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STATE OF ALASKA  
THE LEGISLATURE

POUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907.465.3800

LEGISLATIVE AFFAIRS AGENCY  
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Mary Van Nimwegen

SB 72

Senate RRC 3/31/89

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An Act..registration and  
 endorsements for contractors...."  
 Sponsor: Senator Szymanski  
 Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
 BRU: \_\_\_\_\_

Components: \_\_\_\_\_

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING:** (Thousands of Dollars)

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

**POSITIONS:**

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

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

There is no fiscal effect for FY 90.

Prepared by: Carol Carroll, Deputy Director  
 Division: Municipal & Regional Assistance

Phone: 465-4750  
 Date: \_\_\_\_\_

Approved by Commissioner: *David C. Hoffman*  
 Agency: Community & Regional Affairs

Date: 3-16-91

**Distribution (by preparer):**

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

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: An Act relating to registration and licensing of contractors: . . .  
Sponsor: Senator Szymanski  
Requestor: House Labor & Commerce

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

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	21.0	21.0	21.0	21.0	21.0	21.0
TRAVEL	7.0	7.0	7.0	7.0	7.0	7.0
CONTRACTUAL	15.0	15.0	15.0	15.0	15.0	15.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>
<b>CAPITAL</b>						
<b>REVENUE</b>	<b>0</b>	<b>75.0</b>	<b>75.0</b>	<b>0</b>	<b>75.0</b>	<b>0</b>

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER GF/PR	43.0	43.0	43.0	43.0	43.0	43.0
<b>TOTAL</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>

**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) No fiscal impact for FY 90.

SEE ATTACHED

Prepared by: Jennifer Strickler Phone: 465-2144  
Division: Occupational Licensing Date: March 19, 1990

Approved by Commissioner: Larry Merculieff Date: 3-20-90  
Agency: Department of Commerce & Economic Development

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

ANALYSIS  
CSSSSB 72 (Fin) am

The bill establishes an endorsement to the registration of a general contractor who oversees the construction of or who performs alterations to residential structures. This fiscal note represents the anticipated costs associated with the establishment of the registration endorsement for residential contractors.

The division has no way of knowing the number of residential contractors who will be affected by the bill; therefore, calculations in this fiscal note are based on an estimate of 500 of the approximately 1,500 licensed general contractors seeking registration endorsement as a residential contractor. Based on 500, the new category can be expected to cover 1.86% of the administrative costs (500 divided by 26,945 total licensees).

Personal Services: \$21.0

Consists of:

- o 13.00% of a licensing examiner \$ 5.1
- o 2.00% of an investigator 1.8
- o 1.86% of administrative overhead 14.1

Travel: \$ 7.0

This will provide travel funds for the licensing examiner to assist with exam development and administer the examinations at least two times a year in each judicial district.

Contractual Services: \$15.0

This will provide funding for examination development; communication expenses; printing of applications, examinations, etc.; public notices; exam facility rentals; seminars; and other informational publications necessary.

TOTAL \$43.0

REVENUES:

The revenues identified are based on an endorsement fee for residential contractors, assuming that residential contractors will pay a biennial fee of \$150 (\$75 per year) in addition to their general contractor registration.

FY 90: No anticipated impact.

FY 91: No revenue impact, although exam development will commence in preparation for the effective date of the bill.

FY 92: The effective date of the bill is July 1, 1991 and, therefore, revenues are based on an initial 500 contractors seeking a residential endorsement. The initial endorsement would be valid to December 31, 1992 so that residential endorsements will coincide with the general contractor's certificate of registration renewal date of December 31, 1992. 500 x \$150 license fee = \$75.0.

- FY 93: Residential contractor endorsements will be due for renewal on December 31, 1992. The renewed endorsement will be valid for two years and will expire on the same date as the general contractor's certificate of registration.  $500 \times \$150 = \$75.0$ .
- FY 94: This will be a nonrenewal year and no revenues other than fees from new registrants (not estimated) will be generated. Although no revenues will be received in this year, like all other licensing programs, the program will be covered by program receipts of other occupations renewing during that year.

CS SSSB72, Contractor Registration/Endorsement

Testified in favor of CS SSSB72 before senate Labor and  
Commerce Committee:

Larry Taylor  
President  
Alaska State Homebuilders Association

Gregory L. Jones  
Alaska State Homebuilders Association

William E. Schneider  
Executive Director  
Associated General Contractors of Alaska

Harvey Bowers  
Program Manager  
Alaska Craftsman Home Program

Randall Burns  
Director  
Division of Occupational Licensing

Jim Plasmán  
Deputy Director  
Division of Municipal and Regional Assistance

Margaret Nelson  
Special Assistant/Public Information Officer  
Alaska Housing Finance Corporation

Jim Picard  
President  
Alaska Mortgage Bankers Association

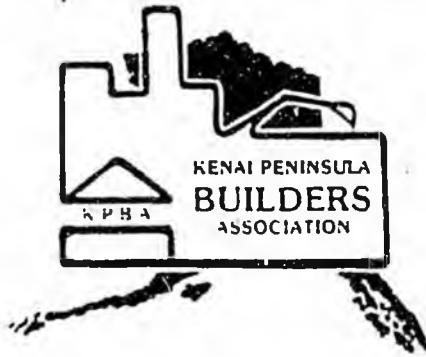
Pat Vincent  
Executive Director  
Kenai Builders Association

Sandy Tasler  
Kenai Builders Association  
Kenai Peninsula Board of Realtors

Cliff Baker  
Kenai

Harold Stocker  
Stocker Construction  
Sitka

Steve Shows  
Chief Building Inspector  
City & Borough of Juneau



April 6, 1989

Senator Mike Szymanski  
P.O. Box "Y"  
Juneau, Alaska 99811

RE: Sponsor Substitute SENATE BILL 72

Dear Senator Szymanski:

The Kenai Peninsula Builders Association supports the Sponsor Substitute for Senate Bill 72. We would like to thank you for listening to our concerns regarding the the original bill, and appreciate your effort in working with members of our industry to create positive legislation in the rewritten bill.

Your bill addresses the serious problem of poor quality construction, an area of great concern to the competent members of the building industry, in a practical and positive way. The requirement for builder education and competency exams in Arctic and thermal construction techniques is certainly a progressive move. Our association supports the Alaska Craftsman Home Program and feels that many of the "mistakes" we've seen in the past will be eliminated through education. Requiring Alaska Housing Finance Corporation to only loan or grant state money for houses built by licensed residential contractors will help ensure compliance across the state.

The Kenai Peninsula Builders Association will continue to ask for your support of state-wide mandatory building inspections as an Underwriting Guideline for any AHFC loan. A five step inspection system would include Plans Approval; Footing, Foundation and Framing Inspection; Insulation Inspection; Electrical and Plumbing Inspection; Final inspection.

Sincerely,

KENAI PENINSULA BUILDERS ASSOCIATION

Shelby E. Johnson, President

SEJ/p3v

cc: Senator Paul Fischer  
Senator Jay Korttula  
Representative C. E. Swackhammer  
Representative Mike Navorre  
Representative Jim Zawacki  
Representative Pat Pourchot

Alaska State Home Builders Association  
Interior Builders Association of Fairbanks  
B. I. A. of Anchorage  
Home Builders Association of Juneau  
Mat-Su Home Builders Association  
Kenai Peninsula Board of Realtors

Box 1753 • Kenai, Alaska 99611 • (907) 776-5719



## ASSOCIATED GENERAL CONTRACTORS of ALASKA

4041 B STREET • ANCHORAGE, ALASKA 99503  
PO BOX 249409 • ANCHORAGE, ALASKA 99524-0409  
TELEPHONE (907) 561-6334 • FAX (907) 562-6118

April 10, 1989

Senator Mike Szymanski  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

Re: SB 72


Dear Senator Szymanski,

This letter is to advise you of AGC's support for CSSB 72. Following discussion with BIAA, home builder representatives, and your staff, all of our previous concerns have been rectified. We certainly appreciate your time and efforts and the time and efforts of your staff in addressing our concerns.

We urge you and your colleagues to promptly pass CSSB 72.

Sincerely,

ASSOCIATED GENERAL CONTRACTORS  
OF ALASKA



William E. Schneider  
Executive Director

cc: Greg Jones, BIAA

wfr\szymb72.



ALASKA STATE  
HOMEBUILDERS ASSOCIATION

RECEIVED  
APR 13 1989

RE: Committee Substitute for Sponsor  
Substitute for SB 72 specifically  
for contractors' licensing

April 3, 1989

The Honorable Mike Szymanski  
Senator, State of Alaska  
P O Box V  
Juneau, AK 99811

Dear Senator Szymanski:

The Alaska State Homebuilders Association, through its affiliated local chapters across the State, has spent many hours over several years discussing the issue of licensing for residential contractors. It is not a simple issue, it has many parts to it, and for any licensing to be effective and accomplish its goal of regulation, it must be an integrated package that addresses all of those parts. The current bill before the legislature that concerns licensing for residential contractors has received a great deal of review and input from those most affected by it - the contractors - and Committee Substitute for Sponsor Substitute for SB 72 has the full support of the Alaska State Homebuilders Association. It is our hope that this bill will be passed during the current legislative session.

Thank you for the support you have given to this issue and to this particular bill.

Sincerely,

Larry Taylor  
President





520 East 34th St.  
Anchorage, AK 99503  
(907) 561-1900

P.O. Box 101020  
Anchorage, AK 99510

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March 24, 1989

The Honorable Mike Szymanski  
Alaska State Senate  
Alaska State Senator  
P. O. Box V  
Juneau, AK 99811

RE: SSSB 72

Dear Senator:

The Alaska Housing Finance Corporation supports SSSB 72 which proposes that state funds cannot be used to finance construction of homes unless the work is performed by a licensed contractor. We believe it is good policy to require that builders seeking state financing attend seminars under the Alaska Craftsman Home Program. These policies help ensure that any financing given is well-spent. Also, the additional financial burden of these requirements is minimal.

Sincerely,

A handwritten signature in cursive script that reads "Margaret Nelson".

Margaret Nelson  
Special Assistant/Public Information Officer

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## ALASKA CRAFTSMAN HOME PROGRAM

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March 23, 1989

Senator Mike Szymanski  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Szymanski:

The Alaska Craftsman Home Program supports Senate Bill 72, licensing and establishing an education level for contractors. Many of the problems we see over and over again in Alaska are due to failure to understand basic building science, and the dynamics of energy and moisture flow through walls, roofs and foundations.

Requiring some level of education for contractors will not only assure the public but will help protect the State of Alaska to avoid continuation of the current situation in which the State owns thousands of buildings which do not meet any standard or codes.

Often the best laid plans and work of builders go foul due simply to a lack of knowledge and not necessarily reflective of a lack of integrity. The Alaska Craftsman Home Program sees itself as a vehicle in providing education to contractors.

Sincerely,

Harvey Bowers  
Program Manager

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Cooperative Extension Service  
2221 E. Northern Lights Blvd.  
Anchorage, Alaska 99508-4143  
(907) 279-5582

Cooperative Extension Service  
University of Alaska  
Fairbanks, Alaska 99775-5200  
(907) 474-7201

Energy Library  
949 E. 36th Ave., Suite 403  
Anchorage, Alaska 99508  
(907) 563-1955 ext. 457

**ALASKA MORTGAGE BANKERS ASSOCIATION**

P.O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

RECEIVED MAR 23 1989

March 13, 1989

Senator Mike Szymanski  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Dear Senator Szymanski:

Re: Substitute Senate Bill Number 72

The Alaska Mortgage Banker's Association was asked by Carolyn Reitter of your office to provide input regarding the above referenced bill in general and more specifically our ideas regarding prohibiting state funding for residential structures that are not built by "residential contractors."

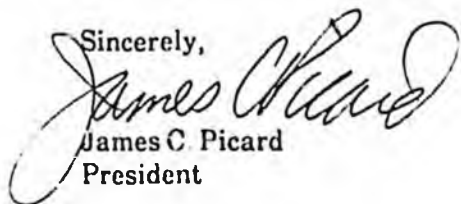
As time was of the essence, the AMBA Board of Directors and general membership did not have time to review this proposed legislation as they are not scheduled to meet until next week. The AMBA State Legislative Affairs Committee did review the proposed legislation on March 9, 1988, and voted unanimously its full support. We anticipate the general membership and board will concur with our decision.

There have been a number of cases where contractors unfamiliar with appropriate arctic building techniques have built structures which have experienced serious structural, energy or foundation problems. A licensing and education process for residential contractors will go a long way in minimizing this type of problem in the future. We believe consumers should be protected against such practices which were common in Alaska in the past. Withholding state funding will result in this restriction becoming the standard for other nonstate investors.

While the committee does not wish to slow this particular bill down with additional language, we would like to say that we believe that future licensing of the appraisal industry, with other requirements, will also assist the state.

Thank you for giving AMBA the opportunity to provide input on this bill.

Sincerely,

  
James C. Picard  
President

## PUBLIC OPINION MESSAGE

DEAR: SENATOR SZYMANSKI

NAME: MICKY E. MCLEES

TITLE:

ADDRESS: 2314 ROOSEVELT DRIVE #3

CITY: ANCHORAGE

ZIP: 99517

PHONE: 248-7443

BILL NO: SB 72

SUBJECT: REGISTRATION/LICENSING OF CONTRACTORS

MESSAGE: THE DOWNTURN IN THE ECONOMY HAS CAUSED CONTRACTORS AND INDIVIDUALS POSING AS CONTRACTORS TO ENTER INTO CONSTRUCTION PROJECTS FOR WHICH THEY ARE NOT QUALIFIED. SB 72 WILL WEED OUT THE UNQUALIFIED WHILE PROTECTING THE HOME OWNER AND THE LEGITIMATE ALASKA CONTRACTOR.

POMID: 03110753

DATE: 04/19/89

TIME: 11:07:53

LIONAME: ANCHORAGE LIO

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TAYLOR	ULNER	ZHAROFF
WALLIS	ZAWACKI	

## PUBLIC OPINION MESSAGE

DEAR: SENATOR SZYMANSKI

NAME: O. "SWEDE" HOLMSTROM

TITLE: UNITED LUMBER COMPANY, INC.

ADDRESS: 5011 JEWEL LAKE RD.

CITY: ANCHORAGE

ZIP: 99502

PHONE: 243-4545

BILL NO: SB 72

SUBJECT: REGISTRATION/LICENSING OF CONTRACTORS

MESSAGE: IT WILL PERPETUATE AND PRESERVE PROFESSIONALISM IN THE CONSTRUCTION INDUSTRY AND PROTECT THE HOME OWNER FROM UNQUALIFIED OR UNSCRUPULOUS RESIDENTIAL CONTRACTORS. IT APPEARS SELF-SUPPORTED THROUGH LICENSING FEES, THEREFORE NO NEGATIVE EFFECT ON THE BUDGET.

POMID: 03163600

DATE: 04/24/89

TIME: 16:36:00

LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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SHULTZ	SWACKHAMMER	UEHLING
TAYLOR	ULNER	ZHAROFF
WALLIS	ZAWACKI	

✓ 3/09/90



# Alaska State Legislature

Senator Mike Szymanski

While in Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4978

Interim:  
3111 C Street, Suite 510  
Anchorage, Alaska 99503  
(907) 561-7617  
or  
165 E. Parks Highway  
Wasilla, Alaska 99687  
(907) 376-6453

February 26, 1990

TO; Representative Dave Donley  
Chairman, House Labor & Commerce Committee

FROM: Senator Mike Szymanski *MS*

SUBJECT: Senate Bill 72, relating to registration and endorsements  
for contractors.

I would like to request that a committee hearing be held on Senate Bill 72. This is primarily consumer protection legislation and is widely supported by the Alaska Homebuilders Association, Associated General Contractors and other industry groups.

Thank you for your consideration of this request.

MS:pt

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

March 31, 1989

POSITION PAPER

RE: Senate Bill 72

SPONSOR: Senator Szymanski

Program Effects of Bill

Senate Bill 72 proposes to set up registration and licensing requirements for contractors who undertake residential construction. The bill would not affect existing Departmental programs.

Comments

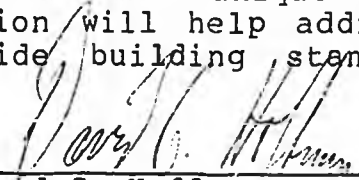
The Department of Community and Regional Affairs strongly supports the concept of licensing residential contractors combined with training in appropriate construction techniques. The state's climate and soil conditions are so different from that of the rest of the country that contractors can not simply apply their experiences in other states to Alaska.

Energy is a critical concern in housing for all Alaskans. The cost of energy is usually one of the largest costs associated with homeownership. A study by the Rural Alaska Community Action Program reported that in eight rural villages 16 to 37 percent of families' incomes were spent on energy. Sixty-eight percent of Alaskans' energy bills are spent on staying warm.

Too often in the past homes have been constructed in a manner that is not appropriate to the state's climate. While this is true statewide, it is particularly true in rural Alaska. The 1988 Alaska Rural Housing Needs Assessment reported that an appalling 28 percent of rural homes could not maintain an inside temperature of 70 degrees Fahrenheit. However, this problem is not unique to rural Alaska. During this winter's cold snap homeowners across the state experienced problems in keeping their residences warm.

Position Paper - SB 72  
March 31, 1989  
Page Two

Requiring competence testing in arctic structural and thermal construction techniques, coupled with required training through the Alaska Craftsman Home Program, as set out in this legislation, is one way to encourage construction of residential housing appropriate to Alaska's unique climate. While licensing under this legislation will help address the problems set out above, a statewide building standard of construction is also needed.



---

David G. Hoffman  
Commissioner



# Alaska State Legislature

Senator Mike Szymanski

While in Session  
P. O. Box V  
Juneau, Alaska 99801  
(907) 465-4976

Interim:  
311 C Street, Suite 512  
Anchorage, Alaska 99503  
(907) 561-7617  
or  
165 E. Parks Highway  
Wasilla, Alaska 99607  
(907) 376-6453

## SPONSOR STATEMENT

SENATE BILL 72, relating to registration and endorsements for contractors.

Senate Bill 72 is consumer protection legislation.

Under present Alaska law, there are no standards which must be met by a general contractor in the performance of his work. Essentially, if a person obtains a contractor's bond and pays the required fees, the person may work as a general contractor.

Senate Bill 72 would require that certain standards are met for a general contractor to undertake the construction or alteration of a privately-owned residential structure of one to four units.

The Department of Commerce and Economic Development would issue a residential contractor endorsement to an individual who has met certain requirements. Key among these are that 1) the individual must pass a residential contractor examination, which may be written or practical and 2) the individual must have satisfactorily completed the Alaska Craftsman Home Program or its equivalent. The individual must apply for an endorsement within six months after passing the examination to ensure that his qualifications are current.

These registration and endorsement requirements do not apply to a person who is a general contractor for the purpose of building his own home; it relates to the contractor who builds homes for sale.

Provision is made to grandfather in those general contractors who have been active in the state for three of the five years preceding the individual's application for an endorsement. These individuals would be exempted from the examination requirement but would still be required to take the Alaska Craftsman Home Program course, or its equivalent if they apply for an endorsement by July 1, 1992.

Senate Bill 72 is widely supported by the Alaska Homebuilders Association, Associated General Contractors and other industry and consumer groups.

Senate District E

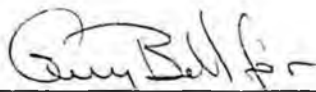
Mat-Su Borough • Sitka Anchorage • Bird/Indian • Girwood • Nikiski • Cooper Landing • Hope • Seward • Prince William Sound

CSSSSB 72 (Fin) am: "An Act relating to registration and endorsements for contractors; prohibiting the use of state money in relation to certain residential work unless the work is performed by a general contractor who has a residential contractor endorsement; and providing for an effective date."

CSSSSB 72 (Fin) am proposes to improve the quality of residential construction work in Alaska by creating a special licensing category, including examination and competency requirements, for residential contractors. In addition, the bill prohibits the use of state funds for construction or alteration of residential structures unless the work is performed by a residential contractor with the appropriate residential contractor endorsement.

Currently, construction contractors must register with the state and are required to post a \$10,000 bond if a general contractor or a \$5,000 bond if a specialty or mechanical contractor. CSSSSB 72 (Fin) am requires a general contractor seeking to build residential structures of up to four units to first obtain a special endorsement to their contractor license. In order to get this special endorsement, a general contractor must: (1) pass an exam; (2) complete the Alaska craftsman home program sponsored by the Department of Community and Regional Affairs (or its equivalent) or take an arctic engineering course; and (3) not be under indictment -- or in the preceding seven years not have been sentenced -- for an offense related to forgery, theft, extortion, conspiracy to defraud, or dishonesty.

The department supports CSSSSB 72 (Fin) am because the licensing requirements established in the bill will work to better ensure the competency of contractors involved in residential construction. The industry and the public will benefit through increased quality of workmanship by demonstratively competent residential contractors.



Larry Merculieff, Commissioner

Date: 3/21/90

LM/JS/dgl6552D  
32090a

# ALASKA STATE LEGISLATURE

Representative Eileen Panigo MacLean  
P.O. Box 280  
Barrow, Alaska 99723

WHILE IN JUNEAU  
Box V  
Juneau, Alaska 99811  
485-4525  
485-4833



Chairman  
Community & Regional Affairs  
Committee

Vice-Chairman  
State Affairs Committee  
Bush Caucus

Member Finance Subcommittee  
Community & Regional Affairs  
Education  
Corrections

## HOUSE OF REPRESENTATIVES

District 22  
Ambler  
Anaktuvik Pass  
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Barrow  
Buckland  
Deering  
Kaktovik  
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Kivalina  
Kobuk  
Kotzebue  
Noatak  
Noorvik  
North Slope  
Borough  
Northwest Arctic  
Borough  
Nulqsut  
Point Hope  
Point Lay  
Selawic  
Shungnak  
Wainwright

March 27, 1990

Honorable Dave Donley, Chair  
House Labor and Commerce Committee  
P.O. Box V  
Juneau, Alaska 99811

Re: CSSB 72 (Finance) amended

Dear Rep. Donley,

To phase in the provisions contained in CSSB 72 (Finance) amended, I respectfully request your committee to add the following language:

Sec. \_\_\_\_ . EXEMPTION. (a) The residential contractor endorsement requirement of AS 08.18.-024, enacted in sec. 3 of this Act, and the residential contractor endorsement requirement of AS 37.05.800(a), enacted in sec. 10 of this Act, do not apply to work performed on a residential structure located in a community with a population of 2,500 or fewer.

(b) Notwithstanding AS 08.18.013, enacted Department of Commerce and Economic Development may not adopt regulation that require a residential contractor endorsement for work exempt from the endorsement requirement under (a) of this section.

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

Thank you for your consideration,

Handwritten signature of Eileen Panigo MacLean.  
Rep. Eileen Panigo MacLean

# HOUSE COMMITTEE REPORT

(7)

Date Referred: February 22, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 3/29/90

The LABOR & COMMERCE Committee considered:

CSSSSB 72 (FINANCE) am

CS SS SB NO. 72 (Fin) am

REGISTRATION/LICENSING OF CONTRACTORS

"An Act relating to registration and endorsements for contractors; prohibiting the use of state money in relation to certain residential work unless the work is performed by a general contractor who has a residential contractor endorsement; and providing for an effective date."

**RECOMMENDATIONS:**

- be replaced with HCS CSSSSB 72 (LTC)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact Commerce +
- zero fiscal note Gen. Inv.
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check appropriate column)

Do Not Pass    No Rec    Amend

<u>Dave Donley</u>	<u>Collins</u>	X		
<u>Mark Boyer</u>	<u>Herwin A. Armande</u>			
<u>Finkelstein</u>				
<u>Boucher</u>				
<u>Greenberg</u>				

Dave Donley  
Chairman's Signature

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: An Act relating to registration and licensing of contractors; . . .  
Sponsor: Senator Szymanski  
Requestor: House Labor & Commerce

Agency Affected: Commerce & Economic Dev.  
BRU: Occupational Licensing

Components: \_\_\_\_\_

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	21.0	21.0	21.0	21.0	21.0	21.0
TRAVEL	7.0	7.0	7.0	7.0	7.0	7.0
CONTRACTUAL	15.0	15.0	15.0	15.0	15.0	15.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>

CAPITAL						
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REVENUE	0	75.0	75.0	0	75.0	0
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER GF/PR	43.0	43.0	43.0	43.0	43.0	43.0
<b>TOTAL</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>	<b>43.0</b>

**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) No fiscal impact for FY 90.

SEE ATTACHED

Prepared by: Jennifer Strickler  
Division: Occupational Licensing

Phone: 465-2144  
Date: March 30, 1990

Approved by Commissioner: Larry Mercurieff  
Agency: Department of Commerce & Economic Development

Date: 3/30/90

Distribution (by preparer):

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

6550D/33090d

**ANALYSIS  
HCS CSSSSB 72 (L&C)**

The bill establishes an endorsement to the registration of a general contractor who oversees the construction of or who performs alterations to residential structures. This fiscal note represents the anticipated costs associated with the establishment of the registration endorsement for residential contractors.

The division has no way of knowing the number of residential contractors who will be affected by the bill; therefore, calculations in this fiscal note are based on an estimate of 500 of the approximately 1,500 licensed general contractors seeking registration endorsement as a residential contractor. Based on 500, the new category can be expected to cover 1.86% of the administrative costs (500 divided by 26,945 total licensees).

<u>Personal Services:</u>	\$21.0
Consists of:	
o 13.00% of a licensing examiner	\$ 5.1
o 2.00% of an investigator	1.8
o 1.86% of administrative overhead	<u>14.1</u>

<u>Travel:</u>	\$ 7.0
This will provide travel funds for the licensing examiner to assist with exam development and administer the examinations at least two times a year in each judicial district.	

<u>Contractual Services:</u>	\$15.0
This will provide funding for examination development; communication expenses; printing of applications, examinations, etc.; public notices; exam facility rentals; seminars; and other informational publications necessary.	

TOTAL	<u>\$43.0</u>
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**REVENUES:**

The revenues identified are based on an endorsement fee for residential contractors, assuming that residential contractors will pay a biennial fee of \$150 (\$75 per year) in addition to their general contractor registration.

FY 90: No anticipated impact.

FY 91: No revenue impact, although exam development will commence in preparation for the effective date of the bill.

FY 92: The effective date of the bill is July 1, 1991 and, therefore, revenues are based on an initial 500 contractors seeking a residential endorsement. The initial endorsement would be valid to December 31, 1992 so that residential endorsements will coincide with the general contractor's certificate of registration renewal date of December 31, 1992. 500 x \$150 license fees = \$75.0.

- FY 93: Residential contractor endorsements will be due for renewal on December 31, 1992. The renewed endorsement will be valid for two years and will expire on the same date as the general contractor's certificate of registration.  $500 \times \$150 = \$75.0$ .
- FY 94: This will be a nonrenewal year and no revenues other than fees from new registrants (not estimated) will be generated. Although no revenues will be received in this year, like all other licensing programs, the program will be covered by program receipts of other occupations renewing during that year.

6-0388C  
Lauterbach  
3/29/90

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.

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