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Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

SUMMARY SB 46, Rules by request

"An act relating to registration of construction contractors."

Bill amends AS 08.18.011 relating to the registration process required for contractors to work in the State. Presently, this registration certificate is necessary before an applicant is allowed to submit a bid. This amendment changes this to say that the applicant does not have to have a certificate until he is awarded a contract. The second portion of the bill addresses a department name change from the Department of Commerce to the Department of Commerce and Economic Development.



Official Business

# Alaska State Legislature

## Senate

### Committee on Labor & Commerce

Pouch V  
State Capitol  
Juneau, Alaska 99811

February 23, 1981

#### COMMITTEE MEETING MINUTES

The meeting was called to order at 3:05 P.M. by Chairman Mulcahy. Those present were: Senators Hohman, Ziegler, Fahrenkamp and Rodey. 3

First on the agenda was SB 46 "An Act relating to registration of construction contractors."

Mr. Daryl Cody, for the Association of General Contractors testified in opposition to SB 46, stating that although this is a conformity issue, AGC does not feel it is imperative. AGC feels that Alaskan contractors should meet the qualifications and standards of our industry, and this proposed amendment opens the process to irresponsible bidding, slows down the bidding, and creates confusion. (tape reading 026 to 155)

Mr. John Scribner, with the Department of Labor testified in favor of SB 46, stating that the proposed changes simplify the bidding process and eliminates confusion. (tape reading 170 to 271)

Next on the agenda was SB 50 "An Act relating to unemployment insurance; and providing for an effective date."

Mr. Art Zillig, with the Department of Labor testified in favor of SB 50, explaining that subsequent to drafting the original bill, Federal Government enacted legislation which required State compliance. CSSB 50 includes all the provisions of conformity except one in section 3; substitute "and" instead of "for". Mr. Zillig continued by giving a section by section analysis. (tape reading 287 to 472)

Next on the agenda was SB 43 "An Act relating to insurance."

Chairman Mulcahy requested a motion to move CSSB 43. The members were in agreement with this.

The meeting was adjourned by Chairman Mulcahy at 3:30 P.M.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER - DESIGN AND CONSTRUCTION

POUCH Z  
JUNEAU, ALASKA 99811

(907) 465-3900

3/11

February 9, 1981

200H-

RE: Senate Bill 46

Chairman,  
Senate Transportation Committee  
Senator Bill Ray  
Pouch V  
Juneau, Alaska 99811

Dear Senator Ray:

Recently, we were asked by a staff member on the Senate Transportation Committee for our comments on SB 46 relating to registration of construction contractors.

Under existing State law, a contractor must be registered prior to submitting a bid for a State funded project. State law also provides that for projects with federal funds, the federal funding agency regulations and laws supercede State law. In our case, federal regulations for federal-aid highway contracts state:

"No contractor shall be required by law, regulation or practice to obtain a license before he may submit a bid or before his bid may be considered for award of a contract."

In other words, contractors do not have to be registered before bidding on federal-aid contracts; however, registration is required prior to award of the contract. Hence, there is a difference between the requirements for State funded jobs and those using federal funds. This difference has caused confusion among the contractors in submitting their bids and resulted in delayed awards to contractors, and disqualification of otherwise responsible low bidders. In isolated cases, this has unnecessarily resulted in higher costs to the State.

As proposed in SB 46, State requirements would be brought into line with what is already the case in federal-aid contracts. This would eliminate the confusion during bid opening as to which procedure is in effect.

February 9, 1981

We have also checked with the Department of Commerce & Economic Development, and they have indicated that it takes them 7 to 10 days to issue a contractor's license after receipt of an application. Hence, we anticipate no problem in making award of contracts promptly after bids are opened and checked according to existing standard procedures.

In summary, it is our opinion that SB 46 would eliminate confusion during bid openings and will increase the number of qualified bidders on projects, which could result in cost savings to the State. We feel that this change will provide significant benefits to the State while having or no adverse impact on the contractors.

Sincerely,



R. D. Shumway, P.E.  
Deputy Commissioner  
Design & Construction

cc: Keith Specking  
Legislative Assistant  
Office of the Governor

Department of Commerce  
& Economic Development

RDS/JWS/CSM/MDH

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF OCCUPATIONAL LICENSING

JAY S. HAMMOND, GOVERNOR

POUCH D  
JUNEAU, ALASKA 99811

Phone: 465-2534

January 26, 1981

Honorable Bob Mulcahy  
Chairman, Senate Labor and  
Commerce Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Mulcahy:


Re: Senate Bill 46

The Department of Commerce and Economic Development has reviewed Senate Bill 46, relating to registration of construction contractors.

This department supports SB46, as it conforms Alaska law to Federal Bidding Guidelines. Since the Division of Occupational Licensing only deals with the registration of contractors, not bidding processes, the minor program effects of this bill would result in amending contractor registration applications and statute booklets for public distribution to advise of this statutory change.

Additional funding is not needed to implement SB 46, since duplication costs for contractor registration renewals are budgeted for annually by the department.

Sincerely,

  
FOR Charles R. Webber  
Commissioner

January 12, 1981

President of the Senate  
Alaska State Legislature  
Pouch V . . .  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill amending the construction contractor's registration statute. The bill amends AS 08.18.011 to remove an inconsistency between state law and federal regulations (23 C.F.R. 635.108(a)) for highway federal-aid projects and to allow the contract bid and award procedures to be the same for state and federal contracts. The amendment would change the requirement that a contractor be registered before submitting a bid for a public contract to a requirement that he or she be registered before being awarded the contract. Two minor, clean-up amendments are also included in the bill.

Sincerely,

S/ JSH

Jay S. Hammond  
Governor

Article 1. Registration.

Section	Section
Registration required	41. Registration and renewal fees
Application for registration	51. Registered name
Electrical contractors	61. Requirements of political subdivision
Term of registration—Issuance, extension, renewal	

Sec. 08.18.011. Registration required. It is unlawful for a person to submit a bid or work as a contractor until he has been issued a certificate of registration by the Department of Commerce. A partnership or joint venture shall be considered registered if one of the general partners or venturers whose name appears in the name under which the partnership or venture does business is registered. (§ 2 ch 100 SLA 1968)

Legislative committee report. — For section 100, SLA 1968 (HCSSB 121 am see 1968 House Journal, p. 545. Anyone engaged in building trades shall be charged with awareness of the permissive system of licenses and permits designed to enhance the public safety and confidence in the industry. Sumner Dev. Corp. v. Shivers, Sup. Ct. Op. No. 984 (File No. 2936), 517 P.2d 757 (1974).

Sec. 08.18.021. Application for registration. (a) An applicant for registration as a contractor shall submit an application under oath upon a form to be prescribed by the commissioner and which shall include the following information pertaining to the applicant:

- (1) employer social security number;
  - (2) type of contracting activity, whether a general or a specialty contractor and if the latter, the type of specialty;
  - (3) the name and address of each partner if the applicant is a partnership, or the name and address of the owner if the applicant is an individual proprietorship, or the name and address of the corporate officers and statutory agent, if any, if the applicant is a corporation.
- (b) The information contained in the application shall be a matter of public record and open to public inspection. (§ 2 ch 100 SLA 1968)

Sec. 08.18.026. Electrical contractors. (a) The department may not issue a certificate of registration as an electrical contractor to an applicant unless the applicant is, or has in his employ, a person currently licensed as an electrical administrator under AS 08.40.

(b) Each applicant for an electrical contractor's certificate of registration may have more than one electrical administrator in his employ.

(c) If the relationship of the only electrical administrator with a registered electrical contractor is terminated, the registration is void 30 days after the next regularly scheduled examination unless the electrical contractor has hired a licensed electrical administrator in the interim. (§ 2 ch 58 SLA 1977)

Chapter 245, SLA 1976  
 H. was identical to CSHB  
 report on CSHB 411 (Jud.)  
 Journal Supplement No. 7

Penalties.

IONS.

ntractors.

Licensing Board (§§ 05.18.010  
 2 Licensing (§§ 08.18.100 —  
 Miscellaneous Provisions  
 08.18.320, 3. General  
 08.18.320 — 08.18.370)

I. REQUEST  
 Bill/Resolution No. 46  
 Title An Act relating to registration of construction contractors.  
 Requested by Governor Date 12/11/80

II. FISCAL DETAIL

Agency Affected Department of Transportation and Public Facilities  
 Program Category Affected All  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Will simplify the procedures and reduce confusion. No quantifiable savings.