

# **House Bill 260: Certificate of Fitness / Unpaid Construction Wages**

**Presentation to House Labor and Commerce Committee**



**Rep. Andy Josephson**

March 2, 2026

Staff: Ken Alper

# HB260 Adds Two Key Protections for Workers and Customers

---

1. Strengthens protections that ensures construction contractors only hire electricians and plumbers that have a “certificate of fitness” issued by the Department of Labor and Workforce Development
2. Helps ensure all workers get paid for the work they do

# Certificate of Fitness Changes (Sec. 1, 2, and 4)

- A Certificate of Fitness from the Department of Labor is required for anyone doing electrical or plumbing work.
- In current law, if a contractor hires someone to do this work without a certificate, there is a potential fine but it requires a misdemeanor conviction which is rarely obtained
- The bill changes when the fine for when someone violates the Certificate of Fitness statutes to an administrative process, and increases the penalty from \$500 to \$1,000
- Also allows for a contractor's license to be suspended when there is a violation, with permanent revocation after multiple violations
- Adds review of these administrative penalties to the jurisdiction of the Office of Administrative Hearings

# Wage Protection Changes (Sec. 3)

- We have a serious problem with unpaid wages
- The construction industry is typically multi-layered, with little protections between one layer and the next:
  - Construction managers
  - General contractors
  - Subcontractors
  - Materials suppliers, specialized sub-subcontractors, etc.
- Often there is a problem with out of state contractors and subcontractors, or companies that set up for a single project, disappearing after a project is completed so there is no recourse for employees to pursue what they are owed

# Wage Protection Changes (continued)

- Confirms that liability for employee wages extends from subcontractors to the general contractor, and in many cases to the project owner themselves
- Ensures subcontractors provide adequate information to contractors and owners to confirm everyone has been paid
- Clarifies who is an employee vs. a contractor
- According to a 2023 study by the Century Foundation, 14.6% of construction workers in Alaska are misclassified, and an estimated \$30 million in payroll and taxes are avoided by contractors not following labor rules
- The changes in HB260 are modeled after a recent bill that passed in the State of Oregon

# Wage Protection Changes (Exceptions)

- Employees would not be covered by this part of the bill if they have a collective bargaining agreement with a separate grievance mechanism for unpaid wages.
- The “project owner” would not be liable when the project is:
  - The owner’s principal residence
  - A residential project of five or fewer units on a single tract
  - A single unit commercial project

# THANK YOU



Feel Free to Visit, Call, or Email with Any Questions

[Rep.Andy.Josephson@akleg.gov](mailto:Rep.Andy.Josephson@akleg.gov)

