



ASSOCIATED GENERAL CONTRACTORS of ALASKA

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February 28, 2014

Senator Peter Micciche
State Capitol Room 125
Juneau AK, 99801

RE: SB 193 Contractor License Bonds

Dear Senator ~~Micciche~~ *Peter*

The Associated General Contractors of Alaska (AGC) is a trade association representing over 650 Alaskan businesses in the construction industry. Approximately half of our members are contractors holding current contractors licenses.

The construction industry prides itself on having the highest in skills, talent and integrity – this legislation is part of that. We began working on this issue a few years ago, involving a number of other industry groups, including the Associated Builders and Contractors (ABC), the State Homebuilders (ASHBA), Electrical Contractors (NECA) and Mechanical Contractors (AMCA). We all agreed there needed to be some changes. While the levels may not be to everyone's satisfaction, there was consensus for the levels brought forward.

The license bond serves a number of purposes, but most importantly, it is a piece of Alaska's Consumer Protection laws. The current bond levels were established over thirty years ago, and an adjustment is long overdue. If the CPI were applied to the 1982 rate, the present bond limits would be just over double (2.18 times) what the 1982 amounts were. This makes the new license bond amounts a reasonable increase.

I believe the bond levels are in need of an update, and an increase in line with the CPI over the last thirty years reasonable. Thank you for sponsoring this piece of legislation that I believe is important for consumer protection and to the integrity of our industry.

Sincerely,

John MacKinnon, Executive Director
Associated General Contractors of Alaska