

HB 676

"An Act relating to registration, bonds and insurance required of construction contractors; and providing for an effective date."

COMMITTEE REPORT

1/30/76

HOUSE

Mr. Speaker:

Date 1/28/76

The Committee on COMMERCE has had HB 676

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	<u>Asia Rudd</u>	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

is required to register solely to show that he carries liability insurance. He will carry liability insurance as a matter of course, and this is not solely to show that this insurance is January 30, 1976.

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill amending the law relating to registration of construction contractors.

At present, construction contracts may be entered into by an unregistered contractor, and therefore without the bond and insurance required as part of registration, only if the contract price of the total work to be performed is less than \$1,000. This bill would increase that figure to \$10,000.

The bill applies to very small jobs, where the entire work done by all contractors totals less than \$10,000. Few registered (licensed) contractors like to do such small upkeep work. Finding a contractor to do such work becomes a problem and a heavy price has to be charged because the little job is considered a nuisance by the contractor.

More important, I am reliably informed that, even if he is experienced in his trade and has the highest recommendations, an applicant cannot get the bond required under AS 08.18.071, by existing insurance industry practice, unless he has a net worth of \$75,000 and at least \$15,000 in cash. Clearly many of the people who should be handling these very small contracts are being systematically excluded from entry into contracting by the requirements for registration.

The public liability and property damage insurance requirement for registration is not difficult to meet, and the present requirements in this regard are continued in the bill. However, a small contractor would not

be required to register solely to show that he carries liability insurance. Most will carry liability insurance as a matter of course, and registration solely to show that this insurance is carried would be unduly burdensome.

Sincerely,

Jay S. Hammond
Governor