

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT FOR HB 81

BY: Representative Tom Anderson

TITLE: “An Act establishing an administrative fine and procedure for construction contractors in certain circumstances; increasing the amount of a civil penalty for persons acting in the capacity of contractors or home inspectors; modifying the elements of a crime involving contractor registration and residential contractors; and exempting the administrative hearings for imposing an administrative fine on construction contractors from the hearings conducted by the office of administrative hearings in the Department of Administration.”

Under current law, the State of Alaska investigates and enforces violations of construction contractor laws. Both the Department of Labor and Commerce and the Department of Community & Economic Development have authority to pursue violations of work performed by unregistered construction contractors. For the most part, they rely upon the public complaints, and follow up with investigations (depending on the availability of resources). Under current laws, these agencies enforce violation by issuing citations. After a citation is issued, the impetus falls to the Department of Law as to whether or not to prosecute the matter in Court.

With over 1,600 unregistered contractors operating under this exemption, numerous reports have been made about these unregistered businesses offering construction services in violation of the laws. Enforcement efforts have proven to be difficult and many consumers are unaware their contractor may not be qualified to provide construction services, and even worse, have little or no insurance and warranty protections.

HB 81 would amend the law to allow the Department of Labor and the Department of Commerce Community & Economic Development to issue civil penalties for violations. Instead of going through the Dept. of Law, a violator would either pay a fine (proposed at \$1,000 for the first violation and \$1,500 for subsequent violations) or appeal to an administrative hearing officer. This system would be much more effective toward penalizing first-time violations quickly and effectively. The Departments would retain the option of going through the current criminal violation process if the fines did not deter a violator.

A loophole in the contractor exemption statutes that allowed small contracting companies to operate without a license has also been closed. Previously an individual could file for an exemption and build a residential or commercial property every year. Under HB 81 the time limit between buildings is raised to 2 years of occupancy. Individuals who need to can file for a hardship waiver in order to build another property before the two-year minimum. I urge your support for this legislation.