

BY THE LABOR AND MANAGEMENT  
COMMITTEE BY REQUEST

1 IN THE HOUSE

2 HOUSE BILL NO. 225

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the construction con-  
7 tracting business; and providing for an  
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 43.70 is amended by adding a new section to  
11 read:

12 Sec. 43.70.024. CONSTRUCTION CONTRACTORS. (a) Before  
13 the department may issue a business license to a construction  
14 contractor, the contractor must supply the department with  
15 information showing that he has

16 (1) obtained the bond required by AS 23.10.425  
17 or a substantially similar bond pursuant to a local govern-  
18 ment requirement;

19 (2) secured the payment of compensation to his  
20 employees he is required to secure under AS 23.30.045;

21 (3) filed the employer status report required  
22 under AS 23.20.105.

23 (b) If, at the time he applies for a business license,  
24 the contractor has no employees but later employs an employee  
25 the contractor shall immediately, by registered mail, supply  
26 the department with information that he has secured the pay-  
27 ment of compensation to the employee if he is required to  
28 secure payment under AS 23.30.045, and that he has filed the  
29 employer status report required under AS 23.20.105.

1 (c) The department, after offering the contractor the  
2 opportunity for a hearing under the Administrative Procedure  
3 Act (AS 44.62), may suspend or revoke the business license  
4 of a contractor who

5 (1) does not have the performance bond required  
6 by AS 23.10.425;

7 (2) has not secured the payment of compensation  
8 to his employees he is required to secure under AS 23.30.045;  
9 or

10 (3) has not fulfilled the terms and conditions of  
11 his contract with any of his construction employees.

12 (d) The department, under (c) of this section, may  
13 suspend a business license for not more than one year; it  
14 may not issue a contractor whose business license has been  
15 revoked a new business license for two years from the date  
16 the business license was revoked.

17 \* Sec. 2. AS 23.10 is amended by adding new sections to read:

18 ARTICLE 10. PERFORMANCE BOND.

19 Sec. 23.10.425. PERFORMANCE BOND FOR CONTRACTORS.

20 Unless he is required to have and has a substantially similar  
21 bond for \$5,000 by a local government, every construction  
22 contractor, before beginning to do business as a construction  
23 contractor, shall purchase a surety bond of \$5,000. The  
24 bond is made payable to the state, and is breached if the  
25 contractor injures another by a wrongful act or default in  
26 the conduct of his construction business. A person injured  
27 by a wrongful act or default may sue in his own name. The  
28 aggregate liability of the surety to a person bonded under  
29 this section does not, in any case, exceed the amount of the

1 bond. If the surety on the bond desires to cancel the bond  
2 he may do so by giving the department written notice of his  
3 intention to cancel. The cancellation is effective 30 days  
4 after the notice is delivered to the department. The surety  
5 is not liable for any breach of condition occurring after  
6 the bond is cancelled.

7 Sec. 23.10.430. PENALTY. A person who engages in con-  
8 struction as a contractor without the bond he is required to  
9 have by sec. 425 of this chapter is guilty of a misdemeanor,  
10 and upon conviction is punishable by a fine of not more than  
11 \$200, or by imprisonment for not more than 30 days, or by  
12 both.

13 \* Sec. 3. A person who has a business license as a contractor  
14 on the effective date of this Act is required to comply with  
15 AS 43.70.024 and 23.10.425 as if he were beginning business on the  
16 effective date of this Act.

17 \* Sec. 4. This Act takes effect on the day after its passage  
18 and approval or on the day it becomes law without such approval.  
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