

Introduced: 3/20/89  
Referred: Labor and Commerce  
and State Affairs

6-0388H

1 IN THE SENATE

BY SZYMANSKI

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 72

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to registration and licensing of  
7 contractors; prohibiting the use of state money for  
8 certain residential work unless the work is performed  
9 by a licensed residential contractor; and providing  
10 for an effective date."

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

12 \* Section 1. AS 08.01.050(a) is amended to read:

13 (a) The department shall perform the following administrative  
14 and budgetary services when appropriate:

- 15 (1) collect and record fees;
- 16 (2) maintain records and files;
- 17 (3) issue and receive application forms;
- 18 (4) notify applicants of acceptance or rejection as de-  
19 termined by the board or as determined by the department under AS 08.-  
20 11 for audiologists, under AS 08.18 for contractors, under AS 08.45  
21 for naturopaths, or under AS 08.55 for hearing aid dealers;
- 22 (5) designate dates examinations are to be held and notify  
23 applicants;
- 24 (6) publish notice of examinations and proceedings;
- 25 (7) arrange space for holding examinations and proceedings;
- 26 (8) notify applicants of results of examinations;
- 27 (9) issue licenses or temporary licenses as authorized by  
28 the board or as authorized by the department under AS 08.11 for audio-  
29 logists, under AS 08.18 for contractors, under AS 08.45 for

1 naturopaths, or under AS 08.55 for hearing aid dealers;

2 (10) issue duplicate licenses upon submission of a written  
3 request by the licensee attesting to loss of or the failure to receive  
4 the original and payment by the licensee of a fee established by  
5 regulation adopted by the department;

6 (11) notify licensees of renewal dates at least 30 days  
7 before the expiration date of their licenses;

8 (12) compile and maintain a current register of licensees;

9 (13) answer routine inquiries;

10 (14) maintain files relating to individual licensees;

11 (15) arrange for printing and advertising;

12 (16) purchase supplies;

13 (17) employ additional help when needed;

14 (18) perform other services that may be requested by the  
15 board;

16 (19) provide inspection, enforcement, and investigative  
17 services to the boards and for the occupations listed in AS 08.01.010,  
18 regarding all licenses issued by or through the department;

19 (20) retain and safeguard the official seal of a board and  
20 prepare, sign, and affix a board seal, as appropriate, for licenses  
21 approved by a board;

22 (21) issue business licenses under AS 43.70.

23 \* Sec. 2. AS 08.18 is amended by adding a new section to read:

24 Sec. 08.18.013. CATEGORIES OF REGISTRATION. The department may  
25 adopt regulations establishing categories of contractors and the  
26 registration requirements for persons in those categories.

27 \* Sec. 3. AS 08.18 is amended by adding a new section to read:

28 Sec. 08.18.024. RESIDENTIAL CONTRACTORS. (a) A general con-  
29 tractor or builder may not oversee the construction or alteration, or

1 submit a bid to oversee the construction or alteration of a privately-  
2 owned residential structure of one to four units or advertise or  
3 publicly represent that the general contractor may oversee  
4 work of this type in the state without a residential contractor li-  
5 cense issued under this section.

6 (b) The department shall issue a residential contractor license  
7 to a person who

8 (1) has a certificate of registration as a general contrac-  
9 tor;

10 (2) passes a residential contractor examination, which  
11 shall be offered by the department at least twice a year; the examina-  
12 tion, which may be written or practical, may test competence in rela-  
13 tion to arctic structural and thermal construction techniques and  
14 other matters as determined by the department in consultation with  
15 representatives of the construction industry;

16 (3) applies for a license within six months after passing  
17 the examination required under (2) of this subsection;

18 (4) within the two years preceding the date of application  
19 for licensure, has satisfactorily completed the Alaska craftsman home  
20 program sponsored by the Department of Community and Regional Affairs;

21 (5) is not under indictment for, or in the preceding seven  
22 years has not been under a sentence for, an offense related to forg-  
23 ery, theft, extortion, or conspiracy to defraud creditors or for a  
24 felony involving moral turpitude; and

25 (6) pays the appropriate fees.

26 (c) The department may not renew a license issued under this  
27 section unless the licensee submits proof of continued competency that  
28 satisfies the department. A lapsed license may be reinstated, within  
29 two years after the lapse, upon proof of continued competency, payment

1 of a renewal fee for the intervening time period, and payment of any  
2 penalty fee established under AS 08.01.100(b). If the license has  
3 been lapsed for more than two years, the department may not reinstate  
4 it until the person also passes the residential contractor examination  
5 described in (b) of this section.

6 \* Sec. 4. AS 08.18.041 is repealed and reenacted to read:

7 Sec. 08.18.041. FEES. (a) The department shall set fees under  
8 AS 08.01.065 for

9 (1) registration and renewal of registration for all cat-  
10 egories of contractors;

11 (2) examination, issuance of initial license, and renewal  
12 of active or inactive licenses for residential contractors; and

13 (3) departmental publications and seminars related to this  
14 chapter.

15 (b) A person who fails a residential contractor examination  
16 shall pay the application fee set by the department if the person  
17 applies to retake an examination.

18 \* Sec. 5. AS 08.18.071(b) is amended to read:

19 (b) If the applicant is a general contractor or residential  
20 contractor, the amount of the bond shall be \$10,000; if the applicant  
21 is a mechanical or specialty contractor, the amount of the bond shall  
22 be \$5,000. In lieu of the surety bond the applicant may file with the  
23 commissioner a cash deposit or other negotiable security acceptable to  
24 the commissioner in the amount specified for bonds.

25 \* Sec. 6. AS 08.18.116 is amended to read:

26 Sec. 08.18.116. INVESTIGATIONS. Either the Department of Com-  
27 merce and Economic Development or the Department of Labor may investi-  
28 gate alleged or apparent violations of this chapter. These depart-  
29 ments, upon showing proper credentials, may enter, during regular

1 hours of work, a construction site where it appears that contracting  
2 work is being done. The departments may make inquiries about the  
3 identity of the contractor or the person acting in the capacity of a  
4 contractor. Upon demand, a contractor or person acting in the capac-  
5 ity of a contractor, or that person's representative, shall produce  
6 evidence of current licensure, if applicable, and registration.

7 \* Sec. 7. AS 08.18.121 is amended by adding a new subsection to read:

8 (h) The license of a residential contractor is automatically  
9 suspended or revoked while the contractor's registration is suspended  
10 or revoked.

11 \* Sec. 8. AS 08.18 is amended by adding a new section to read:

12 Sec. 08.18.123. DENIAL, SUSPENSION, AND REVOCATION OF LICENSE.

13 (a) The department may suspend, revoke, or refuse to grant or renew a  
14 residential contractor license upon a finding that

15 (1) the application is fraudulent or misleading;

16 (2) the licensee has knowingly violated this chapter or a  
17 lawful order or regulation of the department;

18 (3) the licensee is incompetent or has engaged in fraudu-  
19 lent practices.

20 (b) Proceedings for the denial, suspension, or revocation of  
21 residential contractor license shall be governed by the Administrative  
22 Procedure Act (AS 44.62).

23 \* Sec. 9. AS 08.18.141(a) is amended to read:

24 (a) A contractor or a person acting in the capacity of a con-  
25 tractor in violation of AS 08.18.011 or 08.18.024 is guilty of a class  
26 B misdemeanor. A person who violates another provision of this chap-  
27 ter is guilty of a violation punishable under AS 12.

28 \* Sec. 10. AS 08.18.171(4) is amended to read:

29 (4) "contractor" means a person who, in the pursuit of an

1 independent business, undertakes or offers to perform, or claims to  
2 have the capacity to perform, or submits a bid for a project to con-  
3 struct, alter, repair, move, or demolish a building, highway, road,  
4 railroad, or any type of fixed structure, including excavation and  
5 site development and erection of scaffolding; "contractor" includes a  
6 general contractor, builder, residential contractor, mechanical con-  
7 tractor, specialty contractor, and subcontractor;

8 \* Sec. 11. AS 08.18.171 is amended by adding a new paragraph to read:

9 (10) "residential contractor" means a general contractor  
10 whose primary business operation involves overseeing the construction  
11 or alteration of a privately-owned residential structure of one to  
12 four units that is used or intended to be used as a human dwelling.

13 \* Sec. 12. AS 37.05 is amended by adding a new section to read:

14 ARTICLE 6A. MISCELLANEOUS PROVISIONS.

15 Sec. 37.05.800. RESTRICTION ON USE OF STATE MONEY FOR RESI-  
16 DENCES. (a) The state may not grant or loan money for the construc-  
17 tion or alteration of a privately-owned residential structure of one  
18 to four units unless the grant or loan requires the construction or  
19 alteration to be performed under the oversight of a residential  
20 contractor licensed under AS 08.18.

21 (b) Notwithstanding the exemptions in AS 08.18.161(9), (11), and  
22 (13), the restriction of (a) of this section applies to a state loan  
23 or grant made for work described in AS 08.18.161(9), (11), and (13)  
24 that is the construction or alteration of a privately-owned residen-  
25 tial structure of one to four units.

26 \* Sec. 13. TRANSITIONAL LICENSING. Notwithstanding AS 08.18.024(b)(2)  
27 and (3), enacted by sec. 3 of this Act, the Department of Commerce and  
28 Economic Development shall issue a residential contractor license to a  
29 person who

- 1           (1) applies for a license under this section by July 1, 1990;  
2           (2) meets the requirements of AS 08.18.024(b)(1) and (4) - (6);  
3 and  
4           (3) has actively engaged in the business of residential contrac-  
5 ting for at least a total of three years before applying for a license  
6 under this section.  
7    \* Sec. 14. This Act takes effect July 1, 1989.