

Roger Hickel

Contracting, Inc.

February 24, 2014

Senator Peter Micciche
State Capitol Room 125
Juneau AK, 99801

Re: SB 193 Contractors License Bonds

Dear Senator Micciche:

My name is Mike Shaw and I've been in the construction business in Alaska for over 30 years, and am currently the President of Roger Hickel Contracting, Inc.

Working in the construction industry we want these bond limits increased for our own credibility and protection. It's unusual that a business would ask to have a requirement increased, but I believe that the license bond limits need to be increased. The construction industry prides itself on having the highest in skills, talent and integrity – this legislation is part of that.

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.

The purpose of the bond is not only to ensure the contractor has financial resources to pay tax and other obligations, it is mostly importantly, established in order to provide the public an avenue to seek recourse in the event there is negligent or improper work or breach of contract. The current amount is not sufficient to provide the protections the bond is intended to provide. The license bond provides financial protection for clients, other contractors, material suppliers, equipment rental companies. It gives business some confidence in extending credit to some contractors. It also gives those same businesses some recourse should bills go unpaid.

The statute is an important component of Alaska's consumer protection laws.

The amounts established in the bill are supported by the construction industry for the purposes of providing greater protection to the public and maintaining the integrity of the thousands of reputable contractors operating in Alaska.

Thank you for sponsoring this piece of legislation that I believe is important for consumer protection and to our industry.

Sincerely,



Mike Shaw, President
Roger Hickel Contracting, Inc.