

SENATE BILL NO. 193

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY SENATOR MICCICHE

Introduced: 2/21/14

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to bonds required for contractors."**

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

3 * **Section 1.** AS 08.18.024(b) is amended to read:

4 (b) Notwithstanding (a) of this section, a specialty contractor may perform
5 work that

6 [(1)] requires the use of not more than three trades [; OR

7 (2) IS EXEMPT UNDER AS 08.18.161(8)].

8 * **Sec. 2.** AS 08.18.071(b) is repealed and reenacted to read:

9 (b) The amount of the bond for a

10 (1) general contractor shall be \$25,000;

11 (2) general contractor with a residential contractor endorsement under
12 AS 08.18.025 who performs exclusively residential work shall be \$20,000;

13 (3) for a mechanical or specialty contractor or home inspector shall be
14 \$10,000; or

15 (4) contractor whose work on one project with an aggregate contract

price of \$10,000 or less, including all labor, materials, and other items, when the work is not part of a larger or major operation or otherwise divided into contracts of less than \$10,000 to evade a higher bonding requirement, shall be \$5,000.

* **Sec. 3.** AS 08.18.071(c) is amended to read:

(c) The bond required by this section remains in effect until cancelled by action of the surety, the principal, or the commissioner. An action may not be commenced upon the bond later than three years after its cancellation. **In lieu of the surety bond required by this section, the applicant may file with the commissioner a cash deposit or other negotiable security acceptable to the commissioner in the amount specified for bonds.**

* **Sec. 4.** AS 08.18.101(a) is amended to read:

(a) Each applicant, at the time of applying for registration or upon renewal of registration, shall file with the commissioner satisfactory evidence that the applicant has in effect

(1) to the extent required under AS 23.30, workers' compensation insurance that is purchased from a private insurer who is admitted to do business in the state and that shows coverage in this state, appropriate employee classifications, and rates applicable in this state, or a valid workers' compensation self-insurance certificate issued by the Alaska Workers' Compensation Board; and

(2) public liability and property damage insurance covering the applicant's contracting operations in this state in the sum of not less than \$20,000 for damage to property, \$50,000 for injury, including death, to any one person, and \$100,000 for injury, including death, to more than one person; **this requirement does not apply to an applicant whose contracting operations are for work on projects where each project has an aggregate contract price, including all labor, materials, and other items of \$2,500 or less.**

* **Sec. 5.** AS 08.18.161(8) is repealed.

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. The bonding requirement in AS 08.18.071(b), as amended by sec. 2 of this Act, applies

- 1 (1) immediately to a person who is not registered as a contractor or home
2 inspector in this state under AS 08.18.011 on the effective date of this Act; and
3 (2) January 1, 2015, or upon the next renewal of the contractor's registration,
4 whichever is earlier, to a person who is registered as a contractor on the effective date of this
5 Act.