

Offered: 4/11/89  
Referred: State Affairs and Finance

6-0388M

Original sponsor: Szymanski

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 72 (L&C)

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 endorsements for  
7 contractors; prohibiting the use of state money in  
8 relation to certain residential work unless the work  
9 is performed by a general contractor who has a res-  
10 idential contractor endorsement; and providing for an  
11 effective date."

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

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

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

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

1 audiologists, under AS 08.18 for contractors, under AS 08.45 for  
2 naturopaths, or under AS 08.55 for hearing aid dealers;

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

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

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

10 (13) answer routine inquiries;

11 (14) maintain files relating to individual licensees;

12 (15) arrange for printing and advertising;

13 (16) purchase supplies;

14 (17) employ additional help when needed;

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

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

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

23 (21) issue business licenses under AS 43.70.

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

25 Sec. 08.18.013. CATEGORIES OF CONTRACTORS. The department may  
26 adopt regulations establishing categories of contractors and the  
27 registration or endorsement requirements for persons in those categor-  
28 ies.

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

1           Sec. 08.18.024. RESIDENTIAL CONTRACTORS. (a) A general con-  
2 tractor or builder may not undertake the construction or alteration,  
3 or submit a bid to undertake the construction or alteration of a  
4 privately-owned residential structure of one to four units or adver-  
5 tise or publicly represent that the general contractor or builder may  
6 undertake work of this type in the state without a residential con-  
7 tractor endorsement issued under this section.

8           (b) The department shall issue a residential contractor endorse-  
9 ment to a person who

10                   (1) has a certificate of registration as a general contrac-  
11 tor;

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

18                   (3) applies for an endorsement within six months after  
19 passing the examination required under (2) of this subsection;

20                   (4) within the two years preceding the date of application  
21 for the endorsement, has satisfactorily completed either the Alaska  
22 craftsman home program sponsored by the Department of Community and  
23 Regional Affairs or a postsecondary course in arctic engineering or  
24 its equivalent;

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

29                   (6) pays the appropriate fees.

1 (c) The department may not renew an endorsement issued under  
2 this section unless the applicant submits proof of continued compe-  
3 tency relating to residential contracting that satisfies the depart-  
4 ment. A lapsed endorsement may be reinstated, within two years after  
5 the lapse, upon proof of continued competency, payment of a renewal  
6 fee for the intervening time period, and payment of any penalty fee  
7 established under AS 08.01.100(b). If the endorsement has been lapsed  
8 for more than two years, the department may not reinstate it until the  
9 person also passes the residential contractor examination described in  
10 (b) of this section.

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

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

14 (1) registration and renewal of registration for all cat-  
15 egories of contractors;

16 (2) examination, issuance of initial endorsement, and  
17 renewal of active or inactive endorsements for residential contrac-  
18 tors; and

19 (3) departmental publications and seminars related to this  
20 chapter.

21 (b) A person who fails a residential contractor examination  
22 shall pay the examination fee set by the department if the person  
23 applies to retake an examination.

24 \* Sec. 5. AS 08.18.116 is amended to read:

25 Sec. 08.18.116. INVESTIGATIONS. Either the Department of Com-  
26 merce and Economic Development or the Department of Labor may investi-  
27 gate alleged or apparent violations of this chapter. These depart-  
28 ments, upon showing proper credentials, may enter, during regular  
29 hours of work, a construction site where it appears that contracting

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

6 \* Sec. 6. AS 08.18.121 is amended by adding a new subsection to read:

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

10 \* Sec. 7. AS 08.18 is amended by adding a new section to read:

11 Sec. 08.18.123. DENIAL, SUSPENSION, AND REVOCATION OF ENDORSE-  
12 MENT. (a) The department may suspend, revoke, or refuse to grant or  
13 renew a residential contractor endorsement upon a finding that

14 (1) the application is fraudulent or misleading;

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

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

19 (b) Proceedings for the denial, suspension, or revocation of  
20 residential contractor endorsement are governed by the Administrative  
21 Procedure Act (AS 44.62).

22 \* Sec. 8. AS 08.18.141(a) is amended to read:

23 (a) A contractor or a person acting in the capacity of a con-  
24 tractor who knowingly violates [IN VIOLATION OF] AS 08.18.011 or  
25 08.18.024 is guilty of a class B misdemeanor. A person who violates  
26 another provision of this chapter is guilty of a violation punishable  
27 under AS 12.

28 \* Sec. 9. AS 08.18.171 is amended by adding a new paragraph to read:

29 (10) "residential contractor" means a general contractor

1 whose business and operation involve undertaking the construction or  
2 alteration of a privately-owned residential structure of one to four  
3 units that is used or intended to be used as a human dwelling.

4 \* Sec. 10. AS 37.05 is amended by adding a new section to read:

5 ARTICLE 6A. MISCELLANEOUS PROVISIONS.

6 Sec. 37.05.800. RESTRICTION ON USE OF STATE MONEY FOR RESI-  
7 DENTIAL CONTRACTING. (a) The state may not grant or loan money or  
8 purchase a loan for the construction or alteration of a privately-  
9 owned residential structure of one to four units unless the grant or  
10 loan requires the construction or alteration to be undertaken by a  
11 residential contractor with an endorsement issued under AS 08.18.

12 (b) The restriction of (a) of this section does not apply to a  
13 state loan or grant or purchase of a loan made for work described in  
14 AS 08.18.161 that is exempt from the requirements of AS 08.18.

15 \* Sec. 11. TRANSITIONAL LICENSING. Notwithstanding AS 08.18.024(b)(2)  
16 and (3), enacted by sec. 3 of this Act, the Department of Commerce and  
17 Economic Development shall issue a residential contractor endorsement to a  
18 person who

19 (1) applies for an endorsement under this section by July 1,  
20 1990;

21 (2) meets the requirements of AS 08.18.024(b)(1) and (4) - (6);  
22 and

23 (3) has been an active general contractor in the state for three  
24 of the five years immediately preceding application for an endorsement  
25 under this section.

26 \* Sec. 12. This Act takes effect July 1, 1989.