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Representative Jay Ramras

District 10

Sponsor Statement

HB 253 – Mechanic/Materialmen Liens

Under current law, contractors, material suppliers, and service people who have not been paid by property owner for labor or goods have 90 days from the date of completion of the work, or from the date the service ceases, to file a lien on the property to secure payment of that debt. See AS 34.35.068 (a).

House Bill 253 merely extends the time within which to file a lien to 120 days. This extra time will give contractors, material suppliers, and service people an additional 30 days to work with property owners to secure payment or to negotiate a reasonable payment plan between a creditor and debtor. The need for this bill was brought to Representative Ramras' attention by small business owners who suggested that it usually takes two billing cycles to discover that a property owner may not pay his or her debt, and another billing cycle to see if a payment plan or other compromise is working as planned.

All contractors and suppliers are entitled to payment for services and goods delivered, yet recording a lien on property is a severe remedy that encumbers a property owner's interest and that can be costly for the contractor or supplier to execute. HB 253 affords more time for the parties to negotiate before this remedy is employed.