

House Bill 260: Certificate of Fitness / Unpaid Construction Wages

Presentation to House Finance Committee



Rep. Andy Josephson

May 6, 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 and eventually revoked when there are 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

