



April 13, 2017

Rep. Matt Claman, Chairman
House Judiciary Committee
Alaska State Legislature
Juneau, Alaska

Subject: HB79, Workers' Compensation

Dear Chairman Claman:

Thank you for the opportunity to comment on a proposed amendment to HB79, workers' compensation. The Alaska State Home Building Association has been closely following HB79 this session, and has endeavored to keep our members informed about the bill and its effort to define "independent contractors".

In February, our State Board of Directors met with Governor Walker to express some concerns regarding the bill. His office connected us with Commissioner Heidi Drygas and Director Marie Marx. Through their efforts, amendments in the House Labor & Commerce Committee addressed some shortcomings we saw within the initial version. Please allow me to express appreciation to everyone involved for those efforts.

There are many different examples and circumstances that create independent contracting relationships in the business world, and we respect the concerns and interests of fellow stakeholders. For that reason, this letter is express support for specific amendment language (shown below) relating to the definition of an independent contractor. The amendment addresses concerns of the NFIB and Alaska Trucking Association, and it also creates a standard that fits with typical construction contracting.

"On page 16, beginning at line 28, amend CSHB79(L&C) as follows:

(H) meets at least two of the following criteria:

(i) **the person is responsible for the satisfactory completion of the services that the person has contracted to perform and is subject to liability for a failure to complete the contracted work, or** the person maintains liability insurance or other insurance policies necessary to protect the employees, financial interests, and customers of the person's business;

(ii) the person maintains a business location, **or a business mailing address** separate from the location of the individual for whom, or the entity for which, the services are performed;

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(iii) the person provides contracted services for two or more different persons within a 12 month period, or the person engages in any kind of business advertising, solicitation, or other marketing efforts reasonably calculated to obtain new contracts to provide similar services;

~~(iv) the person holds a bank account in the name of the business entity for the purpose of paying business expenses or expenses related to the work or services performed;~~

~~(v) the person engages in a trade, occupation, profession, or business to provide services that are outside the usual course of business for the individual for whom, or the entity for which, the services are performed."~~

With the inclusion of this amendment, this letter is also to express support for HB79 in its entirety. We will continue to monitor the progress of this bill through the process, and will update our position and our comments based on any further changes to the bill.

Thank you and members of the House Judiciary Committee for considering the concerns of residential contractors as part of your deliberations.

Sincerely,



Aaron Welterlen, President
Alaska State Home Building Association

CC: Commissioner Heidi Drygas
