



February 24, 2014

Senator Peter Micciche  
State Capitol Room 125  
Juneau AK, 99801

Re: SB 193 Contractors License Bonds

Dear Senator Micciche,

My name is Larry Bell, and I am the Executive Manager of the National Electrical Contractors Association, Alaska Chapter (NECA, Alaska Chapter). The Alaska Chapter of NECA has been serving the electrical construction industry in Alaska since before statehood, with members operating from Southeast Alaska to the North Slope of our great state. I personally have been in the construction business in Alaska for over 25 years, as my father before me was.

I am contacting your office in support of the recently submitted "SB 193 Contractors License Bonds" for several reasons. Included are the following points for which I wish you to consider as this important piece of legislation moves forward:

- The construction industry desires to have these bond limits increased not only for our own credibility, but for our protection as well.
- While it may seem unusual that business would ask to have a requirement increased, many believe that a license bond increase is overdue.
- The current bond levels were established over thirty years ago, if the CPI were applied to the 1982 rate, the present bond limits would be just over double (2.18 times) what the 1982 amounts were. This makes the new license bond amounts a more than reasonable increase.
- The purpose of the License Bond is not only to ensure the contractor has financial resources to pay taxes and other obligations, it is most importantly established in order to provide the public an avenue to seek recourse in the event there is negligent or improper work performed, or breach of contract.
- The current amount is simply not sufficient to provide the protections that a reasonable License Bond is intended to provide.
- The License Bond provides financial protection for clients, other contractors, material suppliers, equipment rental companies, in addition to others.
- It gives business some confidence in extending credit to many contractors.
- It can also provide those same businesses an avenue of recourse should bills go unpaid.

- This bill would require contractors doing small jobs under the “handyman” exemption to also get a bond. This should be an essential component of consumer protection for many homeowners.
- The statute is an important piece of Alaska’s consumer protection laws.
- The amounts established in the bill are supported by the construction industry for the purposes of providing greater protection to the public and maintaining the integrity of the thousands of reputable contractors operating in Alaska.

Thank you for sponsoring this piece of legislation that I believe will prove to be important for consumer protection and to our industry.

Respectfully Submitted,



Larry Bell  
Executive Manager  
NECA, AK Chapter