

# Fiscal Note

State of Alaska  
2026 Legislative Session

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

Identifier: HB260CS(L&C)-DOLWD-MI-5-5-26  
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
<b>OPERATING EXPENDITURES</b>	<b>FY 2027</b>	<b>FY 2027</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>	<b>FY 2032</b>
Personal Services	87.5		87.5	87.5	87.5	87.5	87.5	87.5
Travel								
Services	613.5		613.5	463.5	463.5	313.5	313.5	313.5
Commodities	2.4		0.4	0.4	0.4	0.4	0.4	0.4
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>703.4</b>	<b>0.0</b>	<b>701.4</b>	<b>551.4</b>	<b>551.4</b>	<b>401.4</b>	<b>401.4</b>	<b>401.4</b>

**Fund Source (Operating Only)**

1004 Gen Fund (UGF)	703.4		701.4	551.4	551.4	401.4	401.4
<b>Total</b>	<b>703.4</b>	<b>0.0</b>	<b>701.4</b>	<b>551.4</b>	<b>551.4</b>	<b>401.4</b>	<b>401.4</b>

**Positions**

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

**Change in Revenues**

None	***		***	***	***	***	***
<b>Total</b>	<b>***</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

**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If yes, by what date are the regulations to be adopted, amended or repealed?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:**

This version includes the cost of hearings and legal-related expenditures that were inadvertently omitted in the original fiscal note. It also shows the revenue that might be collected due to this legislation as indeterminate.

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Division:	Labor Standards & Safety	Date:	05/05/2026 09:00 AM
Approved By:	Dan DeBartolo, Director of Administrative Services	Date:	05/05/26
Agency:	Labor and Workforce Development		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2026 LEGISLATIVE SESSION

BILL NO. CSHB260

### 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 knowing 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 required to issue administrative fines of \$1,000 and provide contractors 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 twice. As a result, such violations are very likely to be appealed, and the hearings are expected to be vigorously contested by contractors.

Note that the proposed legislation requires the department to issue fines to contractors who violate any provision of AS 18.62. This includes not only employees working without a COF, but also violations of journeyman to trainee ratios, improper supervision of trainees, employees working on an expired COF, employees working after a Cease & Desist order is issued, refusal of a rightful inspection, and submission of false information to the department for verification of hours.

The department anticipates a significant increase in legal and hearing-related expenditures. Historical enforcement data show an average of 36.75 violations annually. The proposed legislation requires that we impose the full \$1,000 fine on a registered contractor for the first and second violations of AS 18.62 which will need to include enforcing on paperwork submitted as part of the application process that demonstrates that a worker was employed without a certificate. The department has traditionally used discretion in assigning these violations, so the number of violations will increase, as will the expected incidence of hearing requests. We expect to issue approximately 50 violations annually, with an estimated 80% of these being contested (40 per year).

The projected annual cost is \$600,000 (\$10,000 per hearing plus \$5,000 in legal fees) for hearings. Additionally, MI 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, \$420 for certified postage, and \$2,000 for initial setup.

It is expected that this would taper off after the first two years, as businesses either comply with the law or cease operations in Alaska. Estimated hearings are 40 in the first two years, 30 in each of the second and third year, and 20 per year in following years.

Not all hearings will result in a fine so the potential revenue from this legislation is indeterminate. Additionally, department costs cannot be covered by the revenue generated from the proposed legislation, and collected fines are deposited into the general fund.