

HB1559

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 19, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-1-91

The FINANCE Committee considered:

HB 159

HOUSE BILL NO. 159

EXTEND BD OF ELECTRICAL EXAMINERS

"An Act extending the Board of Electrical Examiners in the Department of Commerce and Economic Development; and providing for an effective date."

RECOMMENDATIONS:

the same title

be replaced with CS HB 159 (LIC)

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) OLEO 2-25-91

SIGNING-DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	✓	Eileen P. Mahan		✓	
<i>[Signature]</i>	x				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	x				
<i>[Signature]</i>	✓				

[Signature]
CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 159 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/19/91
Referred: Finance

Sponsor(s): HOUSE RULES/GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act extending the Board of Electrical Examiners in the Department of Commerce and
2 Economic Development; and providing for an effective date."

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

4 * Section 1. AS 08.03.010(c)(22) is amended to read:

5 (22) Board of Electrical Examiners (AS 08.40.011) -- June 30, 1992 [1991];

6 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

Bill Version: HB 159
 (H) Publish Date: 2/25/91

STATE OF ALASKA
 1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: Extending the Board of BRU: Occupational Licensing
Electrical Examiners Component: Administration
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO.

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
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						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.) Funding for the Board of Electrical Examiners is included in the department's FY 92 operating budget request and, therefore, new funds are not required. The FY 92 projected budget for the Board of Electrical Examiners is explained on the attached page.

Prepared By: Jennifer Strickler, Administrative Officer Phone: 465-2144
 Division: Occupational Licensing Date: January 31, 1991
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: January 31, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION OF FISCAL NOTE ANALYSIS

The Division of Occupational Licensing, Department of Commerce & Economic Development, is funded primarily by program receipts generated from licensing fees. All licensing programs share in the responsibility of covering a percentage of the administrative costs based on the number of current licensees (560 electrical administrators) divided by the total number of current division licensees (29,108). In FY 92, costs for the Board of Electrical Examiners are projected as follows:

Personal Services:			
-	Administrative costs	20.7	
-	25% Licensing Examiner	10.6	
-	15% Investigative	<u>7.5</u>	
	Sub-Total:		\$ 38.8
Travel:			
-	Administrative	1.2	
-	Board Travel	<u>4.4</u>	
	Sub-Total:		\$ 5.6
Contractual:			\$ 10.5
Supplies:			\$.8
Equipment:			\$ <u>.1</u>
	TOTAL: FY 92 Costs		\$ 55.8
<u>Average Annual Revenue:</u>			\$ 76.4

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-



House Labor and Commerce Committee
Letter of Intent for
HB 159

It is the intent of the Legislature by enactment of HB 159 that the Board of Electrical Examiners and the Department of Commerce and Economic Development shall work to ensure that electrical administrators make on-site inspections of the electrical projects for which they are responsible, in accordance with AS 08.40.195. It is the Legislature's intent that the Department adopt regulations requiring electrical administrators to certify in writing that jobs have been completed under their supervision, and that the required on-site inspections have been made. The Board shall suspend or revoke the licenses of administrators who fail to submit such certifications or submit substantially inaccurate certifications.

A handwritten signature in black ink, appearing to be "C. J. ...", written over a horizontal line.

Chairman
April 9, 1991

April 28, 1991

Reps. Milton MasLean & Mike Navarre
Alaska State Legislature

FAX 465-2444

I would appreciate your consideration of the information on the enclosed six pages in your consideration of SB-159 scheduled for hearing in the Finance Committee on Monday April 28, 1991.

If the Electrical Examiners board were allowed to sunset it could help to solve the problem with the inequities in the electrical - mechanical administrators statutes.

And it would be interesting to see what the savings on the budget would be by eliminating the board, their travel expenses and the expenses of the Depts of Labor and Commerce in attempting to enforce the statutes and regulations. Nothing would be lost that benefits the public.

It would be appreciated if you would make this letter available to the other members of the committee.

Yours very truly,

Harry Pursell
2540 Lord Baranof Dr.
Anchorage, AK 99517
Tel. 562-2425

March 28, 1991

I have been associated with the construction industry in Alaska for more than 40 years. In working with the industry I have become very concerned with the statutes and regulations concerning the licensing of contractors and tradesmen and the regulation of the industry.

With legislation now pending I believe it is time to recognize the problems and make some corrections.

About 1977, Alaska Statute 08.40 was enacted. The purpose of the chapter defined in Sec. 08.40.003 is "The purpose of this chapter is to protect the safety of people and property in the state from the danger of improperly installed electrical wiring and equipment, by providing a procedure to assure

- (1) the public that persons responsible for making electrical installations in this state are qualified; and
- (2) a sufficient number of persons are so qualified.

This Act has not achieved it's purpose and in fact has been counterproductive. Please consider the problems with the act enumerated in the 3 page memorandum attached.

Now the Board of Electrical Examiners is up for sunset review. HB No. 159 is under consideration to extend the life of the board. This is a good time to review what is needed to best accomplish the aim of protecting the safety of people and property in the state.

I have discussed this with individuals from the Dept. of Labor, Dept. of Commerce and Dept. of Public Safety who are very familiar with the problems with the existing statute and the enforcement thereof. I believe we all agree on the following points.

1. The greatest problem in protecting the public safety lies in an area that is excluded from the compliance and inspection requirements of the statutes. The people who die in fires from improper construction are usually in a single family residence in an outlying area that is exempted from the regulatory procedures.

2. All certified electricians and plumbers are not fully familiar with the code requirements and capable of planning and executing a job properly. Most of the Administrators licensed under the statutes were these same people and were licensed under "grandfather" provisions of the act. If they were capable of inspecting the work we would not need state inspectors but this is not the case.

3. Electrical installations are made by people who are not fully qualified and without proper plans or with plans that have not been reviewed.

4. AS 08.40 is so poorly written and so full of loopholes that in it's 12 years of existence there is no record of any license being revoked although numerous abuses have been noted.

RECOMMENDATIONS:

1. H.B. 159 extending the Board of Electrical Examiners be withdrawn or defeated. This would bring full consideration of the problem. Nothing would be lost as it has accomplished nothing in 12 years.

2. Enclosed is the draft of a bill introduced last session by Rep. Leman to eliminate the licensing of electrical and mechanical administrators and abolishing the two boards. Pass this legislation. It would leave the responsibility for proper installation where it should be - with the licensed and bonded contractors and the inspection where it should be - with unbiased competent state inspectors not on the payroll of the contractor and enforcement against the contractors and electricians where it should be.

3. Provide for state review by the Dept. of Labor of the electrical and mechanical plans before construction. This can be done with no budget increase and would be the very best thing that could happen to "protect the safety of people and property in the state ----".

This has been proven effective. At the present time complete plans including electrical and mechanical are required to be submitted to the Dept. of Public Safety, Div. of Fire Protection for review and approval. The review is not a lengthy expensive process. The approval provides it does not include any omissions or oversights by the approving agency and makes it clear all codes must be followed. (A sample copy of an approval is enclosed.)

Then the contractor and the workmen have a plan to work with, the state inspector has something to work with and the state enforcement officer has something on which to enforce compliance.

At the present time the Div. of Fire Protection discards the plans submitted when the building is finished or returns them to the owner if so requested. The electrician and mechanical drawings are not reviewed.

If AS 08.40 is repealed, the two boards eliminated and the state responsibility of maintaining records on the Administrators eliminated there will be a substantial

monetary savings. Just a fraction of these savings would take care of the review cost without the need of setting a fee for the review by the owner.

There should be no need for the addition to the budget for more inspectors especially if the now exempted residential occupancies are not inspected. Nearly all projects are now inspected. Also with the review problem projects will be easier to identify and targeted for closer inspection. The trained person making the review will see evidence during the review that things might not be up to standard and will alert everybody that the new installation exists.

The review could also disclose potential environmental problems or construction that might meet the codes but not be suitable for Alaska conditions. The state has spent a great deal of money in bush housing correcting problems that could have been flagged with a plan review.

4. Consideration should be given to including in the review process the construction of housing in the outlying area that is now excluded. Even if the review was done without a subsequent inspection there could be enforcement if the job is done improperly and did not follow the plans. The owner could file a complaint and request an inspection.

5. For efficiency some consideration should be given to consolidating the review and inspection responsibilities in one department. The fire marshal in making an inspection could give a cursory inspection of the plumbing and electrical and call for a further inspection if something appeared to be out of line.

I believe the most important point is that the inspection is a governmental function. Then everybody is treated the same and the inspector is not subject to the influence of the one who is writing his paycheck.

Please consider the following argument in opposition to House Bill No. 159 "An Act extending the Board of Electrical Examiners in the Department of Commerce and Economic Development; and providing for an effective date."

This board is now subject to sunset review. I believe it should be allowed to expire.

Alaska Statute 08.40 was passed creating this board and creating "Electrical Administrators". The purpose of the chapter defined in Sec. 08.40.005 is "the purpose of this chapter is to protect the safety of people and property in the state from the danger of improperly installed electrical wiring and equipment, by providing a procedure to assure (1) the public that persons responsible for making electrical installations in this state are qualified; and (2) a sufficient number of persons are so qualified.

The statute empowers the board jurisdiction only over the Electrical Administrators. It works under the Department of Commerce and not under the Department of Labor where electrician Fitness Certification and electrical inspections are handled.

I believe this statute has been in effect since about 1977. It not only has failed in it's intent it is clearly counterproductive, against the public interest and benefits only special interests.

It was promoted in the first place by these special interests and is making unnecessary budget demands, restricting competition, increasing construction costs, is detrimental to small businesses, gives advantages to out of state businesses and makes liars and cheats in the Alaska construction industry.

The public is protected without the need of an Electrical Administrator. The contractors are licensed and bonded, the electricians are examined to verify their competence and understanding of the codes and issued a Certificate of Fitness, the Alaska Dept. of Labor has inspectors to inspect the work, and all work is required to be installed in conformance with the National Electrical Code.

If additional inspection of the work is needed it should be done by the Alaska Department of Labor. Enforcement should be the responsibility of the government. That it is unbiased and the same for everybody. It should not be done by an employee hired and paid by the contractor. It is obvious the contractor can get the inspection he wants if he has this control on the inspector.

Please consider these flaws in the regulations requiring the Electrical Administrator.

1. Sec. 08.40.105 reads "A person licensed under this chapter-----must personally inspect those materials after installation and repair unless the installation or repair amounts to simple or highly standardized work performed in less than 24 man hours by personnel generally under the supervision of the electrical administrator."

A review of the listing of Electrical Administrators as of 9-6-88 showed 376 active administrators. 55 of these list an out of state address and Dept. of Labor officials have told me they know of others that list an Alaska address but clearly reside elsewhere. If the administrator is not in the state it is obvious he cannot be inspecting the work. I was told this past week that to date only one license has been revoked because the administrator failed to do his job.

A review of the listing of Electrical Contractors will show large contractors with work in progress all over the State with only one administrator. Some work accomplished one day would be covered up the next day where it could not be inspected. It is obvious that one administrator could not be in Bethel, Fairbanks and Haines at the same time inspecting the work.

The regulations do not specify when the inspection is to be made. It seems the Administrator might fulfill his duty by looking at a job a year after the installation.

2. Sec. 08.40.130 reads "A person may not qualify for or operate as an Electrical Administrator for more than one registered contractor."

If an Administrator is desirable and needed why would there be this restriction? Couldn't an Administrator act as an independent business to provide his service to any contractor without an Administrator? I believe it is because it would not do what was really intended with this legislation.

A. To provide an extra source of income to electricians. The Administrator can assign his license to the Contractor. This may help the individual keep his job, help the Contractor by restricting competition or may provide the individual with some extra money for assigning his license. But it accomplishes nothing for the public and invites abuse.

When the law was enacted all electricians that applied for the license were grandfathered without taking a test. Now they can sell their Administrator services to the highest bidder and exert some control over their employer by threatening to withdraw their license. Most have not been tested and many are not qualified. If it is contended they are qualified and the program is working properly why do we have need of State Electrical Inspectors?

B. To restrict competition. An example is an individual acting as an electrical contractor and is also an Administrator. A review of the State listing of contractors will show many examples. John Doe is listed as an Administrator for John Doe Electric Co. In this case John Doe installs the work and then provides his own inspection. Nothing is accomplished for the public but the individual benefits as it restricts competition by adding expense and bureaucratic problems to his competition.

The regulations discriminate against Alaska businesses to the benefit of outside business.

An example is the construction of camp modules in the State of Alaska. If the work is done in a factory in Alaska an Administrator must supervise the electrical, mechanical and plumbing work even though the work is standardized and repetitive and is accomplished by tradesmen with a Certificate of Fitness in accordance with the codes.

April 8, 1991

Reps. David Finkelstein
House Labor & Commerce Committee
Juneau, Alaska

FAX 465-2444

We have talked about my concerns with Alaska Statute Sec. 08.40 dealing with electrical and mechanical administrators.

I am now informed your committee will have a hearing on H.B. 159 tomorrow April 9th and Catherine Rierden has provided me with a Letter of Intent you propose to present to the committee.

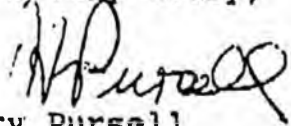
I have given you information on the problems with Sec. 08.40. I have discussed these problems with Mr. Don Cather, Chief Mechanical Inspector, Dept. of Labor, Mr. Jack McGary, Alaska Fire Marshalls office and Mr. Dennis Bowden, Investigator, Licensing Enforcement Unit. All agree these problems exist.

Your Letter of Intent does not address these problems. The problem is not in the enforcement. Please talk to Mr. Cather or Mr. Bowden. The problem is with AS 08.40.

If implemented your Letter of Intent would cause chaos in the construction industry. More enforcement is not practical and would not serve the public.

I strongly urge a full hearing on the subject with attendance by the construction industry and the people named above that have to work with the problems and understand them.

Yours very truly,



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