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Referred: Finance

6-0388C

Original sponsor(s): SEN. SZYMANSKI

1 IN THE SENATE BY THE LABOR & COMMERCE COMMITTEE  
2 HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 72 (L&C)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND 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 may not undertake the construction or alteration, or submit a  
3 bid to undertake the construction or alteration of a privately-owned  
4 residential structure of one to four units or advertise or publicly  
5 represent that the general contractor may undertake work of this type  
6 in the state without a residential contractor endorsement issued under  
7 this section. In this subsection, "alteration" means changes that  
8 have a value greater than 25 percent of the value of the structure  
9 being altered.

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

12           (1) has a certificate of registration as a general contrac-  
13 tor;

14           (2) passes a residential contractor examination, which  
15 shall be offered by the department at least once each year in each  
16 judicial district; the examination, which may be written or practical,  
17 may test competence in relation to arctic structural and thermal  
18 construction techniques and other matters as determined by the depart-  
19 ment in consultation with representatives of the construction indus-  
20 try;

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

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

28           (5) within the seven years preceding the date of  
29 application, has not been under a sentence for an offense related to

1     forgery, theft in the first or second degree, extortion, or conspiracy  
2     to defraud creditors or for a felony involving dishonesty; and

3             (6) pays the appropriate fees.

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

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

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

17             (1) registration and renewal of registration for all cat-  
18     egories of contractors;

19             (2) examination, issuance of initial endorsement, and  
20     renewal of active or inactive endorsements for residential contrac-  
21     tors; and

22             (3) departmental publications and seminars related to this  
23     chapter.

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

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

28             Sec. 08.18.116. INVESTIGATIONS. Either the Department of Com-  
29     merce and Economic Development or the Department of Labor may

1 investigate alleged or apparent violations of this chapter. These  
2 departments, upon showing proper credentials, may enter, during regu-  
3 lar hours of work, a construction site where it appears that contract-  
4 ing work is being done. The departments may make inquiries about the  
5 identity of the contractor or the person acting in the capacity of a  
6 contractor. Upon demand, a contractor or person acting in the capac-  
7 ity of a contractor, or that person's representative, shall produce  
8 evidence of current endorsement, if applicable, and registration.

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

10 (h) The endorsement of a residential contractor is automatically  
11 suspended or revoked while the contractor's registration is suspended  
12 or revoked.

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

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

17 (1) the application is fraudulent or misleading;

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

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

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

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

26 (a) A contractor or a person acting in the capacity of a con-  
27 tractor who knowingly violates [IN VIOLATION OF] AS 08.18.011 or  
28 08.18.024 is guilty of a class B misdemeanor. A person who violates  
29 another provision of this chapter is guilty of a violation punishable

1 under AS 12.

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

3 (10) "residential contractor" means a general contractor  
4 whose business and operation involve undertaking the construction or  
5 alteration of a privately-owned residential structure of one to four  
6 units that is used or intended to be used as a human dwelling.

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

8 ARTICLE 6A. MISCELLANEOUS PROVISIONS.

9 Sec. 37.05.800. RESTRICTION ON USE OF STATE MONEY FOR RESI-  
10 DENTIAL CONTRACTING. (a) The state may not grant or loan money or  
11 purchase a loan for the construction or alteration of a privately-  
12 owned residential structure of one to four units unless the grant or  
13 loan requires the construction or alteration to be undertaken by a  
14 residential contractor with an endorsement issued under AS 08.18. In  
15 this subsection, "alteration" means changes that have a value greater  
16 than 25 percent of the value of the structure being altered.

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

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

24 (1) applies for an endorsement under this section by July 1,  
25 1992;

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

28 (3) has been an active general contractor in the state for three  
29 of the five years immediately preceding application for an endorsement

1 under this section.

2 \* Sec. 12. EXEMPTION. (a) The residential contractor endorsement  
3 requirement of AS 08.18.024, enacted in sec. 3 of this Act, and the resi-  
4 dential contractor endorsement requirement of AS 37.05.800(a), enacted in  
5 sec. 10 of this Act, do not apply to work performed on a residential struc-  
6 ture located in a community with a population of 2,500 or fewer.

7 (b) Notwithstanding AS 08.18.013, enacted by sec. 2 of this Act, the  
8 Department of Commerce and Economic Development may not adopt regulations  
9 that require a residential contractor endorsement for work exempt from the  
10 endorsement requirement under (a) of this section.

11 (c) This section is repealed July 1, 1992.

12 \* Sec. 13. This Act takes effect July 1, 1991.