

Alaska State Legislature

Senate Labor and Commerce Committee

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Sponsor Statement-SB189

SB189 - An Act relating to an exemption from the regulation of construction contractors

While other states in our nation are beginning to realize the benefits and necessity of constructing quality and energy efficient homes, residential construction in Alaska over the past twenty years has become a leader in innovation and affordability.

Following the housing market crash of the 1980's, the Alaska Legislature passed laws and standards raising the bar for home builders. Residential contractors mandated to receive a state-licensed residential endorsement, bonding, and insurance. In addition, energy efficiency programs such as the Alaska Craftsman Home Program and energy ratings were established through the Alaska Housing Finance Corporation.

These efforts were successful. Alaska has a home construction industry that offers many different quality options for buyers that are efficient and affordable.

But there are a growing number of individuals who have found loopholes in Alaska's statutes regarding requirements for licensing, bonding, and insurance. By avoiding licensing, bonding, and insurance requirements in the law, they are skirting the law and jeopardizing protections for consumers.

The loophole most commonly exploited is known as the "owner-builder exemption" in AS 08.18.161. Alaska law currently exempts anyone who wants to build their own home from contractor licensing requirements. But the wording of the exemption in statute creates an enforcement problem and allows abuse by those who are building homes for sale without the required state license.

The proposed bill would amend the law by removing the exemption for anyone who tries to construct homes for sale. In cases where an owner-builder finds that they need to sell their home for a legitimate reason, there is a provision for the Department of Labor to waive any enforcement action.

Please contact the Labor & Commerce committee aide Steve Ricci for more information. (907)465-6600.