

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 260
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB260-DOLWD-MI-2-27-26
Title: CONSTRUCTION PROJECT WAGES & LIABILITY
Sponsor: JOSEPHSON
Requester: (H) L&C

Department: Department of Labor and Workforce Development
Appropriation: Labor Standards and Safety
Allocation: Mechanical Inspection
OMB Component Number: 346

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2027 Request	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES	FY 2027	FY 2027	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Personal Services	87.2		87.2	87.2	87.2	87.2	87.2	87.2
Travel								
Services	73.5		73.5	73.5	73.5	73.5	73.5	73.5
Commodities	2.0							
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	162.7	0.0	160.7	160.7	160.7	160.7	160.7	160.7

Fund Source (Operating Only)

1004 Gen Fund (UGF)	162.7		160.7	160.7	160.7	160.7	160.7	160.7
Total	162.7	0.0	160.7	160.7	160.7	160.7	160.7	160.7

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0	1.0
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Labor Standards & Safety	Date:	02/27/2026
Approved By:	Dan DeBartolo, Administrative Services Director	Date:	02/27/26
Agency:	Department of Labor & Workforce Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB 260

Analysis

This legislation makes changes to the enforcement of contractor licensing and Certificate of Fitness (COF) requirements by authorizing administrative fines, establishing formal hearing and appeal procedures, and mandating escalating license suspensions and permanent revocation for known violations. It also makes project owners and contractors jointly and severally liable for unpaid construction wages, with some exceptions; establishes recordkeeping requirements; defines key construction-related terms; and allows wage recovery through private court actions.

Mechanical Inspection (MI) currently issues Cease and Desist letters for most COF violations, as fines can only be imposed upon a criminal conviction. Under the proposed legislation, MI would be authorized to issue administrative fines of up to \$1,000 and provide individuals the right to appeal to the Office of Administrative Hearings (OAH), with the department bearing the full cost of OAH hearings and related legal expenses billed by the Department of Law.

The outcomes of these hearings will influence not only the administrative fines imposed by MI but also the contractor's registration status with the Department of Commerce, Community, and Economic Development (DCCED). DCCED will be required to suspend or permanently revoke a contractor's registration if COF requirements are knowingly violated. As a result, such violations are more likely to be appealed, and the hearings are expected to be highly complex and vigorously contested by contractors.

The department anticipates a significant increase in legal and hearing-related expenditures. Historical enforcement data show an average of 36.75 violations annually. Assuming a conservative scenario in which 10 percent of violations (approximately four per year) proceed to a formal hearing, the projected annual cost is \$60,000 (\$10,000 per hearing plus \$5,000 in legal fees). MI also requires one Administrative Assistant to manage fines, prepare hearing documentation, track violations, report to DCCED, and maintain compliance records. These responsibilities cannot be absorbed by existing staff and require dedicated support to ensure accuracy and statutory compliance. Estimated annual costs include \$87,500 for personal services, \$13,500 for core services, and \$2,000 for initial supplies.

No revenue is generated from the proposed legislation as fines would be deposited into the general fund.