some recipients phoned or wrote to the committee to provide additional comments or suggestions regarding state contracting procedures and small or minority owned businesses. Copies of that correspondence is available on request.

The two questionnaires covered a time period from June of 1980 through June of 1982 (the same time period as ASCHR's affirmative action agreement with DOTPF), and limited themselves to state funded construction projects.

Besides specific contracting information, contractors were also asked to provide suggestions and recommendations for legislation (or no legislation), to address the philosophical and public policy considerations of minority business set aside programs, and, in some cases, to provide business and personal history (residency, years in business, etc.)

Each questionnaire was accompanied by a Senate State Affairs Committee cover letter explaining the purpose of oversight on the DOTPF/ASCHR agreement. The committee requested return of the questionnaires within two weeks of transmittal and enclosed a self-addressed, stamped envelope in an attempt to increase timely participation in the polling process.

STATISTICAL ANALYSIS OF QUESTIONNAIRES

Prime Contractor Questionnaire:

- 436 questionnaires mailed, 49 returned = 11.2% return rate
- nearly half the respondents claimed to have been a successful DOTPF contractor during the time period covered.
- 20% claimed not to be aware of the MBE Directory, 25% didn't use the directory to locate sub-contractor, and nearly half said they "maintained their own list" for locating sub-contractors.
- significant number of respondents were not aware that a MBE contact form was required as part of a DOTPF bid package.
- 36% of respondents said they have never been contracted by DOTPF regarding minority owned businesses and state contracting.
- most prime contractors felt DOTPF was making a serious effort in assuring MBE's adequate opportunity to bid state construction contracts.
- 20 % of prime contractors said they were philosophically opposed to minority owned set aside or advocacy programs and that current MBE programs should be eliminated.
- 18% of respondents felt no legislative action was necessary.

Subcontractor Questionnaire:

- 450 mailed out, 58 returned = 12.9% return rate
- 79% of the respondents were certified as MBE's (12 in 1982, 17 in 1981, 11 in 1980)

- Over half the respondents indicated no awareness of MBE officer services
- over half claimed never to have received bid information from DCTPF.
- 28% of respondents had subcontracted on DOTPF projects.
- 33% of respondents claimed to have been contacted by prime contractors
- 67% of respondents claimed never to have been contacted by prime contractors
- of the successfully bid contracts, most were less than \$100,000.
- less than half of the respondents knew about the MBE contact form requirement.
- a majority of likely construction project bidders said they had problems getting bonding and credit.
- over half the respondents businesses have been operating in Alaska for over 3 years with half of those over five years.
- over half the respondents have lived in Alaska over 10 years with over half of them having lived here more than 20 years.

The general questions in the minority business questionnaire addressed and identified problems preventing small Alaskan owned businesses from successfully bidding on state funded construction contracts. A discussion of those problems follows.

PROBLEMS IDENTIFIED

In the last ten years, billions of dollars have been allocated for state funded construction contracts. The sudden explosion of construction, coupled with the size and scope of many projects, has placed small and minority owned Alaskan businesses at a tremendous disadvantage in successfully bidding for contracts.

Besides the "normal" problems with Alaskan-based businesses (high cost of labor and transportation, vast distances, little infrastructure etc.), small and minority owned businesses face special problems.

Minority owned businesses are usually small businesses (under \$1 million dollars in gross revenues per fiscal year) and are often unable to get bonding, loans or credit, for large-scale contracts. In

addition, they are often unaware of bidding procedures or notices, and are out of the mainstream of the contracting "network".

A brief review of DOTPF construction contract awards from 1978 through 1982 illustrates the problem well. While nearly 50% of the awards are in amounts under \$1 million dollars, they represent less than a third of total contract dollars. The vast majority of total construction dollars go to a relative handful of contracts over \$1 million dollars.

Most large-scale construction projects are awarded to out-of-state contractors. Even the existing state statute giving a bidders preference to Alaskan-based business, is not sufficient to overcome the competitive edge large, national or international companies have in bidding state funded construction contracts.

Since most of these prime contractors tend to subcontract to other "outside" companies, small and minority owned Alaskan businesses are excluded from taking advantage of the massive input of state dollars into capital projects.

The executive branch has attempted to address this issue through the ASCHR/DOTPF agreement but, so far, has been unable to insure that a reasonable portion of state funded construction dollars remain in Alaska through contracting with small and minority owned businesses.

LEGISLATIVE RECOMMENDATIONS

Specific statutes need addressed by the legislature, to assure a reasonable opportunity for Alaskan owned small businesses to participate in the current flood of state funded construction projects.

Following are recommendation for legislation based on information obtained from the questionnaires:

1. Establish an Alaska Small Business Administration under the Department of Commerce and Economic Development (DCED), modeled after the federal program that would: a) define small businesses for the purpose of this administration, b) provide a source of credit and bonding for Alaska based small businesses, c) promote and advocate for small business development and maintenance in Alaska.
2. Create a statewide office of minority business enterprises in the Department of Commerce and Economic Development, to aide, advocate and support small, minority owned businesses in Alaska.
3. Define "small" Alaskan-based businesses to realistically reflect the average assets and capabilities of existing contractors. Defining "small" as a business having under \$2 million dollars in gross revenues for the year preceeding application for certification under an Alaskan small business administration, appears, from the questionnaire, to be a reasonable definition for Alaska.

4. Give adequate bidder preference to Alaska-based businesses that are small and/or minority owned. The current 5% bidder preference should be raised to a 15% preference to small, Alaskan based businesses. The 15% preference should require that the low bidder receive the contract if they re-submit a bid within 10% of the next lowest bid submitted.
5. Require prime contractors and joint ventures to award no less than 50% of total subcontract dollars to small or minority owned Alaskan businesses identified and certified by the Department of Commerce and Economic Development.
6. Include women, Viet Nam veterans and other economically disadvantaged classes of Alaskans in minority status for the purpose of these contracting considerations.
7. Require that no less than 30% of state funded construction contracts be awarded in amounts under \$1 million dollars with half of those in amounts under \$250,000.
8. Pass a legislative resolution calling upon the Governor to create a task force to address state policy in contracting, local hire, and small business advocacy. Require that the executive, judicial, and legislative branch, as well as other working Alaskans, are included in the task force to assure full representation.*
9. Require surety bonders to keep adequate records to document why businesses are denied credit or bonding.

* Court decisions on the jurisdiction and authority of states to limit employment and contracting opportunities to residents or "protected" classes of citizens have been many and varied. A U.S. supreme court decision, issued in February 1983, upheld a Boston Mayor's Executive Order requiring that 50% of wages paid on city funded or administered construction projects be limited to Boston residents.

Based on the findings of that decision, Senate Bill 174, was introduced in the Alaska legislature on March 10, 1983, by Senator Joe Josephson. SB 174 requires that, when a construction project is wholly funded by state money and the state or an agency of the state is signatory to the contract, worker hours on a craft-by-craft basis must be performed at least 50% by bona fide state residents.

SB 174 adopts the specific language of the U.S. Supreme Court decision and replaces AS 36.10.010 in an attempt to strengthen Alaska hire preference laws to meet anticipated court challenges.

While not directly affecting small and minority business contracting, it appears that the Boston decision puts Alaska "back in the residency business". Alaska's authority to grant bidder preferences to resident owned small businesses, for instance, is strengthened by the supreme courts decision.



Alaska State Legislature

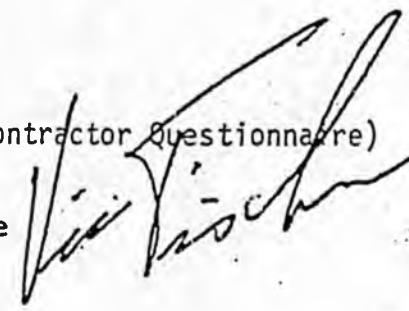
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Senate Committee on State Affairs

Vic Fischer, Chairman • 1024 W. 6th Ave., Suite 204 C,
Anchorage, Alaska 99501
(907) 278-3654

Official Business

To: Alaskan Contractors (Prime Contractor Questionnaire)
From: Senator Vic Fischer, Chair
Senate State Affairs Committee
Date: September 29, 1982
Re: Minority business contracting



In the last five years, massive amounts of public dollars have gone to the State Department of Transportation and Public Facilities (DOTPF) for statewide construction projects.

It is the intent of the legislature that all Alaskan businesses are assured an equal chance to bid on and participate in state funded capital projects.

In order to assure this, the State Human Rights Commission entered into an agreement with DOTPF in June of 1980 to increase participation of minority owned small businesses in state construction contracting.

As the committee of oversight for the Human Rights Commission, the Senate State Affairs Committee is vitally interested in how seriously state agencies comply with agreements made with the Commission. We cannot determine this without your help.

The enclosed questionnaire was prepared by the Committee to help determine just how effective that agreement has been. Direct information from you is the only way to verify or refute the success of this agreement. Your response will be greatly appreciated.

The scope of this questionnaire includes contracts and sub-contracts involving minority owned businesses from June 1980 to June 1982. It does not include female owned businesses nor projects paid through federal, municipal or private funds.

The purpose of the agreement is to help, not hinder, your efforts to include small minority owned businesses in subcontracting procedures. We need to know if you think it has been successful and where you feel the system could be improved.

Please return this questionnaire by ²²October 15 to Senator Vic Fischer, Chair, Senate State Affairs Committee, 1024 W 6th Avenue, Suite 204-C, Anchorage, Alaska 99501. We have enclosed a self-addressed, stamped envelope for your convenience. For further information call Ginger Baim, in my office, at 278-3654.

COMPANY NAME: _____

ADDRESS: _____

PHONE: _____

1. Did you submit a bid on any contracts for DOTPF projects from June 1980 through June 1982? _____ Yes _____ No.

2. Have you subcontracted any work for DOTPF from June 1980 to June 1982? _____ Yes _____ No.

List firms you have subcontracted with on DOTPF projects from June 1980 to June 1982.

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____

(Please list additional firms on space provided at the end of this questionnaire.)

3. Are you aware of the MBE Directory prepared by DOTPF's Office of Minority Business Enterprises (OMBE) _____ Yes _____ No.

4. When did you become aware of this directory? _____

5. Did you refer to the MBE Directory when looking for subcontractors? _____ Yes _____ No.

6. Is the MBE Directory adequate for your needs? _____ Yes _____ No.
What would you like done to improve its usefulness to you?

7. How else do you contact MBE's? _____

Do you maintain your own list? _____ Yes _____ No.

8. Are you familiar with the MBE contact form provided by DOTPF? _____ Yes _____ No.

SCR 2:

- 1) Requests the Governor to appoint a task force to assess state policy in contracting, local hire, and small business advocacy.
 - a) promote small business development
 - b) assist in securing credit, bonding, and loans for small Alaskan owned businesses;
 - c) Wherever possible, assure that state funded construction projects are tailored so that a reasonable proportion can be performed by small Alaskan owned businesses.
- 2) Directs the attorney general to seek and recommend measures to assure that a reasonable portion of state-funded construction projects are contracted thru small Alaskan owned businesses. Must be consistent with both US and Alaskan Constitutions.