

SB

21

Senator John B. (Jack) Coghill  
Alaska State Legislature

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A large, stylized handwritten signature in black ink, likely belonging to Senator Jack Coghill.

TO: LABOR AND COMMERCE COMMITTEE

FROM: SENATOR JACK COGHILL

DATE: 1/30/87

RE: SB 21

The crux of this legislation would be the amendment of Section 1(b) of AS 08.18.011. The results would be as follows:

- 1) Would make specialty and subcontractors work under some of the same rules as general contractors.
- 2) Provides a buffer between a general contractor and unscrupulous subcontractors who often further sub-out work to those who are unregistered and/or non-resident illegal subs. As the law now stands, general contractors are liable for the illegal actions of their subcontractors. This change would make the subcontractor liable if he hires unregistered additional subs.
- 3) This change would also benefit legitimate or so-called "righteous" specialty subcontractors by removing unlicensed competitors who are now able to low-ball bids because of reduced overhead.

In general, this change would enhance the prospects of local hire by strengthening the positions of in-state, legitimate subcontractors.

The additions of Section 2(c) and Section 3(c) would clarify which areas a specialty contractor may bid and work on by removing any vague or ambiguous language. The amendment to Section 4(b) would clear up the perceived ambiguity and consolidate the language of this section.

SB 21: An Act relating to construction contractors.


SB 21, An Act relating to construction contractors proposes to amend AS 08.18, the construction contractor registration act by making prohibitions within the statutes apply to all construction contractors regardless of type. The bill clarifies the limits placed on the conditions under which a specialty contractor may bid or work.

The current statute prohibits a general contractor from contracting with a specialty contractor if the specialty contractor is unlicensed. However, the statutes do not address requirements for a specialty contractor who contracts with a general contractor or with another specialty contractor. This bill will amend the statute so that all contractors are treated fairly. Revision of the requirements under which a specialty contractor may bid or work will discourage use of the specialty license to avoid compliance with general contractor licensing requirements.

The bill also requires contractors to show a business mailing address on all advertising, contracts, correspondence, cards, signs, posters, papers and documents prepared for the contracting business.

The bill will affect approximately 8,000 currently registered construction contractors. Ch 83, SLA 1985 requires contractors to indicate their contractor's name, mailing address, principal place of business and registration number on all business documents. The department would like to see the wording changed on page 1, lines 24 - 26 to "business mailing address or address of the contractor's principal place of business in Alaska, . . ."

The Department of Commerce and Economic Development, Division of Occupational Licensing, supports this legislation because it clarifies the contractor statutes and strengthens provisions concerning specialty contractors.

  
J. Anthony Smith, Commissioner  
Department of Commerce and Economic  
Development

Date: 1/30/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version: SB 21  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to construction contractors.  
Sponsor: Senator Coghill  
Requestor: \_\_\_\_\_

Agency Affected: Commerce & Economic Dev.  
BRU: Occupational Licensing  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

The bill makes various amendments to strengthen and clarify the construction contractor statutes, AS 08.18, however new funding is not required to implement the bill.

Prepared by: Jennifer Strickler, Management Analyst  
Division: Occupational Licensing

Phone: 465-2144  
Date: 1-22-87

Approved by Commissioner: J. Anthony Smith  
Agency: Commerce and Economic Development

Date: 1/27/87

Distribution (by preparer):

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

Bill No. Senate Bill 21  
Title "An Act relating to construction contractors."

Date January 29, 1987

Contact: Eileen Plate  
465-2700

Tom Stuart, Jr.  
465-4870

Senate Bill 21 seeks to strengthen and clarify the contractor licensing law which is enforced by the Department of Labor and the Department of Commerce.

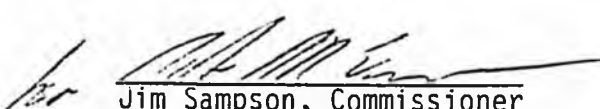
Specifically, Senate Bill 21:

1. Extends the prohibition against contracting with unlicensed persons to speciality contractors. Under present law, only a general contractor is prohibited from contracting with an unlicensed person.
2. Provides that a specialty contractor may work only in those areas of contracting for which he/she is specifically licensed, as evidenced by the specialities listed on the certificate of registration.
3. Requires that the Department of Commerce list on the certificate of registration issued to a specialty contractor each specialty area of contracting that is covered by the certificate; and
4. Clarifies the information that is required on a contractor's business documents and advertising.

Each of these amendments to the contractor licensing law has merit. However, of particular significance is the amendment to AS 08.18.011(b) which makes it unlawful for all contractors to contract with unlicensed persons. Presently only a general contractor is subject to remedial action for contracting with an unlicensed person. It will therefore preclude the use of the speciality contractor licensing classification as a means of circumventing the law. The amendment will also render the contracting licensing law more equitable, with both general and specialty contractors sharing the responsibility for assuring that the persons who contract with them are properly licensed.

The Department of Labor supports Senate Bill 21. It will not have a fiscal impact on the Department.

APPROVED:

  
Jim Sampson, Commissioner  
Department of Labor

**POSITION PAPER/Department of Labor**

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_

Bill Version : SB 21  
Publish Date : \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An Act relating to construction  
contractors."

Agency Affected: Labor  
BRU: Labor Standards and Safety

Sponsor: Coghill  
Requestor: Senate Labor and Commerce

Components: Wage & Hour Administration  
Mechanical Inspection

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: AB Tom Stuart, Director JEA  
Division: Labor Standards and Safety

Phone: 465-4870  
Date: 1/27/87

Approved by Commissioner: AB Jim Sampson  
Agency: Labor

Date: 1/27/87

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
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