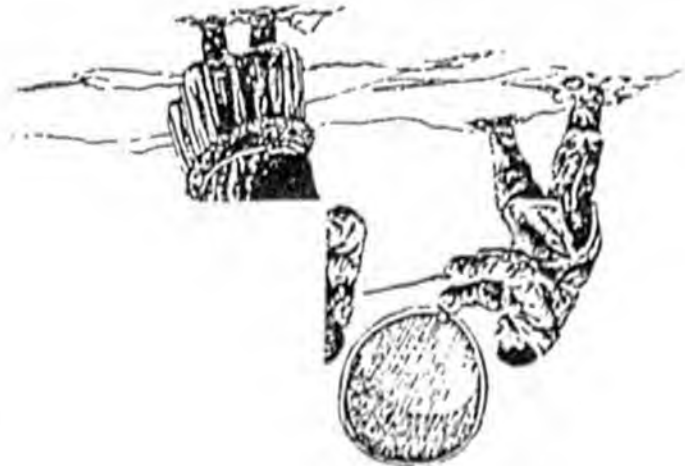


ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

9055 SENATE STATE AFFAIRS



GLACIER FERN™



This piece
was made in
Nigoo, Lays
Sanctuary

EDWARD DEWINE

RON KOMA

ARTIST

NIGOO

VILLAGE



Alaska Alliance© 1991

GLACIER FERN

GLACIER FERN captures the fragile beauty and rugged character that is Alaska. Examine closely its intricate pattern resembling tiny prehistoric ferns frozen in the glacial ice. Notice nature's delicate handiwork captured in solid stone. These are the colors at the edge of the continent where sheets of ancient ice plunge into deep Alaskan waters.

GLACIER FERN is a material extremely rare in nature. Less than 1/10th of 1% of all soapstone is graced with the distinctive fern pattern that characterizes dendritic soapstone. Of that very few pieces of this unique material are large enough to be carved into the art you see before you.

In the hands of Alaskan artists, the stunning beauty of GLACIER FERN is set free to reveal the personality within. Out of its smooth round contours, characters take form and come to life. Simple and expressive, each one is carved into a polished curving piece that makes you want to feel its weight and texture in your hand.

Each unique creation exhibits a facet of Eskimo life, the life of the sea hunter, skilled carver, ice fisherman, singer, dancer and family circle. Though bundled in parka and mukluk, the rotund shapes dance with animation and movement. The faces express spontaneity, joy, complete absorption in the moment. The dancing shaman with ayaya drum, the great hunter retelling his tale, the patient fisherman claiming his prize, or the singing child—all capture a moment in the life of the timeless North.

There are the animals, carved with the keen eye of the hunter. Fur and feather, muscle, bone and skin sculpted into stone with skillful patience and intimacy. And there are the wonderful mysterious transformation pieces, half man-half animal. They speak of legends and ancient mystical happenings as real as dreams in a land where night never ends.

The faces and hands are worked in fossil walrus bone and fossil walrus ivory. These are mined from the sites of ancient villages on St. Lawrence Island where Eskimos have lived for nearly 2,500 years. The bones and ivory which come from these excavation mounds have been authenticated to be as old as the sites themselves. Gamble is approximately 1,000 years old, Seklogayaget 1,000 years plus, Ievoghayog 1,200-1,500 years old, and Miyewagh 1,500-2,000 years old. There is a rugged strength and beauty to this ancient material that lends character to the faces, each as unique as the bone it is made of.

This work of art inspired by the vitality and wonder of Alaska ideally represents the people, the legends and the beauty of this untamed land.

TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE, SUITE 600
FAIRBANKS, ALASKA 99701-4897

March 25, 1996

PHONE 907/452-8251 • FAX 907/459-3850

Senator Georglanna Lincoln
State Capital
Juneau, Alaska 99801-1182

Dear Senator Lincoln:

For far too many years, Alaska Native artists and those seeking to purchase the products of their labor have been unsuspecting victims of fraud and embezzlement. The core of the problem and responsibility for such deceit, lies with those unethical individuals who make and/or profit from artwork, falsely portrayed as authentically Alaska Native. This problem has escalated from being a simple annoyance to the point today where bogus Alaska Native artworks pollute the market, outnumbering authentic pieces being sold. The extent of this problem was brought to the public's attention in the Anchorage Daily News feature on September 10, 1995.

Unfortunately, this is not a new trend. Deceitful profiteers have always sought out lucrative business markets to exploit for their personal benefit or gain. Illegally capitalizing on the demand for authentic Alaska Native artworks just happens to be today's focus of attention for these individuals. The reasons are many as to why the Alaska Native arts profession is being preyed upon. The margin of profitability, the low cost of manufacturing duplicate artwork overseas, the lack of appropriate laws to minimize deceitful commerce, and the high demand for authentic Alaska Native artwork all contribute to the problem.

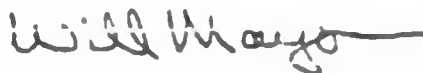
Common sense, morality, and legitimacy in business have never prevailed without government intervention when dealing with corrupt players who have no loyalty to anything other than money. If nothing is done, the numbers of genuine Alaska Native artists will diminish with time. This theory can come to pass because of the impact which will result from the high numbers of Alaska Native copied artwork being marketed and sold at cheap prices in Alaska. Eventually, genuine Alaska Native artists will be unable to compete and less likely to derive a living from their trade.

The loss of such an important part of our culture and history would not only be felt by our people, but also by the state who's potential tourist and consumer interests would be lessened by this fate. The successful passage of Senate Bill #273 and the subsequent enforcement and prosecution of violators of this new law will help ensure that illegal profiteering in the Alaska Native arts & crafts trade is kept to a minimum.

For this reason, I am encouraged by your sponsorship of SB #273 and urge your colleagues on behalf of the villages within our region to support this bill. Thank you for your time and consideration of my views on this most important legislation.

Sincerely,

TANANA CHIEFS CONFERENCE, INC.



Will Mayo
President

State investigates phony 'made in Alaska' artwork

The Associated Press

FAIRBANKS — The Alaska Attorney General's office is investigating whether some art objects being sold as "made in Alaska" are actually manufactured Outside or overseas.

"It has more to do with the so-called one-of-a-kind art objects than mass-produced objects, although we have indications that there could be problems at all levels," said Assistant Attorney General Jim Forbes.

"On many different levels of the market, retailers are being duped by the wholesaler and the wholesaler by the manufacturer," he said. "It's the industry we're looking at."

Forbes, who works in the Fair Business Practice Office in Anchorage, says he has received complaints of art objects sold in Alaska and wrongly labeled as made by Alaska Natives. He would not say which busi-



nesses were being investigated.

A fair portion of Alaska-made art objects and handicrafts sold in gift shops are labeled with one of two stickers.

A "silver hand" sticker indicates the object was made by an Alaska Native, in Alaska, with natural materials. A "white bear" sticker can be affixed to anything made in the state.

Judy Robertson, owner of Arctic Travelers Gift Shop in Fairbanks, says she carefully screens Alaska-made merchandise purchased for her store. She keeps a file listing her suppliers and a record of every tag used.

Allegations about misuse

of the stickers and other claims of Alaska origin prompted Robertson to display her state permit for the tags in her store window.

Steven Rouse, executive director of Make it Alaskan Inc., which administers the Made in Alaska program, says that complaints often come from certified Made in Alaska permit holders. Those people know a particular product line and can easily spot a fake or misrepresentation.

"We encourage permit holders to help us be the eyes and ears to protect the rights of Alaska entrepreneurs," he said.

Jail escap back in st

The Associated Press

A man who escaped from a Palmer jail more than a year ago has been caught again and returned to Alaska, Alaska Troopers said Saturday.

Shawn Barry was serving a sentence for kidnapping when he escaped away from the Correctional Facility in April 1993. On Monday, Barry was extradited from Seattle on charges. It was unclear how troopers found him. Late Saturday, Barry was being held in Mat-Su Pre-Trial Jail on \$50,000 bail.

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To Mr. Richard Foster	From King Island Native Corp
Co. State Capitol	Co. King Island Native Comm
Dept. Alaska State Leg.	Phone # (907) 443-5494
Fax # (907) 465-2452	Fax # (907) 443-3626



KING ISLAND NATIVE CORPORATION

P. O. BOX 992 • NOME, ALASKA 99762 • (907) 443 5494

March 14, 1996

Mr. Richard Foster
Representative, Alaska State Legislature
State Capitol, Room 410
Juneau, AK 99811

RE: Senate Bill No. 273

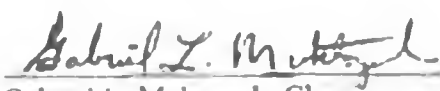
Dear Honorable Representative Foster:

Both the King Island Native Community and King Island Native Corporation fully support the passage of Senate Bill No. 273 on behalf of their village members and their shareholders.

This legislation is a positive step forwards the eventual solution to the prevention's of unethical practices common in the Native Arts and Crafts industry within Alaska.

Therefore, we are requesting your full support for the enactment of this legislation.


Jimmy Carlisle, President
King Island Native Corporation


Gabriel L. Muktoyuk, Chief
King Island Native Community



KAWERAK, INC.



P.O. BOX 948 • NOME, ALASKA 99762



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- UNALASKA FET
- WALS
- WHITE MOUNTAIN

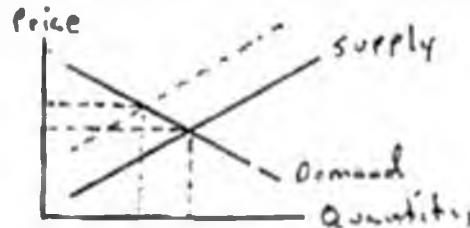
March 18, 1996

State Affairs Committee
 Room 514 Capitol
 Juneau, Ak

Honorable Committee Members,

I am writing in support of Senate Bill 273. It is my belief that the counterfeiting of Native Arts and Crafts has become such a lucrative enterprise for those individuals that participate in the practice, that their participation hurts the authentic native artisans. It is my belief that this bill will help curbe the practice while informing the unaware public to look for authenticity when shopping for native arts and crafts.

This bill will discourage some of the people from participating in the counterfeiting of native arts and crafts. As counterfeiters move from this practice, the supply curve for native arts and crafts will move to the left. The demand curve will stay the same. Therefore, the price paid for authentic native arts and crafts will increase. Any increase in the price paid for authentic native arts and crafts will directly affect areas of the state that produce and depend on the production authentic native arts and crafts. Below is a simplified diagram depicting the effect this bill will have on the supply of native arts and crafts. The supply curve will move to left as counterfeiters leave the industry:



As the program director of Kawerak's Community and Economic Development program, I speak for the artists residing in the Bering Straits Region in support of Senate Bill 273

Respectfully,

Edward Davis
 Program Director of CED

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

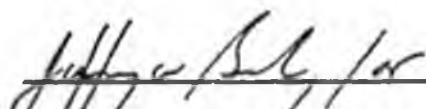
Bill Analysis

SB 273

Research and investigations conducted by various state and federal agencies have concluded that a very high percentage of the handicraft articles sold as Alaska Native art and craft are not made by Alaska Natives. It has been estimated that as much as 80 percent of the items sold as Alaska Native art priced at \$100 or more are either counterfeit, or imitations of authentic productions. While some of these items may be made in Alaska; most are mass produced in other states or foreign countries where manufacturing cost is extremely low. The ready availability and easy financing arrangements for the "knock-off art" limits the demand and reduces the market value of authentic Native arts and crafts.

The Native arts and crafts industry is a base economy for rural communities. Production of arts and crafts is the largest source of private sector income in some villages, representing economic opportunity where little else is available. Visitor industry surveys place Native arts and crafts high on the list of Alaska's cultural attractions.

The intent of SB 273 is supported by the Marketing Alaska recommendations for protecting and advancing the cultural resources sector of our economy. The Department of Commerce and Economic Development strongly supports SB 273 relating to Native Handicrafts and Interstate Products.



William L. Hensley, Commissioner

Date: 3-8-96

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

3401 C Street, Suite 700
Anchorage, AK 99503
PHONE: (907) 269-8110
FAX: (907) 269-8125
TDD: (907) 465-3337

1986

March 7, 1996

COOK INLET REGION, INC
Mr. Carl Marrs, President & CEO
PO Box 93330
Anchorage, AK 99509-3330

Dear Mr. Marrs:

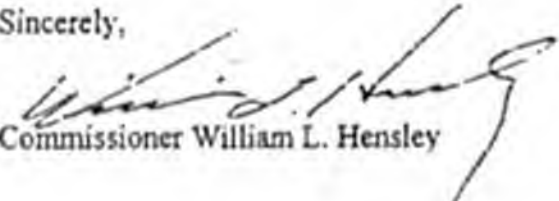
I am forwarding a copy of Senate Bill #273, "An Act relating to Native handicrafts and other articles made in the state" for your review. Introduced by Senator Lincoln on February 9, 1996, this bill incorporates recommendations made by the Marketing Alaska Cultural Resources Sector Group as well as the Alaska Native Arts and Craft Task Force. The need for these laws is best described in the attached Anchorage Daily News article by Bruce Mezler.

As you know the demand for Alaska Native arts and crafts has grown significantly, and with the steady increase of visitors to Alaska a very lucrative market has developed. While most people involved are honest and contribute to the success of the industry, there are exceptions: profiteers seeking to profit from the industry by looking for loopholes in the law that enable them to deceive the consumer.

This legislation is designed to curb this threat to the Alaska Native artisan. I urge you to contact your legislators and ask them support Senate Bill No. 273.

Thank you.

Sincerely,


Commissioner William L. Hensley

Encl

April 14, 1995

Senator Georgianna Lincoln
Room 510
State Capital
Juneau, AK 99801-1182

Dear Senator Lincoln:

We the undersigned Alaska Native artists and arts and crafts merchants ask for your help.

Native arts and crafts fulfill a vital role in preserving the spiritual and cultural heritage of the Alaska Native people. The value is enhanced by increased recognition and acceptance of Native arts and crafts, both in Alaska and on the world market. The economic opportunities of this emerging arts and crafts industry are important for the individual artist and his or her village. Increasing the value of the products, improving the market and protecting the future of the native arts and crafts industry is an issue important to every Alaskan.

The demand for Native arts and crafts has grown significantly with the steady increase of visitors to Alaska. Over a million visitors are expected to come to Alaska this year, and each is a potential customer for Native arts and crafts. Most visitors take souvenirs and gifts home and many want to buy art or handicrafts made by Alaska Natives.

Because the Native arts and crafts market is lucrative, non-Natives are producing and selling fraudulent and counterfeit products. While most people dealing in Alaska Native arts and crafts are honest and contribute to the success of the arts and crafts industry, there are exceptions: profiteers or those seeking to profit from the industry by looking for loopholes in the law that enable them to deceive the consumer. This is consumer fraud.

Your efforts can help us preserve, promote and protect the market for Alaska Native arts and crafts and significantly strengthen the fight against fraudulent productions. Included, you will find documents identifying recommendations for action. They were developed by an Alaska Native Arts and Crafts Task Force appointed during Governor Hickel's administration. Action has not yet been taken on these recommendations. Of these, we feel that it is critical that the following action be taken immediately before the tourist season.

1. **Mandatory Poster:** Request that the State Legislature pass a law requiring all retail outlets selling art or handicraft items display a poster in a prominent place. An example is attached that was developed by the Task Force. The posters should be posted at weekend bazaars and trade shows as well. These posters could be made available for purchase at cost.

2. **Certificate of Origin:** Request that the State Legislature pass a law requiring all art and handicraft items sold retail for \$100.00 or more in Alaska or by mail order outside of Alaska be required to have a "Certificate of Origin". We have attached a sample of such a certificate identifying the information that we consider necessary. The option to display the certificate with the other information about the artist, the art form, the origin of the item, or of the seller should be allowed. Wholesale distributors should provide the required information on or attached to their invoice at the time of sale to the retailer. Failure of the merchant to provide the certificate at sale should be a violation of the Consumer Protection Act. Direct sale by the artist should be exempt. Retailers should be given the option of using a simple document form or elaborate design, either being acceptable as long as the information is complete and legible.


3. **Protect the Art and the Artist:** Request that the State Legislature pass a law making it a punishable offense for a wholesale or retail merchant to:

- a) remove a Silver Hand logo from an article once it has been attached by the artist or a Silver Hand Agent; or

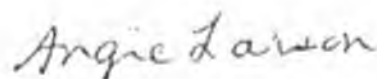
b) add to, subtract from or otherwise alter the work of an Alaska Native artisan to enhance it's value once the item has been signed or had the Silver Hand Logo attached.

If you have any questions please call Angie Larson at 248-2323 or send her a fax at 248-2328. Thank you for your assistance.

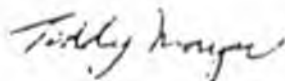
Sincerely,



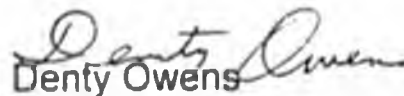
Bryon Amos
Native Carver



Angie Larson
Wholesaler



Teddy Mayac
Native Carver



Denty Owens
Native Carver/Retail Store Owner



Ellen Paneok
Native Scrimshander

Supplement to last sheet regarding; mandatory poster, certificate of origin and protect the art and the artist. The following are additional signatures of Alaskan Native artists and concerned citizens:

Elaine Etukuk - Native Artist 279-770

Jileen McNeil Native Artist 344-3678

Mabel W. Pike

Native (Inupiat) Artist 279-500

Sylvester Ayek
SYLVESTER AYEK

NATIVE (INUPIAQ) ARTIST

248-6878

12/10/85

Souvenirs of the Last Frontier cross an ocean first

TAMPAK SIRING, Bali, Indonesia — Walk down the dirt lane, past a barefooted, goliath farmer with a load of palm fronds on his head. Step into a walled compound and you can find miniature moose carvings in the making.

Roosters' crows mix with the whine of electric grinders. At his workshop in this hill village in Bali, master carver Ida Bagus Pastika is surrounded by barefoot workers hunched over motorized carving tools. Bits of bone, fossilized walrus teeth, and moose and deer antler are transformed into moose, sheep and otter carvings

bound for Alaska's trinket shops. Pastika, in a worn sarong and camouflage shirt, oversees the work in his shop and proudly shows off a moose head carved from Indonesian deer horn.

Behind him a young carver studies photo books, looking for examples for his next piece. In "Wolves," a paperback still sporting the \$2.25 price tag from an Anchorage shop, photos of bushy wolf faces are circled while rangy doglike ones are X'd out.

Larry Lynd of Alaskan Ivory Outlet in Anchorage is one of those who supplies Pastika with designs, fossil walrus

Please see Page C-3, BALI



BRUCE MELTZER

At Ida Bagus Oka Astina's carving shop in the village of Matrasari, a Native-style mask hangs above the book it was copied from.

Ida Bagus Oka Astina shows off a Yupik-style mask made for Larry Lynd's Alaskan Ivory Outlet.



BRUCE MELTZER / Anchorage Daily News

For many buyers, for many sellers, nearly Native is near enough

If you're hunting Alaska's gift shops for Native-motif carvings, you might see soapstone pieces by Chupak, Eddy Lyngoc or Ronald Komok.

Native art? Not really. Chupak is a Cambodian. Lyngoc is a name used by Vietnamese artist Ngoc Ly. Ron Komok is a Native carver who sold the rights to his name to Ly's Seattle carving studio.

Non-Native arts and crafts from Alaska, Seattle and overseas have been and sometimes still are being sold as

Native art. Kurt Tripp, a Seattle businessman, said the Federal Trade Commission in Seattle has been investigating him and Ly about carvings produced in Ly's studio and wholesaled by Tripp.

FTC's Seattle office has forwarded a proposed settlement to the commissioners in Washington, D.C., said Eleanor Durham, an agency lawyer.

Selling non-Native art as Native work is a deceptive trade practice, which is overseen by the FTC, Durham said. The agency can take civil action against violators.

Please see Page C-3, NEARLY NATIVE

Shop carefully

When shopping for authentic Native crafts, ask lots of questions.

Is the product made in Alaska? Is it made by a Native artist? What is his or her name and where is he or she from?

If you make a purchase, have the seller write the name and details on your receipt.

Watch out for the wiggle words. Carvings may be labeled "Alaska fossil ivory." True enough. But just because the raw material is from Alaska doesn't mean the work was done in the state.

Look for the Silver Hand label. This state-run program is intended to guarantee that the tagged handicrafts are made by an Alaskan Indian, Aleut or Eskimo artist. The Silver Hand is not widely used, and plenty of legitimate crafts do not have the Silver Hand.

Another state-sponsored label, "Made in Alaska," features a pair of bears. This is a voluntary state-sponsored program that certifies that a specific product or product line is manufactured or assembled in the state. It does not specify whether a product is Native made.

Please see Page C-3, SHOP

NEWS ARTICLES

Continued from Page C-1

ry and other Alaska materials. Then he buys the finished carvings.

"We've made him rich," said Lynd.

Pastika's home and workshop confirm that. The temple in his walled family compound is recently rebuilt; the shop is new.

Tampak Siring is the ivory and bone-carving capital of an island renowned for artists and crafts work, where many villages have a specialty, from wood carving to stone work.

In workshops tucked into family compounds, in houses overlooking vivid green rice terraces, Tampak Siring's 200 or so carvers work on Alaskan fossil walrus ivory, bone, mammoth tusks, even bone from the extinct Steller's sea cow.

Alaskans and other Americans have helped revitalize the ivory-carving industry on the Indonesian island of Bali. And that island's carvers are filling many gift-shop shelves in Anchorage and around Alaska with their work.

The tale of the ivory trade parallels a larger trend in American manufacturing, where inexpensive labor in developing countries has lured manufacturers overseas. Low-priced products — in this case ivory and wood carvings — come back into American markets once dominated by locals.

Dealers say Native artisans just don't produce enough crafts to meet the demand. But they note that Native carvers and crafts people never will be



BRUCE MELTZER / Anchorage Daily News

Ida Bagus Pastika owns a carving shop in the village of Tampak Siring on Bali in Indonesia. The master carver does work for Larry Lynd of Alaska Ivory Outlet.

totally displaced, because some buyers will pay more for authentic work.

The imports can confuse consumers, who sometimes can't tell what's authentic and what's not. Often Indonesian work isn't labeled as such on Alaska store shelves.

And it's not just Bali. Native-motif whalebone and soapstone carvings, some produced by non-Natives using Native-sounding names, come from Seattle or Alaska itself.

Some tourists eager to take home a memento of Alaska will buy imports or non-Native work because "the Natives have priced themselves out of some of the market," said Lynd. Initially, his wholesale cus-

tomers shied away from the Balinese crafts. But given the lower prices "they'll always come back to it," Lynd said.

Although the carvings might not be Native Alaskan, almost all of the raw material is from Alaska, mainly from St. Lawrence Island in the Bering Sea.

Hauling fossil walrus ivory for carving abroad is a growing business, with 1,366 pounds worth at least \$116,209 leaving the country so far this year, federal government figures show. Since 1990 — the year the U.S. government started tracking the fossil-ivory trade — the number of companies legally exporting fossil walrus ivory and importing carvings has

grown fivefold to 46. A half-dozen of those dealers are Alaskans, said Michael Klehn of the U.S. Fish and Wildlife Service in Anchorage.

When fossil walrus ivory leaves the country, "the vast majority, maybe 90 percent, is going to Indonesia," Klehn said.

BY THE NUMBERS

Victor Buberger, a dealer from North Pole, had some turtles carved in Bali "that were costing me \$3 a turtle. I have an American guy that does the same one, but he charges me 75 bucks."

Buberger can take a plastic bag of chips worth \$20 a pound and have the pieces carved in Bali for less than \$3 per chip. After paying for labor and materials, "I can still recover \$360 a pound" for finished carvings, Buberger said.

Getting ivory carved cheaply doesn't guarantee profit. Dealers also have to buy plane tickets and pay for lodging in Bali. Then there's the American paperwork and the bribe-hungry Indonesian officials. "Sometimes they get me in both directions," entering and leaving the country, Buberger said.

Most of Buberger's carving is done by the kingpin of Bali's ivory business, Dewa Nyoman Jaya of Kanaka Gallery of Art. He sports a Rolex wristwatch and totes a brass-handled coconut-wood swagger stick.

Jaya said he is one of the few people in Indonesia licensed to work on elephant tusks. His two-story showroom highlights

intricately carved white pillars, tusks that took a year and half to carve and priced at \$50,000.

As with other Balinese ivory shops, his workers are paid by the piece. Earnings average about \$12 a day and his best carvers earn twice that, Jaya said. But Jaya has some of the highest wages around.

Most ivory carvers in town earn about \$5 a day, said Lee Downey, an American who helped pioneer the Balinese walrus ivory trade a decade ago. That's more than twice the local minimum wage.

Downey was drawn in part by the island's tradition of detailed decorative arts. Art is so woven into the fabric of Balinese life that nearly everyone carves or paints, sculpts or dances.

Foreign manufacturers like Downey have found that Balinese craftsmen are human Xerox machines. They can copy anything.

BEYOND IVORY

Down the road, in the wood-carving village of Mas, a Yupik-style mask bound for Anchorage hangs on the wall at Ida Bagus Oka Astina's wood-carving shop.

For years Oka has been cranking out Indian, Eskimo, even African reproductions in addition to traditional Balinese masks and his original creations.

In a country where every good artistic idea is quickly copied, Oka said he has his own code of ethics. "I ask if the man is still

alive." If the Alaska carver is dead, he feels no qualms about copying the work.

But in Alaska, some people object if the masks aren't marked "made in Indonesia" and are then passed off as Native-made.

U.S. law requires that imported goods be marked with the country of origin. For Indian and Native-style arts or crafts, that mark must be permanent, said Eleanor Durham, a Federal Trade Commission lawyer in Seattle. Consumers can get burned if unmarked work gets to store shelves. "They look Native, they are mixed with Native art and nobody said they are not Native," Durham said.

One mask imported by Lynd wound up in an Anchorage Museum of History and Art exhibit last year, an example of bogus Native art. The mask had no country of origin marked on it and was sold as Native-made by Stephan Fine Arts Gallery, museum records show.

"The only thing that I can say about it is that I was misinformed, that I was under the impression those were indeed done in Southeast Alaska," said Hildegard Johnson, the Stephan's employee who sold that mask.

At Lynd's downtown shop this month, several Bali-carved masks were also unmarked. Lynd said all his products leave Indonesia with identifying stamps or stickers and he is careful not to misrepresent his imported goods as Alaska

Please see Page C-4, BALI

BALI: Alaska souvenirs from island paradise

Continued from Page C-3

or Native-made.

In general, shoppers should realize they are buying a copy when the price is low, he said. Original Southeast-style masks by a Alaska Native carver might bring as much as \$3,500, while a Balinese-carved mask might be a tenth of that, Lynd said. "It's kind of like buyer beware."

Prices should tip off people on Ivory carving, too, he said. But a shopper might find it hard to tell if a carving is Alaska made. Lynd and Buberger both said that if they do some work on an imported piece — repolish it or mount it on a base — then they'll usually take off the "made in Indonesia" sticker. How then does a buyer know where a piece is from? Just ask, said Lynd.

Faking art works has gone on for years, said Walter Van Horn, curator of collections at the Anchorage Museum of History and Art. A few years ago the museum bought what it thought was an original Native Ivory totem. Van Horn was chagrined to find

that Sheldon Jackson College in Sitka has the exact same item, still in the original box with markings showing it was imported from the Orient decades ago.

Craft wholesalers like Angle Larson of Alaskan Treasures in Anchorage complain that "the market is flooded with bogus art." That's hurting Alaskan crafts-people and Native artisans, whose work is more expensive than the imports, she said. Stores find better prices and higher profits on the imports or non-Native work, she said, so "there is no room on the shelves" for the real thing.

Some Native carvers said they aren't too concerned about imported pieces unless someone is trying to copy their own work. Ivory carver Leonard Savage was angry to see a knockoff of his work. He couldn't find out who did the carving. "Why would they want to go and copy somebody else's work? I don't think that's right. I don't do it."

But when it comes to items from overseas, "as long as they go and they

say if it's from Taiwan, heck, I don't care," Savage said.

"I don't really feel threatened by the competition," said Sylvester Ayek, an Inupiaq carver from King Island whose work hangs in Anchorage's art museum.

And that's just the point, said Susan Fair, an art buyer and Native arts expert. The best fine artists, such as Ayek, who are doing truly creative work, have little to fear from imports and knockoffs, she said.

But Denty Owens, the Inupiaq owner of Alaska Native Cultural Arts Exchange Inc., said he feels the pressure from the low-cost imports. He rents shop space to Native artists and carves walrus Ivory himself. Families visiting from the Bush stroll in, carvers sit and chat, making the downtown Anchorage shop as much a community center as it is a store.

If tourists buy less-expensive imported carvings, "they have no need to come over here and buy these things," he said, nodding to the glass cases of carvings and crafts.

SHOP:

Continued from Page C-1

Other labels saying "made in Alaska" or "Alaska made" guarantee little. Components can be carved or manufactured elsewhere, assembled here and the final product still be tagged as Alaska made, according to the state Commerce Department.

Be wary of soapstone carving. Almost all soapstone is imported; it is not a traditional material used by Alaska Natives.

"By in large, 10 percent of the soapstone carvings in the state are made by Eskimos and the rest are not," said Kurt Tripp, whose Ivory Jack Trading Co. is a major art wholesaler.

Shop around and learn about the item you want to buy. Check out art books, museums or other collections to learn about the item you want.



MICHAEL DORRHEIM / FOR THE EMV

Fakes on display: Janelle Matz, assistant curator of the Anchorage Museum of History and Art, stands by some of the counterfeit "Native-made" art that is part of an exhibit designed to illustrate the problem.

'Genuine' Native art often fake

By JAMES MacPHERSON

THE ANCHORAGE NEWS

The Anchorage Museum of History and Art has a new exhibit this year featuring counterfeits of Alaska Native art made in Seattle and as far away as Africa and Southeast Asia.

Among the items are a Yup'ik-style mask made in Bali and a Siberian Yup'ik-style grass basket made in Uganda. There is also a soapstone carving made by a Seattle-based Vietnamese artist, bearing the name of a Alaska Native allegedly paid to put his name on the artwork.

'Tourists are getting fooled.'

— Jim Forbes

Assistant attorney general

All of the items on display were sold by Anchorage gift shops as genuine Alaska Native-made, said Janelle Matz, the museum's assistant curator.

"We added the exhibit to show there are problems in the industry," Matz said. "These

are just the tip of the iceberg."

"It's an ancient problem," said Steve Erikson, curator of collections at the Alaska State Museum in Juneau. "Non-Natives have been producing Native-style art back to turn of the century with the first cruises."

Street vendors sold crude copies of Native canoes, totem poles and masks, Henrik said. "There was a demand for them and I suspect at least some of it was misrepresented as Native art."

"It's been a long, steady problem, and definitely one that has grated on the nerves"

Please turn to Fakes, Page A

many people," he said.

The Alaska attorney general's office and Federal Trade Commission are investigating the problem of misrepresented artwork. State officials and Native artists say authentic Native art is being copied without permission and sold in retail stores throughout the state, including Juneau.

In some cases, the phony Native art and handicrafts bear fictitious Native-sounding names, or are labeled as made in "the village of Chugiak," for example.

Chugiak is part of the municipality of Anchorage, Alaska's largest city.

"Tourists are getting fooled," said assistant attorney general Jim Forbes.

Most of the Native-style art sold in Alaska gift shops does not come with any information identifying its origin, said Forbes, who works in the state's Fair Business Practices Office in Anchorage.

"I would say the vast majority of it is not made in Alaska," Forbes said. "And the vast majority of that is sold with strong implications that it is made in Alaska."

Under federal law, misrepresenting non-Native artwork is punishable by penalties of up to \$250,000 and five years in prison. Federal Trade Commission officials would not comment on their investigation.

Tom Lawson of the state Department of Commerce and Economic Development in Juneau said summer tourists in Alaska spent \$77.5 million last year on artwork and handicrafts.

"Up to 80 percent of it is questionable in terms of its origin," Lawson said. "We know it's a problem."

In an effort to help identify legitimate items, the state distributes its Silver Hand and Made in Alaska tags. The Silver Hand seal, a silver hand in a black oval, denotes authentic Alaska Native handicraft, made by a person with at least one-quarter Native ancestry.

"Native art should be clearly identified as Native art," he said. "There should not be any conflicts if that were the case."

Meanwhile, there are conflicts and Native artists and would-be Native artists are being driven out of the market, said well-known Native carver Mick Beasley of Juneau.

"There are more non-Natives than Natives making a living off of Native-style art," Beasley said. "It's the raping and pillaging of our art form. We don't want other people capitalizing on our art."

made artwork were probably left with the false impression that the items were made by Alaska Natives. However, he said, it is probably not illegal because Chugiak qualifies under the dictionary definition of "village."

Dupps said he has since stopped the practice of importing workers and labeling his merchandise as being made "in the village of Chugiak." He said he now deals only in authentic Alaska-made artwork, said the problem of mass-produced Native art knockoffs is not new.

In some cases, the phony Native art and handicrafts bear fictitious Native-sounding names, or are labeled as made in "the village of Chugiak," for example.

"When a Native enters the marketplace, they are competing with non-Natives from out-of-state or out of the country, and Third-World wages," Beasley said. "Flooding the market with non-Native art hasn't encouraged the manufacturing of art by Native people."

He said art dealers often tell Native artists what to produce and what the price will be.

"They are telling Natives what the standards are for Native art," Beasley said. "It's not right."

Nguc Ly (pronounced Nuk Lee) is a Vietnamese artist living in Seattle who specializes in carving soapstone and fossilized walrus and mammoth ivory. Ly, who owns Northwest Tribal Art in Seattle, works under the name Eddie Lynd and Lyngoc, Forbes said. He also markets carvings from Native artist Ronald Komok and carvings under Komok's Eskimo name, Panniniak.

A soapstone carving with Komok's name on it is on display at the Anchorage Museum. Matz said it was not done by Komok.

"I know for a fact that the majority of Native art sold since the 1940s has been done elsewhere," Dupps said.

One reason, he said, is because the demand for Native artwork is greater than production capabilities.

"I don't think the Native market could produce enough to satisfy the tourist industry," Dupps said. "There is a void in the market that is being filled by capable, qualified artists."

Jack Tripp, owner of Mt. Juneau Trading Post and Northwest Tribal Arts in Juneau, said nearly all of his merchandise is made in-state, and by Alaska Natives.

He said the problem of retailers misrepresenting Native art probably is exaggerated.

He said the state's Silver Hand program is ineffective because it does not take into account other Native-made items, such as those made in Canada.

He said he routinely buys artwork from Tlingit Indians on both sides of the border, but only Alaska Tlingit artwork qualifies for the

totem pole bear and cub, is used to identify a product or handicraft produced in the state.

The Silver Hand program began in the 1970s, while the Made in Alaska program started in 1988, Lawson said.

By all accounts, the state-sponsored effort isn't working as well as its supporters want.

"It's not necessarily that they are misusing (the Silver Hand and Made in Alaska emblems)," Lawson said. "They're not using it."

Some shops don't use the tags because it brings attention to other items in the store without the labels, he said.

"That's not to argue the quality is bad, because it isn't," Lawson said. "It's the misrepresentation that is disturbing."

Lawson said a task force comprised of lawmakers, state officials, artists, industry representatives and Native leaders is being assembled and will meet Wednesday in Anchorage to address the problem of cleaning up the industry.

The Legislature in 1992 made it illegal to sell a reproduction of Alaska art unless it is clearly labeled as a copy. Forbes said the problem with the law is that knockoffs often copy a style, but not a specific object, making enforcement difficult.

Rep. Mark Hanley, R-Anchorage, sponsored the legislation.

"Does the law not work or is it the enforcement?" Hanley said. "I think it comes down to enforcement."

He said the Legislature probably will have to look at the law again to close loopholes and impose stiffer penalties for misrepresenting and copying Native art.

Abusing the Silver Hand program or misrepresenting non-Native art is a misdemeanor. "The word would go out in a hurry if some undercover guy was nailing people with \$10,000 fines," Hanley said.

Lawson and Forbes said tourists could be educated about Native art by requiring shop owners to display posters describing the Silver Hand and Made in Alaska programs.

The Legislature also could require a certificate of origin on every item over a certain dollar amount to prove that products are genuine, Forbes said.

sold his name and design," she said.

Forbes said he has received complaints from tourists, Native artists and some retailers about Komok carvings, which sell for hundreds of dollars.

"There have been allegations made that work attributed to him is not being done by him," Forbes said.

Ly would not return repeated phone calls from the Empire over the past month. Komok, who is originally from Nome but is now a "Seattle street person," Forbes said, also could not be reached for comment.

One of Komok's soapstone carvings appeared in "Aurora: Expressions of Alaska," a catalog funded by the federal government through the Rural Alaska Community Action Program, an Anchorage-based program that receives some of its funding from the state Department of Community and Regional Affairs.

This year, the same soapstone carving appears under the name of Chuck Carnahan of Chugiak in the arts and crafts mail-order catalog.

Jeanine Kennedy of Rural CAP said she is aware of the problems surrounding Komok carvings. She did not know who Chuck Carnahan was or whether he was Native or non-Native.

Forbes said the Carnahan carvings appear to be the work of Ly and his associates. The state is looking into the matter, he said.

"There was no intention on our part to mislead anybody," Kennedy said. "We are going to be more careful in the future."

Although the catalog is designed to promote Alaska Native artwork, less than half of its items are Native-made, Kennedy said.

"Our goal is 100 percent," she said.

Mike Dupps, owner of Chugiak Alaska Arts Alliance, an art wholesale business, said he has in the past brought Ly and some of his associates to Chugiak from Seattle to make artwork.

The items were labeled as being made "in the village of Chugiak," and spawned numerous complaints to the attorney general's office.

Forbes said many buyers of the Chugiak-

"They're the same Indian, the same people between totally artificial Anglo boundaries," said Tripp, who claims one-quarter American Indian ancestry.

"To my way of thinking, stickers are not important, they are a pain in the butt to me," Tripp said.

If a customer wants a Silver Hand or Made in Alaska emblem, and the piece qualifies as being made in the state or by an Alaska Native, Tripp said he will put it on the item.

Native-style artwork done by non-Native artists does have its place, he said.

"I don't find it objectionable as far as art form," Tripp said. "If it's carved and carved correctly, it still makes people aware of the culture and value it."

"Is every French Impressionism painting French? Is every cubism painting from the school of Dali?" he said. "Most tourists don't care who made it, they buy it for pure aesthetics - they're just interested in the piece. The Native-art concept is esoteric to most of them."

Cha Rnacirole, a non-Native Juneau artist who specializes in ivory carvings and gold jewelry, said Alaska art is unique and would be hard to categorize much of what is being produced, either by Natives or non-Natives.

"There are Eskimos doing Indian art and Indians doing Eskimo art," Rnacirole said. "Where do we draw the line?"

Rnacirole said she - like many Alaska artists - have copied an existing style of art.

"I wasn't proud of it, but it's how I got started in the business," she said. "It is so much easier to copy than to originate. There may be 1 percent creative out there, the rest is just copy."

Rnacirole now prides herself on her own unique carving of gold and ivory. But what goes around, comes around, she said.

"Now people are copying my art."

Monday's Empire will include a report on a reproduction of an Alaska State Museum totem pole being advertised in a Juneau-based Alaska gifts catalog.

Totem tale is one of dissension

Replicas of Haida design carved in Bali

By JAMES MacPHERSON

THE JUNEAU EMPIRE:

It's a totem pole that stands just under 5 feet tall and was carved by an unknown Haida artist in the late 1800s.

Depicted on the pole are a bear, a sea wolf and a three-figured watchman, a supernatural-being said to protect the house it guards or the person who owns the pole.

In this case, the watchman may be protecting the pole he sits atop and the centuries-old tradition of totem carving by Natives.

Recent reproductions of the pole — imported from the Indonesian island of Bali by a Seattle-based company — sparked dissension among participants in the money-making project.

A lawsuit was threatened when the state museum bailed out of the project, leaving the Seattle gift dealer to go it alone.

"Sometimes, there are some stange, unexplainable things that happen around objects of this sort," said Steve Henrikson, curator of collections at the Alaska State Museum in Juneau. "However, the misfortunes surrounding this pole, I think, are humanly caused."

The Haida pole is part of the state museum collection. Over the years the story the pole tells has been lost, although museum officials believe it was created specifically for the tourist market near the turn of the century.

The pole's more recent history is better known.

In 1993, the state museum and its nonprofit support group, Friends of the Alaska State Museum, began discussing a joint marketing enterprise with Ivory Jack's Trading Co. of Seattle to reproduce the Haida pole for sale.

Profits from the sale of the reproductions was to be given to Native groups, and to help fund additional

Please see Totem, back page

'The Voice of Alaska's Capital City'

JUNEAU EMPIRE[☆]

MONDAY
October 24, 1994

Totem...

Continued from Page 1

exhibits at the museum, according to Eleanor Davenport, former executive director of Friends of the Museum.

Native master carver Mick Beasley of Juneau was commissioned by the Friends of the Museum and Ivory Jack's to carve a prototype of the totem, which was then to be reproduced in Alaska, preferably by Native carvers, Davenport said. But reproducing the totem in-state was too costly, and no Native carvers could be found to do the work, Davenport said.

She and Kurt Tripp, president of Ivory Jack's, turned to Bobbo Inc., a Massachusetts company that specializes in wood reproduction done by Balinese carvers.

The plan was to ship Alaska yellow cedar to Bali, where carvers would make copies of Beasley's pole. The totems then would be shipped to a Palmer company to be hand-painted.

But museum officials later changed their mind and objected to the use of Balinese carvers and the proposed use of the Made in Alaska logo, as well as the museum's endorsement on the carvings, Henrikson said.

Museum officials asked Native leaders and artists to comment on the proposal, Henrikson said.

The state paid Tripp \$3,000 to settle the dispute. The Seattle businessman retained rights to Beasley's carving and continued with the project alone.

Neither Tripp nor his attorney would comment on the settlement or the totem reproductions.

After the settlement, Davenport quit her position with the Friends of the Museum. She is now self-employed and helps market the poles.

"I still believe in it," she said of the totem.

Tripp's totem pole recently surfaced in the fall issue of the Juneau-based "Great Alaska Catalog: Extraordinary Gifts From the Great Land." The poles come in three sizes: 18 inch, 24 inch and 54 inch. They are priced at \$395, \$495 and \$2,400, respectively.

The totems take up the entire back cover of the catalog, but nowhere in the copy does it say where they were made. It does state the totems are reproductions of the original at the Alaska State Museum.

The catalog's sales pitch has prompted complaints to the state attorney general's office, said Jim Forbes, who works in the Fair Business Practice Office in Anchorage.

Forbes said he thinks the copy is misleading and is looking into the matter.

"It sure gives me the impression it was carved in Alaska," Forbes said. "It's important to look at the context and what is not said. The average consumer would conclude they are not imported."

"No one liked the idea so we pulled the plug on the project," he said. "It was clearly something we did not want to be involved with."

The Friends of the Museum board also voted to end its involvement in the project.

Beasley said he was not pleased that Balinese carvers would reproduce the totem poles, while also carrying the endorsement of the museum and the Made in Alaska logo.

"Legally, it's probably OK," Beasley said. "Ethically, it's wrong."

Beasley was paid \$2,500 by Tripp for his carving. When the museum and the Friends killed the project, Tripp threatened to sue.

In a letter to the museum, Tripp, through his attorney, David Copley of Seattle, urged chief curator Bruce Kato to reconsider the project, or face legal action.

"It would be a pity if the museum killed this win/win/win proposition because performance of the agreement would have numerous substantial benefits," Copley wrote in a five-page letter. "Most importantly, it would add to the prestige and recognition of the museum ... a lawsuit would be highly distasteful for all concerned. Frankly, it would be a disservice to the people of Alaska, a waste of taxpayers' money and a political embarrassment reflecting very poorly on your administration of the museum."

Forbes said some people may also think they were carved by Alaska Natives, based on what is and what isn't mentioned in the catalog.

"We are not misleading people," said Jackie Stewart, president of the Great Alaska Catalog Co. "I don't see how anybody in the right mind could say it was Native carved ... that's an inappropriate assumption."

Stewart points out that the totems are called "reproductions" in the catalog, and that people realize they are not done by Natives or even in-state.

"If it was being carved by a Native, we would state that it was being carved by a Native," said Stewart, a board member of the state-sponsored Made in Alaska committee.

Stewart said it's possible the totems could qualify for the Made in Alaska logo, since the wood is from Klawock and because they are painted in Palmer. "My guess is that they wouldn't be, though."

"The Made in Alaska designation only applies if the majority of the value-added work was done in Alaska," Forbes said. "The fact that the tree grew in Alaska and that it was painted here is irrelevant."

Davenport and Stewart said they do not know where else Tripp is selling the totems or how many have been made.

Stewart's inventory of totems, which are warehoused in Missouri, have not been hot sellers, she said. "We've only sold a couple of them."



Chugachmiut

March 18, 1996

Honorable Sen. Georgianna Lincoln
Alaska State Legislature
Room 510 State Capitol
Juneau, Alaska 99801-1182
Fax: (907) 465-2652

Dear Sen. Lincoln:

This letter is in support of Senate Bill No. 273 entitled "An act relating to Native handicrafts and other articles made in the State," introduced by Sen. Lincoln. We support all efforts to curb legal loopholes in State law that enable artwork produced outside Alaska to be falsely marketed as Alaska Native craftwork. Therefore, we strongly declare our support for the State Legislature to enact laws that promote and protect the market for authentic Alaska Native arts and crafts.

It is common knowledge that a problem persists in Alaska in regards to the production and marketing of authentic Alaska Native arts and crafts, with outside producers creating and marketing works of art that are deceptively sold as such works. Such practices have profound effects on the Alaska Native art and craft producers who, by large, are marginal producers and generally market their work to supplement the subsistence lifestyle in the rural areas of Alaska. In a recent newspaper article in Anchorage it described how such art created in the South Pacific and Lower 48's find their way into Alaskan shops and are intentionally sold as Alaska Native art. This unscrupulous activity and marketing ploy often aided and perpetuated by legitimate Alaskan businesses and shops reduces the potential economic effects that could be available throughout Alaska.

In general, in many of the rural communities, each dollar generated through legitimate sales of Native arts and crafts has an approximate multiplier effect to the local economy of \$5-8 dollars. For the thousands of producers throughout Alaska the potential effects can be enormous for the legitimate markets if legislation is enacted that curbs the sale of counterfeit production. The Alaska Legislature has the ability to effect changes that can benefit the Alaskan economy. This is a change needed that would have such an impact. Please support the passage of Senate Bill 273. Thank you.

Respectively,

Derenty Tabios
Executive Director





Alaskan Treasures

"We Only Represent Authentic Alaskan Art"

205 E. Dimond, Suite 514
Anchorage, Alaska 99515

(907) 248-2323
FAX 248-2328

March 18, 1996

TO: Senator Georgianna Lincoln

DATE: March 18, 1996

FAX #: 465-2652

PAGES TO FOLLOW: 1

FROM: Angie Larson

RE: Bill #273

MESSAGE:

As a legitimate wholesaler of Alaska Native Art (17 years), I strongly support this bill and I believe there is great need for it.

It has always been my policy to put in writing the name of the artist, their origins and the materials used. The bottom line is why would I or anyone else who is running a legitimate business refuse to do this?

The suggested certificate of origin is trying to prevent specific acts of fraud already regularly practiced in the State on a large scale. It provides a guarantee and creates uniform information for the consumer.

For the honest retailer, it will reinforce his market prospects. It is appropriate for the retail outlet to offer these certificates, as they are in direct contact with the consumer.

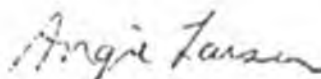
I have observed bogus Native art offered for as much as \$3000.00 in retail stores.

While most of us have read the extensive investigative reports done by both the Anchorage and Juneau newspaper, many are not aware that these reports have been also published in Canada and the Lower 48. Even an American-Indian Native Art newspaper that is distributed all over the world.

There is a contact in the Federal Trade Commission, Eleanor Durham. She has been involved in a investigation dealing with the above subject in our State for the last two years. While she has said she cannot initiate a telephone call to you, she can speak to you about this matter if you call her. Her number is (206) 220-4476.

Your support and sensitivity for Bill #273 is needed.

Thank you.



Angie Larson
Alaskan Treasures

cc: Bert Sharp
Randy Phillips
Loren Lemon
Dave Donely
Jim Duncan

TO: Senator Georgianna Lincoln

DATE: March 8, 1996

FAX #: 465-2652

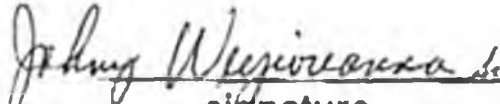
PAGES TO FOLLOW: 0

FROM: Johnny Weyiouanna


RE: Bill #273

MESSAGE: I support Bill #273 and appreciate all your efforts.

Johnny Weyiouanna


signature

Shishmaref, AK

 Edna Niingualook, IRA Village Council Vice President

TOTAL P. 01



Alaskan
Treasures

Alaskan Treasures

"We Only Represent Authentic Alaskan Art"

205 E. Dimond, Suite 514
Anchorage, Alaska 99515

(907) 246-2323
FAX 246-2320

March 8, 1996

TO: Senator Georgianna Lincoln

DATE: March 8, 1996

FAX #: 465-2652

PAGES TO FOLLOW: 0

FROM: Angie Larson

RE: Bill #273

MESSAGE: We support Bill #273 and appreciate all your efforts.

Eva Marie Larson

Fred Larson

Angie Larson

SB

275

BILL: HB 482 SHORT TITLE: STATE PROCUREMENT AND LOBBYING CONTRACTS
BILL VERSION: SCS CSHB 482(FIN)
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

CURRENT STATUS: (H) CONCURRD (S) AM STATUS DATE: 05/10/96

TITLE: "An Act relating to lobbying contracts of state-related entities and involving lobbying contracts of state-related entities and state procurement practices and procedures; and providing for an effective date."

02/09/96	2686	(H)	READ THE FIRST TIME - REFERRAL(S)
02/09/96	2686	(H)	L&C, STATE AFFAIRS, FINANCE
02/09/96	2687	(H)	2 FISCAL NOTES (ADM, DOT)
02/09/96	2687	(H)	5 ZERO FNS (2-ADM, DCED, DCRA, CORR)
02/09/96	2687	(H)	5 ZERO FNS (DOE, DEC, F&G, GOV, DHSS)
02/09/96	2687	(H)	5 ZERO FNS (LABOR, LAW, DMVA, DNR, DPS)
02/09/96	2687	(H)	2 ZERO FNS (REV, UA)
02/09/96	2687	(H)	GOVERNOR'S TRANSMITTAL LETTER
03/28/96	3429	(H)	L&C RPT CS(L&C) 1DP 5NR 1AM
03/28/96	3429	(H)	DP: KUBINA
03/28/96	3429	(H)	NR: KOTT, SANDERS, MASEK, PORTER
03/28/96	3429	(H)	NR: ROKEBERG
03/28/96	3429	(H)	AM: ELTON
03/28/96	3429	(H)	2 FISCAL NOTES (ADM, DOT) 2/9/96
03/28/96	3430	(H)	4 ZERO FNS (2-ADM, DCED, DCRA) 2/9/96
03/28/96	3430	(H)	4 ZERO FNS (COR, DOE, DEC, F&G) 2/9/96
03/28/96	3430	(H)	3 ZERO FNS (GOV, DHSS, LABOR) 2/9/96
03/28/96	3430	(H)	4 ZERO FNS (LAW, DMVA, DNR, DPS) 2/9/96
03/28/96	3430	(H)	2 ZERO FNS (REV, UA) 2/9/96
04/15/96	3741	(H)	STA RPT CS(STA) 4DP 1NR 1AM
04/15/96	3741	(H)	DP: PORTER, GREEN, IVAN, WILLIS
04/15/96	3741	(H)	NR: JAMES
04/15/96	3741	(H)	AM: OGAN
04/15/96	3741	(H)	2 FISCAL NOTES (ADM, DOT) 2/9/96
04/15/96	3741	(H)	4 ZERO FNS (2-ADM, DCED, DCRA) 2/9/96
04/15/96	3741	(H)	4 ZERO FNS (COR, DOE, DEC, F&G) 2/9/96
04/15/96	3741	(H)	3 ZERO FNS (GOV, DHSS, LABOR) 2/9/96
04/15/96	3741	(H)	4 ZERO FNS (LAW, DMVA, DNR, DPS) 2/9/96
04/15/96	3741	(H)	2 ZERO FNS (REV, UA) 2/9/96
04/26/96	4039	(H)	FIN RPT CS(FIN) NT 3DP 8NR
04/26/96	4039	(H)	DP: FOSTER, MARTIN, BROWN
04/26/96	4039	(H)	NR: MULDER, PARNELL, KOHRING
04/26/96	4039	(H)	NR: GRUSSENDORF, NAVAPRE, KELLY
04/26/96	4039	(H)	NR: THERRIAULT, HANLEY
04/26/96	4039	(H)	FISCAL NOTE (ADM)
04/26/96	4039	(H)	FISCAL NOTE (DOT) 2/9/96
04/26/96	4039	(H)	4 ZERO FNS (2-ADM, DCED, DCRA) 2/9/96
04/26/96	4039	(H)	4 ZERO FNS (COR, DOE, DEC, F&G) 2/9/96
04/26/96	4039	(H)	3 ZERO FNS (GOV, DHSS, LABOR) 2/9/96
04/26/96	4039	(H)	4 ZERO FNS (LAW, DMVA, DNR, DPS) 2/9/96
04/26/96	4040	(H)	2 ZERO FNS (REV, UA) 2/9/96
04/30/96	4145	(H)	RULES TO CALENDAR 4/30/96
04/30/96	4145	(H)	READ THE SECOND TIME
04/30/96	4146	(H)	FIN CS ADOPTED UNANI CONSENT
04/30/96	4146	(H)	AM NO 1 ADOPTED Y22 N15 A)
04/30/96	4147	(H)	AM NO 2 FAILED Y8 N29 A3
04/30/96	4148	(H)	ADVANCED TO THIRD READING UNANI CONSENT

04/30/96	4148	(H)	READ THE THIRD TIME CSHB 482(FIN) AM
04/30/96	4148	(H)	PASSED Y33 A7
04/30/96	4148	(H)	EFFECTIVE DATE(S) SAME AS PASSAGE
04/30/96	4148	(H)	MULDER NOTICE OF RECONSIDERATION
05/01/96	4215	(H)	RECONSIDERATION NOT TAKEN UP
05/01/96	4215	(H)	TRANSMITTED TO (S)
05/02/96	3800	(S)	READ THE FIRST TIME - REFERRAL(S)
05/02/96	3801	(S)	FINANCE
05/06/96	4058	(S)	FIN RPT SCS 3DP 3NR SAME TITLE
05/06/96	4058	(S)	FISCAL NOTE TO SCS (DOT)
05/06/96	4058	(S)	PREVIOUS FNS (DNR, DPS, REV, UA, DOT,
05/06/96	4058	(S)	ADM-3, DCED, DCRA, CORR, DOE, DEC, F&G,
05/06/96	4058	(S)	GOV, DHSS, LABOR, LAW, DMVA)
05/06/96	4064	(S)	RULES TO CALENDAR 4 1 OTHER 5/6/96
05/06/96	4090	(S)	READ THE SECOND TIME
05/06/96	4090	(S)	FIN SCS ADOPTED UNAN CONSENT
05/06/96	4090	(S)	ADVANCED TO THIRD READING UNAN CONSENT
05/06/96	4090	(S)	READ THE THIRD TIME SCS CSHB 482(FIN)
05/06/96	4091	(S)	PASSED Y18 H1 E1
05/06/96	4091	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
05/06/96	4091	(S)	DONLEY NOTICE OF RECONSIDERATION
05/07/96	4129	(S)	RECON TAKEN UP - IN THIRD READING
05/07/96	4129	(S)	RECON HELD TO TOP OF CALENDAR
05/07/96	4132	(S)	RETURN TO SECOND FOR AM 1 UNAN CONSENT
05/07/96	4132	(S)	AM NO 1 MOVED BY DONLEY AND WITHDRAWN
05/07/96	4134	(S)	AUTOMATICALLY IN THIRD READING
05/07/96	4135	(S)	PASSED ON RECONSIDERATION Y20 H-
05/07/96	4135	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
05/07/96	4194	(S)	TRANSMITTED TO (H) AS AMENDED
05/07/96	4555	(H)	HELD UNDER UNFINISHED BUSINESS
05/07/96	4603	(H)	CONCUR AM OF (S) Y30 H9 A1
05/07/96	4604	(H)	EFFECTIVE DATE(S) SAME AS PASSAGE
05/07/96	4604	(H)	AWAITING TRANSMITTAL TO GOVERNOR

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/9/96

FURTHER: Judiciary
Finance

Date of 5-Day Notice: 3/2/96
(in accordance with Uniform Rule 2C)

DATE TURNED INTO OFFICE: 4/2/96

The State Affairs Committee considered SB 275

Relating to state procurement practices and procedures.

and recommends:

- be replaced with CS SB 275 (STA)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Karen Leman</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
MVA	2/1/96	<input checked="" type="checkbox"/>	
CFRA	2/2/96	<input checked="" type="checkbox"/>	
DNR	2/1/96	<input checked="" type="checkbox"/>	
Labor	1/24/96	<input checked="" type="checkbox"/>	
BEC	2/1/96	<input checked="" type="checkbox"/>	
CEED	2/1/96	<input checked="" type="checkbox"/>	

* Administration 2/2/96 *
 APPROPRIATION -- no fiscal note
OSMB 2/2/96
HSS 2/2/96

NEW PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
DPS	2/6/96	<input checked="" type="checkbox"/>	
F&G	1/30/96	<input checked="" type="checkbox"/>	
Education	1/24/96	<input checked="" type="checkbox"/>	
Env. - Admn. Svs.	1/24/96	<input checked="" type="checkbox"/>	
Law	1/26/96	<input checked="" type="checkbox"/>	
Corrections	2/5/96	<input checked="" type="checkbox"/>	

* DOT/PP 2/2/96 *
 *Include fiscal notes accompanying Governor's bill
Revenue 1/30/96

FISCAL NOTE

No. 19

Bill Version: SB 275

Bl (S) Publish Date: 2/9/96

STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Military & Veterans Affairs
 Title: An Act relating to state procurement practices and procedures, and providing for an effective date. BRU: Alaska National Guard
 Sponsor: Rules Committee Component: Commissioner's Office
 Requestor: Governor Knowles Component Serial No. 414

Expenditures/Revenues	(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: \$ none

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

We believe passage of this bill relating to state procurement will provide for efficiencies in department operations. It will require less approvals at higher authorities which will result in fewer total man-hours required for certain types of procurements. However it is likely this will be offset by more work and responsibilities delegated to the department level and little, if any, of the existing work performed will go away.

More man-hours will be needed initially to draft and implement new policies and procedures and provide training to staff who are delegated new responsibilities. In the long run we see the likelihood that streamlined procedures will allow program managers with more flexibility in determining the overall "best value" approach to procuring the goods and services needed to run their programs. Procurements made under shorter time frames will allow the state to take advantage of changing market conditions and hopefully reduce costs for goods and services to the state.

For the near term we can not predict with any accuracy direct hard dollar savings the department may achieve from the passage of this bill.

Prepared by: Carol Carroll, Director Phone: 465-2408
 Division: Administrative Services Date: 1-Feb-96
 Approved by Commissioner: [Signature] Date: 1-Feb-96
 Agency: Military & Veterans Affairs

FISCAL NOTE

No. 18

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO:

Version: SB 275

(S) Publish Date: 2/9/96

Revision Date: 2/1/96
Title: An Act relating to state procurement practices and procedures
Sponsor: Rules Committee
Requestor: Governor

Dept. Affected: Community & Regional Affairs
BRU: none
Component: none
COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES () Revenue Code						
--	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GE Match						
1004 GE						
1005 GE/Program Receipts						
1006 GE/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 95) impact: \$ none

POSITIONS.

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4808
 Division: Administrative Services *Mike Irwin* Date: 2/2/96
 Approved by Commissioner: _____ Date: 2/2/96
 Agency: Mike Irwin Dept of Community & Reg Affairs

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FISCAL NOTE

No. 17

Bill Version: SB 275

BI (S) Publish Date: 2/9/96

**STATE OF ALASKA
1996 LEGISLATIVE SESSION**

Revision Date: Original Dept Affected: Natural Resources
 Title: An Act relating to state procurement practices BRU: Management & Administration
 and procedures and providing for an effective date Component: Administrative Services
 Sponsor: Rules Committee
 Requestor: Governor Knowles Component Serial No. 424

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ none

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

We believe passage of this bill relating to state procurement will provide for efficiencies in department operations. It will require less approvals at higher authorities which will result in fewer total man-hours required for certain types of procurements. However it is likely this will be offset by more work and responsibilities delegated to the department level and if any, of the existing work performed will go away.

More man-hours will be needed initially to draft and implement new policies and procedures and provide training to staff who are delegated new responsibilities. In the long run we see the likelihood that streamlined procedures will allow program managers with more flexibility in determining the overall "best value" approach to procuring the goods and services needed to run their programs. Procurements made under shorter time frames will allow the state to take advantage of changing market conditions and hopefully reduce costs for goods and services to the state.

For the near term we can not predict with any accuracy direct hard dollar savings the department may achieve from the passage of this bill.

Prepared by: Nico Bus, Acting Director Phone: 465-2408
 Division: Support Services Date: 1-Feb-96
 Approved by Commissioner: [Signature] Date: 1-Feb-96
 Agency: Natural Resources

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FISCAL NOTE

No. 15

Bill Version: SB 275

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BI (S) Publish Date: 2/9/96

Revision Date: _____
 Title: An Act relating to state procurement practices and procedures...
 Sponsor: Rules Committee
 Requestor: Governor

Department Affected: Labor
 BRU: All
 Component: All

COMPONENT SERIAL NO. 340

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
--	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHT/A						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

This bill amends state procurement practices and procedures in the state procurement code, AS 36.30. The department anticipates no significant financial impact associated with the bill.

Prepared by: Arbe Williams Phone: 465-2720
 Division: Administrative Services Date: 1/30/96

Approved by Commissioner: Tom Cashen
 Agency: Department of Labor Date: 1/30/96

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FISCAL NOTE

No 15

Bill Version: SB 275

(S) Publish Date: 2/19/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: 1-Feb-96
 Title: State Procurement Practices and Procedures
 Sponsor: Rules Committee
 Requester: Governor

Department Affected: Environmental Conservation
 BRU: Department-wide
 Component: Department-wide

COMPONENT SERIAL NO. 633

Expenditures Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF Program Receipt	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS

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

ANALYSIS (Attach a separate page if necessary)

Efficiencies in procurement of goods and services should be realized by streamlining measures proposed in the legislation. Due to the limited number of procurement positions in the Department of Environmental Conservation, it is not anticipated that any cost savings will be realized.

Prepared by: Lawrence Jones
 Division: Director, Division of Administrative Services

Phone: 465-5010
 Date: 2/1/96

Approved by Commissioner: [Signature]
 Agency: Department of Environmental Conservation

Date: 2-1-96

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FISCAL NOTE

No. 14

Bill Version: SB 275

(S) Publish Date: 2/9/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____
Title: State Procurement Practices

Department: Commerce and Economic Development
BRU: Administrative Services
Component: Administrative Services

Sponsor: Rules
Requestor: Governor

COMPONENT SERIAL NO. 1028

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ _____

POSITIONS

FULL-TIME	
PART-TIME	
TEMPORARY	

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Guy Bell Director
Division: Division of Administrative Services
Approved by Commissioner: William L. Hensley
Agency: Commerce and Economic Development

Phone: 465-2505
Date: February 1, 1996
Date: 2-1-96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB 275

ANALYSIS: (continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for

This bill amends provisions within the State Procurement Code (AS 36.30) in order to streamline procedures by removing unnecessarily burdensome requirements affecting both state agencies and the private business community. These changes, along with corresponding changes in regulations and administrative procedures, will reduce the time currently spent by staff on the procurement of services and items. This will allow staff to spend less time on procurement matters and more time on their programs and areas of expertise.

The changes will also reduce the paperwork and effort now required of vendors in responding to the State's solicitations less than \$50,000. This may result in an increase in competition among the private sector which may reduce the cost of services and items to the department.

Because the Department does not have positions devoted to procurement matters, enactment of this bill will not result in a direct savings. It will result in indirect savings by allowing staff to spend more time on their specific programs and an increase in competition among the private sector.

FISCAL NOTE

No. 13

Bill Version: SB 275

(S) Publish Date: 2/19/96

**STATE OF ALASKA
1996 LEGISLATIVE SESSION**

BILL I

Revision Date _____ Dept. Affected: Public Safety
 Title 'An Act relating to state procurement practices BRU: DPS Statewide Support
and procedures Component: Admin Services
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO. 525

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
Revenue Code						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GE Match						
1004 GE						
1005 GE/Program Receipts						
1006 GE/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 95) impact \$ _____

POSITIONS:

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

ANALYSIS. (Attach a separate page if necessary)

This bill amends provisions within the State Procurement Code (AS 36 30) to streamline procedures and to correct specific deficiencies which have proven to be unnecessarily burdensome. These changes, along with corresponding changes in both regulation and department policies and procedures, should increase the speed and overall efficiency of the procurement process. This should result in a decrease in the time it takes to complete both large and small procurements and should reduce the backlog of procurement requests now experienced. This bill will have no discernible fiscal impact on the Department of Public Safety.

Prepared By Kenneth E. Bischoff, Director Phone: 465-4336
 Division Administrative Services Date: 2/8/96
 Approved by Commissioner Ronald L. Ote Date: 2/8/96
 Agency Ronald L. Ote, Dept. of Public Safety

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FISCAL NOTE

No. 12

Bill Version: SB 275

(S) Publish Date: 2/9/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Fish and Game
 Title: "An Act relating to state procurement practices and procedures; and providing for an effective date." BRU: Administration and Support
 Sponsor: Rules Committee Component: Administrative Services
 Requester: Governor COMPONENT SERIAL NO. 479

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill amends provisions of the State Procurement Code (AS 36.30) in order to streamline procedures and to correct specific deficiencies within the existing statute which have proven to be unnecessarily burdensome on both state agencies and the private business community. These changes, along with corresponding changes in both regulation and department policies and procedures, should increase the speed and overall efficiency of the department's procurement efforts. The department has a number of labor intensive procurements related to its mission that are scientific and technical in nature, especially in the Exxon Valdez Oil Spill program. This bill should reduce the amount of time it takes to complete these purchases as well as other large and small procurements, and should help to reduce the backlog of procurement requests now experienced in the department. Because the department has a small procurement staff, this bill will not result in any direct savings. However, it will result in speedier, more efficient service to both vendors and the department's staff who depend upon the procurement services of this division.

Prepared by: Kevin Brooks, Director *Kevin Brooks* Phone: 465-5999
 Division: Administrative Services Date: 1/30/96
 Approved by Commissioner: [Signature] Date: 1/30/96
 Agency: Fish and Game

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FISCAL NOTE

No. 11
 Bill Version: SB 275
 (S) Publish Date: 2/9/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: _____
 Title: State Procurement Practices

 Sponsor: Rules Committee
 Requester: Governor

Department Affected: Education
 BRU: Executive Administration
 Component: Administrative Services

COMPONENT SERIAL NO. _____ 157

Expenditures/Revenues:

(Thousands of Dollars)						
OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE

(Thousands of Dollars)						
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)
 This legislation improves state procurement practices and procedures in the state procurement code, AS 36.30. No fiscal impact on the Department of Education is anticipated. The revisions will reduce staff time required for small procurements of \$5,000 or less and will increase staff time needed for procurements between \$25,000 and \$50,000. Purchasing practices between \$5,000 and \$25,000 will remain virtually unchanged. Each department will receive increased purchasing authority up to \$50,000. These organizational changes to the state procurement code will result in a clearer understanding of the intent of the law by government employees and the public.

Prepared by: Ginger Patton Phone: 465-8656
 Division: Administrative Services Date: January 29, 1996
 Approved by Commissioner: *[Signature]* Shirley J. Holloway, Ph. D.
 Agency: Education Date: January 29, 1996

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FISCAL NOTE

o. 10

Bill Version: SB 275

(S) Publish Date: 2/9/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Office of the Governor
 Title: "An Act relating to state procurement practices
and procedures; and providing for an effective date." BRU: All BRUs
 Sponsor: Rules Committee Component: All Components
 Requester: Governor COMPONENT SERIAL NO. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

POSITIONS	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact anticipated.

Prepared by: Michael A. Nizich, Director *MAN* Phone: 465-3876
 Division: Administrative Services Date: 1/29/96
 Approved by Commissioner: Jim Avers, Chief of Staff *Jim Avers* Date: 1/29/96
 Agency: Office of the Governor

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

9
Bill Version: SB 275
(S) Publish Date: 2/9/96

Revision Date: _____
Title: "An Act relating to state procurement practices and procedures; and providing for an effective date"
Sponsor: Rules/Request of the Governor
Requestor: Governor's Office/

Department Affected: Law
BRU: All
Component: All
COMPONENT SERIAL NO. 2085 2087 thru 2092 2095

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	00	00	00	00	00	00

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

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

FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	00	00	00	00	00	00

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This bill amends provisions within the State Procurement Code (AS 36.30) in order to streamline procedures and to correct specific deficiencies within the existing statute which have proven to be unnecessarily burdensome on both state agencies and the private business community. These changes, along with corresponding changes in both regulation and department policies and procedures, should increase the speed and overall efficiency of the department's procurement efforts. This should result in a decrease in the time it takes to complete both large and small procurements and should reduce the backlog of procurement requests now experienced within the department. Because the Dept. of Law has only two positions devoted to procurement matters, enactment of this bill will not result in a savings. However, it will result in speedier, more efficient service to both vendors and the department's staff who depend upon this service.

Prepared by: Richard I. Peques, Director
Division: Administrative Services
Approved by Commissioner: Bruce M. Botelho, Attorney General
Agency: Department of Law

Phone: 465-3872
Date: January 26, 1996
Date: January 26, 1996

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FISCAL NOTE

No. 8
 Bill Version: SB 275
 (S) Publish Date: 2/9/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Corrections
 Title: An Act Relating to state procurement practices and BRU: ALL
procedures; and providing for an effective date Component: _____
 Sponsor: Rules Committee
 Requester: Governor COMPONENT SERIAL NO. #0694

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

CHANGE IN REVENUES						
--------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF Program Receipts						
1006 GF MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL TIME						
PART TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This new draft bill proposes an increase to small procurement from \$25,000 to \$50,000 for the agency. Currently, the agency has approximately fifty (50) active Contract Awards established that are annually maintained by DOA/GS&S. Under this bill, approximately twenty-seven (27) of this number of purchase requisitions (PR) would be returned to this agency when it is time for them to be rebid. The additional workload varies from year to year and would be completed by existing staff.

Prepared by: Jerry Shiner
 Division: Office of the Commissioner
 Approved by Commissioner: Margaret H. Pugh
 Agency: Department of Corrections

Phone: 465-4652
 Date: 2/5/95
 Date: 2/5/95

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FISCAL NOTE

o. 7

Bill Version: SB 275

(S) Publish Date: 2/9/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____
Title: An Act relating to state procurement practices and procedures and providing for
Sponsor: Rules
Requestor: Governor

Department Affected: Administration
BRU: General Services
Component: Leasing

COMPONENT SERIAL NO. 81

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES		0	0	0	0	0
TRAVEL		0	0	0	0	0
CONTRACTUAL	0	(207 8)	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		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
TOTAL OPERATING	0	(207 8)	0	0	0	0

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

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

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL		(207 8)*	0	0	0	0

Estimate of any current year (FY 96) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill permits the extension of existing leases for up to 10 years if concessions of at least 10% of the amount that would be paid for rent can be achieved. Concessions of at least 5% could be agreed to if ADA improvements are made.

*The mix of funding sources for leases between General Fund and Interagency Receipts does not permit an accurate assessment of the fund source at this time.

(see attached)

Prepared by: Dugan Petty
Division: General Services

Phone: 465-2250
Date: _____

Approved by Commissioner: Mark Boyer
Agency: Administration

Date: 2/9/96

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FISCAL NOTE

STATE OF ALASKA BILL NO. SB 275 1996 LEGISLATIVE SESSION

ANALYSIS (continued)

Twenty-three leases are anticipated to have the greatest potential for cost savings resulting from negotiations under this bill. Maximum savings anticipated under this bill are projected at the minimum 10% rate reduction. While we have not included them in this list, we anticipate some leases extended in 1994 under similar provisions of SB 129 may also be candidates for negotiated concessions.

We have used 10% as a rent concession factor because most leases now include ADA compliance language, are in buildings upgraded as a result of negotiations, or have had compliance issues addressed through programmatic changes.

Actual fiscal impacts depend on whether an extension is in the state's best interest, and the lessor's willingness to grant rent concessions. If we successfully negotiate 60% of the maximum potential for savings in FY 97 and FY 98, savings can be achieved in excess of \$100,000.00 in FY 97 and \$200,000.00 in FY 98.

Our FY 97 leasing budget set a goal of reducing FY 97 operating lease costs by an additional \$417,700.00. This bill provides opportunity to achieve a portion of our goal through reductions in lease payments in return for lease extensions. Since our budget is based on reductions to be accomplished, zero fiscal impact is shown for FY 97.

Assumptions:

- 18 leases are renegotiated for FY 97
- 7 leases were renegotiated for FY 98
- 60% of the leases result in 10% savings reduction
 - FY 97 \$204,509.25 Maximum potential savings x 60% = \$122,700.00
 - FY 98 \$346,284.45 Maximum potential savings x 60% = \$207,800.00

FISCAL NOTE

6

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: SB 275
(S) Publish Date: 2/9/96

Revision Date _____
Title An Act relating to state procurement practices and procedures and providing for
Sponsor Rules
Requestor Governor

Department Affected: Administration
BRU: General Services
Component: Central Purchasing
COMPONENT SERIAL NO. 60

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES	0	0	0	0	0	0
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FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0	0	0	0	0	0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill seeks to streamline procurement practices used throughout the executive branch of state government and seeks to simplify and improve the efficiencies for various aspects of procurement in state government. Total net fiscal year 97 savings are projected to be \$2,798.00. The savings are spread over a variety of positions within Central Purchasing. The positive benefits on staffing will be used to achieve improved administrative efficiencies.

The fiscal impacts within this component are anticipated in nine sections of the bill.

(see attached)

Prepared by: Dugan Petty
Division: General Services

Phone: 465-2250
Date: _____

Approved by Commissioner: Mark Boyer
Agency: Administration

Date: 2/7/96

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FISCAL NOTE

STATE OF ALASKA BILL NO. SB 275
1996 LEGISLATIVE SESSION

ANALYSIS (continued)

SECTION 4 permits the use of simplified small procurement procedures for the acquisition of office space leases that do not exceed 5000 S.F.

Assumptions:

- A typical lease replacement through a competitive sealed bid requires approximately 45 staff hours and costs approximately \$1,575.00 for preparation, solicitation, and award.
- Use of simplified acquisition for leases would permit solicitation of 3 informal proposals from different lessors. Simplification is expected to result in more efficient acquisition that would take 60% of the existing Invitation to Bid acquisition.
- In FY 97, approximately 28 leases would be subject to small procurement procedures. These acquisitions are expected to take an average of 27 staff hours. 28 small procurement leases x [27 staff hours x \$35.24 hourly rate PAII = \$26,640.00]. A savings of approximately 4 staff months or \$17,460.00 in staff resources is achieved.

FISCAL IMPACT : DECREASED STAFF COSTS (\$17,460)

Section 5 permits the extension of existing leases for up to 10 years if concessions of at least 10% of the amount that would be paid for rent can be achieved. Five 5% concessions could be agreed to with ADA compliance.

In FY 95, lease savings of approximately \$1,745,000.00 were achieved by negotiating lease concessions in return for extensions. Approximately 3,300 staff hours were necessary to achieve savings. If savings are to be achieved, staff resources will be needed to negotiate leases.

Assumptions:

- Based on 38 leases renegotiated during 1994, average staff hours per lease is prorated at 22 hours total.

Purchasing Agent III: 20 hours at \$35.24 per hour =	\$705.00
Purchasing Agent IV: 2 hours at \$38.94 per hour =	\$78.00
Total staff: 22 hours	\$783.00

- Estimate number of lease extension negotiations: 23

Calculation: 23 negotiation attempts x \$783.00 staff cost per each negotiation = \$18,009.00

FISCAL IMPACT: INCREASED STAFF COSTS \$18,010.00

Section 8 permits the procurement officer to reduce the circulation period for bids and proposals when there is adequate competition

FISCAL NOTE

STATE OF ALASKA BILL NO. SB275 1996 LEGISLATIVE SESSION

Assumptions:

- On average 5 requests for reduced circulations occur per year.
- The average cost for receipt, review, and completion of determinations is estimated to be \$27.55
- Average staff time needed to review and complete determinations is just under 1 hour.

Calculation: 5 determinations x \$27.55 cost per determination = \$138.00 estimated savings.

FISCAL IMPACT: DECREASED STAFF COSTS (\$138.00)

SECTION 9 requires a bidder to be in the line of business solicited in the Invitation to Bid or Competitive Sealed Proposal for at least 6 months prior to the date the bid was issued.

Assumption:

Over the past years, 4 bids were awarded where a preference was brokered by assigning award to another bidder or vendor after award. Agencies were required to pay an additional \$21,372.00 to purchase what was offered by the second low bidder. Two awards are pending. We assume approximately 4 bids would require investigation and determination of whether the bidder qualifies.

Calculation:

- Determination of qualification--8 hours x PAIII hourly rate \$35.24 = \$282.00
COST OF EACH DETERMINATION \$282.00 x 4 determinations
TOTAL ESTIMATED COST \$1,128.00.

FISCAL IMPACT: INCREASED STAFF COST \$1,128.00

SECTION 10 provides discretion to the procurement officer to decide when to use a competitive sealed proposal rather than a competitive sealed bid. Law currently requires the determination to be made by the Chief Procurement Officer, resulting in several reviews and written determinations that are eliminated in this section.

Assumptions:

- On average, 6.3 requests for use of Competitive Sealed Proposal in lieu of a Competitive Sealed Bid are processed.
- The average cost for receipt, review, and completion of determination to use a Competitive Sealed Proposal is estimated at \$72.00.
- Average staff time needed to review and complete determination--2 staff hours

Calculation: 6.3 determinations x \$72.00 cost per determinations = \$453.60

FISCAL IMPACT: DECREASED STAFF COSTS (\$453.60)

Section 15 permits contracts to be entered into with a single source when it is not practical to award under competitive bidding or competitive proposals and when in the best interest of the state. Delegations are permitted, which can reduce staff effort within the division. Agency efforts to compile clear and convincing evidence, often resulting in predeterminations, newspaper advertisements, and solicitation, would be reduced.

FISCAL NOTE

STATE OF ALASKA BILL NO. SB 215
1996 LEGISLATIVE SESSION

Assumption:

- On average, 123 sole source determination requests are submitted each year.
- The average cost for receipt, review, and completion of a determination is estimated to be \$111.94.
- Average staff time needed to review and complete determinations is estimated to be 3.3 hours.
- Approximately 25% of the determinations by type will be delegated.
- Approximately 30 minutes, or \$17.62, staff time will be saved in determination process.

Calculations:

Current	120 determinations x \$111.94 =	\$13,433.00
Proposed	90 determinations x \$94.32 =	<u>\$8,489.00</u>
		\$4,944.00

FISCAL IMPACT DECREASED STAFF COSTS (\$4,944.00)

Section 16 provides discretion to the Chief Procurement Officer to delegate this determination and permits the Attorney General to make a Limited Competitive Determination for services of legal counsel.

Assumptions:

- On average 20.6 Limited Competition determinations were made over the past 3 years.
- On average, the Department of Law submits 6.3 Limited Competition determinations per year.
- The average cost for receipt, review, and completion of a Limited Competition determination is estimated to be \$111.94.
- Average staff time needed to review and complete the determination is 3.3 hours.
- Approximately 25% of the determinations by type will be delegated.
- Approximately 6.3 delegations will be made by the Department of Law in place of the division staff.

Calculations:

Current	20.6 determinations x \$111.94 =	\$2,306.00
Proposed	10.8 determinations x \$111.94 =	<u>\$1,209.00</u>
	Savings	\$1,097.00

FISCAL IMPACT: DECREASED STAFF COSTS (\$1,097.00)

Section 18 permits innovative procurements under circumstances when advantageous to the state to procure new, unique, requirements; new technologies; or to achieve best value. This should result in better and more economical contracts for state agencies. The Chief Procurement Officer must review and determine in writing that the use of an innovative approach is advantageous to the state.

Assumptions:

- Ten (10) innovative procurements will be initiated per year.
- The average cost to review, provide guidance, and prepare determinations for innovative procurements is \$189.82.
- Average staff time needed to review, prepare determinations and provide guidance for the innovative procurement is 5.32 hours.

Calculations:

FISCAL NOTE

STATE OF ALASKA BILL NO. SB 273 1996 LEGISLATIVE SESSION

10 innovative procurements x \$189.82 = \$1,898.00

FISCAL IMPACT: INCREASED STAFF COST \$1,898.00

Section 22 extends small procurement procedures to purchases of goods, services, and professional services up to \$50,000.00. Procurement officers may reduce time and complexity in purchases by using a quote process rather than formal Invitation to Bid.

Assumptions:

- From FY 92 through FY 95, an average of 16.7 bids were issued per year for services and supplies costing under \$50,000.00
- Average cost to prepare a bid for goods or services, 14.5 staff hours x 26.46 (PAII) = \$385.00
- Decrement made in the FY 97 budget of 1 full-time position was based on the return of single-agency Invitations to Bid to the agencies. 100% of the transactions covered under this section will be single-agency procurements.

Calculation:

- 16.7 bids x 14.5 staff hours = 242 hours
- 242 hours x 26.46 (PAII) = \$6,403.00

FISCAL IMPACT: DECREASE STAFF COST (0) Staffing reduced in FY 97 budget decrement

Section 27 requires records of Innovative Procurements to be kept for review purposes, and for applications if the Innovative Procurement could result in greater savings and effectiveness.

Assumptions:

- Ten (10) Innovative Procurements will be entered into each year.
- Recordkeeping approximately .5 hours per procurement of clerical time = .5 x Clerk III @ \$21.60 = \$10.80 per procurement
- Data processing--approximately .5 hours per procurement = .5 x Data Processing Analyst @ 30.19 = \$15.10 per .5 hour

Calculation: 10 x [Clerk III \$10.80 + Data Processing Analyst \$15.10] = \$259.00

FISCAL IMPACT: INCREASED STAFF COST \$259.00

Section 28 permits the development of simplified protest procedures for procurements entered into under small procurement procedures (up to \$50,000.00 per Section 22).

Assumptions:

- Estimated average number of protests received per year are 4
- Average number of hours required to complete a protest--20 hours
- Estimated efficiency of simplified protest procedure--50%
- Protests will be responded to by agency procurement specialist.
- Decrement in the FY 97 Governor's Budget was based on return of single-agency procurements to agencies. 100% of these small procurement transactions were anticipated in the FY 97 Governor's Budget

FISCAL NOTE

STATE OF ALASKA BILL NO. SB 275
1996 LEGISLATIVE SESSION

Calculation:

4 protests x 20 hours = 80 hours

80 hours x \$26.46 (PAII) = (\$2,117.00)

FISCAL IMPACT: DECREASED STAFF COST (0) Staffing reduced in the FY 97 Governor's Budget

FISCAL IMPACT SUMMARY

TOTAL NET FISCAL IMPACT BY SECTION FOR FY 97:

Section	INCREASE	DECREASE
4		(\$17,460.00)
5	\$18,010.00	
8		(\$138.00)
9	\$1,128.00	
10		(\$454.00)
15		(\$4,944.00)
16		(\$1,097.00)
18	\$1,898.00	
22		(0)
27	\$259.00	
28		(0)
	TOTAL FISCAL IMPACT	(\$2,798.00)

FISCAL NOTE

5
 Bill Version: SB 275
 (S) Publish Date: 2/9/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date _____ Dept Affected Administration
 Title "An Act relating to state procurement
practices and procedures and providing for " BRU Various
 Sponsor: Rules Component: Various
 Requestor: Governor COMPONENT SERIAL NO. 45

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITUR	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

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

Estimate of current year (FY 96) cost: \$ 0.0 _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by Sharon Barton Director
 Division Administrative Services

Phone 465-5655
 Date _____

Approved by Commissioner Mark Boyer
 Agency Department of Administration

Date 2/7/96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

No. 4
Bill Version: SB 275
(S) Publish Date: 2/9/96

Dept. Affected	DOT&PF
BRIJ	Department Wide
Component	Comm. Ofc.
COMPONENT SERIAL NO. _____	
Comm. Ofc. _____	

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONNEL						
TRAVEL						
OPERATING SUPPLIES						
EQUIPMENT						
DEPRECIATION						
CONTRACTS						
OTHER						
TOTAL OPERATING	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)

CAPITAL EXPENDITURES						
CHANGE IN REVENUES						

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
GENERAL FUND						
SALES TAX						
PROPERTY TAX						
FEES						
GRANTS						
OTHER						
TOTAL	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONNEL						
CONTRACTS						
OTHER						

ANALYSIS - This is a procedural change. Savings associated with passage of this legislation (see attachment) will be in staff time not required due to elimination of procedural requirements at various levels that involve time and effort to accomplish. This time can then be spent on more productive tasks.

Other than that, savings resulting from passage of this act will be in the form of reduced costs for Contractual items such as postage for mailing ITBs and RFPs and telephone calls between the field and Headquarters. Savings will also be realized in the Supplies area, as fewer documents will be produced and reproduced at various levels. These cost savings are difficult to separate and objectively measure, however, because they are department wide and diffuse into various areas - i.e., paper, copier usage, copier supplies, fax machine supplies, etc.

Continues on Attachment

Prepared by: _____	Special Assistant	Phone: 465-3900
Checked by: _____	Commissioner	Date: _____
Approved by: <i>[Signature]</i>	Commissioner	Date: <u>2/2/96</u>

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FISCAL NOTE ATTACHMENT

The passage of this legislation will have a positive and multi-fold effect on the department's project efficiency. Sections 8, 10, 11, 15, 16, 18, 22, 27, 32, 33, 34, 35, and 42 will directly impact DDTF.

As previously stated briefly, passage of this bill will improve administrative efficiencies. However, cost savings are difficult to quantify and most will not accrue to the department as a direct budget reduction (intangible benefit).

Examples of intangible benefits by selected sections of the bill are:

Section 8

Section 8 permits the procurement officer to reduce the circulation period for bids and proposals when there is adequate competition.

- On average, three (3) requests for reduced circulation typically occur per year.
- The average cost for receipt, review, and completion of reduced time requests is estimated to be \$ 500. Under this bill these requests will no longer be necessary.

Calculation: 3 requests x \$ 500 cost per request = \$1.5K savings in staff time. (Includes both GF and CIP funded positions)

Section 10

Section 10 provides discretion to the procurement officer to decide when to use a competitive sealed proposal rather than a competitive sealed bid. Law currently requires the determination to be made by the Chief Procurement Officer, resulting in several reviews and written determinations that are eliminated by this section.

- On average, two (2) requests for use of Competitive Sealed Proposal in lieu of a Competitive Sealed Bid are processed each year.
- The average cost for receipt, review, and completion of determinations to use a Competitive Sealed Proposal is estimated to be \$ 500 each.

Calculation: 2 Determinations x \$ 500 cost per Determination = \$1K savings in staff time. (Includes both GF and CIP funded positions)

Section 22

Section 22 extends small procurement procedures to purchase of goods, services, and professional services up to \$50,000, construction to \$100,000, or lease of space that does not exceed 5,000 square feet. Procurement officers may reduce time and complexity in purchases by using a quote rather than formal Invitation to Bid.

- The department processes an average of 30 - 35 administrative bid waivers per year which involve procurements or projects that exceed the current limits for small procurements. The average cost to process an administrative bid waiver (Request for Alternate Procurement (RAP)) is approximately \$ 500. Under this bill these waivers will no longer be required at the headquarters level.

Calculations: 30-35 administrative bid waivers (RAPs) x \$ 500 cost per waiver (RAP) = \$15K - \$16.5K savings in staff time. (Includes both GF and CIP funded positions)

Greater efficiencies may well occur in the capital budgets, and will be, in essence, rolled back into other projects, resulting in project enhancements such as better roads and facilities. As an example of cost savings on Capital Improvement Projects (CIP) that are not fiscal but do accrue as efficiencies benefiting the projects, consider the following:

- Statewide in FY 95, there were 54 construction projects bid between \$25K and \$100K. The average savings from not having to formally prepare, advertise and award would be approximately \$7.5K.
- Statewide in FY 95, there were 29 Professional Service Agreements (PSA) established that were between \$25K and \$100K. The average savings from not having to perform consultant selection through the formal process would be approximately \$9.5K.

Calculations 54 Construction projects @ \$7.5K (Advertisement costs) = \$405K.
 29 PSA contracts @ \$9.5K (Selection costs) = \$ 275.5K
 Total Possible (Intangible) CIP Benefit = \$680.5K

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

3
Bill Version: SB 275
(S) Publish Date: 2/9/96

Revision Date:
Title: An Act relating to state procurement practices and procedures;
and providing for an effective date.
Sponsor: Rules
Requestor: Governor

Department Affected: University of Alaska
BRU:
Component:

COMPONENT SERIAL NO. All components

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)	FY97	FY98	FY99	FY00	FY01	FY02
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
OTHER						
TOTAL FUNDING	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Marvlou Burton, Director Phone: 463-3086
 Division: Statewide Budget Office Date: 1/31/96
 Approved by: 1/14/96 Marvlou Burton, Director
 Agency: Statewide Budget Office Date: 1/31/96

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies)

FISCAL NOTE

No. 2

Bill Version: SB 275

3) Publish Date: 2/19/96

Revision Date: _____ Dept. Affected: Revenue _____
 Title: State Procurement Practices & Procedures BRU: All
 Component: All
 Sponsor: Rules
 Requestor: Governor COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY96) cost \$ _____

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary)

We have reviewed the proposed legislation and feel that there will be no financial impact on the Department

Prepared by: Bob Baratko Phone: 465-2312
 Division: Administrative Services Date: 1/30/96
 Approved by Commissioner: Deborah Vogt Date: 1/30/96
 Agency: Department of Revenue

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STATE OF ALASKA
1996 LEGISLATIVE SESSION

no. 1

I. Version: SB 275

(S) Publish Date: 2/9/96

Revision Date: _____
Title: State Procurement Practices

Dept. Affected: Health and Social Services

BRU: Administrative Services

Component: Administrative Services Support

Sponsor: Rules Committee

COMPONENT SERIAL NO. 320

Requestor: Governor

See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY96) cost: 30.0

ANALYSIS: (Attach a separate page if necessary)

The increase in small procurement authority from \$25,000 to \$50,000 will increase workload in volume and complexity. Fiscal impact should be offset by other streamlined procurement procedures.

Prepared by: Janet Clarke
Division: Administrative Services

Phone: 465-3082

Date: 02/06/96

Approved by Commissioner: Karla Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 2/7/96

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 9, 1996

275-

The Honorable Drue Pearce
Senate President
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that proposes to change state procurement practices to make them more efficient, effective and economic while preserving public accountability.

Today's rapidly changing business environment, coupled with declining state revenue, underscores the importance of streamlining our administrative practices. This bill responds to that need by reducing costs, simplifying procurement practices, focusing on results, and empowering procurement officers to make sound purchasing decisions.

The proposed revisions to the state procurement code set out in this bill are the result of recommendations made by the statewide Procurement Advisory Council, formed by the Department of Administration, to review and streamline statewide procurement practices. The council is made up of private, state and University of Alaska procurement professionals, vendors and small business advocates.

Critics rightfully argue that government procurement is not getting the best value for the public. Some current practices impede an agency's ability to accomplish its business, and are not efficient. This bill seeks to correct these problems by simplifying acquisition of office leases under 5,000 square feet and giving procurement officers the discretion to shorten the solicitation process when adequate competition exists along with the ability to enter into a single source contract when in the best interest of the state.

This bill also would allow state agencies, including the legislative council, University of Alaska and state Supreme Court, to enter into or renew lease-purchase agreements for real property without legislative approval if the annual payment does not exceed \$500,000 and

total lease-purchase payments do not exceed \$2.5 million. This mirrors the threshold lease rates in current statute for which no legislative approval is needed. And this proposal simplifies small procurements by increasing their dollar limit to the levels set in the Federal Acquisition Streamlining Act of 1994.

This bill will result in cost savings for the state because of streamlined acquisition methods and more economic contracts that will allow for lease extensions in return for rent concessions; purchases from General Services Administration supply schedules as authorized in the Federal Acquisition Streamlining Act of 1994; and prevention of preference brokering that adds cost to contracts without adding value.

Contractors and bidders have been critical of the costly and time-consuming protest process under the current procurement code. This bill allows a simplified protest process for small procurement to provide more immediate and less costly redress of procurement actions.

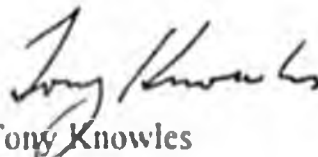
The procurement process is often identified as a barrier to accomplishing the state's business. This bill establishes an innovative procurement track allowing the purchase of new, unique services or supplies or technologies in controlled circumstances without strict adherence to the formal invitation to bid or competitive sealed proposal rules. This permits and encourages a tailored, innovative solution aimed at reducing costs and improving results. This provision also looks to the future through a reporting mechanism that will allow procurement officers to see what works and doesn't work in applying this process for purchasing new services and supplies. That will help build better, faster, and cheaper solutions for tomorrow's procurement culture.

Integrity, competition, and accountability must remain at the very core of our procurement process. With increased discretion for procurement officers, increased accountability is also expected. Anyone making a false statement or providing false evidence in the alternate source selection process would be guilty of a class A misdemeanor.

The changes offered in this bill simplify and streamline state procurement practices and will result in more efficiency and cost savings in the acquisition of services and supplies.

I urge your support of this bill.

Sincerely,



Tony Knowles
Governor

Changes from SB 275

CS FOR SENATE BILL NO. 275(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state procurement practices and procedures; and providing
2 for an effective date."

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

4 * Section 1. AS 24.55.275 is amended to read:

5 Sec. 24.55.275. **CONTRACT PROCEDURES.** The ombudsman shall adopt
6 by regulation procedures consistent with AS 36.30 to be followed by the office of the
7 ombudsman in contracting for services. However, the procedure for requests for
8 proposals does not apply to contracts for investigations under AS 24.55.100, and the
9 office of the ombudsman shall comply with AS 36.30.170(b).

10 * Sec. 2. AS 36.30.015(e) is amended to read:

11 (e) The board of directors of the Alaska Railroad Corporation and the board
12 of directors of the Alaska Aerospace Development Corporation shall adopt procedures
13 to govern the procurement of supplies, services, professional services, and construction.
14 The procedures must be substantially equivalent to the procedures prescribed in this

1 chapter and in regulations adopted under this chapter. Notwithstanding the other
2 provisions of this subsection, the Alaska Railroad Corporation and the Alaska
3 Aerospace Development Corporation shall comply with AS 36.30.170(b).

4 * Sec. 3. AS 36.30.015(f) is amended to read:

5 (f) The board of directors of the Alaska Housing Finance Corporation,
6 notwithstanding AS 18.56.088, shall adopt regulations under AS 44.62 (Administrative
7 Procedure Act) and the board of trustees of the Alaska State Pension Investment Board
8 shall adopt regulations under AS 37.10.240 to govern the procurement of supplies,
9 services, professional services, and construction for the respective public corporation
10 and board. The regulations must [(1)] reflect competitive bidding principles and
11 provide vendors reasonable and equitable opportunities to participate in the
12 procurement process [;] and must [(2)] include procurement methods to meet
13 emergency and extraordinary circumstances. Notwithstanding the other provisions
14 of this subsection, the Alaska Housing Finance Corporation and the Alaska State
15 Pension Investment Board shall comply with AS 36.30.170(b).

16 * Sec. 4. AS 36.30.015(h) is amended to read:

17 (h) The board of directors of the Alaska Seafood Marketing Institute shall
18 adopt procedures to govern the procurement of supplies, services, and professional
19 services. The procedures must be similar to the procedures prescribed in this chapter
20 and in regulations adopted under this chapter, except that the Alaska Seafood
21 Marketing Institute shall comply with AS 36.30.170(b).

22 * Sec. 5. AS 36.30.020 is amended to read:

23 Sec. 36.30.020. LEGISLATURE. The Legislative Council shall adopt and
24 publish procedures to govern the procurement of supplies, services, professional
25 services, and construction by the legislative branch. The procedures must be based on
26 the competitive principles consistent with this chapter and must be adapted to the
27 special needs of the legislative branch as determined by the Legislative Council. The
28 procedures must be consistent with the provisions of AS 36.30.080(c) - (e) and
29 36.30.085. Notwithstanding the other provisions of this section, the legislative
30 agencies subject to the legislative council's regulations shall comply with
31 AS 36.30.170(b).

1 * Sec. 6. AS 36.30.030 is amended to read:

2 Sec. 36.30.030. COURT SYSTEM. The administrative director of courts shall
3 adopt and publish procedures to govern the procurement of supplies, services,
4 professional services, and construction by the judicial branch. The procedures must
5 be based on the competitive principles consistent with this chapter and must be adapted
6 to the special needs of the judicial branch as determined by the administrative director
7 of courts. The procedures must be consistent with the provisions of AS 36.30.080(c) -
8 (e) and 36.30.085. Notwithstanding the other provisions of this section, the judicial
9 branch shall comply with AS 36.30.170(b).

10 * Sec. 7. AS 36.30.040(b)(4) is amended to read:

11 (4) conditions and procedures for the use of source selection methods
12 authorized by this chapter, including single [SOLE] source procurements, emergency
13 procurements, and small procurements;

14 * Sec. 8. AS 36.30.040(b)(15) is amended to read:

15 (15) a bidder's or offeror's duties under this chapter [AS 36.30.115
16 AND 36.30.210]; and

17 * Sec. 9. AS 36.30.050(a) is amended to read:

18 (a) Except for persons debarred or suspended under AS 36.30.635 -
19 36.30.655, the [THE] commissioner shall establish and maintain current lists of
20 persons who desire to provide supplies, services, professional services, or construction
21 services to the state.

22 * Sec. 10. AS. 36.30.080 is amended by adding a new subsection to read:

23 (f) When the department is acquiring leased space of 3,000 square feet or less,
24 the department may procure the leased space using the procedures for small
25 procurements under AS 36.30.320.

26 * Sec. 11. AS 36.30 is amended by adding a new section to read:

27 Sec. 36.30.083. LEASE EXTENSIONS AUTHORIZED. (a) Notwithstanding
28 any other provision of this chapter, the department, the legislative council, or the court
29 system may extend, for up to a maximum extension of 10 years, a real property lease
30 that is entered into under this chapter, including procedures and regulations adopted
31 under AS 36.30.020 and 36.30.030, if a minimum cost savings of

109 deleted
* 112
36.30.115(d)
36.30.115(e)
deleted
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(1) 10 percent can be achieved on the rent due under the lease; or
(2) five percent can be achieved on the rent due under the lease and the lessor agrees to make modifications of the leased real property to bring the real property into compliance with the requirements of 42 U.S.C. 12101 - 12213 (Americans with Disabilities Act of 1990).

(b) The cost savings under (a) of this section shall be calculated on the remaining term of the lease and any renewals, including extensions allowed under (a) of this section.

(c) The department, the court system, and the Legislative Affairs Agency shall submit individually an annual report to the Legislative Budget and Audit Committee detailing the leases extended and the cost savings achieved by the entity under (a) or (b) of this section during the previous fiscal year. The report is due August 31 of each year.

* Sec. 12. AS 36.30.115 is amended to read:

Sec. 36.30.115. SUBCONTRACTORS FOR CONSTRUCTION CONTRACTS. (a) Within five working days after the identification of the apparent low bidder for a construction contract, the apparent low bidder shall submit a list of the subcontractors the bidder proposes to use in the performance of the construction contract. The list must include the name and location of the place of business for each subcontractor, [AND] evidence of each [THE] subcontractor's valid Alaska business license, and [A BIDDER FOR A CONSTRUCTION CONTRACT SHALL ALSO SUBMIT] evidence of each subcontractor's registration under AS 08.18. If a subcontractor on the list did not have a valid Alaska business license and a valid certificate of registration under AS 08.18 at the time the bid was opened, the bidder may not use the subcontractor in the performance of the contract, and shall replace the subcontractor with a subcontractor who had a valid Alaska business license and a valid certificate of registration under AS 08.18 at the time the bid was opened.

(b) The apparent low [A] bidder for a construction contract may replace a listed subcontractor if the subcontractor

- (1) fails to comply with AS 08.18;
- (2) files for bankruptcy or becomes insolvent;

- 1 (3) fails to execute a contract with the bidder involving performance
2 of the work for which the subcontractor was listed and the bidder acted in good faith;
3 (4) fails to obtain bonding;
4 (5) fails to obtain insurance acceptable to the state;
5 (6) fails to perform the contract with the bidder involving work for
6 which the subcontractor was listed;
7 (7) must be substituted in order for the prime contractor to satisfy
8 required state and federal affirmative action requirements;
9 (8) refuses to agree or abide with the bidder's labor agreement; or
10 (9) is determined by the procurement officer not to be a responsible
11 subcontractor.

12 (c) If a bidder for a construction contract fails to list a subcontractor or lists
13 more than one subcontractor for the same portion of work and the value of that work
14 is in excess of half of one percent of the total bid, the bidder shall be considered to
15 have agreed to perform that portion of work without the use of a subcontractor and to
16 have represented the bidder to be qualified to perform that work.

17 (d) A bidder for a construction contract who attempts to circumvent the
18 requirements of this section by listing as a subcontractor another contractor who, in
19 turn, sublets the majority of the work required under the contract violates this section.

20 (e) If a construction contract is awarded to a bidder who violates this section,
21 the procurement [PURCHASING] officer may

- 22 (1) cancel the contract; or
23 (2) after notice and a hearing, assess a penalty on the bidder in an
24 amount that does not exceed 10 percent of the value of the subcontract at issue.

25 * Sec. 13. AS 36.30.130(a) is amended to read:

26 (a) The procurement officer shall give adequate public notice of the invitation
27 to bid at least 21 days before the date for the opening of bids. If the procurement
28 officer determines [A DETERMINATION IS MADE] in writing that a shorter notice
29 period is advantageous [NECESSARY] for a particular bid and adequate
30 competition is anticipated, the 21-day period may be shortened. [THE
31 DETERMINATION SHALL BE MADE BY THE CHIEF PROCUREMENT OFFICER

1 FOR BIDS FOR SUPPLIES, SERVICES , PROFESSIONAL SERVICES. THE
2 DETERMINATION SHALL BE MADE BY THE COMMISSIONER OF
3 TRANSPORTATION AND PUBLIC FACILITIES FOR BIDS FOR
4 CONSTRUCTION OR ACQUISITION OF PROPERTY FOR THE STATE
5 EQUIPMENT FLEET.] Notice shall be published in the Alaska Administrative
6 Journal. The time and manner of notice must be in accordance with regulations
7 adopted by the commissioner of administration. When practicable, notice may include

8 (1) publication in a newspaper calculated to reach prospective bidders
9 located in the state;

10 (2) notices posted in public places within the area where the work is
11 to be performed or the material furnished; and

12 (3) notices mailed to all active prospective contractors on the
13 appropriate list maintained under AS 36.30.050

14 (A) if the contractors are located in the state;

15 (B) upon request, if the contractors are not located in the state.

16 * Sec. 14. AS 36.30.170 is amended by adding a new subsection to read:

17 (k) In order to qualify for a preference under (c), (e), or (f) of this section, a
18 bidder must add value by actually performing, controlling, managing, and supervising
19 the services provided, or a bidder must have sold supplies of the general nature
20 solicited to state agencies, other governments, or to the general public.

21 * Sec. 15. AS 36.30.200 is amended to read:

22 Sec. 36.30.200. CONDITIONS FOR USE. (a) Except as otherwise provided
23 in this chapter, or unless specifically exempted by law, an agency contract shall be
24 awarded by competitive sealed proposals if it is not awarded by competitive sealed
25 bidding. [CONSTRUCTION MAY ONLY BE PROCURED BY COMPETITIVE
26 SEALED PROPOSALS IF THE CONDITIONS UNDER (c) OF THIS SECTION ARE
27 MET.]

28 (b) The commissioner may provide by regulation that it is either not
29 practicable or not advantageous to the state to procure specified types of supplies,
30 services, or construction by competitive sealed bidding that would otherwise be
31 procured by that method. When the [CHIEF] procurement officer [, OR FOR

1 CONSTRUCTION CONTRACTS OR PROCUREMENTS FOR THE STATE
2 EQUIPMENT FLEET, THE COMMISSIONER OF TRANSPORTATION AND
3 PUBLIC FACILITIES.) determines in writing with particularity that the use of
4 competitive sealed proposals is more [BIDDING IS EITHER NOT PRACTICABLE
5 OR NOT] advantageous to the state than competitive sealed bidding, a contract may
6 be entered into by competitive sealed proposals [IN ACCORDANCE WITH THE
7 REGULATIONS. WHEN IT IS DETERMINED THAT IT IS PRACTICABLE BUT
8 NOT ADVANTAGEOUS TO USE COMPETITIVE SEALED BIDDING, THE CHIEF
9 PROCUREMENT OFFICER OR COMMISSIONER OF TRANSPORTATION AND
10 PUBLIC FACILITIES SHALL SPECIFY WITH PARTICULARITY THE BASIS FOR
11 THE DETERMINATION].

12 (c) When the commissioner of transportation and public facilities [CHIEF
13 PROCUREMENT OFFICER] determines that it is advantageous to the state, a
14 procurement officer may issue a request for proposals requesting the submission of
15 offers to provide construction in accordance with a design provided by the offeror.
16 The request for proposals shall require that each proposal submitted contain a single
17 price that includes the design/build.

18 • Sec. 16. AS 36.30.210 is repealed and reenacted to read:

19 Sec. 36.30.210. REQUEST FOR PROPOSALS. (a) A request for competitive
20 sealed proposals must contain the date, time, and place for delivering proposals, a
21 specific description of the supplies, construction, services, or professional services to
22 be provided under the contract, and the terms under which the supplies, construction,
23 services, or professional services are to be provided.

24 (b) An offeror for a construction contract shall submit evidence of the offeror's
25 registration under AS 08.18. A request for sealed proposals for a construction contract
26 must require the offeror, no later than five working days after the proposal that is the
27 most advantageous to the state is identified, to list subcontractors the offeror proposes
28 to use in the performance of the construction contract. The list must include the
29 information required under AS 36.30.115(a), and the provisions of AS 36.30.115(b) -
30 (e) apply to competitive sealed proposals for construction contracts; in this sentence,
31 "bidder" in AS 36.30.115(a) - (e) is read as "offeror."

1 (c) A request for proposals must contain the information necessary for an
2 offeror to submit a proposal or contain references to any information that cannot
3 reasonably be included with the request. The request must provide a description of the
4 factors that will be considered by the procurement officer when evaluating the
5 proposals received, including the relative importance of price and other evaluation
6 factors.

7 (d) Notice of a request for proposals shall be given in accordance with
8 procedures under AS 36.30.130. The procurement officer may use additional means
9 considered appropriate to notify prospective offerors of the intent to enter into a
10 contract through competitive sealed proposals.

11 (e) The offeror must have a valid Alaska business license at the time
12 designated, in the request for proposals, for opening of the proposals.

13 • Sec. 17. AS 36.30.230 is amended to read:

14 Sec. 36.30.230. DISCLOSURE OF PROPOSALS. The procurement officer
15 shall open proposals so as to avoid disclosure of contents to competing offerors before
16 notice of intent to award a contract is issued [DURING THE PROCESS OF
17 NEGOTIATION]. A register of proposals containing the name and address of each
18 offeror shall be prepared in accordance with regulations adopted by the commissioner.
19 The register and the proposals are open for public inspection after the notice of intent
20 to award a contract is issued under AS 36.30.365. To the extent that the offeror
21 designates and the procurement officer concurs, trade secrets and other proprietary data
22 contained in the proposal documents are confidential.

23 • Sec. 18. AS 36.30.230 is amended by adding a new subsection to read:

24 (b) If a solicitation is cancelled under AS 36.30.350 after proposals are
25 received but before a notice of intent to award a contract has been issued under
26 AS 36.30.365, a protest of the solicitation or of the cancellation of the solicitation has
27 not been filed by an interested party under AS 36.30.560, and the time specified in
28 AS 36.30.565(a) for filing ^{1. Such} a protest has expired, the procurement officer may return
29 a proposal to the offeror that made the proposal. The procurement officer shall keep
30 a list of returned proposals in the file for the solicitation.

31 • Sec. 19. AS 36.30.260 is amended to read:

1 Sec. 36.30.260. CONTRACT EXECUTION. A contract awarded under
2 competitive sealed proposals must contain

3 (1) a statement of the amount of the contract [STATED ON ITS
4 FIRST PAGE];

5 (2) the date for the supplies to be delivered or the dates for
6 construction, services, or professional services to begin and be completed;

7 (3) a description of the supplies, construction, services, or professional
8 services to be provided; and

9 (4) certification by the project director for the contracting agency, the
10 head of the contracting agency, or a designee that sufficient money is [FUNDS ARE]
11 available in an appropriation to be encumbered for the amount of the contract.

12 * Sec. 20. AS 36.30.300 is repealed and reenacted to read:

13 Sec. 36.30.300 SINGLE SOURCE PROCUREMENTS. (a) A contract may
14 be awarded for supplies, services, professional services, or construction without
15 competitive sealed bidding, competitive sealed proposals, or other competition in
16 accordance with regulations adopted by the commissioner. A contract may be awarded
17 under this section only when the chief procurement officer or, for construction
18 contracts or procurements for the state equipment fleet, the commissioner of
19 transportation and public facilities determines in writing that

20 (1) it is not practicable to award a contract by competitive sealed
21 bidding under AS 36.30.100, competitive sealed proposal under AS 36.30.200, or
22 limited competition under AS 36.30.305; and

23 (2) award of the contract under this section is in the state's best interest.

24 (b) An agency using a single source procurement under (a) of this section shall
25 submit written evidence to support a request for the single source procurement. The
26 commissioner of administration or the commissioner of transportation and public
27 facilities, as appropriate, may also require the submission of cost or pricing data in
28 connection with an award under this section.

29 (c) To the extent practicable, the procurement officer shall negotiate with the
30 single source to obtain contract terms advantageous to the state.

31 (d) Procurement requirements may not be aggregated or structured so as to

1 constitute a purchase under this section or to circumvent the source selection
2 procedures required by AS 36.30.100 - 36.30.270.

3 (c) Except for procurements of supplies, services, professional services, or
4 construction that do not exceed the amount for small procurements under
5 AS 36.30.320(a) as applicable, the authority to make a determination required by this
6 section may not be delegated, even if the authority to contract is delegated under
7 AS 36.30.015(a) - (b).

8 * Sec. 21. AS 36.30.305(a) is amended to read:

9 (a) A construction contract under \$100,000, or a contract for supplies,
10 services, ~~or~~ professional services, [OR A CONSTRUCTION CONTRACT UNDER
11 \$100,000,] may be awarded without competitive sealed bidding or competitive sealed
12 proposals, in accordance with regulations adopted by the commissioner. A contract
13 may be awarded under this section only when the chief procurement officer [, OR,
14 FOR CONSTRUCTION CONTRACTS UNDER \$100,000 OR PROCUREMENTS
15 FOR THE STATE EQUIPMENT FLEET, THE COMMISSIONER OF
16 TRANSPORTATION AND PUBLIC FACILITIES.] determines in writing that a
17 situation exists that makes competitive sealed bidding or competitive sealed proposals
18 impractical or contrary to the public interest, except that the attorney general may
19 make the determination for services of legal counsel, and the commissioner of
20 transportation and public facilities may make the determination for construction
21 contracts under \$100,000 or procurements for the state equipment fleet.

22 Procurements under this section shall be made with competition that is practicable
23 under the circumstance. Except for procurements of supplies, services, professional
24 services, or construction that do not exceed the amount for small procurements under
25 AS 36.30.320(a) [OR (b)], as applicable, the authority to make a determination
26 required by this section may not be delegated.

27 • Sec. 22. AS 36.30.305(d) is amended to read:

28 (d) Single [SOLE] source procurements may not be made under this section.

29 • Sec. 23. AS 36.30 is amended by adding a new section to read:

30 Sec. 36.30.308. INNOVATIVE COMPETITIVE PROCUREMENTS. (a) A
31 contract may be awarded for supplies, services, professional services, or construction

1 using an innovative procurement process, with or without competitive sealed bidding
2 or competitive sealed proposals, in accordance with regulations adopted by the
3 commissioner. A contract may be awarded under this section only when the chief
4 procurement officer, or, for construction contracts or procurements of the state
5 equipment fleet, the commissioner of transportation and public facilities, determines
6 in writing that it is advantageous to the state to use an innovative competitive
7 procurement process in the procurement of new or unique requirements of the state,
8 new technologies, or to achieve best value.

9 (b) The procurement officer shall submit a procurement plan to the Department
10 of Law for review and approval as to form before issuing the notice required by (c)
11 of this section.

12 (c) A procurement under this section is subject to the requirements of
13 AS 36.30.130.

14 (d) This section does not preclude the adoption of regulations providing for the
15 use of bonuses instead of preferences in a procurement of construction.

16 * Sec. 24. AS 36.30 is amended by adding new sections to read:

17 Sec. 36.30.311. EMPLOYMENT PROGRAM PROCUREMENTS. A
18 procurement of products manufactured or services provided by an employment
19 program of the state may be made without competitive sealed bidding or competitive
20 sealed proposals, in accordance with regulations adopted by the commissioner.

21 Sec. 36.30.313. CORRECTIONAL INDUSTRIES PROCUREMENTS. A
22 procurement of products or services provided by the correctional industries program
23 established under AS 33.32 may be made without competitive sealed bidding or
24 competitive sealed proposals, in accordance with regulations adopted by the
25 commissioner.

26 * Sec. 25. AS 36.30.315 is repealed and reenacted to read:

27 Sec. 36.30.315. FALSE STATEMENTS IN DETERMINATIONS;
28 CRIMINAL PENALTY. If a state official knowingly makes a false statement in a
29 determination under this chapter, the state official is guilty of a class A misdemeanor.

30 * Sec. 26. AS 36.30.320(a) is amended to read:

31 (a) A procurement for supplies, services, or professional services

1 [CONSTRUCTION] that does not exceed an aggregate dollar amount of \$50,000; for
2 construction that does not exceed an aggregate dollar amount of \$100,000, or for
3 lease of space that does not exceed 3,000 square feet [\$25,000] may be made in
4 accordance with regulations adopted by the commissioner for small procurements.

5 * Sec. 27. AS 36.30 is amended by adding a new section to read:

6 Sec. 36.30.331. DELIVERY OF SUPPLIES. Supplies purchased under this
7 chapter shall be delivered at a location within the state unless the department
8 determines that a point of delivery outside the state would be in the best interest of the
9 state. A bid or proposal involving the procurement of supplies must specify the
10 delivery location and must state that the price is the delivered price at that location.

11 * Sec. 28. AS 36.30 is amended by adding a new section to read:

12 Sec. 36.30.333. PROCUREMENT OF PAPER. Except as otherwise required
13 under AS 36.15.050, AS 36.30.322 - 36.30.332, and 36.30.334 - 36.30.338, when a
14 state agency purchases paper, at least 25 percent of the quantity purchased must be
15 recycled paper unless recycled paper is not available for the purchase or unless, after
16 application of the procurement preference under AS 36.30.339, the recycled paper is
17 more expensive than the nonrecycled paper.

18 * Sec. 29. AS 36.30 is amended by adding a new section to read:

19 Sec. 36.30.335. PRODUCT PREFERENCES. This chapter does not modify
20 AS 36.15.010 and 36.15.020 regarding preference for Alaska forest products, or
21 AS 36.15.050 and 36.15.060 regarding preference for Alaska agricultural and fisheries
22 products, except as provided in AS 36.30.170(b), (c), (e) - (h), and 36.30.339.

23 * Sec. 30. AS 36.30.520 is amended to read:

24 Sec. 36.30.520. RECORDS OF SINGLE [SOLE] SOURCE AND
25 EMERGENCY PROCUREMENTS. (a) The commissioner shall maintain for a
26 minimum of five years a record listing all single [SOLE] source procurement contracts
27 made under AS 36.30.300 and emergency procurements made under AS 36.30.310.
28 The record must contain

- 29 (1) each contractor's name;
30 (2) the amount and type of each contract; and
31 (3) a listing of the supplies, services, professional services, or

1 construction procured under each contract.

2 (b) The Department of Transportation and Public Facilities and any agency to
3 whom the commissioner of administration or the commissioner of transportation and
4 public facilities has delegated procurement authority under AS 36.30.015 shall, by
5 October 1 of each year, submit to the commissioner of administration records of the
6 type specified in (a) of this section for emergency procurements made under
7 AS 36.30.310. The Department of Transportation and Public Facilities shall, even
8 if procurement authority has been delegated under AS 36.30.015 to another
9 agency, by October 1 of each year, submit to the commissioner of administration
10 records of the type specified in (a) of this section for single source procurement
11 contracts made under AS 36.30.300. The commissioner of administration shall
12 maintain these records as required by (a) of this section.

13 * Sec. 31. AS 36.30 is amended by adding a new section to read:

14 Sec. 36.30.522. RECORDS OF INNOVATIVE PROCUREMENTS. The
15 commissioner and the contracting agency shall keep a file for each contract awarded
16 under an innovative procurement process under AS 36.30.308. The file is subject to
17 inspection under the same standards as described in AS 36.30.140(b) and 36.30.230.
18 The file kept by the commissioner must contain a summary of the information in the
19 file of the contracting agency. The file kept by the contracting agency must contain

20 (1) a copy of the contract;

21 (2) the written determination under AS 36.30.308(a);

22 (3) the procurement plan as approved as to form by the Department of
23 Law;

24 (4) the record of notice under AS 36.30.130; and

25 (5) the record of respondents to the solicitation.

26 * Sec. 32. AS 36.30 is amended by adding a new section to article 9 to read:

27 Sec. 36.30.550. APPLICABILITY OF PROTEST AND APPEAL
28 PROCEDURES. (a) Except for small procurements made under AS 36.30.320, the
29 provisions of AS 36.30.560 - 36.30.615 apply to a solicitation, the proposed award of
30 a contract, and the award of a contract for supplies, services, professional services, or
31 construction.

1 (b) The commissioner shall adopt regulations providing for protest and appeal
2 procedures of small procurements made under AS 36.30.320.

3 * Sec. 33. AS 36.30.565(a) is repealed and reenacted to read:

4 (a) A protest based on alleged improprieties or ambiguities in a solicitation
5 must be filed at least 10 days before the due date of the bid or proposal, unless a later
6 protest due date is specifically allowed in the solicitation. If a solicitation is made
7 with a shortened public notice period and the protest is based on alleged improprieties
8 or ambiguities in the solicitation, the protest must be filed before the due date of the
9 bid or proposal. Notwithstanding the other provisions in this subsection, the protest
10 of an invitation to bid or a request for proposals in which a pre-bid or pre-proposal
11 conference is held within 12 days of the due date must be filed before the due date of
12 the bid or proposal if the protest is based on alleged improprieties or ambiguities in
13 the solicitation. A protest based upon alleged improprieties in an award of a contract
14 or a proposed award of a contract must be filed within 10 days after a notice of intent
15 to award the contract is issued by the procurement officer.

16 * Sec. 34. AS 36.30.580(a) is amended to read:

17 (a) The procurement officer of the contracting agency shall issue a written
18 decision containing the basis of the decision within 15 [14] days after a protest has
19 been filed. A copy of the decision shall be furnished to the protester by certified mail
20 or other method that provides evidence of receipt.

21 * Sec. 35. AS 36.30.580(b) is amended to read:

22 (b) The time for a decision may be extended up to 30 [26] days for good cause
23 by the commissioner of administration, or, for protests involving construction or
24 procurements for the state equipment fleet, the commissioner of transportation and
25 public facilities. If an extension is granted, the procurement officer shall notify the
26 protester in writing of the date that [OF] the decision is due.

27 * Sec. 36. AS 36.30.585 is amended by adding a new subsection to read:

28 (c) Notwithstanding (a) and (b) of this section, if a protest is sustained in
29 whole or part, the protester's damages are limited to reasonable bid or proposal
30 preparation costs.

31 * Sec. 37. AS 36.30.605(a) is amended to read:

1 (a) The procurement officer of the contracting agency shall file a complete
2 report on the protest and decision with the commissioner of administration or the
3 commissioner of transportation and public facilities, as appropriate, within 10 [SEVEN]
4 days after a protest appeal is filed. The procurement officer shall furnish a copy of
5 the report to the protester and to interested parties that have requested a copy of the
6 appeal under AS 36.30.595(b).

7 * Sec. 38. AS 36.30.605(c) is amended to read:

8 (c) The protester may file comments on the protest report with the
9 commissioner of administration or the commissioner of transportation and public
10 facilities, as appropriate, within 10 [SEVEN] days after the report is received. The
11 protester shall provide copies of the comments to the procurement officer and to
12 interested parties that have requested a copy of the appeal under AS 36.30.595(b).

13 * Sec. 39. AS 36.30.620(a) is amended to read:

14 (a) A contractor shall file a claim concerning a contract awarded under this
15 chapter with the procurement officer. The contractor shall certify that the claim is
16 made in good faith, that the supporting data are accurate and complete to the best of
17 the contractor's knowledge and belief, and that the amount requested accurately
18 reflects the contract adjustment for which the contractor believes the state is liable.
19 A claim under this section must be filed within 90 days after the contractor
20 becomes aware of the basis of the claim or should have known the basis of the
21 claim, whichever is earlier.

22 * Sec. 40. AS 36.30.620 is amended by adding a new subsection to read:

23 (g) This section does not apply to payment disputes governed by
24 AS 37.05.285.

25 * Sec. 41. AS 36.30.655 is amended to read:

26 Sec. 36.30.655. LIST OF PERSONS DEBARRED OR SUSPENDED. The
27 commissioner shall maintain a list of all persons debarred or suspended from
28 consideration for award of contracts. The commissioner shall remove a person
29 debarred or suspended from the lists of contractors under AS 36.30.050 for the
30 period of debarment or suspension.

31 * Sec. 42. AS 36.30.850(b)(23) is amended to read:

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(23) operation, protection, or disposals of equipment, supplies, and other assets acquired through foreclosure or other legal proceedings relating to [OF] loans issued under AS 03.10;

* Sec. 43. AS 36.30.850(b) is amended by adding new paragraphs to read:

(34) procurements of contracts with the media for advertising;

(35) purchases of livestock by a correctional industries program established under AS 33.32

* Sec. 44. AS 36.30.910 is amended to read:

Sec. 36.30.910. PURCHASES THROUGH GENERAL SERVICES ADMINISTRATION. Notwithstanding any other provision of this chapter, [THIS CHAPTER DOES NOT PREVENT] purchasing through the general services administration or from federal supply schedules of the general services administration may be made without competitive sealed bidding, competitive sealed proposals, or other competition, so long as the purchasing is made from persons located in the state in accordance with regulations adopted by the commissioner for purchases under this section and as provided under 41 U.S.C. 251 - 266 [BY LAW].

* Sec. 45. AS 36.30.990 is amended by adding a new paragraph to read:

(22) "state official" means a public employee, public officer, or official of an agency.

* Sec. 46. Section 3, ch. 59, SLA 1994, is amended to read:

Sec. 3. AS 36.30.130(a) is repealed and reenacted to read:

(a) The procurement officer shall give adequate public notice of the invitation to bid at least 21 days before the date for the opening of bids. If the procurement officer determines [A DETERMINATION IS MADE] in writing that a shorter notice period is advantageous [NECESSARY] for a particular bid and adequate competition is anticipated, the 21-day period may be shortened. [THE DETERMINATION SHALL BE MADE BY THE CHIEF PROCUREMENT OFFICER FOR BIDS FOR SUPPLIES, SERVICES, OR PROFESSIONAL SERVICES. THE DETERMINATION SHALL BE MADE BY THE COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES FOR BIDS FOR

1 CONSTRUCTION OR ACQUISITION OF PROPERTY FOR THE STATE
2 EQUIPMENT FLEET.] Notice shall be published in the Alaska Administrative
3 Journal. The time and manner of notice must be in accordance with regulations
4 adopted by the commissioner of administration. When practicable, notice may include

5 (1) publication in a newspaper calculated to reach prospective bidders;

6 (2) notices posted in public places within the area where the work is
7 to be performed or the material furnished; and

8 (3) notices mailed to all active prospective contractors on the
9 appropriate list maintained under AS 36.30.050.

10 * Sec. 47. (a) AS 36.30.015(c), 36.30.090, 36.30.095, 36.30.100(b), 36.30.850(b)(14),
11 and 36.30.900 are repealed.

12 (b) AS 36.30.320(b) is repealed.

13 * Sec. 48. REVISOR'S CHANGES. The revisor of statutes is requested to change the
14 heading of art. 5 of AS 36.30 from "Article 5. Preference for Alaska Products." to "Article 5.
15 Preferences." Additionally, the revisor of statutes is requested to renumber AS 36.30.339 as
16 AS 36.30.337, to place that section in art. 5 of AS 36.30.

17 * Sec. 49. TRANSITION: REGULATIONS. Notwithstanding secs. 53 - 55 of this Act,
18 the commissioner of administration and the commissioner of transportation and public facilities
19 may proceed to adopt regulations necessary to implement respective changes in law enacted
20 by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but
21 not before the effective date of the change in law in this Act.

22 * Sec. 50. APPLICABILITY. Notwithstanding the changes in law made by this Act, the
23 state agencies may continue to act on or consider a provision of a solicitation, notice of intent
24 to award, or response to solicitation made before the effective date of the relevant change in
25 law enacted by this Act, to the extent that the provision is not inconsistent with a provision
26 of this Act.

27 * Sec. 51. FIRST LEASE EXTENSION REPORT. Notwithstanding AS 36.30.083(c),
28 enacted by sec. 11 of this Act, the first lease extension report under AS 36.30.083(c) is due
29 August 31, 1997, and must cover fiscal year 1997.

30 * Sec. 52. Sections 8 - 13, 15, 19, 24 - 25, 27 - 29, 41 - 43, 45, 47(a), and 48 - 51 of this
31 Act take effect immediately under AS 01.10.070(c).

- 1 * Sec. 53. Sections 1 - 7, 14, 16 - 18, 20 - 23, 26, 30, 31, 33 - 40, 44, and 47(b) of this
2 Act take effect September 30, 1996.
- 3 * Sec. 54. Section 32 of this Act takes effect January 1, 1997.
- 4 * Sec. 55. Section 46 of this Act takes effect August 22, 1998.

DEPARTMENT OF ADMINISTRATION

DIVISION OF GENERAL SERVICES

P.O. BOX 110210
JUNEAU, ALASKA 99811-0210
PHONE: (907) 465-2250
FAX: (907) 465-2189

March 28, 1996

The Honorable Bert Sharp
Alaska State Legislature
State Capitol Room 514
Juneau, AK 99801

Dear Senator Sharp:

Enclosed is the amendment to CSSB 275, version "C." The amendment seeks to address the concerns expressed by the committee regarding bidder preferences and innovative procurements.

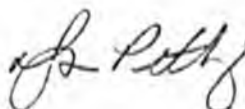
We believe that the amendment, by removing the restriction from the section dealing with the Alaska bidder preference, avoids a situation in which a qualifying bidder with a disability is prohibited from benefiting from preferences because their business has not made a sale in the six months immediately preceding the date of the bid. This amendment would simply require that the bidder has made a sale or sales in the past in order to qualify for a disabled preference.

This amendment is also in keeping with the committee's desire to discourage brokering of the disabled bidder preferences. The amendment would require a disabled bidder to "add value" when providing services by participating in the delivery of the services. For supply bids, the amendment requires a disabled bidder to have sold supplies to the public or another government. These changes will close a loophole in existing law that allows anyone with a qualifying disability to get into the business of bidding for anything and everything the state buys by simply filling out bid documents. The bidder can then assign 100 percent of the work to a firm which does not qualify for the preference, often an out-of-state firm. In effect, current law allows a disabled bidder to collect a 15 percent premium while the actual work or supplies are provided by a non-qualifying business.

We believe that the intent of this preference was to assist individuals with a disability or businesses employing people with disabilities which can contribute to the economy of the state by actually conducting business in Alaska and contributing to the local work force employing our citizens. By requiring a bidder with a disability to add value to the

services they offer the state or to sell their wares to other governments or the public in order to receive the benefit of the preference, we accomplish the intent of the original legislation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dugan Petty".

Dugan Petty
Director

Enclosure

DP/nl

cc: Mark Boyer
Commissioner
Department of Administration



ALASKA STATE LEGISLATURE

SENATOR RANDY PHILLIPS

SENATE DISTRICT L

SESSION
State Capitol
Juneau, AK 99801
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INTERIM
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Memorandum

TO: Senator Bert Sharp, Chair
Senate State Affairs Committee

FROM: Senator Randy Phillips *Rep*

DATE: March 26, 1996

RE: CS Senate Bill No. 275, "An Act relating to state procurement practices and procedures; and providing for an effective date."

CS SB 275 Work Draft 9-GS2020\C Changes From Original Bill

Sections 1-6 are new. These sections require the Ombudsman, the Alaska Railroad, the Aerospace Development Corporation, Alaska Housing Finance Corporation, The Alaska State Pension Investment Board, the Alaska Seafood Marketing Institute, the Legislature, and the Court System to comply with AS 36.30.170(b), the Alaska Bidders' Preference.

Section 7 is the same as former Section 1

Section 8 is the same as former Section 2

Section 9 is the same as former Section 3

Section 10 is the same as former Section 4, except that the 5,000 square foot exception in the original has been changed to 3,000 square feet.

Section 11 is the same as former Section 5, except that the University is not allowed to extend leases under this provision.

Sections 6 & 7 of the original bill providing for lease purchases up to \$500,000 annual rent and \$2,500,000 without Legislative approval has been deleted.

Section 12 is the same as former Section 8

Section 13 is the same as former Section 9

Section 14 is the same as former Section 10, except that the language on line 25 has been changed from (that regularly provides in the normal course of business) to that deals in

Section 15 is the same as former Section 11

Section 16 is the same as former Section 12, with the exception that the terms "bidder" and "offeror" are clearly defined as having the same meaning for the purpose of AS 36.30.115(a) - (e)

Section 17 is the same as former Section 13

Section 18 is the same as former Section 14

Section 19 is the same as former Section 15

Section 20 is the same as former Section 16, with a new subsection (e) that prohibits the delegation by the chief procurement officer or the Commissioner of DOTPF of the determination to make a single source procurement

Section 21 is the same as former Section 17, except for changes in drafting style.

Section 22 is the same as former Section 18

Section 23 is the same as former Section 19, except that the title was changed to Innovative Competitive Procurements

Section 24 is the same as former Sections 20 and 21

Section 25 replaces former Section 22. It makes any state official who makes a false statement in a determination under the procurement code guilty of a class A misdemeanor

Section 26 is the same as former Section 23, except that 5,000 square feet has been changed to 3,000 square feet

Section 27 is the same as former Section 24

Section 28 is the same as former Section 25

Section 29 is the same as former Section 26

Section 30 is the same as former Section 27, with the addition new language in subsection (b) that requires the Department of Transportation to maintain and submit to the commissioner of administration records of single source procurements.

Section 31 is the same as former Section 28

Section 32 is the same as former Section 29, with the addition of applying the procedures to "the proposed award of a contract"

Section 33 replaces former Section 30, all new language on the timing of a protest

Section 34 is the same as former Section 31

Section 35 is the same as former Section 32

Section 36 is the same as former Section 33

Section 37 is the same as former Section 34

Section 38 is the same as former Section 35

Section 39 is the same as former Section 36, except for the change from 30 days to 90 days for the time limit for filing a claim on a contract

Section 40 is the same as former Section 37

Section 41 is the same as former Section 38

Section 42 is the same as former Section 39

Section 43 is the same as former Section 40, except that subsection (34) now exempts only contracts with the media for advertising instead of exemption for the Governor's Office for Lobbying, Public Relations and Advertising

Section 44 is the same as former Section 41, except that it specifies 41 U.S.C. instead of "federal law"

Section 45 is the same as former Section 42

Section 46 is the same as former Section 43

Section 47 is the same as former Section 44

Section 48 is the same as former Section 45

Section 49 is the same as former Section 46

Section 50 is the same as former Section 47

Section 51 is a new section that makes the first lease extension report due on August 31, 1997, formerly covered in Section 5

Section 52 is the same as former Section 48, with renumbered sections

Section 53 is the same as former Section 49, with renumbered sections and the addition of the sections applying the Alaska Bidders' Preference to agencies exempted from the procurement code.

Section 54 is the same as former Section 50

Section 55 is the same as former Section 43

LEGAL SERVICES

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

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FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 26, 1996

SUBJECT: Amendments to CSSB 275 () (Work Order 9-GS2020\C, 3-25-96)

TO: Senator Bert Sharp
Attn: Ann Ringstad

FROM: *TB*
Theresa Bannister
Legislative Counsel

This memo accompanies the three amendments that you requested for the bill described above.

Please be aware that with regard to the amendment to AS 36.30.910, requiring different procedures when dealing with persons who are not located in the state may raise an issue under the privileges and immunities provision of the U.S. Constitution because it discriminates against out-of-state vendors. The state is given some leeway in this area, but I have not determined whether there would be a significant problem with this provision.

If I may be of further assistance, please advise.

TLB:glc
96-186.glc

Enclosure