

**HB**

**542**

23-LS1874D  
Bannister  
4/9/04

CS FOR HOUSE BILL NO. 542( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

*Adopted  
4/29/04*

BY

Offered:  
Referred:

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act reducing to \$5,000 the ceiling for a contract price allowed under one  
2 construction contractor exemption and expanding the work that a specialty contractor  
3 may perform to include, in addition to work requiring not more than three trades, work  
4 under that construction contractor exemption; and changing the definition of specialty  
5 contractor to refer to the work that a specialty contractor may perform."

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

7 \* Section 1. AS 08.18.024 is amended by adding a new subsection to read:

8 (b) Notwithstanding (a) of this section, a specialty contractor may perform  
9 work that

10 (1) requires the use of not more than three trades; or

11 (2) is exempt under AS 08.18.161(8).

12 \* Sec. 2. AS 08.18.161(8) is amended to read:

13 (8) work on one project under one or more contracts, the aggregate

1 contract price of which for labor and materials and all other items is less than \$5,000  
2 [\$10,000]; this exemption does not apply when the work is only a part of a larger or  
3 major operation, whether undertaken by the same or a different contractor, or when the  
4 work is divided into contracts of amounts less than \$5,000 [\$10,000] for the purpose  
5 of evasion of this chapter or otherwise; this exemption does not apply to a person who  
6 advertises or puts out a sign or card or other device that might indicate to the public  
7 that the person is a contractor, or that the person is qualified to engage in the  
8 contracting business; a contractor who performs work priced at \$2,500 or more, under  
9 this exemption, shall nevertheless keep in force public liability and property damage  
10 insurance with coverage in at least the amounts set out in AS 08.18.101;

11 \* Sec. 3. AS 08.18.171(16) is amended to read:

12 (16) "specialty contractor" means a contractor, other than a mechanical  
13 contractor, whose business operations are described in AS 08.18.024(b) [REQUIRE  
14 THE USE OF NOT MORE THAN THREE TRADES];

15 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 TRANSITION PROVISIONS. (a) AS 08.18.161(8), as amended by sec. 2 of this  
18 Act, does not apply to a person who has a business license under AS 43.70.020 to perform  
19 work under AS 08.18.161(8) until the later of

20 (1) the end of the term for which the business license is issued before the  
21 person is required to renew the license; or

22 (2) the completion of construction begun by the person under AS 08.18.161(8)  
23 before the effective date of this Act.

24 (b) Notwithstanding (a) of this section, AS 08.18.161(8), as amended by sec. 2 of this  
25 Act, applies to all persons on and after a date that is one and one-half years after the effective  
26 date of this Act.

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 542  
 (H) Publish Date: 4/13/04

Revision Date/Time (Note if correction):  
 Title Construction Contractors  
 Sponsor House Labor and Commerce  
 Requester House Labor and Commerce

Dept. Affected: DCED  
 RDU Occupational Licensing (117)  
 Component Occupational Licensing  
 Component No. 2360

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156 - Receipt Supported Services						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

HB 542 makes amendments to the specialty contractors license requirements and contractor exemptions. New funds are not required to implement these amendments.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144  
 Division Occupational Licensing Date/Time 3/29/04 1:40 PM  
 Approved by: Edgar Blatchford, Commissioner Date 3/29/2004  
 Agency Department of Community and Economic Development



# Alaska State Legislature

Rep. Tom Anderson, Chair  
Rep. Carl Gatto, Vice - Chair  
Rep. Norman Rokeberg, Member  
Rep. Nancy Dahlstrom, Member  
Rep. Bob Lynn, Member  
Rep. Harry Crawford, Member  
Rep. David Guttenberg, Member



State Capitol  
Juneau, Ak 99801-1182  
(907) 465-4954  
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## House Labor & Commerce Committee

### SPONSOR STATEMENT

#### HB 542

**"An Act relating to specialty construction contractors and to construction contractor exemptions."**

HB 542 lowers the limit of a project cost from \$10,000 to \$5,000, and expands the work that can be done by a specialty contractor. Under current law, exemptions allowed under AS 08.18.161(8) allows unlicensed persons to act as contractors, when they are not. In fact, they compete with contractors and are not required to have a bond or insurance. The \$10,000 limit on the value of work they can do makes this an attractive alternative. However, having no bond or insurance gives the consumer no protection from faulty work.

Occupational Licensing issues these individuals a business license under a 2360 code, which says their license is "Construction related Exempt from contractors registration". If they were to show their license to someone, they would probably get the idea that they were licensed contractors.

To help alleviate the problem, Occupational Licensing has created category under the 8101 code, and called them Handymen, which is what they have always been called, yet there is nothing in law or regulations that use that name.

The changes provided in HB 542 will go a long way toward resolving the issue and provide a greater level of consumer protection.

# LINES OF BUSINESS AND ACTIVITIES

The business classification system has been updated.

A single license enables your business to engage in any activity within the assigned Line of Business.

If your business works in more than one line, you will need more than one business license.

The Line of Business assigned to a business license cannot be changed. To change a Line of Business, you must obtain a new business license.

## LINES OF BUSINESS

- 11 - Agriculture, Forestry, Fishing and Hunting
- 21 - Mining
- 22 - Utilities
- 23 - Construction
- 31 - Manufacturing
- 42 - Trade
- 48 - Transportation and Warehousing
- 51 - Information
- 52 - Finance and Insurance
- 53 - Real Estate, Rental, and Leasing
- 54 - Professional, Scientific, and Technical Services
- 55 - Management of Companies and Enterprises
- 56 - Administrative, Support, Waste Management, and Remediation Services
- 61 - Educational Services
- 62 - Health Care and Social Assistance
- 71 - Arts, Entertainment, and Recreation
- 72 - Accommodation and Food Services
- 81 - Services
- 92 - Public Administration

### **NEED HELP?**

For assistance or for information about the Business License program, contact the business license office nearest you in person or by telephone. If you prefer to write, send your letter to the headquarters office in Juneau, or E-mail to: [License@dced.state.ak.us](mailto:License@dced.state.ak.us).

**JUNEAU HEADQUARTERS**  
Division of Occupational Licensing  
P.O. Box 110806, Juneau, AK 99811-0806

*Physical Location in Juneau*  
Location: 9th Floor, State Office Building, 333 Willoughby Avenue  
Telephone: (907) 465-2550

**ANCHORAGE**  
Atwood Building, 550 W 7th Avenue, Suite 1500  
Telephone: (907) 269-8173

**WEBSITE:** [www.dced.state.ak.us/occ/buslic.htm](http://www.dced.state.ak.us/occ/buslic.htm)

## BUSINESS ACTIVITIES

1. Select the Activity Code from the list below your Line of Business which best describes your primary business activity and write the code number on your application.
2. You may select one additional Activity Code from the list below your Line of Business to describe a significant secondary activity.

If you engage in an activity with a six-digit code, an occupational license is required before a business license will be issued.

If your business activities are not listed under the Line of Business you have selected, you must either change your Line of Business, or obtain an additional business license.

### AGRICULTURE, FORESTRY, FISHING & HUNTING

1111	Oilseed & Grain Farming
1112	Vegetable & Melon Farming
1113	Fruit & Tree Nut Farming
1114	Greenhouse, Nursery & Floriculture Production
1119	Other Crop Farming
1121	Cattle Ranching & Farming
1122	Hog & Pig Farming
1123	Poultry & Egg Production
1124	Sheep & Goat Farming
1125	Animal Aquaculture
1129	Other Animal Production (breed/raise sled dogs)
1131	Timber Tract Operations
1132	Forest Nurseries & Gathering Forest Products
1133	Logging
1141	Fishing (commercial, <i>not guides</i> )
1142	Hunting & Trapping (commercial, <i>not guides</i> )
1151	Crop Production Support
1152	Animal Production Support
1153	Forestry Support

### MINING

2111	Oil & Gas Extraction
2121	Coal Mining
2122	Metal Ore Mining
2123	Nonmetallic Mineral Mining & Quarrying
2131	Mining Support Activities

### UTILITIES

2211	Electric Power Generation, Transmission & Distribution
2212	Natural Gas Distribution
2213	Water, Sewage & Other Systems

### CONSTRUCTION

2331	Land Subdivision & Land Development (no const. or site prep.)
233200	<i>General Contractors</i>
233300	<i>General Contractors (excluding residential)</i>
<i>Specialty Construction Contractors:</i>	
234100	<i>Road Construction</i>
235100	<i>Plumbing, Heating &amp; Air Conditioning</i>
235200	<i>Painting &amp; Wall Covering</i>
235300	<i>Electrical Contractors</i>
235400	<i>Masonry, Drywall, Insulation, Tile</i>
235500	<i>Carpentry &amp; Floor</i>
235600	<i>Roofing, Siding, &amp; Sheet Metal</i>
235700	<i>Concrete Contractors</i>
235800	<i>Water Well Drilling</i>
235900	<i>Other Special Trade Contractors (excavation, glazing, - plaster, welding, gas tank &amp; sewer systems, etc.)</i>
235991	<i>Underground Storage Tank Workers</i>

### MANUFACTURING

3111	Animal Food Manufacturing
3112	Grain & Oilseed Milling
3113	Sugar & Confectionery Product Manufacturing
3114	Fruit & Vegetable Preservatives & Specialty Food Mfg.
3115	Dairy Product Manufacturing
3116	Animal Slaughtering & Processing
3117	Seafood Product Preparation & Packaging

### Manufacturing, continued

3118	Bakeries & Tortilla Manufacturing
3119	Other Food Manufacturing
3121	Beverage Manufacturing
3122	Tobacco Manufacturing
3131	Fiber, Yarn & Thread Mills
3132	Fabric Mills
3133	Textile/Fabric Finishing/Fabric Coating Mills
3141	Textile Furnishings Mills
3149	Other Textile Product Mills
3151	Textile Furnishings Mills
3152	Cut & Sew Apparel Manufacturing
3159	Apparel Accessories & Other Apparel Manufacturing
3161	Leather & Hide Tanning & Finishing
3162	Footwear Manufacturing
3169	Other Leather & Allied Product Manufacturing
3211	Sawmills & Wood Preservation
3212	Veneer, Plywood & Engineered Wood Product
3219	Other Wood Product Mfg. (manufactured homes)
3221	Pulp, Paper & Paperboard Mills
3222	Converted Paper Product Manufacturing
3231	Printing & Related Support Activities
3241	Petroleum & Coal Products Manufacturing
3251	Basic Chemical Manufacturing
3252	Resin, Synthetic Rubber, Artificial & Synthetic
3253	Pesticide, Fertilizer & Other Agricultural Chemical Mfg.
325412	<i>Pharmaceutical &amp; Medicine Manufacturing</i>
3255	Paint, Coating & Adhesive Manufacturing
3256	Soap, Cleaners & Toilet Preparation Manufacturing
3259	Other Chemical Product & Preparation
3261	Plastics Product Mfg.
3262	Rubber Product Mfg.
3271	Clay Product & Refractory Mfg.
3272	Glass & Glass Product Mfg.
3273	Cement & Concrete Produce Mfg.
3274	Lime & Gypsum Product Mfg.
3311	Iron & Steel Mills & Ferroalloy Mfg.
3312	Steel Product Mfg. From Purchased Steel
3313	Alumina & Aluminum Production & Processing
3314	Nonferrous (excluding Alum) Production & Processing
3315	Foundries
3321	Forging & Stamping
3322	Cutlery & Hand tool Mfg.
3323	Architectural & Structural Metals Mfg.
3324	Boiler, Tank & Shipping Container Mfg.
3325	Hardware Mfg.
3326	Spring & Wire Product Mfg.
3327	Machine Shops, Turn Products, Screw, Nut, Bolt Mfg.
3328	Coating, Engrave, Heat Treating & Other Activity
3329	Other Fabricated Metal Product Mfg. (welding)
3331	Agriculture, Construction & Mining Machinery Mfg.
3332	Industrial Machinery Mfg.
3333	Commercial & Service Industry Machinery Mfg.
3334	HVAC & Commercial Refrigeration Equipment Mfg.
3335	Metalworking Machinery Mfg.
3336	Engine, Turbine & Power Transmission Equipment Mfg.
3339	Other General Purpose Machinery Mfg.
3341	Computer & Peripheral Equipment Mfg.
3342	Communications Equipment Mfg.
3343	Audio & Video Equipment Mfg.
3344	Semiconductor & Other Electronic Component Mfg.

**Manufacturing, continued**

3345	Navigational, Measuring, Medical, Control Instruments Mfg
3346	Mfg. & Reproducing Magnetic & Optical Media
3351	Electric Lighting Equipment Mfg.
3352	Household Appliance Mfg
3353	Electrical Equipment Mfg.
3359	Other Electrical Equipment & Component Mfg
3361	Motor Vehicle Mfg.
3362	Motor Vehicle Body & Trailer Mfg
3363	Motor Vehicle Parts Mfg.
3364	Aerospace Product & Parts Mfg. (restoration & rebuilding)
3365	Railroad Rolling Stock Mfg
3366	Ship & Boat Building
3369	Other Transportation Equipment Mfg.
3371	Household & Institutional Furniture & Kitchen Cabinet Mfg
3372	Office Furniture (including Fixtures) Mfg.
3379	Other Furniture Related Product Mfg.
3391	Medical Equipment & Supplies Mfg
3399	Other Miscellaneous Manufacturing (i.e., jewelry, silverware, dolls, etc.)

**TRADE****WHOLESALE:**

4211	Motor Vehicle, Motor Vehicle Parts & Supplies
4212	Furniture & Home Furnishings
4213	Lumber & Other Construction Materials
4214	Professional & Commercial Equipment & Supplies
4215	Metal & Mineral (except Petroleum)
4216	Electrical Goods
4217	Hardware, Plumbing & Heating Equipment & Supplies
4218	Machinery, Equipment & Supplies
4219	Miscellaneous Durable Goods
4221	Paper & Paper Products
4222	Drugs and Druggists' Sundries Wholesalers
<b>422210</b>	<b>Pharmaceuticals wholesale</b>
4223	Apparel, Piece Goods & Notions
4224	Grocery & Related Products
4225	Farm Product Raw Materials
4226	Chemical & Allied Products
4227	Petroleum & Petroleum Products
4228	Beer, Wine, Distilled Alcoholic Beverages
4229	Miscellaneous Nondurable Goods

**RETAIL:**

4411	Automobile Dealers (cars)
4412	Other Motor Vehicle Dealers (except cars)
4421	Furniture Stores
4422	Home Furnishings Stores
4431	Electronics & Appliance Stores
4441	Building Material & Supplies Dealers
4442	Lawn & Garden Equipment & Supplies Stores
4451	Grocery Stores
4452	Specialty Food Stores
4453	Beer, Wine & Liquor Stores
4461	Health & Personal Care Stores
<b>446110</b>	<b>Pharmacies</b>
<b>446130</b>	<b>Dispensing Opticians</b>
<b>446192</b>	<b>Hearing Aid Dealers</b>
4471	Gasoline Stations
4481	Clothing Stores
4482	Shoe Stores
4483	Jewelry, Luggage & Leather Goods Stores
4511	Sporting Goods, Hobby, Musical Instrument, Craft Stores
4512	Book, Periodical & Music Stores
4521	Department Stores
4529	Other General Merchandise Stores
4531	Florists
4532	Office Supplies, Stationery & Gift Stores
4533	Used Merchandise Stores
4539	Other Miscellaneous Retailers
4538	Mobile Home Dealers
4541	Electronic Shopping & Mail-order Houses
4542	Vending Machine Operators
4543	Direct Selling Establishments

**TRANSPORTATION AND WAREHOUSING**

4811	Scheduled Air Transportation
4812	Nonscheduled (private) Air Transportation
4821	Rail Transportation
4831	Deep Sea, Coastal & Great Lakes Water Transportation
4832	Inland Water Transportation

**Transportation and Warehousing, continued**

4841	General Freight Trucking
4842	Specialized Freight Trucking
4851	Urban Transit Systems
4852	Interurban & Rural Bus Transportation
4853	Taxi & Limousine Service
4854	School & Employee Bus Transportation
4855	Charter Bus Industry
4859	Other Transit & Ground Passenger Transportation
4861	Pipeline Transportation of Crude Oil
4862	Pipeline Transportation of Natural Gas
4869	Other Pipeline Transportation
4871	Scenic & Sightseeing Transportation, Land
4872	Scenic & Sightseeing Transportation, Water (boat charter not fishing)
4879	Scenic & Sightseeing Transportation, Other
4881	Air Transportation Support Activities (runway maint., aircraft R & M)
4882	Rail Transportation Support Activities
4883	Water Transportation Support Activities
<b>488330</b>	<b>Marine Pilots and Agents</b>
4884	Road Transportation Support Activities (towing)
4885	Freight Transportation Arrangement
4889	Other Transportation Support Activities
4911	Postal Service, Postal Delivery Service:
4921	Couriers
4922	Local Messengers & Local Delivery
4931	Warehousing & Storage

**INFORMATION**

5111	Newspaper, Periodical, Book, Database Publishers
5112	Software Publishers
5121	Motion Picture & Video Industries
5122	Sound Recording Industries
5131	Radio & Television Broadcasting
5132	Cable Networks & Program Distribution
5133	Telecommunications
5141	Information Services (internet service providers)
5142	Data Processing Services

**FINANCE**

5211	Monetary Authorities - Central Bank
5221	Depository Credit Intermediation
5222	Non-depository Credit Intermediation - (mortgage companies, consumer lending, pawn shops, etc.)
5223	Activities Related to Credit Intermediation (mortgage brokers)
5231	Security & Commodity Contracts Intermed & Brokerage
5232	Securities & Commodity Exchanges
5239	Other Financial Investment Activities
5241	Insurance Carriers
5242	Agencies & Other Insurance Related Activities
5251	Insurance & Employee Benefit Funds
5259	Other Investment Pools & Funds

**REAL ESTATE, RENTAL, AND LEASING**

5311	Lessors of Real Estate
5312	Offices of Real Estate Agents and Brokers
5313	Activities related to Real Estate
<b>531210</b>	<b>Real Estate Brokers</b>
<b>531211</b>	<b>Real Estate Sales People</b>
<b>531312</b>	<b>Real Estate Property Managers</b>
<b>531320</b>	<b>Certified Real Estate Appraisers</b>
5314	Appraisers (non-certified)
5321	Automotive Equipment Rental & Leasing
5322	Consumer Goods Rental (video rentals, etc.)
5323	General Rental Centers (shop owners, etc.)
5324	Commercial/Industrial Equipment Rental & Leasing
5331	Lessors of Other Nonfinancial Intangible Asset

**PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES**

5411	Legal Services
5412	Accounting, Tax Prep, Bookkeeping, Payroll Services
5413	Architectural, Engineering & Related Services (except)
<b>541211</b>	<b>Public Accountants (CPAs)</b>
<b>541310</b>	<b>Architects</b>
<b>541320</b>	<b>Landscape Architects</b>
<b>541330</b>	<b>Engineers</b>
<b>541360</b>	<b>Geologists (registered)</b>
<b>541370</b>	<b>Land Surveyors</b>
5414	Specialized Design Services (interior design services)
5415	Computer Systems Design & Related Svcs (web design)

**Professional, Scientific, and Technical Services, continued**

5416 Management, Science, Technical Consulting, Environ. Svc  
5417 Scientific Research & Development Service  
5418 Advertising & Related Service:  
5419 Other Professional, Scientific, Technical Svcs (diving svcs  
541940 *Veterinarians*

**MANAGEMENT OF COMPANIES & ENTERPRISES**

5511 Management of Companies & Enterprise

**ADMINISTRATIVE, SUPPORT, WASTE MANAGEMENT, AND REMEDIATION SERVICES**

5611 Office Administrative Service:  
5612 Facilities Support Service:  
5613 Employment Service:  
5614 Business Support Services (transcription services  
561440 *Collection Agencies*  
5615 Travel Arrangement & Reservation Service  
5616 Investigation & Security Services (locksmiths, private inv  
5617 Services to Buildings & Dwellings (janitorial, snow plowing  
lawn services)  
5619 Other Support Services (packaging, labeling, flagging  
trade show organizers  
5621 Waste Collection  
5622 Waste Treatment & Disposal  
5629 Remediation & Other Waste Management Service

**EDUCATIONAL SERVICES**

6111 Elementary & Secondary School:  
6112 Junior Colleges:  
6113 Colleges, Universities & Professional School  
6114 Business Schools, Computer, & Management Trainin  
6115 Technical & Trade Schools:  
611511 *Barber, Hairdresser, Manicurist, Esthetician Schools*  
6116 Other Schools & Instruction (fine arts, language, piano  
sports & recreation instruction  
6117 Educational Support Services (preschools)

**HEALTH CARE AND SOCIAL ASSISTANCE**

621111 *Physicians, Osteopaths (medical doctors)*  
621210 *Dentists*  
6213 Offices of Other Health Practitioners (exempt from prof lic  
621310 *Chiropractors*  
621320 *Optometrists*  
621330 *Psychologists*  
621340 *Speech Pathologists*  
621341 *Audiologists*  
621342 *Physical Therapists*  
621343 *Occupational Therapists*  
621389 *Dietitians*  
621390 *Nutritionists*  
621391 *Podiatrists*  
621392 *Acupuncturists*  
621393 *Dental Hygienists*  
621394 *Direct Entry Midwives*  
621395 *Naturopaths*  
621396 *Registered Nurses, ANPs, RNAs*  
621397 *Practical Nurses*  
621398 *Nurse Aides*  
621399 *Physicians' Assistants, Paramedics*  
6214 Outpatient Care Centers (Family Planning Ctrs, Medica  
Clinics, Substance Abuse Ctrs, Kidney Dialysis Ctrs  
621411 *Professional Counselors*  
6215 Medical & Diagnostic Laboratorie:  
621513 *Dental X-Ray Equipment (ownership)*  
6216 Home Health Care Services (skilled health svcs in home:  
6219 Other Ambulatory Health Care Service  
(Ambulance Svcs, Blood & Organ Banks  
6221 General Medical & Surgical Hospital  
6222 Psychiatric & Substance Abuse Hospital:  
6223 Other Specialty Hospital:  
6231 Nursing Care Facilities:  
623111 *Nursing Home Administrators*  
6232 Residential Mental Retardation/Health Facility

6233 Community Care Facilities for the Elderl  
6239 Other Residential Care Facilities (halfway homes, orphanage  
6241 Individual & Family Services (drug prevention, life skills trainin  
624191 *Marital & Family Therapists*  
624192 *Social Workers*  
6242 Community, Emergency & Other Relief Service  
6243 Vocational Rehabilitation Service  
6244 Child Day Care Services:

**ARTS, ENTERTAINMENT, AND RECREATION**

7111 Performing Arts Companies:  
7112 Spectator Sports:  
711310 *Concert Promoters*  
7114 Agents, Managers for Artists & Other Public Figure  
7115 Independent Artists, Writers & Performers (photographers  
taxidermy,  
7121 Museums, Historical Sites & Like Institution:  
7131 Amusement Parks & Arcade:  
7132 Gambling Industries:  
7139 Other Amusement & Recreation Industries (golf course:  
country clubs, skiing facilities, marinas, tourist guide:  
713991 *Hunting Guides*  
713992 *Transporters (for hunting guides)*  
7140 Fishing Guides and Fishing Charter:

**ACCOMMODATION & FOOD SERVICES**

7211 Traveler Accommodation  
(hotels, motels, bed & breakfast)  
7212 RV Parks & Recreational Camp:  
7213 Rooming & Boarding House:  
7221 Full-Service Restaurant:  
7222 Limited-Service Eating Places (snack bars, cafeteria:  
7223 Special Food Services (caterers, mobile food service  
7224 Drinking Places (alcoholic beverage):

**SERVICES**

8101 Handyman  
8111 Automotive Repair & Maintenance  
8112 Electronic & Precision Equipment R & M  
8113 Commercial Equipment (excluding auto & electronic) R & I  
8114 Personal & Household Goods R & M (alterations:  
8121 Personal Care Services (diet & weight ctrs, massage therap  
812110 *Esthetician, Skin Care*  
812111 *Barber*  
812112 *Hairdresser*  
812113 *Manicurists*  
812198 *Body Piercing practitioners*  
812199 *Tattoo & Perm. Cosmetic Coloring practitioners*  
812210 *Morticians*  
812211 *Embalmers*  
812212 *Funeral Directors*  
812213 *Funeral Establishments*  
8123 Dry-cleaning & Laundry Service:  
8129 Other Personal Services (pet care (except veterinary)  
photofinishing, parking lots, escort services  
8131 Religious Organization:  
8132 Grantmaking & Giving Service:  
8133 Social Advocacy Organization:  
8134 Civic & Social Organization:  
8141 Private Household Services (cooks, maids, butlers  
gardeners, caretakers)

**PUBLIC ADMINISTRATION**

9211 General Government Administration  
(public finance activities  
9221 Justice, Public Order & Safety Activities:  
(courts, police protection, fire protection  
9231 Administration of Human Resource Program  
(education programs, public health program:  
9241 Administration of Environmental Quality Program  
(air, water, solid waste  
9251 Administration of Housing, Urban Planning, Community Dev  
9261 Administration of Economic Program  
(transportation, utilities, agricultura  
9271 Space & Research Technology  
9281 National Security & International Affairs



Sec. 08.18.161. Exemptions.

To the extent that this chapter governs contractors, this chapter does not apply to

- (1) an authorized representative of the United States government, the State of Alaska, or a political subdivision or agency of the state;
- (2) an officer of a court when acting within the scope of office;
- (3) a public utility operating under the regulations of the public service commission in construction, maintenance, or development work incidental to its own business;
- (4) a construction, repair, or operation incidental to the discovering or producing of petroleum or gas, or the drilling, testing, abandoning, or other operation of a petroleum or gas well or a surface or underground mine or mineral deposit when performed by an owner or lessee;
- (5) the sale or installation of finished products, materials, or articles of merchandise that are not actually fabricated into and do not become a permanent, fixed part of a structure;
- (6) construction, alteration, or repair of personal property;
- (7) a person who only furnished materials, supplies, or equipment without fabricating them into, or consuming them in the performance of, the work of the contractor;
- (8) work on one project under one or more contracts, the aggregate contract price of which for labor and materials and all other items is less than \$10,000; this exemption does not apply when the work is only a part of a larger or major operation, whether undertaken by the same or a different contractor, or when the work is divided into contracts of amounts less than \$10,000 for the purpose of evasion of this chapter or otherwise; this exemption does not apply to a person who advertises or puts out a sign or card or other device that might indicate to the public that the person is a contractor, or that the person is qualified to engage in the contracting business; a contractor who performs work priced at \$2,500 or more, under this exemption, shall nevertheless keep in force public liability and property damage insurance with coverage in at least the amounts set out in AS 08.18.101 ;
- (9) an owner who contracts for a project with a registered contractor;
- (10) a person working on that person's own property, whether occupied by the person or not, and a person working on that person's own residence, whether owned by the person or not;
- (11) an owner or tenant of commercial property who uses the owner's or tenant's own employees to do maintenance, repair, and alteration work upon that property;
- (12) an owner who acts as the owner's own contractor and in doing so hires workers on an hourly basis, hires subcontractors, purchases materials and, as such, sees to the paying for all labor, subcontractors, and materials; in this case, the owner shall be limited to construction of one home, duplex, triplex, four-plex, or one commercial building a year;

(13) a person performing construction work incidental to farming, dairying, agriculture, horticulture, stock or poultry raising, mining, logging, fishing, clearing, or other work upon the land in rural districts for fire prevention purposes, or access road building, unless the person is a licensee.

*Sec. 08.18.170. [Repealed, Sec. 1 ch 100 SLA 1968].*

Repealed or Renumbered

Sec. 08.18.171. Definitions.

In this chapter,

(1) "builder" means general contractor;

(2) "cash deposit" means a cash deposit or other negotiable security filed with the commissioner in lieu of a surety bond under AS 08.18.071(b);

(3) "commissioner," unless the text reads otherwise, means the commissioner of the Department of Community and Economic Development;

(4) "contractor" means a person who, in the pursuit of an independent business, undertakes or offers to perform, or claims to have the capacity to perform, or submits a bid for a project to construct, alter, repair, move, or demolish a building, highway, road, railroad, or any type of fixed structure, including excavation and site development and erection of scaffolding; "contractor" includes a general contractor, builder, mechanical contractor, specialty contractor, and subcontractor;

(5) "department" means the Department of Community and Economic Development, unless the context indicates otherwise;

(6) "existing home" means a residence previously occupied as a residence;

(7) "general contractor" means a contractor whose business operations require the use of more than three trades or the use of mechanical or specialty contractors and subcontractors who are under the supervision of the contractor;

(8) "home inspection" means a visual examination, performed in accordance with standards of practice adopted by the department, of the readily accessible parts of one or more of the following systems and components of a residence or intended residence:

(A) heating and air-conditioning systems;

(B) plumbing and electrical systems;

(C) built-in appliances;

(D) roof, attic, and visible insulation;

(E) walls, ceilings, floors, windows, and doors;

(F) foundation and basement;

(G) visible interior and exterior structures;

(H) drainage to and from the residence;

(I) other systems or components as specified by the department in regulations;

(9) "home inspector" means an individual who performs or offers to perform a home inspection for a fee;

(10) "joint registration" means a certificate of registration that authorizes an individual to inspect both new homes and existing homes;

(11) "knowingly" has the meaning given in AS 11.81.900 ;

(12) "mechanical contractor" means a contractor whose business operations involve plumbing, pipe fitting, sheet metal, heating, air conditioning, ventilating, or sprinkler and dry chemical fire protection trades in order to install or modify mechanical piping and systems, devices, fixtures, and equipment or other mechanical materials subject to the following codes as published by the International Association of Plumbing and Mechanical Officials or the International Conference of Building Officials:

(A) Uniform Plumbing Code;

(B) Uniform Swimming Pool, Spa, and Hot Tub Code;

(C) Uniform Solar Energy Code; and

(D) Uniform Mechanical Code;

(13) "new home" means a residence not previously occupied as a residence;

(14) "residence" means

(A) a single-family home other than a mobile home;

(B) a duplex, triplex, or four-plex; or

(C) a residential townhouse or residential condominium unit;

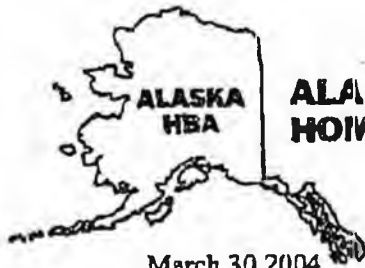
(15) "residential contractor" means a general contractor whose business and operation involve undertaking the construction or alteration of a privately-owned residential structure of one to four units that is used or intended to be used as a human dwelling;

(16) "specialty contractor" means a contractor, other than a mechanical contractor, whose business operations require the use of not more than three trades;

(17) "trade" means a skill used in the field of construction, as defined by regulation by the department;

(18) "visual examination" means an examination performed in person at the physical location of the residence except that, if a method other than personal physical inspection has been approved by the

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## ALASKA STATE HOMEBUILDERS ASSOCIATION

March 30, 2004

Representative Tom Anderson, Chairman  
House Labor & Commerce Committee  
State Capital Building  
Juneau, Alaska

Subject: HB542 - comments by ASHBA

Dear Representative Anderson:

Thank you for this opportunity to offer comments regarding HB542, an Act relating specialty construction contractor and construction contractor exemptions.

The Alaska State Home Building Association (ASHBA) has made it a top priority to support legislation that addresses the growing problem of unregistered contractors providing services beyond the limitations allowed by state law. HB542 helps to address this problem by lowering the threshold cost of a construction project that can be performed by an unregistered contractor from \$10,000 down to \$5,000.

ASHBA supports the intent of HB542, but our members feel that additional provisions should be included in this legislation that can further strengthen our laws in a way that helps protect consumers.

There is a growing problem in the residential construction industry with individuals who offer construction services without meeting any of the registration requirements under state law. Records at the Division of Occupational Licensing show over 1,600 business licenses in Alaska for "Construction-related EXEMPT from contractor registration." These businesses are not required to carry any insurance for general liability, and often are sole-proprietors without worker's compensation insurance. While they are limited by law in the amount and scope of work they can do, enforcement of these laws is minimal and difficult to prosecute.

As insurance rates have skyrocketed over the past year, registered construction contractors around the state are seeing more and more violations of unregistered contractors performing work beyond the limitations imposed by state law. In many instances, we are finding out that the consumer is either unaware that the contractor is not registered with the state, or they are willingly contracting for work that is in violation of the law.



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While lowering the threshold project amount down to \$5,000 will help, our belief is that there already exists a big problem of unregistered contractors performing on projects that exceed the current limitations. In addition to lowering the contract amount, ASHBA believes that enforcement tools should be included in the bill to help allow the state to crack down on contractors that disregard the law.

Attached is bill language that would allow enforcement officials within the Division of Occupational Licensing to issue citations and prosecute fines for initial violations. Hearing officers within the Department would oversee this process. We believe this type of enforcement for initial violations will go further to crack down on unregistered contractors violating state law. Under current law, these types of violations must be prosecuted by the District Attorney's office, and often are given a very low priority when compared to the many other duties of our state prosecutors.

ASHBA also believes that the threshold should be even lower than \$5,000. We have discussed and are willing to support lowering the amount to \$2,500.

Again, ASHBA supports HB542. We ask that you consider including the provisions we have suggested, and what you know that we are prepared to speak to them if they are included in this bill.

Thank you for your time and consideration of these provisions.

Sincerely,



Rita Hamilton, President  
Alaska State Home Building Association

attachment

\* **Section 1. LEGISLATIVE INTENT.** It is the intent of the Alaska Legislature that this Act provide a cost effective method of enforcing the construction contractor licensing provisions of existing law by creating administrative civil penalties that can be imposed on individuals who fail to register as construction contractors as required by law.

\* **Sec. 2.** AS 08.18.118 is repealed and reenacted to read:

**Sec. 08.18.118. Citation imposing civil penalty and procedure.**

(a) In addition to and notwithstanding the citation authority established under AS 08.01.102 and 08.01.103, the department may issue a written citation imposing a civil penalty to a person who violates AS 08.18.011 or 08.18.025. Following issuance of a citation imposing a civil penalty, the department shall provide the person an opportunity for a hearing before a department hearing officer. A decision of a hearing officer under this subsection may be appealed to the appropriate court.

—(b) The time specified in the notice to appear on a citation issued under this section must be at least 10 days, not including weekends and holidays, after the issuance of the citation, unless the person cited requests an earlier hearing.

—(c) The Department of Community and Economic Development and the Department of Labor and Workforce Development are responsible for the issuance of books containing appropriate citations, and each shall maintain a record of each book issued and each citation contained in it. Each department shall require and retain a receipt for every book issued to an employee of that department.

\* **Sec. 3.** AS 08.18.119 is amended to read:

**Sec. 08.18.119. Failure to obey citation.** Unless the citation has been voided or otherwise dismissed by the magistrate, judge, or prosecutor, a person who without lawful justification or excuse fails to appear before a department hearing officer or in court to answer a citation issued under this chapter, regardless of the disposition of the charge for which the citation was issued, is guilty of a class B misdemeanor.

\* **Sec. 4.** AS 08.18.141(a) is amended to read:

(a) A contractor, home inspector, or person acting in the capacity of a contractor or home inspector who knowingly violates AS 08.18.011 or 08.18.025 and who has (1) not previously committed a violation shall pay a civil penalty of \$100; (2) one prior violation shall pay a civil penalty of \$300; (3) two or more prior violations is guilty of a class B misdemeanor. A person who violates another provision of this chapter is guilty of a violation punishable under AS 12.

\* **Sec. 5.** AS 08.18.161(8) is amended to read:

(8) work on one project under one or more contracts, the aggregate contract price of which for labor and materials and all other items is less than \$10,000; this exemption does not apply when the work is only a part of a larger or major operation, whether undertaken by the same or a different contractor, or when the work is divided into

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Mar 30 04 03:59p

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P. 4

contracts of amounts less than \$10,000 for the purpose of evasion of this chapter or otherwise; this exemption does not apply to a person who advertises or puts out a sign or card or other device that might indicate to the public that the person is a contractor, or that the person is qualified to engage in the contracting business; a contractor who performs work priced at \$1,000 [\$2,500] or more, under this exemption, shall nevertheless keep in force public liability and property damage insurance with coverage in at least the amounts set out in AS 08.18.101;