

ALASKA STATE LEGISLATURE

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REPRESENTATIVE ANDY JOSEPHSON

HB260: Certificate of Fitness / Unpaid Construction Wages **Sponsor Statement 34LS1242\I**

This bill addresses a persistent and well documented problem in the construction industry of underpayment of earned wages. Construction projects frequently involve multiple subcontractors; when wages go unpaid workers are often left without a practical remedy because the direct employer has dissolved or lacks sufficient assets. Existing enforcement mechanisms place the burden almost entirely on individual workers, who must navigate lengthy administrative processes against entities that may no longer exist. This bill corrects that imbalance by aligning accountability with financial capacity and project control.

The bill establishes a new Article 9 to Alaska's Employment Practices statutes. It establishes shared liability for unpaid wages between the project owner and the contractor. This approach also reinforces the expectation that contractors use reputable subcontractors with a demonstrated record of compliance. This bill does not raise wages, mandate benefits, or impose new worker classifications. It simply ensures that existing wage obligations are honored. It includes clear exemptions for employees covered by a collective bargaining agreement that provides a grievance mechanism. It excludes owner occupied residences, small residential projects, and single unit commercial properties while focusing enforcement on commercial construction where abuse is most prevalent.

The bill also strengthens requirements that contractors only use electricians and plumbers who have a state-issued "certificate of fitness," with administrative penalties as well as potential license suspension for failing to do so, with a process for administrative hearings. It also strengthens payroll record requirements.

Importantly, the Act preserves all existing wage enforcement mechanisms under Alaska law. Project owners and contractors retain the right to recover damages from subcontractors who fail to pay wages, ensuring that liability ultimately rests with the responsible party. This legislation aligns Alaska with a growing number of states that recognize wage theft as a serious issue. It promotes fairness, accountability, and integrity in the construction industry while providing reasonable safeguards for owners and contractors.

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