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Martin
4/17/14

HOUSE CS FOR SENATE BILL NO. 193(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS MICCICHE, McGuire, Dyson, Bishop

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to bonds required for contractors."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 *** Section 1.** AS 08.18.071(b) is repealed and reenacted to read:

4 (b) The amount of the bond for a

5 (1) general contractor shall be \$25,000;

6 (2) general contractor with a residential contractor endorsement under
7 AS 08.18.025 who performs exclusively residential work shall be \$20,000;

8 (3) for a mechanical or specialty contractor or home inspector shall be
9 \$10,000; or

10 (4) contractor whose work on one project with an aggregate contract
11 price of \$10,000 or less, including all labor, materials, and other items, when the work
12 is not part of a larger or major operation or otherwise divided into contracts of less
13 than \$10,000 to evade a higher bonding requirement, shall be \$5,000.

14 *** Sec. 2.** AS 08.18.071(c) is amended to read:

15 (c) The bond required by this section remains in effect until cancelled by

1 action of the surety, the principal, or the commissioner. An action may not be
2 commenced upon the bond later than three years after its cancellation. **In lieu of the**
3 **surety bond required by this section, the applicant may file with the**
4 **commissioner a cash deposit or other negotiable security acceptable to the**
5 **commissioner in the amount specified for bonds.**

6 * **Sec. 3.** AS 08.18.101(a) is amended to read:

7 (a) Each applicant, at the time of applying for registration or upon renewal of
8 registration, shall file with the commissioner satisfactory evidence that the applicant
9 has in effect

10 (1) to the extent required under AS 23.30, workers' compensation
11 insurance that is purchased from a private insurer who is admitted to do business in the
12 state and that shows coverage in this state, appropriate employee classifications, and
13 rates applicable in this state, or a valid workers' compensation self-insurance
14 certificate issued by the Alaska Workers' Compensation Board; and

15 (2) public liability and property damage insurance covering the
16 applicant's contracting operations in this state in the sum of not less than \$20,000 for
17 damage to property, \$50,000 for injury, including death, to any one person, and
18 \$100,000 for injury, including death, to more than one person; **this requirement does**
19 **not apply to an applicant whose contracting operations are for work on projects**
20 **where each project has an aggregate contract price, including all labor,**
21 **materials, and other items of \$2,500 or less.**

22 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 APPLICABILITY. The bonding requirement in AS 08.18.071(b), as amended by sec.
25 1 of this Act, applies

26 (1) immediately to a person who is not registered as a contractor or home
27 inspector in this state under AS 08.18.011 on the effective date of this Act; and

28 (2) January 1, 2015, or upon the next renewal of the contractor's registration,
29 whichever is earlier, to a person who is registered as a contractor on the effective date of this
30 Act.