



The Honorable Andy Josephson, Co-Chair
The Honorable Neal Foster, Co-Chair
The Honorable Calvin Schrage, Co-Chair
House Finance Committee
Alaska State Capitol
Juneau, AK 99801

Re: Opposition to CSHB 260(L&C) – Construction Project Wages & Liability

Dear Co-Chairs and Members of the House Finance Committee:

On behalf of the Alaska State Home Builders Association (ASHBA), we appreciate the opportunity to provide comments on CSHB 260(L&C). Our members are committed to building safe, high-quality housing across Alaska and to ensuring workers are treated fairly and paid appropriately. While we respect the intent of HB 260 to strengthen worker protections, we must respectfully oppose the bill due to significant concerns about liability, cost, and unintended impacts on residential construction.

A central concern is the bill's expansion of joint and several liability, which would hold project owners and contractors responsible for unpaid wages across all tiers of subcontracting. Although the sponsor presentation characterizes this as a necessary response to the layered nature of construction projects, in practice it shifts liability far beyond those directly responsible for paying workers. Residential builders and developers would face financial exposure for wage violations they did not cause and cannot reasonably control. Even with diligent oversight, it is not feasible to fully audit the payroll practices of every subcontractor and sub-subcontractor in real time. This creates open-ended legal risk, increases insurance and compliance costs, and effectively requires builders to serve as wage enforcement entities for the entire project chain.

These increased risks will translate directly into higher costs for housing. While the bill excludes certain small residential projects, such as those involving five or fewer units, many multi-family and larger residential developments – precisely the types of projects needed to address Alaska's housing shortage – remain subject to its provisions. Builders will face higher legal expenses, increased insurance premiums, and more complex contracting requirements, while also needing to implement expanded monitoring of subcontractors. These costs will ultimately be borne by Alaska homebuyers and renters at a time when affordability is already a pressing concern.

The bill imposes significant administrative and reporting requirements on subcontractors, including detailed payroll disclosures, worker classifications, and prior legal history related to wage violations. While transparency is important, these provisions introduce substantial administrative burden, raise potential privacy concerns, and may delay project timelines as compliance is verified. Critically, even if a subcontractor fails to provide the required information, the bill explicitly maintains liability for the project owner or contractor, creating a one-sided risk structure with no meaningful safe harbor for those acting in good faith.

ASHBA is also concerned with the bill's escalation of penalties related to certificate of fitness requirements. The measure increases fines, shifts enforcement to an administrative process, and authorizes suspension or permanent revocation of a contractor's registration after repeated violations. Although intended to strengthen enforcement, this framework risks imposing disproportionate penalties for technical or inadvertent violations, particularly in cases where contractors rely on subcontractors for specialized work. The combination of strict liability and escalating penalties may penalize responsible builders rather than effectively targeting bad actors.

Alaska law already provides mechanisms to address legitimate concerns regarding unpaid wages and worker misclassification, including wage claim processes through the Department of Labor, lien rights, and existing civil and administrative remedies. A more effective approach would focus on strengthening enforcement against non-compliant employers and repeat violators, rather than broadly expanding liability to parties who are not directly responsible for wage violations.

Ultimately, HB 260 introduces significant uncertainty and risk into Alaska's construction environment. This will discourage investment in larger residential projects, reduce participation by smaller contractors and subcontractors, and further constrain the housing supply at a time when the state is working to expand it. ASHBA shares the Legislature's goal of protecting workers and ensuring fair business practices, but we believe this bill will have unintended consequences that outweigh its intended benefits.

Thank you,



Aaron Welterlen, President
Alaska State Home Building Association

Cc: Members of the House Finance Committee