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**72**





April 6, 1989

APR 10 1989

Senator Paul Fischer  
P.O. Box "Y"  
Juneau, Alaska 99811

RE: Sponsor Substitute SENATE BILL 72

Dear Senator Fischer:

The Kenai Peninsula Builders Association would like to thank you for addressing our concerns regarding the the original Senate Bill 72. Our association will support the rewritten Sponsor Substitute for Senate Bill 72, and appreciate the legislative effort to create positive legislation regarding the serious problem of poor quality construction in the rewritten bill.

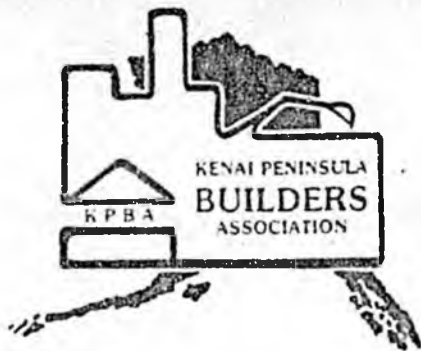
The Kenai Peninsula Builders Association will continue to ask for your support of state-wide mandatory building inspections as an Underwriting Guideline for any A/R/C loan. A five step inspection system would include Plans Approval, Footing, Foundation and Framing Inspection, Insulation Inspection, Electrical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

Sincerely,

KENAI PENINSULA BUILDERS ASSOCIATION

*Shelby Johnson*  
Shelby E. Johnson, President

SEJ/pav



April 6, 1989

Senator Mike Szymanski  
P.O. Box "V"  
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/pav

cc: Senator Paul Fischer  
Senator Jay Karttula  
Representative C. E. Swackhammer  
Representative Mike Nerverre  
Representative Jim Zawacki  
Representative Pat Pouchot

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

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

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Original sponsor: Szymanski

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IN THE SENATE

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 72 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\* Section 1. AS 08.01.050(a) is amended to read:

(a) The department shall perform the following administrative  
and budgetary services when appropriate:

- (1) collect and record fees;
- (2) maintain records and files;
- (3) issue and receive application forms;
- (4) notify applicants of acceptance or rejection as de-  
termined by the board or as determined by the department under AS 08.-  
11 for audiologists, under AS 08.18 for contractors, under AS 08.45  
for naturopaths, or under AS 08.55 for hearing aid dealers;
- (5) designate dates examinations are to be held and notify  
applicants;
- (6) publish notice of examinations and proceedings;
- (7) arrange space for holding examinations and proceedings;
- (8) notify applicants of results of examinations;
- (9) issue licenses or temporary licenses as authorized by  
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 f.  
2 naturopaths, or under AS 08.55 for hearing aid dealers;

3 (10) issue duplicate licenses upon submission of a writte  
4 request by the licensee attesting to loss of or the failure to receiv  
5 the original and payment by the licensee of a fee established b  
6 regulation adopted by the department;

7 (11) notify licensees of renewal dates at least 30 day  
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 or builder may not <sup>Undertake</sup> ~~oversee~~ the construction or alteration, or  
3           submit a bid to <sup>Undertake</sup> ~~oversee~~ the construction or alteration of a privately-  
4           owned residential structure of one to four units or advertise or  
5           publicly represent that the general contractor or builder may <sup>Undertak</sup> ~~oversee~~  
6           work of this type in the state without a residential contractor  
7           endorsement issued under this section.

8           (b) The department shall issue a residential contractor endorse-  
9           ment to a person who

10           (1) has a certificate of registration as a general contrac-  
11           tor;

12           (2) passes a residential contractor examination, which  
13           shall be offered by the department at least twice a year; the examina-  
14           tion, which may be written or practical, may test competence in rela-  
15           tion to arctic structural and thermal construction techniques and  
16           other matters as determined by the department in consultation with  
17           representatives of the construction industry;

18           (3) applies for an endorsement within six months after  
19           passing the examination required under (2) of this subsection;

20           (4) within the two years preceding the date of application  
21           for the endorsement, has satisfactorily completed the Alaska craftsman  
22           home program sponsored by the Department of Community and Regional  
23           Affairs; or completed a university-level course in arctic  
24           engineering or its equivalent

25           (5) is not under indictment for, or in the preceding seven  
26           years has not been under a sentence for, an offense related to forg-  
27           ery, theft, extortion, or conspiracy to defraud creditors or for a  
28           felony involving moral turpitude; and

29           (6) pays the appropriate fees.

30           (c) The department may not renew an endorsement issued under

1 this section unless the applicant submits proof of continued compe  
2 tency relating to residential contracting that satisfies the depart  
3 ment. A lapsed endorsement may be reinstated, within two years afte  
4 the lapse, upon proof of continued competency, payment of a renewa  
5 fee for the intervening time period, and payment of any penalty fe  
6 established under AS 08.01.100(b). If the endorsement has been lapse  
7 for more than two years, the department may not reinstate it until the  
8 person also passes the residential contractor examination described in  
9 (b) of this section.

10 \* Sec. 4. AS 08.18.041 is repealed and reenacted to read:

11 Sec. 08.18.041. FEES. (a) The department shall set fees under  
12 AS 08.01.065 for

13 (1) registration and renewal of registration for all cat  
14 egories of contractors;

15 (2) examination, issuance of initial endorsement, and  
16 renewal of active or inactive endorsements for residential contrac  
17 tors; and

18 (3) departmental publications and seminars related to this  
19 chapter.

20 (b) A person who fails a residential contractor examination  
21 shall pay the <sup>examination</sup> application fee set by the department if the person  
22 applies to retake an examination.

23 \* Sec. 5. AS 08.18.116 is amended to read:

24 Sec. 08.18.116. INVESTIGATIONS. Either the Department of Com-  
25 merce and Economic Development or the Department of Labor may investi-  
26 gate alleged or apparent violations of this chapter. These depart-  
27 ments, upon showing proper credentials, may enter, during regular  
28 hours of work, a construction site where it appears that contracting  
29 work is being done. The departments may make inquiries about the

1 identity of the contractor or the person acting in the capacity of  
 2 contractor. Upon demand, a contractor or person acting in the capac  
 3 ity of a contractor, or that person's representative, shall produce  
 4 evidence of current endorsement, if applicable, and registration.

5 \* Sec. 6. AS 08.18.121 is amended by adding a new subsection to read:

6 (h) The endorsement of a residential contractor is automatically  
 7 suspended or revoked while the contractor's registration is suspended  
 8 or revoked.

9 \* Sec. 7. AS 08.18 is amended by adding a new section to read:

10 Sec. 08.18.123. DENIAL, SUSPENSION, AND REVOCATION OF ENDORSE-  
 11 MENT. (a) The department may suspend, revoke, or refuse to grant or  
 12 renew a residential contractor endorsement upon a finding that

13 (1) the application is fraudulent or misleading;

14 (2) the contractor has knowingly violated this chapter or a  
 15 lawful order or regulation of the department;

16 (3) the contractor is incompetent or has engaged in fraudu-  
 17 lent practices.

18 (b) Proceedings for the denial, suspension, or revocation of  
 19 residential contractor endorsement are governed by the Administrative  
 20 Procedure Act (AS 44.62).

21 \* Sec. 8. AS 08.18.141(a) is amended to read:

22 (a) A contractor or a person acting in the capacity of a con-  
 23 tractor who knowingly violates [IN VIOLATION OF] AS 08.18.011 or  
 24 08.18.024 is guilty of a class B misdemeanor. A person who violates  
 25 another provision of this chapter is guilty of a violation punishable  
 26 under AS 12.

27 \* Sec. 9. AS 08.18.171 is amended by adding a new paragraph to read:

28 (10) "residential contractor" means a general contractor  
 29 whose ~~primary~~ business <sup>and</sup> operation involves <sup>under taking</sup> ~~overseeing~~ the construction

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or alteration of a privately-owned residential structure of one four units that is used or intended to be used as a human dwelling.

\* Sec. 10. AS 37.05 is amended by adding a new section to read:

ARTICLE 6A. MISCELLANEOUS PROVISIONS.

Sec. 37.05.800. RESTRICTION ON USE OF STATE MONEY FOR RESIDENTIAL CONTRACTING. (a) The state may not grant or loan money or purchase a loan for the construction or alteration of a privately owned residential structure of one to four units unless the grant or loan requires the construction or alteration to be <sup>undertaken by</sup> ~~performed under the~~ oversight of a residential contractor with an endorsement issued under AS 08.18.

(b) ~~Notwithstanding the exemptions in AS 08.18.161(9), (11), and (13),~~ the restriction of (a) of this section <sup>does not apply</sup> applies to a state loan or grant or purchase of a loan made for work described in AS 08.18.161(9), (11), and (13) that is <sup>exempt from the requirements</sup> ~~the construction or alteration of a~~ <sup>of AS 08.18.</sup> ~~privately-owned residential structure of one to four units.~~

\* Sec. 11. TRANSITIONAL LICENSING. Notwithstanding AS 08.18.024(b)(2) and (3), enacted by sec. 3 of this Act, the Department of Commerce and Economic Development shall issue a residential contractor endorsement to a person who

- (1) applies for an endorsement under this section by July 1, 1990;
- (2) meets the requirements of AS 08.18.024(b)(1) and (6);
- and
- (3) <sup>has been an active general contractor in Alaska for</sup> ~~actively engaged in the business of residential contracting for at least a total of three years~~ <sup>three of the last five years</sup> before applying for an endorsement under this section.

\* Sec. 12. This Act takes effect July 1, 1989.