

HB

151

HB 151 File Contents

- 1) Bill Summary -- Legislative Reporting Service
- 2) Overview -- R. Poppe, L & C Committee Staff
- 3) Sectional Analysis -- See Governor's Transmittal Letter
- 4) Governor's Letter of Transmittal
- 5) Fiscal Note -- Dept. of Labor, Labor Standards & Safety Div.
- 6) Fiscal Note and Fiscal Analysis -- Dept. of Commerce,
Occupational Licensing Div.
- 7) Fiscal Note, Sectional Analysis, and Position Statement,
Amendments -- Dept. of Labor --February 20
- 8) Letter from Wayne Wolfe to Rep. Mike Davis

INTRODUCTION OF BILLS (House)(cont'd)

Construction
Contractors
(protection
of public)

HOUSE BILL NO. 151, by the Rules Committee by Request of the Governor. Increases protection of the public from unlicensed and unbonded construction contractors (see Governor's letter).

Introduced January 30 and referred to Labor & Commerce, Judiciary and Finance.

In his letter transmitting the bill to the House, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that increases protection of the public from unlicensed and unbonded construction contractors by strengthening the enforcement powers of the Department of Labor and the Department of Commerce and Economic Development. It gives those departments specific authority to enter construction sites, investigate, and issue criminal citations for violations of the construction contracting laws, especially the licensing requirements. In regard to civil enforcement, the bill establishes a set civil penalty amount which may be imposed in addition to injunctive relief. In addition, the bill essentially doubles the bonding requirements for both general and specialty contractors to cover more adequately any costs of contract, wage, and damage claims against the contractor.

Due to the increased construction activity in Alaska and the poor economy in the "Lower 48," the problem of unlicensed construction contractors has become almost uncontrollable and the public is suffering because of it. Homeowners who unwittingly hire an unlicensed contractor and later find the work performed to be unsatisfactory and defective are faced with a sad situation. First, it will be difficult to locate the contractor. Second, if the homeowner is fortunate enough to find the person, there will have been no bond posted to recover claims against the contractor and it is highly unlikely that the contractor will have the personal finances to provide proper compensation. And third, the homeowner will then have to hire a new contractor to redo the job.

The enforcement mechanism used most often now, a "cease and desist order," is unfortunately ignored by the unlicensed contractors. They simply wait until the investigator is gone and then continue working. And it is rare that an unlicensed contractor is criminally prosecuted for that offense.

Therefore, new and more effective enforcement methods must be employed, such as the issuance of citations, in addition to an increased effort in the area of department investigation and enforcement. Moreover, since the licensing process itself does not require a showing of competence, the bonding amount required must be raised to adequately cover potential claims.

More specifically, the bill provides for the following:

Section 1 imposes criminal and civil liability upon a general contractor for allowing an unlicensed specialty contractor to work for him or her. The unlicensed specialty contractor, of course, would also be in violation of the law as provided by existing statutes (AS 08.18.011(a)).

Section 2 prohibits registration during the period of a previous revocation or suspension of a contractor's license and until a fine imposed under this chapter has been paid.

Section 3 adds the requirement that all advertising, contracts, correspondence, cards, signs, posters, papers, and documents prepared by a contractor for the contractor's business include the mailing address and the address of his or her principal place of business, in addition to the already-required name and address. The bill also adds a new requirement that all advertising and contracts include the contractor's registration number.

Section 4 increases the bonding amount required for general contractors from \$5,000 to \$10,000 and for specialty contractors from \$2,000 to \$5,000.

INTRODUCTION OF BILLS (House)(cont'd)

HB 151 (cont'd)

Section 5 gives authority to investigators from the Department of Commerce and Economic Development and the Department of Labor to enter construction sites and issue

citations for violations of the construction contracting laws, with special emphasis placed on licensing violations. The form and issuance of citation will be similar to that used by peace officers in their issuance of fish and game citations, park citations and traffic citations. Commerce and labor investigators will not have the authority to arrest, however.

Sections 6 and 7 of the bill work to give separate enforcement authority to the Department of Labor and the Department of Commerce and Economic Development in the issuance of a stop order.

Section 8 establishes that both departments can institute an injunctive proceeding in the superior court. It also sets out that, in addition to other relief and any criminal penalties that may be imposed, a civil penalty not to exceed \$250 may be imposed for each violation of AS 08.18, and that each day an unlawful act continues after an injunction has been issued constitutes a separate violation.

Section 9 provides that an unlicensed person acting in the capacity of a contractor, or a general contractor who hires an unlicensed specialty contractor, is guilty of a class B misdemeanor. A class B misdemeanor carries maximum penalties of 90 days in jail and \$1,000 fine. A criminal prosecution under AS 08.18 does not preclude the department from seeking civil remedies, as well. All other violations of AS 08.18, such as failure to put a mailing address on a business card, will be considered a violation and subject to a fine of no more than \$300.

Sections 10 -- 12 pertain to definitions and effective dates. The bill provides for an immediate effective date for all sections except sec. 3. One of the main reasons for an immediate effective date is that the new bonding amounts will then be in force when new contractors register this spring and early summer. The amendments made by sec. 3 would require reprinting of documents used by contractors. The January 1, 1986 effective date for that section will allow current supplies to be used and arrangements to be made for reprinting.

To protect the owners and users of all private and public homes and buildings, I urge early passage of this bill.

Board Members HOUSE BILL NO. 152, by the Rules Committee by Request of the
Term of Office Governor. Would permit appointees to certain boards and
(expiration commissions to hold office beyond the expiration of their
dates) term until a successor is appointed (see accompanying letter).

Introduced January 30 and referred to State Affairs and Judiciary.

In his letter transmitting the bill to the House, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would permit appointees to certain boards and commissions to hold office beyond the expiration of their term until a successor is appointed. It also makes some incidental style changes in the statute's wording.

Because of the proliferation of boards and commissions since statehood, the task of appointing enough qualified persons to keep all boards up to full strength is an impossible one. There are approximately 1,000 appointments to State boards and commissions. Approximately 75 percent of all appointments to be made are highly restricted by law as to the backgrounds, location, and professional expertise of the individuals that can be considered. As a result, the recruitment and review process that must be accomplished prior to appointment has become more time consuming than in the past years.

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 30, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that increases protection of the public from unlicensed and unbonded construction contractors by strengthening the enforcement powers of the Department of Labor and the Department of Commerce and Economic Development. It gives those departments specific authority to enter construction sites, investigate, and issue criminal citations for violations of the construction contracting laws, especially the licensing requirements. In regard to civil enforcement, the bill establishes a set civil penalty amount which may be imposed in addition to injunctive relief. In addition, the bill essentially doubles the bonding requirements for both general and specialty contractors to cover more adequately any costs of contract, wage, and damage claims against the contractor.

Due to the increased construction activity in Alaska and the poor economy in the "Lower 48," the problem of unlicensed construction contractors has become almost uncontrollable and the public is suffering because of it. Homeowners who unwittingly hire an unlicensed contractor and later find the work performed to be unsatisfactory and defective are faced with a sad situation. First, it will be difficult to locate the contractor. Second, if the homeowner is fortunate enough to find the person, there will have been no bond posted to recover claims against the contractor and it is highly unlikely that the contractor will have the personal finances to provide proper compensation. And third, the homeowner will then have to hire a new contractor to redo the job.

The enforcement mechanism used most often now, a "cease and desist order," is unfortunately ignored by the unlicensed contractors. They simply wait until the investigator is

gone and then continue working. And it is rare that an unlicensed contractor is criminally prosecuted for that offense.

Therefore, new and more effective enforcement methods must be employed, such as the issuance of citations, in addition to an increased effort in the area of department investigation and enforcement. Moreover, since the licensing process itself does not require a showing of competence, the bonding amount required must be raised to adequately cover potential claims.

More specifically, the bill provides for the following:

Section 1 imposes criminal and civil liability upon a general contractor for allowing an unlicensed specialty contractor to work for him or her. The unlicensed specialty contractor, of course, would also be in violation of the law as provided by existing statutes (AS 08.18.011(a)).

Section 2 prohibits registration during the period of a previous revocation or suspension of a contractor's license and until a fine imposed under this chapter has been paid.

Section 3 adds the requirement that all advertising, contracts, correspondence, cards, signs, posters, papers, and documents prepared by a contractor for the contractor's business include the mailing address and the address of his or her principal place of business, in addition to the already-required name and address. The bill also adds a new requirement that all advertising and contracts include the contractor's registration number.

Section 4 increases the bonding amount required for general contractors from \$5,000 to \$10,000 and for specialty contractors from \$2,000 to \$5,000.

Section 5 gives authority to investigators from the Department of Commerce and Economic Development and the Department of Labor to enter construction sites and issue citations for violations of the construction contracting laws, with special emphasis placed on licensing violations. The form and issuance of citation will be similar to that used by peace officers in their issuance of fish and game citations, park citations and traffic citations. Commerce and labor investigators will not have the authority to arrest, however.

Sections 6 and 7 of the bill work to give separate enforcement authority to the Department of Labor and the Department

of Commerce and Economic Development in the issuance of a stop order.

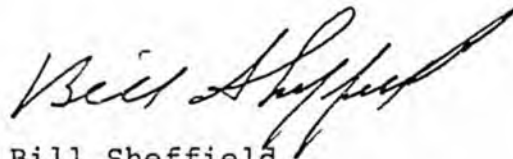
Section 8 establishes that both departments can institute an injunctive proceeding in the superior court. It also sets out that, in addition to other relief and any criminal penalties that may be imposed, a civil penalty not to exceed \$250 may be imposed for each violation of AS 08.18, and that each day an unlawful act continues after an injunction has been issued constitutes a separate violation.

Section 9 provides that an unlicensed person acting in the capacity of a contractor, or a general contractor who hires an unlicensed specialty contractor, is guilty of a class B misdemeanor. A class E misdemeanor carries maximum penalties of 90 days in jail and \$1,000 fine. A criminal prosecution under AS 08.18 does not preclude the department from seeking civil remedies, as well. All other violations of AS 08.18, such as failure to put a mailing address on a business card, will be considered a violation and subject to a fine of no more than \$300.

Sections 10 -- 12 pertain to definitions and effective dates. The bill provides for an immediate effective date for all sections except sec. 3. One of the main reasons for an immediate effective date is that the new bonding amounts will then be in force when new contractors register this spring and early summer. The amendments made by sec. 3 would require reprinting of documents used by contractors. The January 1, 1986 effective date for that section will allow current supplies to be used and arrangements to be made for reprinting.

To protect the owners and users of all private and public homes and buildings, I urge early passage of this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

Revision Date: _____

REQUEST

Bill/Resolution No.: _____
 Title: "An Act relating to
 construction contractors"
 Sponsor: Rules Committee
 Requestor: Rules Committee
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public
 Protection
 BRU, Program or Subprogram(s) Affected:
 Labor Standards and Safety-Wage and Hour
 Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|-----------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert J. Bacolas *R. Bacolas* Phone: 465-4870
 Division: Labor Standards and Safety Date: January 21, 1985

Approved by Commissioner: Jim Robison *Jim Robison* Date: January 21, 1985
 Agency: Labor

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Revision Date: _____

REQUEST

Bill/Resolution No.: _____
Title: An Act relating to
Construction Contractors
Sponsor: _____
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
Program Category Affected: _____
Consumer Protection
BRU, Program or Subprogram(s) Affected: _____
Occupational Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|--------------|--------------|--------------|--------------|--------------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | 151.8 | 159.4 | 167.4 | 175.8 | 184.6 |
| 200 TRAVEL | | 40.8 | 42.8 | 45.0 | 47.2 | 49.6 |
| 300 CONTRACTUAL | | 31.8 | 33.4 | 35.1 | 36.8 | 38.7 |
| 400 SUPPLIES | | 3.6 | 3.8 | 4.0 | 4.2 | 4.4 |
| 500 EQUIPMENT | | 13.1 | 0 | 0 | 0 | 0 |
| 600 LAND & STRUCTURES | | 12.2 | 0 | 0 | 0 | 0 |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 253.3 | 239.4 | 251.5 | 264.0 | 277.3 |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|----------------|--|---|---|---|---|---|
| REVENUE | | 0 | 0 | 0 | 0 | 0 |
|----------------|--|---|---|---|---|---|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|-------|-------|-------|-------|-------|
| GENERAL FUND | | 253.3 | 239.4 | 251.5 | 264.0 | 277.3 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|---|---|---|---|---|
| FULL-TIME | | 3 | 3 | 3 | 3 | 3 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: Attach a separate page if necessary

This bill will assist in the enforcement of licensure on the overwhelming increase of unlicensed construction contractors. The bill requires all violators to be answerable to a court of law and makes unlicensed activity a "Class A" misdemeanor.

Prepared By: Jennifer Strickler, Management Analyst Phone: 465-2144
 Division: Occupational Licensing Date: 10-1-84
 Approved by Commissioner: Loren H. Lounsbury Date: 1/18/85
 Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

100 PERSONAL SERVICES:

| | |
|---|--------------------|
| 2 - Investigator III positions, Range 18A, General Government, 12 months, one to be located in Juneau, and one to be located in Anchorage | \$ 96,851.36 |
| 1 - Investigator III position, Range 18A, General Government, 12 months, to be located in Fairbanks | 55,045.55 |
| | <hr/> \$151,896.91 |

200 TRAVEL:

FAIRBANKS INVESTIGATOR:

| | |
|---|----------|
| Transportation - 1 trip per month @ \$600.00 x 12 = | 7,200.00 |
| Per Diem - 8 days per month @ \$90.00 per day = | 8,640.00 |

JUNEAU & ANCHORAGE INVESTIGATORS:

| | |
|--|------------------|
| Transportation - 1 trip per month at \$400 ea x 12 = | 9,600.00 |
| Per Diem - 8 days per month @ \$80.00 per day ea. = | <u>15,360.00</u> |
| | \$40,800.00 |

300 CONTRACTUAL:

| | |
|---|----------|
| Postage, telephone and operating costs of three Investigators @ \$250.00 per month, per person = | 9,000.00 |
|---|----------|

Investigator leased vehicles, dry with maintenance:

| | |
|---|----------|
| JUNEAU: 1 vehicle @ \$425.00 per month = | 5,100.00 |
| ANCHORAGE: 1 vehicle @ \$410.00 per month = | 4,920.00 |
| FAIRBANKS: 1 vehicle @ \$540.00 per month = | 6,480.00 |

| | |
|--|-----------------|
| FUEL: Three leased vehicles at estimated \$175.00 per month, per investigator = | <u>6,300.00</u> |
| | \$31,800.00 |

typewriter ribbons, pens, pencils, tablets
and other miscellaneous desk top supplies for three
investigators at \$100.00 per month, per person = \$ 3,600.00

500 EQUIPMENT: (One time costs only)

| | |
|--|---------------------|
| 3 desks, double pedestal, 60" x 30" = | \$ 1,580.90 |
| 3 chairs, executive swivel with arms = | 823.40 |
| 3 chairs, side without arms, contour style = | 342.30 |
| 3 typewriters, IBM correcting selectric with dual pitch, 15.5 inch paper capacity = | 4,313.40 |
| 3 typewriter tables = | 359.80 |
| 3 desk calculators, desk, printing and display, 12 digit = | 1,148.60 |
| 3 recording machines, Lanier, portable | 2,443.90 |
| 3 book cases, with adjustable shelves = | 459.70 |
| 3 file cabinets, 5 drawer, legal with lock = | 1,541.80 |
| | <u>\$ 13,014.30</u> |

600 LAND & STRUCTURES: (One time costs only)

Office space for three Investigators:

| | |
|--|---------------------|
| JUNEAU: 150 sq. ft. @ \$2.25 per sq. foot = | 4,050.00 |
| ANCHORAGE: 150 sq. ft. @ \$2.00 per sq. foot = | 3,600.00 |
| FAIRBANKS: 150 sq. ft. @ \$2.50 per sq. foot = | 4,500.00 |
| | <u>\$ 12,150.00</u> |

TOTAL OPERATING COSTS: \$253,361.24

| | | | | | | | | |
|--------------------------------------|---|--------------------|-----------|-------------------|--|-----------------|-------------------|---------|
| 1. | POSITION TITLE INVESTIGATOR III - Juneau | | | RANGE/STEP 18A | BARG. UNIT CCU | PAGE/LINE | COV. | APPROV. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION AWA | ELECTION DISTRICT | LEG. |
| 3. | CONTINUATION LEVEL | | | ADDITION | JUSTIFICATION | | | |
| 4. | TYPE OF EXPENDITURE | | | AMOUNT | <p>This position is necessary to implement the provisions the Construction Contractors Bill as it relates to public protection, investigations and enforcement of the new statute. The new statute addresses a more active and positive approach to eliminate the existing problem of unlicensed contractors.</p> <p>Current resources from the Department of Labor, Division Labor Standards and Safety, and the Department of Commerce and Economic Development, Division of Occupational Licensing, for enforcement have been overburdened and limited to the investigations and enforcement in the many other licensing and inspection areas.</p> <p>This position would conduct investigations into violation of AS 08.18, throughout the Southeast area of the State</p> | | | |
| 5. | PERSONAL SERVICES | | | | | | | |
| 5. | Salary | | 37.4 | | | | | |
| 6. | Benefits | | 6.0 | | | | | |
| 7. | Supplemental Benefits | | 2.3 | | | | | |
| 8. | Fired Benefits | | 2.7 | | | | | |
| 9. | TOTAL PERSONAL SERVICES | 01 | | 48.4 | | | | |
| 10. | Travel | | 02 | 12.5 | | | | |
| 11. | Contractual | | 03 | 10.2 | | | | |
| 12. | Commodities | | 04 | 1.2 | | | | |
| 13. | Equipment | | 05 | 4.7 | | | | |
| 14. | Other | | | 4.1 | | | | |
| 15. | TOTAL COST | | | 81.1 | | | | |
| 16. | RECEIPT CODE | FUNDING SOURCE | | | | | | |
| 17. | | Federal Receipts | 1002 | | | | | |
| 18. | | C.F. Match | 1003 | | | | | |
| 19. | | General Funds | 1004 | 81.1 | | | | |
| 20. | | I-A Receipts | 1005 | | | | | |
| 21. | | Program Receipts | 1028 | | | | | |
| | | Other | | | | | | |
| FOR BSM USE ONLY KEY NUMBER _____ | | | | | | | | |

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
PROGRAM Consumer Protection
BRU Occupational Licensing
COMPONENT Investigations

Page 1 of 3
Revised Date _____

FY 8

| | | | | | | | | | | | |
|------------------|--|-----------------------|-----------|------------|--|-------------------|-------------------|------|---------|------|--|
| 1. | POSITION TITLE INVESTIGATOR III - Fairbanks | | | | RANGE/STEP 18A | DEPT. UNIT CGU | PAGE/LINE | COV. | APPROV. | | |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION JBA | ELECTION DISTRICT | LEG. | | | |
| 3. | CONTINUATION LEVEL | | | | JUSTIFICATION | | | | | | |
| 4. | TYPE OF EXPENDITURE | | | | <p>This position is necessary to implement the provisions of the Construction Contractors Bill as it relates to public protection, investigations and enforcement of the new statute. The new statute addresses a more active and positive approach to eliminate the existing problem of unlicensed contractors.</p> <p>Current resources from the Department of Labor, Division of Labor Standards and Safety, and the Department of Commerce and Economic Development, Division of Occupational Licensing, for enforcement have been overburdened and limited to the more serious violations. This has been by increased investigations and enforcement in the many other licensing and inspection areas.</p> <p>This position would conduct investigations into violation of AS 08.18, throughout the South Central and Western areas of the State.</p> | | | | | | |
| | 1 | | 2 | | | | | | | 3 | |
| | PERSONAL SERVICES | | | | | | | | | | |
| 5. | Salary | | 42.8 | | | | | | | | |
| 6. | Benefits | | 6.9 | | | | | | | | |
| 7. | Supplemental Benefits | | 2.6 | | | | | | | | |
| 8. | Fixed Benefits | | 2.7 | | | | | | | | |
| 9. | TOTAL PERSONAL SERVICES | | 51 | | | | | | | 55.0 | |
| 10. | Travel | | 02 | | | | | | | 15.8 | |
| 11. | Contractual | | 0. | | | | | | | 11.6 | |
| 12. | Commodities | | 04 | | | | | | | 1.2 | |
| 13. | Equipment | | 05 | | | | | | | 4.2 | |
| 14. | Other | | | | | | | | | 4.5 | |
| 15. | TOTAL COST | | | | | | | | | 92.3 | |
| | RECEIPT CODE | FUNDING SOURCE | | | | | | | | | |
| 16. | | Federal Receipts 1002 | | | | | | | | | |
| 17. | | C.F. Match 1003 | | | | | | | | | |
| 18. | | General Funds 1004 | | 92.3 | | | | | | | |
| 19. | | I-A Receipts 1005 | | | | | | | | | |
| 20. | | Program Receipts 1020 | | | | | | | | | |
| 21. | | Other | | | | | | | | | |
| FOR BSM USE ONLY | | | | | | | | | | | |
| KEY NUMBER _____ | | | | | | | | | | | |

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
PROGRAM Consumer Protection
BRU Occupational Licensing
COMPONENT Investigations

Page 2 of 3
Revised Date _____

FY 8

| | | | | | | | | | |
|--------------------------------------|--|-----------------------|-----------|------------|-------------------|-------------------|-------------------|------|---------|
| 1. | POSITION TITLE INVESTIGATOR III - Anchorage | | | | RANGE/STEP 18A | BARG. UNIT GGU | PAGE/LINE | COV. | APPROV. |
| 2. | TYPE OF POSITION PFT | STAFF MONTHS 12 | RP NUMBER | PCN NUMBER | BRU PRIORITY | LOCATION EBA | ELECTION DISTRICT | LEG. | |
| 3. | CONTINUATION LEVEL | | | | JUSTIFICATION | | | | |
| 4. | ADDITION | | | | | | | | |
| 4. | TYPE OF EXPENDITURE | | | AMOUNT | | | | | |
| | 1 | 2 | | 3 | | | | | |
| | PERSONAL SERVICES | | | | | | | | |
| 5. | Salary | 37.4 | | | | | | | |
| 6. | Benefits | 6.0 | | | | | | | |
| 7. | Supplemental Benefits | 2.3 | | | | | | | |
| 8. | Fringe Benefits | 2.7 | | | | | | | |
| 9. | Total Personal Services | | 01 | 48.4 | | | | | |
| 10. | Travel | 02 | | 12.5 | | | | | |
| 11. | Contractual | 03 | | 10.0 | | | | | |
| 12. | Commodities | 04 | | 1.2 | | | | | |
| 13. | Equipment | 05 | | 4.2 | | | | | |
| 14. | Other | | | 5.6 | | | | | |
| 15. | TOTAL COST | | | 79.9 | | | | | |
| 16. | RECEIPT CODE | FUNDING SOURCE | | | | | | | |
| 17. | | Federal Receipts 1002 | | | | | | | |
| 18. | | C.F. Hatch 1003 | | | | | | | |
| 19. | | General Funds 1004 | | 79.9 | | | | | |
| 20. | | I-A Receipts 1005 | | | | | | | |
| 21. | | Program Receipts 1028 | | | | | | | |
| 21. | | Other | | | | | | | |
| FOR BSM USE ONLY KEY NUMBER _____ | | | | | | | | | |

This position is necessary to implement the provision: the Construction Contractors Bill as it relates to pu protection, investigations and enforcement of the new statute. The new statute addresses a more active and positive approach to eliminate the existing problem o unlicensed contractors.

Current resources from the Department of Labor, Divis of Labor Standards and Safety, and the Department of Commerce and Economic Development, Division of Occupa Licensing, for enforcement have been overburdened and limited to the more serious violations. This has been caused by increased investigations and enforcement in many other licensing and inspection areas.

This position would conduct investigations into violat of AS 08.18, throughout the Northern Interior of the S

REQUEST FOR
NEW POSITION

AGENCY Commerce & Economic Development
 PROGRAM Consumer Protection
 BRU Occupational Licensing
 COMPONENT Investigations

Page 3 of 3
 Revised Date _____

FY

Bill No. House Bill No. 151

Date February 19, 1985

Title "An Act relating to construction contractors; and providing for an effective date."

Contact: Eileen Plate
465-2700
Robert J. Bacolas
465-4870

House Bill No. 151 seeks to strengthen the contractor licensing enforcement powers of the Department of Labor and Department of Commerce and Economic Development.

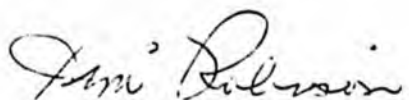
In addition to increasing the bonding requirements for both general and speciality contractors, the bill provides for the issuance of citations, assessment of civil penalties, and imposition of injunctive relief for violations of the contractor licensing laws.

The provisions of this bill are designed to combat the proliferation of unlicensed contractors in the state in order to better protect the public from unlicensed and unbonded construction contractors.

A section-by-section analysis of this bill, as excerpted from the Governor's transmittal letter, is attached.

The Department of Labor supports passage of House Bill No. 151. It will not have a fiscal impact on the Department.

APPROVED



Jim Robison, Commissioner
Department of Labor

House Bill No. 151
Section-by-Section Analysis

Section 1 imposes criminal and civil liability upon a general contractor for allowing an unlicensed specialty contractor to work for him or her. The unlicensed specialty contractor, of course, would also be in violation of the law as provided by existing statutes (AS 08.18.011(a)).

Section 2 prohibits registration during the period of a previous revocation or suspension of a contractor's license and until a fine imposed under this chapter has been paid.

Section 3 adds the requirement that all advertising, contracts, correspondence, cards, signs, posters, papers, and documents prepared by a contractor for the contractor's business include the mailing address and the address of his or her principal place of business, in addition to the already-required name and address. The bill also adds a new requirement that all advertising and contracts include the contractor's registration number.

Section 4 increases the bonding amount required for general contractors from \$5,000 to \$10,000 and for specialty contractors from \$2,000 to \$5,000.

Section 5 gives authority to investigators from the Department of Commerce and Economic Development and the Department of Labor to enter construction sites and issue citations for violations of the construction contracting laws, with special emphasis placed on licensing violations. The form and issuance of citation will be similar to that used by peace officers in their issuance of fish and game citations, park citations and traffic citations. Commerce and labor investigators will not have the authority to arrest, however.

Sections 6 and 7 of the bill work to give separate enforcement authority to the Department of Labor and the Department of Commerce and Economic Development in the issuance of a stop order.

Section 8 establishes that both departments can institute an injunctive proceeding in the superior court. It also sets out that, in addition to other relief and any criminal penalties that may be imposed, a civil penalty not to exceed \$250 may be imposed for each violation of AS 08.18, and that each day an unlawful act continues after an injunction has been issued constitutes a separate violation.

Section 9 provides that an unlicensed person acting in the capacity of a contractor, or a general contractor who hires an unlicensed specialty contractor, is guilty of a class B misdemeanor. A class B misdemeanor carries maximum penalties of 90 days in jail and \$1,000 fine. A criminal prosecution under AS 08.18 does not preclude the department from seeking civil remedies, as well. All other violations of AS 08.18, such as failure to put a mailing address on a business card, will be considered a violation and subject to a fine of no more than \$300.

Sections 10-12 pertain to definitions and effective dates. The bill provides for an immediate effective date for all sections except section 3. One of the main reasons for an immediate effective date is that the new bonding amounts will then be in force when new contractors register this spring and early summer. The amendments made by section 3 would require reprinting of documents used by contractors. The January 1, 1986 effective date for that section will allow current supplies to be used and arrangements to be made for reprinting.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 151
 Title: "An act relating to construction contractors..."
 Sponsor: Governor
 Requestor: House Labor and Commerce
 Date of Request: 2/15/85

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Labor Standards and Safety
Wage and Hour Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 |
|------------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|----------------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|----------------|--|--|--|--|--|--|

| | | | | | | |
|----------------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|----------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: Attach a separate page if necessary

Prepared By: ^{NS} Robert J. Bacolas, Sr. *R. Bacolas* Phone: 465-4870
 Division: Labor Standards and Safety Date: 2/19/85

Approved by Commissioner: ^{NS} *Jim Robinson* Date: 2/19/85
 Agency: Labor

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

February 7, 1985

Mike Davis, Representative
Pouch V
Juneau, AK 99811

Re: HB 151
Construction Contractors

Dear Representative Davis:

I wish to comment on the proposed HB 151, particularly on enforcement and protection to the public.

I support the proposal to have inspectors monitor contractors and the issuance of misdemeanor citations for violations under AS.08.18.11 and others under HB 151.

I would like to comment on proposed section AS.08.18.071(b). This section proposes to raise the bond from \$5,000 to \$10,000. This is good, but not enough. The bond amounts for a general contractor should be at a minimum \$25,000 and a specialty contractor \$10,000, and perhaps more. I have been exposed both personally as a litigant and professionally as a Trial Courts Clerk to law suits and the problems of people with contractors who because of error, negligence, poor business practice or greed have severely affected lives, monetary well being and the emotional health of people.

I can justify these bond increases very simply; houses cost \$70,000 to \$150,000 to build. A major construction problem or even a minor construction problem could exceed even the proposed bond. Additionally, it is not unlikely that more than one claim may be pending at any one time against a bad contractor. What protection does \$10,000 give?

Please consider my position. I urge you to raise the bond amounts in proposed HB 151 to an amount which will protect people.

Thank you.

Wayne W. Wolfe

Wayne W. Wolfe
P.O. Box 2380
Fairbanks, AK 99701

WWW/kg

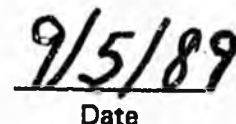


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date