

ALASKA STATE LEGISLATURE

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SENATOR MIA COSTELLO SENATE DISTRICT K

Jewel Lake, Kincaid, Turnagain, Lake Hood, Sand Lake, Spenard, Dimond, Campbell Lake

SPONSOR STATEMENT SENATE BILL 45

"An Act relating to an exemption from the regulation of construction contractors."

Senate Bill 45 provides better protections for buyers of homes and other buildings by requiring unlicensed owner-builders to disclose they are selling a newly built home as an unlicensed builder.

The intent of the legislation, as stated in Section 1, is to continue to allow individuals to enjoy the freedom and ability to construct and sell their own homes.

Following the housing market crash of the 1980's, the Alaska Legislature raised professional standards for homebuilders, requiring residential contractors to get a state license, a residential endorsement, bonding, and insurance. The Alaska Housing Finance Corporation was specifically directed by statute to establish energy efficiency initiatives such as energy ratings and the Alaska Craftsman Home Program. These efforts helped Alaska become a place where the home construction industry provides high quality and affordable energy-efficient options for buyers.

Construction contractor law has been on the books since 1968. The current owner-builder exemption, AS 08.18.161(12), was first enacted that year to provide an exemption that allows individuals to build one home or commercial building every two years without a contractor license.

Currently state law provides an exemption that allows individuals to build structures without a contractor license. Alaska law AS 08.18.161 allows anyone to build one structure every two years without a license. While the exemption was intended to allow Alaskans to build their own home, the industry is seeing a growing number of individuals using the exemption to operate construction businesses.

SB 45 requires anyone who builds and sells a home without a contractor license within two years of starting construction to disclose that they do not have a license. The measure does not prohibit owner-builder construction. It does not require state approval for owner-builder construction. Owners have the right to build their own homes and this bill does not change that. It requires simple disclosure that helps home buyers.

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