

HB

81

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 81(L&C)
(H) Publish Date: 2/2/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title Contractor License Enforcement RDU Occupational Licensing (117)
Sponsor Anderson Component Occupational Licensing
Requester House Labor and Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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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 (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 81 establishes an administrative fine and procedure for construction contractors in certain circumstances. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Administrative Manager Phone: (907) 465-2144
Division: Occupational Licensing Date/Time: 1/21/05 2:31 PM
Approved by: Edgar Blatchford, Commissioner Date: 1/21/2005
Agency: Commerce, Community & Economic Development

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FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 81(L&C)
(H) Publish Date: 2/2/05

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
Title: Contractor License Enforcement RDU: Labor Standards and Safety
Component: Mechanical Inspection
Sponsor: Representative Anderson
Requester: House Labor and Commerce Component Number: 346

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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 (Worker Safety Account)						
Other (Worker Safety Account)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill proposes to establish a civil administrative fine to allow for an alternative to the current criminal penalty for contractor licensing violations. Criminal penalties are difficult to pursue for contractor licensing violations. The standard of proof and the formality required in the investigation process are much higher in a criminal case and the District Attorney must agree to pursue the case to achieve a penalty. When weighed against other criminal violations competing for the District Attorney's time, licensing violations are generally a low priority and may not be prosecuted. The administrative civil fine is expected to provide a more efficient means of enforcement. The fiscal impacts of the administrative fine and hearing process are not expected to be significant and will be absorbed at current funding levels. The administrative fines are expected to produce unrestricted General Fund revenues. The specific amount of revenue cannot be accurately estimated.

Prepared by: Grey Mitchell, Director Phone: (907) 465-4855
Division: Labor Standards and Safety Date/Time: 1/20/05 1:23 PM
Approved by: Greg O'Claray, Commissioner Date: 1/20/2005
Agency: Department of Labor and Workforce Development

3/7/05

Amendment 1

moved 3/7/05

failed 1-8

HB 81 (L&C)

by Representative Holm

Delete:

On page 4, line 18

“whether” and “or a different”

Labor/handyman services should be allowed to perform under \$5000 dollars of work for “different” licensed contractors or owner builders. This practice is precluded on page 4, line 18. The words “whether” and “or a different” should be removed. The remaining sentence would ensure that a “Handyman” could not simply break up the same job into \$5000 dollar chunks and skirt the law.

Alaska State Legislature

Representative Jim Holm
District 9

Session

Capitol Building, Room 110
Juneau, AK 99801
Phone: (907) 465-3466
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Interim

119 N. Cushman St.
Fairbanks, AK 99701
Phone: (907) 456-7423
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DATE: March 7, 2005
TO: Todd Larkin
FROM: Barbara Cotting, staff for Rep. Jim Holm

Per my phone conversation last week with Legislative Legal staff about current law and proposed fines as they pertain to the two examples you cited relative to a "handy-man" business:

1. In example 1, working for and retaining some of your current customers would clearly be illegal.
2. In example 2, if the teacher hires anyone else, licensed or not, he would be breaking the law.

Both examples are covered in current statute. HB 81 would additionally subject "handy-man" license holders to new daily fines.

Example #1: An unregistered contractor (handy man) agrees to install 5 door handles, one wall of siding, six window trims and 220 feet of soffet material on a home that is being constructed by a general contractor (his customer). The home project will total \$160,000 dollars and be completed by the General contractor who is also the project owner; however, the total work done by the "handyman" will be under \$5000 dollars and he has no owner interest in the project.

Additional facts for this example:

- None that I can see
- If additional facts are needed to render an opinion, insert an assumption that would make the example illegal and one that would make the example legal. (Only if there are not enough facts to render an opinion.)

Question:

Under the existing statute language sited in HB81 on page 4, lines 17 & 18, is the above mentioned contract arrangement unlawful? This is important and RELEVANT to confirm because HB81 is creating a new fine structure and postponing access to the courts if a licensee is cited under this law.

Specifically, the number "8" exemption seems to be denied because, the work performed by the handyman "...is only a part of a larger or major operation,... [valued over \$5000] ...undertaken by... a different contractor".

The language seems plain to me. Representative Coghill and the members of the Finance committee will need a legal opinion to confirm or refute my findings in order to cast an informed vote.

Example #2: A retired Alaska teacher owns 40 acres of land off Nordale road. It is subdivided and has an existing access road. If this teacher builds a house with a bank loan to rent out and takes out an equity loan on that house to build another rental; then repeats that process to complete 5 rental homes in 3 years but, never occupies any of them and acts as his own general contractor for each project... has he just broken the law? (I know of retired teachers that did this exact thing or sold the houses as they built them to pad a small retirement)

Additional facts for example #2:

- The owner never hires a Licenced general contractor home builder.
- He does hire "unregistered contractors" on two different occasions to do miscellaneous portions of work on each of the homes.
- Neither of those contractors exceed \$5000 dollars worth of service.
- He hires "licensed trade subcontractors" for some phases of construction some of the time i.e. electrician, plumber and framer.

- If these facts are incomplete to render an opinion, insert an assumption that would make the project illegal and one that would make the project legal. (only if the facts are not sufficient to render an opinion)

As I read HB81 (the existing and proposed law), it seems that the actions of the retired teacher above are outlawed unless he moves into each property for 2 years; or, unless he hires a general contractor for each project.

Before the committee votes on the 'two year' occupation requirement, they should be fully informed of its effect on this common practice example.

Basis for the proposed changes to existing law cited by HB81:

The current law is poorly written for application to the real market, it has been largely overlooked because the effected license holders have no lobby presence and they rarely have time or cause to reread the law concerning license parameters. Beyond that, the law was rarely applied or enforced for lack of solid legal cases against offenders. If the legislature now intends to aggressively enforce this law outside the courts then we should correct the broken language in it to reflect the true labor market.

1. The language that speaks to advertising on page 4, line 21 needs to be more specific. It should only allow for a violation when the advertising "clearly indicates to the public that the person is a construction contractor, home builder or specialty trade contractor..." other than handyman or general labor Svc.,
2. Labor/handyman svcs should be allowed to perform under \$5000 dollars of work for "different" licensed contractors or owner builders. This practice is precluded on page 4, line 18. The words "[whether]" and "[or a different]" should be removed. The remaining sentence would ensure that a "Handyman" could not simply break up the same job into \$5000 dollar chunks and skirt the law.
3. The proposed occupancy requirement on page 5 must be expanded to allow a second option. A 3 year ownership and rental history should satisfy it or... maybe ownership alone would meet the goal. I pick three years for an important reason. less time is not long enough for serious construction flaws to surface and more years would simply be burdensome and unnecessary.
4. Page 2, paragraphs b) and c) are very troubling. These fines are just like traffic tickets (! ut way bigger). They should be challengeable in court before a magistrate just like traffic tickets. We do not need to create new government positions and legal recourse should not be delayed, regardless. If the department has proof of wrongdoing then they can present it to the lower court and the inspector who issued the ticket should have to appear. This satisfies the stated intent of not having to rely on the department of law or the AG's office. The references to "administrative hearings" should be deleted and replaced with district court language. No "administrative hearings"!
5. A statutory warranty should be created. Let the builders write it and then put it in statute.
6. Jobs valued at under \$5000 dollars for labor AND MATERIALS, do not support or justify an insurance policy. If they did, then the "licensed and insured" tradesmen contractors would be accepting those small jobs. Most are not bidding or accepting these small jobs. Therefore, the language requiring insurance over \$2500 on page 4 lines 23-25 should be deleted.

If you make the changes suggested here, the bill will meet the stated goals of the homebuilders and actually contain some consumer protection without outlawing legitimate small scale work by "handymen" and will allow owner builders to be held responsible for their work. It will also eliminate the legal loophole to being an

unlicensed home "dealer". Also, potential selective or malicious enforcement practices (and you know that will happen) will be reviewed by the lower courts at low cost to the citizen and the department.

I will be interested to hear why these are not all reasonable and fair changes to this bill, if the general contractors object.

Please try to discuss and make these changes and keep me informed.

Thanks

Todd Larkin

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

Sectional Analysis for HB 81 (L&C) BY: Representative Tom Anderson

Section 1. Amends AS 08.18.117. Adds: Except as provided for in AS 08.18.125 either removes [Either]. This change allows the Departments to also issue administrative fines as well as citations.

Section 2. Adds a new section to AS 08.18

AS 08.18.125

- (a) Allows the Department to impose a \$1000 fine for a first offense and a \$1500 fine for all subsequent offenses against a person who violates AS 08.18.011 or 08.18.025
- (b) The Department must issue a written notice of the fine as well as the reason, a copy of the applicable procedures and notice for an opportunity to request a hearing. The hearing must be made within 10 days after the notice on the fine
- (c) If the Department receives a hearing request within 10 days of the fine being noticed a hearing must be scheduled no earlier than 10 days after the request is made
- (d) The decisions of the hearing officer is final subject to review by a superior court
- (e) A fine may not be imposed on a contractor or home inspector operating in an area with a population of less than 1000 people that is not connected to Anchorage or Fairbanks by rail or road

Section 3. Amends AS 08.18.131. Adds: \$1,000 and removes [\$250]
This change increases the amount a superior court may fine a person from \$250 to \$1000.

Section 4. Adds language to the previous statute to include contractors who have been previously convicted of violations or who have been fined. Also makes all other violations of this chapter punishable under chapter 12

Section 5. AS 44.64.030 (a) is amended Adds: AS 08.18.125
Changes the contractor licensing exemption for people building personal use buildings to add an occupancy requirement of two years. Also provides for a hardship exemption to the two year requirement.

Section 6. AS 44.64.030(a)(6) is amended Adds: AS 08.18.125,
Places the Administrative Hearings created in Section 2 of the bill under the jurisdiction of the Office of Administrative Hearings

Section 7. Adds to the uncodified law of the State of Alaska. Violations discussed in Sections 2-4 of this bill apply after the effective date of this Act. Section 4 is retroactive.

Section 8. Revisor's note. The changes made in Section 5 of this bill must be rectified with Secs. 82 and 96 ch. 163 SLA 2004 so that both are given effect

LEGAL SERVICES

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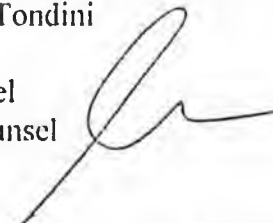
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 10, 2005

SUBJECT: Contractors (CSHB 81(L&C) (Work Order No.24-LS0144\1))

TO: Representative Lesil McGuire, Chair, House Judiciary Committee
Attn: Vanessa Tondini

FROM: Jean M. Mischel
Legislative Counsel 

The House Judiciary Committee has requested an opinion regarding equal protection issues raised by CSHB 81(L&C), pertaining to construction contractors and home inspectors. The bill contains two provisions that raise the possibility of an equal protection challenge, but the likelihood of prevailing is probably low if the state can demonstrate a legitimate interest that is fairly and substantially related to the differential treatment.

The first provision of the bill that raises equal protection issues is at sec. 2, page 2, lines 28-30, that exempts contractors and home inspectors working in areas with populations of less than 1,000 and that are not connected to Anchorage or Fairbanks by rail or road from the imposition of an administrative fine for second and subsequent violations of the applicable licensing laws.

The second provision of the bill that raises equal protection issues (as well as other constitutional questions) is the authorization in bill section 2 generally of the imposition of an administrative fine for contractors and home inspectors in non-rural areas in addition to the current availability of citations and civil penalties for the same violation.

Alaska's equal protection clause is found in Article I, Section 1 of the Constitution of the State of Alaska: "all persons are equal and entitled to equal rights, opportunities, and protection under the law." Amendment XIV, Section 1 of the Constitution of the United States provides that no state shall "deny to any person within its jurisdiction the equal protection of the laws."

The equal protection clause does not mean that the state has to treat everyone equally. It only requires that similarly situated people be treated equally. *Rutter v. State*, 963 P.2d 1007, 1013 (Alaska 1998); *Shepherd v. State, Dep't of Fish & Game*, 897 P.2d 33, 43, 44 (Alaska 1995). The threshold question in any equal protection analysis is whether similarly situated individuals are being treated differently. *Matanuska-Susitna Borough School District v. State*, 931 P.2d 391, 396 (Alaska 1997).

Representative Lesil McGuire

February 10, 2005

Page 2

Assuming that a court found that the contractors working in rural and non-rural areas were similarly situated, it would apply the full sliding scale equal protection analysis. See *Matanuska-Susitna Borough School District v. State*, 931 P.2d 391, 396 (Alaska 1997). The contractors and home owners' interests impaired by CSHB 81(L&C) would likely be found to be economic interests. Under Alaska law, economic interests are entitled only to "minimum scrutiny." See *Underwood v. State*, 881 P.2d 322, 327 (Alaska 1994). At the minimum level of scrutiny, the state only needs to show that the challenged enactment "was designed to achieve a legitimate governmental objective, and that the means bear a 'fair and substantial' relationship to the accomplishment of that objective." *Id.* (citations omitted).

Since contractors and home inspectors working in rural areas may be construed by a court not to be similarly situated with non-rural contractors and home inspectors, the equal protection principles may be found to be inapplicable in both instances of differential treatment.

If a court does find them to be similarly situated, however, the court will look for a legitimate governmental objective that is fairly and substantially related to that objective. With regard to the imposition of administrative fines, two possible legitimate objectives are efficiency and cost. The procedures allowed for the imposition of an administrative fine would require enforcement personnel and hearings to be conducted in remote areas at great expense. The risks and fines associated with enforcement in those areas may be too small to justify that level of inefficiency and expense. This may be particularly persuasive in the context of the availability of two other penalty options in rural areas: citations and civil remedies.

With regard to the authorization of three different types of penalties for non-rural contractors and home inspectors, the legitimacy of the government objective will depend upon the standards used for selecting the penalty. As long as all non-rural contractors and home inspectors are treated the same (since they are clearly similarly situated) for each type of violation found to exist, the validity of the distinction for rural contractors and home inspectors will again turn on the court's perception of the legitimacy of the differential treatment for them.

If I may be of further assistance, please advise.

JMM:med

05-094.med

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MEMORANDUM

January 25, 2005

SUBJECT: Construction Contractors - CSHB 81(L&C)
(Work Order No. 24-LS0144\F)

TO: Representative Tom Anderson,
Chair of House Labor and Commerce Committee
Attn: Jon Bittner

FROM: Jean M. Mischel
Legislative Counsel



Enclosed is a draft CS for HB 81(L & C) incorporating a conceptual amendment to sec. 2 of the bill at sec. 08.18.125(c). I have not incorporated a second conceptual amendment involving sec. 3 that was described as a substitution of the term "specialty contractor" for "home inspector" as that term is used in AS 08.18.131 relating to civil penalties. It is my understanding that, in proposing this second amendment, the committee was operating under the misunderstanding that those terms were substituted for each other by the 23rd Legislature. They were not. In separate bills, the term "specialty contractor" was clarified by adding AS 08.18.024(b) (sec. 1, ch. 144 SLA 2004) and related changes, and the concept of "home inspector" was added as a regulated entity throughout AS 08.18, including a list of prohibited acts and exemptions related to home inspectors under AS 08.18.152 and 08.18.156 (sec. 31, ch. 134 SLA 2003), for which the civil penalty applies.

A substitution of those terms, in this bill, for purposes of imposing a civil penalty would create confusion in the entire chapter and result in a redundancy in the civil penalty section itself. The confusion would come from the deletion of "home inspectors" in a section that specifically cross-references "home inspection activities" while retaining the term "home inspectors" in all other sections of AS 08.18. Substituting the term "specialty contractors" in the civil penalty section would cause a specialty contractor to become subject to a civil penalty for violations of provisions that currently apply to a home inspector. In addition, a redundancy would result since two civil penalty provisions would apply to both "contractors", as used in the general sense to include specialty contractors, and to "specialty contractors", as used in a more narrow sense (for violations of home inspection activities).

For these reasons I advise that the second conceptual amendment to substitute the term "specialty contractor" for "home inspector" in section 3 of the bill be reconsidered and, on reconsideration, withdrawn.

Home Builders Protect Consumers From Illegal Contractors

Prepared by John Bitney, ASHBA lobbyist

April 13, 2004

During a meeting of the Board of Directors, the Alaska State Home Building Association (ASHBA) voted in early March to pursue solutions to the growing issue of unregistered contractors providing construction services illegally under the guise of a "handyman license".

Background

A handyman is a person providing construction services without a state registration as a contractor or subcontractor. Instead of meeting qualification standards and insurance requirements, the Division of Occupational Licensing currently has sold 1,678 business licenses in Alaska for "Construction-related EXEMPT from contractor registration" (code 2360).

Under current state law (AS.08.18) there are minimum requirements for persons who represent themselves as either contractors or specialty contractors. For example, contractors and specialty contractor must have a bond, general liability insurance, education/qualifications standards, and may not offer more than three trade services.

There is also an exemption from registering for work on a project where labor and materials and all other items is less than \$10,000. This exemption does not apply when the work is divided into contracts of amounts less than \$10,000 for the purpose of evasion of the law, but enforcement can sometimes be difficult. For work priced at \$2,500 or more, some public liability and property damage insurance is required.

These exemption areas in state law have allowed the establishment and growth of over 1,600 unregistered contractor businesses in Alaska. Numerous reports have been made about these unregistered businesses offering construction services in violation of these laws, but enforcement efforts have proven to be difficult. The problem is that many consumers are unaware that their contractor may not be qualified to provide construction services, and even worse, have little or no insurance and warranty protections.

Josh Applebee

From: Sally Saddler [sally_saddler@commerce.state.ak.us]
Sent: Wednesday, January 19, 2005 11:57 AM
To: Josh Applebee
Cc: Bill J Rolfzen
Subject: List of Communities
Attachments: PopListforRepAnderson 011905.xls

Hi Josh!

Bill Rolfzen has pulled together the attached list of communities you requested.

This list is our best estimate of the communities that "are" and "are not" connected by road or rail to Anchorage or Fairbanks. The list is sorted by *No* and *Yes* and *Population*. You can change your population cutoff thresholds as you play with this!. The Community list was pulled from our community database which includes Alaska Native Village Statistical Areas (ANVSAs), Census Designated Places (CDPs), Incorporated Cities, and Incorporated Boroughs.

Let me know if you need additional info!

Sally Saddler
Department of Commerce, Community & Economic Development
PO Box 110800
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Fax: 907.465.5442
Email: sally_saddler@commerce.state.ak.us

1/20/2005

Community	2003 Population	On Road or Rail to Anchorage or Fairbanks
Afognak	0	N
Alpine	0	N
Belkofski	0	N
Bill Moore's Slough	0	N
Chuloonawick	0	N
Council	0	N
Cube Cove	0	N
Ekuk	0	N
Flat	0	N
Hamilton	0	N
Kaguyak	0	N
Kar.atak	0	N
King Island	0	N
Mary's Igloo	0	N
Napaimute	0	N
Ohogamiut	0	N
Paimiut	0	N
Pauloff Harbor	0	N
Port William	0	N
Umkumiute	0	N
Unga	0	N
Woody Island	0	N
Hobart Bay	1	N
Telida	2	N
Georgetown	3	N
Ivanof Bay	3	N
Prudhoe Bay	4	N
Prudhoe Bay	4	N
Solomon	4	N
Pope-Vannoy Landing	10	N
Thom's Place	11	N
Chisana	12	N
Excursion Inlet	12	N
Ugashik	12	N
Meyers Chuck	18	N
Alatna	21	N
Evansville	21	N
Rampart	21	N
Port Clarence	22	N
Lake Minchumina	23	N
Attu Station	24	N
Karluk	24	N
Halibut Cove	25	N
Beluga	26	N
Shemya Station	27	N
Wiseman	29	N
Kupreanof	30	N
Elfin Cove	32	N
Bettles	33	N

Community	2003 Population	Fairbanks
Birch Creek	33	N
Healy Lake	33	N
Point Baker	33	N
Red Dog Mine	35	N
Game Creek	36	N
Lutak	36	N
New Allakaket	38	N
Jakolof Bay	39	N
Platinum	40	N
Nikolski	41	N
Red Devil	41	N
Lime Village	43	N
Edna Bay	45	N
Pedro Bay	45	N
Chiniak	49	N
Stony River	49	N
Igiugig	50	N
Akhiok	51	N
Kasaan	55	N
Aleneva	56	N
Port Protection	57	N
Whitestone Logging Camp	60	N
Portage Creek	61	N
Oscarville	62	N
Takotna	63	N
Nelson Lagoon	64	N
Beaver	65	N
Hughes	65	N
Clark's Point	66	N
Whale Pass	67	N
False Pass	69	N
Pilot Point	70	N
Port Alexander	70	N
Lovelock	71	N
Sleetmule	72	N
Twin Hills	75	N
Hyder	77	N
Egegik	84	N
Chalkyitsik	86	N
Stevens Village	86	N
Port Heiden	87	N
Chignik	89	N
Chignik Lagoon	92	N
Iliamna	92	N
Skwentna	94	N
Atka	95	N
Cold Bay	95	N
Larsen Bay	96	N
Chenega Bay	99	N
Allakaket	102	N
Chuathbaluk	102	N

Community	2003 Population	Fairbanks
South Naknek	102	N
Port Alsworth	105	N
Perryville	106	N
Tenakee Springs	106	N
Pitkas Point	107	N
Anvik	108	N
Naukati Bay	109	N
Koyukuk	111	N
Tatitlek	111	N
Chignik Lake	113	N
Pelican	113	N
Kobuk	125	N
Covenant Life	126	N
Nikolai	127	N
Ekwok	128	N
Diomedea	129	N
Deering	131	N
Te:lin	137	N
Seldovia Village	138	N
Crooked Creek	146	N
Golovin	146	N
Shageluk	146	N
Andreafsky	149	N
Mud Bay	149	N
Saint George	149	N
Adak	150	N
Wales	158	N
Cottman Cove	163	N
Port Graham	165	N
Arctic Village	166	N
Grayling	166	N
Newhalen	167	N
Ruby	169	N
Ouzinkie	170	N
Hollis	178	N
Kokhanok	182	N
Tyonek	193	N
Venetie	199	N
Koliganek	200	N
Nunam Iqua	204	N
Nunam Iqua	204	N
Mokoryuk	205	N
Holy Cross	209	N
Old Harbor	211	N
Nanwalek	214	N
White Mountain	214	N
Nondalton	217	N
Mosquito Lake	219	N
Shaktolik	223	N
Nightmute	228	N
Kaltag	229	N

Community	2003 Population	Fairbanks
Upper Kalskag	231	N
Aleknagik	235	N
Teller	242	N
Goodnews Bay	245	N
Atkasuk	247	N
Port Lions	251	N
Shungnak	264	N
Point Lay	265	N
Lower Kalskag	267	N
Atmautluak	279	N
Eek	290	N
Tanana	290	N
Ambler	291	N
Huslia	291	N
Kaktovik	295	N
Seldovia	300	N
Tununak	304	N
Russian Mission	310	N
Brevig Mission	314	N
Anaktuvuk Pass	319	N
Newtok	329	N
Akiak	337	N
Koyuk	340	N
Elim	341	N
Nulato	342	N
Kwigillingok	343	N
Marshall	368	N
Hydaburg	370	N
Napakiak	380	N
Tuntutuliak	381	N
King Salmon	385	N
Kivalina	388	N
Kongiganak	401	N
Manokotak	405	N
Kiana	408	N
Buckland	410	N
Saint Michael	413	N
McGrath	415	N
Nuiqsut	416	N
Napaskiak	419	N
Saxman	425	N
Chefornak	434	N
Gustavus	438	N
Tuluksak	464	N
Noatak	469	N
Scammon Bay	470	N
Thorne Bay	480	N
New Stuyahok	493	N
Nunapitchuk	498	N
Angoon	505	N
Kasigluk	529	N

Community	2003 Population	Fairbanks
Saint Paul	539	N
Aniak	551	N
Wainwright	553	N
Fox River	563	N
Pilot Station	564	N
Stebbins	570	N
Toksook Bay	572	N
Fort Yukon	574	N
Quinhagak	579	N
Saint Mary's	585	N
Shishmaref	594	N
Kotlik	609	N
Naknek	614	N
Akiachak	633	N
Gambell	647	N
Kipruk	649	N
Noorvik	649	N
Atakanuk	666	N
Womens Bay	667	N
Take	682	N
Yakutat	691	N
Savoonga	704	N
Point Hope	725	N
Kwethluk	730	N
King Cove	737	N
Unaakleet	741	N
Mountain Village	750	N
Emmonak	763	N
Galena	763	N
Akutan	787	N
Selawik	821	N
Togiak	824	N
Hoonah	851	N
Klawock	851	N
Chevak	884	N
Sand Point	947	N
Bristol Bay Borough	1105	N
Hooper Bay	1115	N
Craig	1174	N
Lazy Mountain	1188	N
Mellakatta	1398	N
Lake & Peninsula Borough	1628	N
Wrangell	2113	N
Kodiak Station	2192	N
Haines Borough	2327	N
Fishhook	2342	N
Cordova	2372	N
Dillingham	2373	N
Aleutians East Borough	2700	N
Butte	2931	N
Petersburg	3060	N

Community	2003 Population	Fairbanks
Kotzebue	3076	N
Nome	3448	N
Unalaska	4388	N
Unalaska	4388	N
Barrow	4417	N
Meadow Lakes	5443	N
Douglas	5483	N
Bethel	5899	N
Kodiak	6138	N
Northwest Arctic Borough	7301	N
Ketchikan	8002	N
Sitka	8891	N
Ketchikan Gateway Borough	13548	N
Kodiak Island Borough	13811	N
Juneau	31283	N
Uganik		N
Miller Landing	0	Y
Fort Greely	6	Y
Alcan Border	13	Y
Petersville	14	Y
Coldfoot	15	Y
Sunrise	15	Y
Livengood	20	Y
Chicken	21	Y
Tolsona	28	Y
Ferry	32	Y
Dot Lake	33	Y
Chase	34	Y
Four Mile Road	36	Y
Dot Lake Village	37	Y
Susitna	38	Y
Paxson	44	Y
McCarthy	53	Y
Eagle Village	59	Y
Nelchina	66	Y
Mendeltna	67	Y
Manley Hot Springs	73	Y
Crown Point	78	Y
Northway	82	Y
Chistochina	85	Y
Primrose	87	Y
Lowell Point	89	Y
Northway Village	95	Y
Circle	96	Y
Gulkana	98	Y
Northway Junction	98	Y
Tonsina	106	Y
Dry Creek	109	Y
Lake Louise	109	Y
Central	113	Y
Central	113	Y

Community	2003 Population	Fairbanks
Klukwan	114	Y
Slana	118	Y
Eagle	126	Y
Chitina	132	Y
McKinley Park	133	Y
Mentasta Lake	143	Y
Eyak	144	Y
Tanacross	144	Y
Silver Springs	148	Y
Hope	161	Y
Willow Creek	174	Y
Clam Gulch	176	Y
Coperville	176	Y
Whittier	178	Y
Tazlina	192	Y
Point MacKenzie	194	Y
Harding-Birch Lakes	210	Y
Gakona	214	Y
Moose Pass	221	Y
Cantwell	226	Y
Minto	234	Y
Chickaloon	242	Y
Glacier View	256	Y
Nikolaevsk	313	Y
Fox	316	Y
Cooper Landing	358	Y
Kenny Lake	369	Y
Copper Center	400	Y
Trapper Creek	426	Y
Eklutna	427	Y
Kachemak	473	Y
Happy Valley	503	Y
Nenana	519	Y
Kasilof	571	Y
Glennallen	574	Y
Moose Creek	574	Y
Anderson	592	Y
Two Rivers	592	Y
Knik River	654	Y
Pleasant Valley	677	Y
Big Delta	699	Y
Funny Rivor	705	Y
Buffalo Soapstone	756	Y
Ninilchik	777	Y
Skagway	845	Y
Talkeetna	847	Y
Salcha	865	Y
Salamatof	902	Y
Delta Junction	984	Y
Healy	1022	Y
Diamond Ridgo	1086	Y

Community	2003 Population	Fairbanks
Farm Loop	1124	Y
Sutton-Alpine	1174	Y
Cohoe	1201	Y
Houston	1339	Y
Tok	1435	Y
North Pole	1646	Y
Dellana	1691	Y
Haines	1715	Y
Fritz Creek	1740	Y
Ester	1774	Y
Bear Creek	1823	Y
Anchor Point	1826	Y
Willow	1838	Y
Girdwood	1850	Y
Denali Borough	1914	Y
Ridgeway	2011	Y
Seward	2733	Y
Big Lake	2839	Y
Gateway	3292	Y
Soldotna	4059	Y
Valdez	4060	Y
Nikiski	4357	Y
Eielson AFB	4437	Y
<hr/>		
Sterling	4888	Y
Homer	4893	Y
Palmer	5474	Y
Tanaina	5843	Y
Kalifornsky	6230	Y
Wasilla	6715	Y
Lakes	6980	Y
Kenai	7125	Y
North Slope Borough	7253	Y
Knik-Fairview	8488	Y
College	11929	Y
Fairbanks	29486	Y
Eagle River-Chugiak	30000	Y
Kenai Peninsula Borough	51220	Y
Matanuska-Susitna Borough	67473	Y
Fairbanks North Star Borough	82214	Y
Anchorage	274003	Y

Note: List includes Alaska Native Village Statistical Areas (ANVSAs), Censi

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**Alaska State Home
Building Association**

8301 Schoon, Ste 200
Anchorage, Alaska 99518

A Resolution of the Alaska State Homebuilding Association (ASHBA) In Support of legislation to issue civil penalties against first-time violations by unregistered construction contractors

WHEREAS the Division of Occupational Licensing reports that there are over 1,600 business licenses for construction contractors who are not registered to perform construction projects over \$5,000; and

WHEREAS unregistered contractors are not required by state law to obtain general liability insurance or meet educational standards that are required for registered contractors; and

WHEREAS many builders and consumers have reported incidences where unregistered contractors are offering construction services in violation of state law; and

WHEREAS prosecution of violations by unregistered must done by the Department of Law through criminal procedures under current law; and

WHEREAS the Department of Law often gives a low priority to prosecuting these types of violations in consideration of budget restraints and the pursuit of more serious criminal violations; and

WHEREAS enforcement officers within the Department of Labor and/or the Department of Community & Economic Development could be given the authority to issue a civil penalty against first-time violations of construction contract laws;

BE IT THEREFORE RESOLVED that the ASHBA supports legislation to allow enforcement officers within the Department of Labor and/or the Department of Community & Economic Development to have the authority to issue civil penalties for first-time violations of construction contract laws by unregistered contractors, and

BE IT FURTHER RESOLVED that the ASHBA Board of Directors requests the Alaska Legislature to sponsor and pass such legislation during the 2005 Legislative Session.

Adopted, this the 28th day of October 2004.

Signed:

President

Attest:

Past President

New Handyman Legislation

Under current law, the State of Alaska investigates and enforces violations construction contractor laws. Both the Departments of Labor and Community & Economic Development have authority to pursue violations of work performed by unregistered construction contractors. For the most part, they rely upon the public to complain, and then they investigate (depending on the availability of resources).

Under current laws, these agencies enforce violation by issuing citations. After a citation is issued, it is then up to the Department of Law whether or not to prosecute the matter in Court.

A bill is proposed for next session (2005) that would amend the law to allow DCED to issue civil penalty violations for first-time violations. Instead of going through the Dept. of Law, a violator would either pay a fine (proposed at \$1,000) or appeal to an administrative hearing officer.

This system would be much more effective toward penalizing first-time violations quickly and effectively. Second-time and additional offenses would go through the criminal violation process.

Arguments against this proposal are expected to focus on the availability of due process within the administrative hearing process as opposed to the court system.

Handyman Issue Background

A handyman is a person providing construction services without a state registration as a contractor or subcontractor. In 2003, the Division of Occupational Licensing 1,678 business licenses in Alaska for "Construction-related EXEMPT from contractor registration" (code 2360).

Under current state law (AS.08.18) there are certain requirements for persons who represent themselves as either registered contractors or specialty contractors. For example, each must have a bond, general liability insurance, education/qualifications standards, and may not offer more than three specific construction trade services. There is an exemption for construction work on projects less than \$5,000.

With over 1,600 unregistered contractors operating under this exemption, numerous reports have been made about these unregistered businesses offering construction services in violation of the laws. Enforcement efforts have proven to be difficult. The problem is that many consumers are unaware that their contractor may not be qualified to provide construction services, and even worse, have little or no insurance and warranty protections.

Other Measures That Have Been Taken

HB542

Following the March meeting of ASHBA in Juneau, the House Labor & Commerce Committee introduced HB 542. HB542 lowers the project cost exemption from \$10,000 down to \$5,000, and expands the work that can be done by a specialty contractor.

This bill passed the Legislature and was signed into law by Governor Murkowski. ASHBA issued a letter of support for the legislation during committee testimony.

Elimination of Business License Exemption Code

After hearing from ASHBA and other contractors, the Division of Occupational Licensing announced the elimination of the business license code for "Construction-related EXEMPT from contractor registration" and created the handyman code (8101) and moved it to a different business lines category.

Occupational Licensing confirmed what ASHBA has been saying - there was too much abuse by allowing business licenses for exempt contractors under construction services. Consumers were sometimes easily confused with the reference to construction on the business license.

This new business line will hopefully help clear up any confusion about whether a business should or shouldn't be offering construction services.

Other Ideas

The following is a short of list of potential ways to address this issue that were brought forward by ASHBA Board members and others:

- Require title insurance agencies to establish a residential endorsement on all new-construction home sales

- Increase contractor licensure fees toward additional enforcement officers and efforts
- Eliminate all construction contractor exemptions – require state registration for all construction work

These last few suggestions were discussed by ASHBA's Board, but no actions have been taken to actively pursue them.

Vanessa Tondini

From: Rep. Lesil McGuire
Sent: Tuesday, February 08, 2005 2:41 PM
To: Vanessa Tondini
Subject: FW: HB 81 - Enforcement Actions Against Unlicensed ('Handyman') Contractors

From: Margene [mailto:desmet@alaska.com]
Sent: Thursday, February 03, 2005 7:56 PM
To: Rep. Lesil McGuire
Subject: HB 81 - Enforcement Actions Against Unlicensed ('Handyman') Contractors

Representative Lesil McGuire, Chair:

As a member of the Construction Industry in Alaska for 30 years, I urge you to support HB 81. As you are aware, there are problems with unlicensed contractors building homes in Alaska. These people continue to ignore the current statutes and thumb their noses at professional builders and remodelers. Your support of HB 81 would go a long way to protect Alaskan consumers from illegal contractors and help DOL enforcement officers pressure these individuals into current statute compliance.

As a member of the Board of Directors for the Alaska State Homebuilders Association representing over 250 licensed General Contractors, and as the President of the Southeast Alaska Building Industry Association (Juneau) representing approximately 35 licensed professionals locally in Juneau, I would respectfully urge you to consider support of HB 81 as a sensible solution to the enforcement of unlicensed contractors.

Thank you for your consideration.

Respectfully,

Jeffrey DeSmet

*Owner/ J. DeSmet Construction/Residential Building Contractor
President - Southeast Alaska Building Industry Association (SEABIA)
Board Member - Alaska State Homebuilders Association (ASHBA)*

2/8/2005

Vanessa Tondini

From: Rep. Lesil McGuire
Sent: Tuesday, February 08, 2005 2:40 PM
To: Vanessa Tondini
Subject: FW: HB81

From: Dianne Ireland [mailto:bestmix@alaska.net]
Sent: Thursday, February 03, 2005 3:04 PM
To: Rep. Lesil McGuire
Subject: HB81

- As a member of the construction industry we are very aware of the problems involved with unlicensed contractors. I support HB81 wholeheartedly. Something should definitely be done to protect the consumers.

Thanks for your support
Terry Best
CEO
Best Transit Mix, Inc.
Soldotna



FREE Emoticons for your email! [Click Here!](#)



Jon S. Bittner

From: Rep. Tom Anderson
Sent: Monday, February 07, 2005 6:59 AM
To: Jon S. Bittner
Subject: FW: Houe Bill 81

-----Original Message-----

From: Dennis G Watson [mailto:cwatson@alaska.net]
Sent: Saturday, February 05, 2005 10:57 PM
To: Rep. Tom Anderson; Representative_Pete_Kott@legis.state.ak.us
Subject: Houe Bill 81

Thanks for your support on this important bill.

Sincerely,

Dennis G Watson

Josh Applebee

From: Dave Kerr [Dave_Kerr@ci.juneau.ak.us]
Sent: Thursday, February 03, 2005 9:47 AM
To: Rep. Tom Anderson
Subject: HB81

Tom,
Thank you for supporting HB81
David Kerr, CBJ Building Inspector III

Vanessa Tondini

From: Rep. Lesil McGuire
Sent: Tuesday, February 08, 2005 2:43 PM
To: Vanessa Tondini
Subject: FW: House Bill 81

From: boost empire [mailto:boost79i@yahoo.com]
Sent: Monday, February 07, 2005 3:14 PM
To: Rep. Lesil McGuire
Cc: Rep. John Coghill; Rep. Nancy Dahlstrom; Rep. Max Gruenberg; Rep. Les Gara; Rep. Tom Anderson; Rep. Pete Kott
Subject: House Bill 81

Dear Representatives-

It has come to my attention that House Bill 81 is going to have a hearing on Wednesday, February 9th, 2005. House Bill 81, enforcement actions against unlicensed contractors is of great importance to me in that it affects my business on a daily basis. There are roughly 400 unlicensed "handymen" operating in the Anchorage area who refuse to get permits, refuse to stand by their warranty claims and who refuse to be straightforward with the owner as to what insurance they do or do not carry. We are constantly being called to repair their work after the fact.

It is absolutely crucial that the owner/builder definition be redefined and that handymen be required to be licensed and treated as a specialty contractor across the state. This levels the playing field. I urge you to support the passage of House Bill 81.

Thank You,

N. Claiborne Porter, Jr.
NCP Design/Build LTD

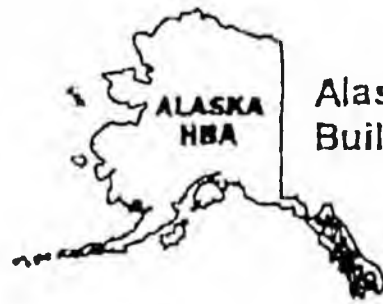
Do you Yahoo!?
Yahoo! Search presents - Jib Jab's 'Second Term'

Lines of Business:

23 - Construction - Total under this code: 7,099 as of January, 2004

Business Activity
TTL % of 23 Code

CONSTRUCTION (Six digit code requires an occupational license)		In AK	% of Total	Outside AK	% of Total	Total	Construction	Cross chk
2331	Land Subdivision, etc. (exempt no occ license required)	113	1.59%	7	0.10%	120	1.69%	120
233200	General Contractors	948	13.35%	39	0.55%	987	13.90%	987
233300	General Contractors (excluding residential)	1074	15.13%	312	4.39%	1386	19.52%	1386
Specialty Contractors								
234100	Road Construction	89	1.25%	13	0.18%	102	1.44%	102
234900	Construction but 234900 not a true code	5	0.07%	5	0.07%	10	0.14%	10
235100	Plumbing Heating and Air	244	3.44%	12	0.17%	256	3.61%	256
235200	Painting and Wall Covering	227	3.20%	19	0.27%	246	3.47%	246
235300	Electrical Contractors	235	3.31%	24	0.34%	259	3.65%	259
235400	Masonry, Drywall, Insulation, Tile Carpentry & Floor	305	4.30%	19	0.27%	324	4.56%	324
235500	Carpentry & Floor	810	11.41%	24	0.34%	834	11.75%	834
235600	Roofing, Siding and Sheet Metal	101	1.42%	16	0.23%	117	1.65%	117
235700	Concrete Contractors	89	1.25%	9	0.13%	98	1.38%	98
235800	Water Well Drilling	53	0.75%	1	0.01%	54	0.76%	54
235900	plaster, welding, gas tank and sewer systems, etc.)	479	6.75%	120	1.69%	599	8.44%	599
235991	Underground Storage Tank Workers	3	0.04%	2	0.03%	5	0.07%	5
2360	Construction-related EXEMPT from contractor registration.	1678	23.64%	19	0.27%	1697	23.90%	1697
2300	Entry Error; nonexistent code	1	0.01%	0	0.00%	1	0.01%	1
Blanks	No Entry	3	0.04%	1	0.01%		0.06%	4
Totals:		6457	90.96%	642	9.04%	7095	100.00%	7099



Alaska State Home
Building Association

8301 Schoon, Ste 200
Anchorage, Alaska 99518

A Resolution of the Alaska State Homebuilding Association (ASHBA) In Support of legislation to issue civil penalties against first-time violations by unregistered construction contractors

WHEREAS the Division of Occupational Licensing reports that there are over 1,600 business licenses for construction contractors who are not registered to perform construction projects over \$5,000; and

WHEREAS unregistered contractors are not required by state law to obtain general liability insurance or meet educational standards that are required for registered contractors; and

WHEREAS many builders and consumers have reported incidences where unregistered contractors are offering construction services in violation of state law; and

WHEREAS prosecution of violations by unregistered must done by the Department of Law through criminal procedures under current law; and

WHEREAS the Department of Law often gives a low priority to prosecuting these types of violations in consideration of budget restraints and the pursuit of more serious criminal violations; and

WHEREAS enforcement officers within the Department of Labor and/or the Department of Community & Economic Development could be given the authority to issue a civil penalty against first-time violations of construction contract laws;

BE IT THEREFORE RESOLVED that the ASHBA supports legislation to allow enforcement officers within the Department of Labor and/or the Department of Community & Economic Development to have the authority to issue civil penalties for first-time violations of construction contract laws by unregistered contractors, and

BE IT FURTHER RESOLVED that the ASHBA Board of Directors requests the Alaska Legislature to sponsor and pass such legislation during the 2005 Legislative Session.

Adopted, this the 28th day of October 2004.

Signed: *Rob Hamilton*
President

Attest: *[Signature]*
Past President

March 3, 2005
House Finance Committee
Fax # 4656813
HB91

To Whom This May Concern:

My Name is Rocky Ward, and I am a Licensed General Contractor with a Residential Endorsement.

I am totally in favor of HB81. I reside, and have my business out of Gakona, Ak., which is in the Glennallen area. I am not sure of the population of Glennallen, but we are on the road system. We are also not a borough. However, most people up here believe that because we are not, that the statutes of Alaska do not apply.

I am for anybody that wants to be in residential construction. They just need to have the proper licensing, Liability Insurance, and the bonding. It should be that we all have it, or none of us has it.

In my area there are particular gentlemen who have a specialty license as a framer and a finish contractor. However, he contracts complete houses. He does all of his own plumbing, (which he does not have a license for) He does not have a residential endorsement, so he shouldn't be doing houses. One of the houses that he built, the foundation went out of sight in the ground. 3 or 4 years later after threatening to be sued, he went in for a retrofit to fix the foundation, however this foundation is also going south. So now there is going to be a lawsuit. This could have been avoided easily. If he would have taken the 16 hours of credits that are required per licensing period he would know that he couldn't have used that particular foundation system. Education is the key to this. He knowingly misrepresents himself. Most everyone of his houses has problems.

Example 2:

Another fellow, misrepresented himself as a general contractor and built his customer a house framed out of rough cut spruce which is way out of line. It has to be #2 or better. There were no inspections for the foundation or the framing. My company is going to repair this mess for this customer. The owners reported him to Mr. Al Nagle who takes care of these kind of matters for the State. He received cease and desist orders but he still does contract work.

I could go on and on. I just felt the need to reach out and hopefully this bill will get passed.

Thank you very much for your time.

Rocky L. Ward
3 Rivers Construction
P.O. Box 354
Gakona, Ak. 99586
907-822-4323
rocko@cvintemet.net



Alaska State Legislature

Please enter into the record my testimony to the House Finance
 Contractor committee name
 Committee on HB 81 / Licensing, dated 3.2.05
 bill # / subject public hearing date

On behalf of the Kenai Peninsula Builders Association, please accept this written testimony as strong support for HB 81. As Executive Officer, calls come into the office on a regular basis from home owners who are faced with sub standard work done by unlicensed builders who were not properly licensed, bonded and insured. The consumer is the ultimate loser who is faced with no recourse. It is our sincere hope you will consider passage of this Bill.

Lindy Heaverley
 Executive Officer
 Kenai Peninsula Builders Assoc.

Signed: L. Heaverley (Lindy Heaverley)
 Testifier
Kenai Peninsula Builders Association
 Representing (optional)
PB Box 1753 Kenai AK 99611
 Address
(907) 283-8071
 Phone number

3-2-05
Mr. Vanden

Various Examples, Questions and Comments Regarding

HB81

Example:

Why wouldn't someone hire A handyman to replace a sink? Why wouldn't they hire him to replace a single counter top? Why wouldn't they hire him to hang some cabinets? Well... if he is replacing cabinets in someone's house, all three of those tasks will have to be completed. The cabinets and countertop alone will be in excess of \$2000 dollars plus a sink and faucet for about \$250 dollars. While most handymen would probably charge less than \$1000 dollars for this job... they would certainly not do it for \$250, which is what they would have to charge to avoid insurance requirements.

My related question is, when is insurance necessary for jobs of this description or even in the case of constructing a personal housing project? The answer is "never"

Explanation:

- 1) For small projects where the workman is on the property at the invitation of the home owner, the existing home policies cover unforeseen damages, leaving the "consumer" out of danger. (the workman is still in danger of suit from the insurance carrier but, that is his/her choice and they have not asked for this legislation)
- 2) For the owner builder the insurance requirement is unnecessary. Why would you buy an insurance policy to protect yourself from yourself? If a bank is involved, project insurance will already be required and no law is needed.

Second point:

This legislation and the corresponding existing statutes are truly an attempted to legislate away competition under cover of "consumer protection". There is not one "consumer protection" in this bill. While the frustration of the fully licensed homebuilder is totally understandable, it is being totally misdirected.

The major contractors should be quite frustrated with the statutory demands set upon them by this and past legislatures. The requirements of existing law have driven their cost burden so high that THE CONSUMER is choosing to look elsewhere to accomplish a building project. The frustration of the major contractors should be focused on removing the unnecessary statutes that add to building costs so that the consumer is again induced to hire the "more qualified" builder.

It is simple really, the legislature has pursued a course of ever broadening regulation in this field and it is failing (as could have been predicted). It is time to pursue a course of low regulation and free markets with the corresponding CIVIL REMEDIES left directly to the consumer. i.e. Drop the criminal statutes in favor of civil statutes that set the basis for civil actions brought by the injured party. If an unqualified builder has caused financial or other hardship to a consumer, they can be held directly liable under statute and the subsequent judgments would put them out of business very quickly. (especially if they are uninsured.)

Comments on the "problem" of the "owner builder":

If owner builders are competent to act as the general contractor for their personal residence then why are they suddenly not competent to build another inside of a two year span? If they are unqualified to build consumer homes then they should be prohibited from building even their own residence. This is the most blatant example of legislating away the competition. Here, the legislature seeks to make outlaws out of people who are pursuing financial independence at no harm to others. If the owner builder were truly dangerous to the consumer then we should outlaw even the practice of building a personal residence. After all, even the "occupied" home will be on the consumer market in two or more years.

We are talking about the Alaskan tradition of buying a few acres in youth and either immediately or later in life subdividing and starting to build a few houses that can be rented or sold. I personally know teachers who made retirement possible and more comfortable by building one or two houses per summer over the last 5 years of their career and never lived in a single one. Why are we about to outlaw the "owner builder" who just wants to sell or rent enough houses to maintain financial independence? There is no danger to the consumer here! If we really want to "protect" the unwitting homebuyer then we should pass a law mandating a 3-year warranty by any builder. But, Oops... you will find that the Alaska Home Builders Association does not want that requirement in the name of "consumer protection".

Qualifications mean very little in this case and occupancy is totally divorced from the subject. This industry is self-regulated by the lenders or city codes. All homes built with borrowed money have to pass a bunch of inspections at each stage in order to receive continued funding. Regardless of qualifications, the home will be constructed correctly or it won't pass. The consumer is protected.

If a consortium of unregistered contractors get together and, at the request of a homeowner, build a house... they may be outside of their license but, what is the danger to the consumer? The owner is definitely in danger of saving at least 40% on construction costs. Should we protect the owner from saving money? Should we stop a property owner

from subdividing and building 3 houses over the next two years without a general contractor? Possibly saving \$120,000 to \$160,000 dollars over the term of those projects? I think not. Each of those houses would still be inspected at each stage of construction.

If you must have an occupancy rule... make a rule that 3 years of rental history can be substituted for owner occupancy. Surely these mythical problems of shotty construction will show up after three years of rental history? When that house is sold and inspected by an engineer, the problems will be corrected before the sale.

In closing:

Consumers are not nearly as uninformed as the legislature has been lead to believe. When a consumer calls two general contractors to renovate the basement and is told that they are too busy or that the cost will be over \$12,000 dollars, they are stunned. When they call a handyman and are told that he is available and will cost half, they realize that the price is lower for some reason. The absence of insurance and state red tape is a big part of that. The consumer who does not admit that they knew a handyman was at least a little less qualified for the job after paying only half the market price... is simply dishonest! Please don't make new laws to accommodate dishonesty. Also, if licensed home builders are constantly being hired to fix the problems left by the "unregistered" contractor, I would think that they should be happy for the work?! That is job security, right?

I don't know how to be more clear than this: HB81 does not protect consumers in any meaningful way. It only protects homebuilders from having to compete with partnerships and owner builders. This bill is not consumer protection; it is special contractor protection at the expense of other contractors, owners and consumers. These facts cannot truthfully be denied.

Please oppose or severely amend this legislation!

Respectfully,

Todd Larkin (trying to earn an honest living.)

Testimony and amendments to HB81(L&C) version 1 Submitted by Todd Larkin

It took three hours of my time to read, reference and create amendments to this bill. This is one bill out of probably 350 bills that will come from the house this session. Is it any wonder that you cannot get good public participation in the committee process?

The reasoning for the following amendments is simple... The legislature should not be engaged in legislating the smallest labor providers out of the market. Citizens who are engaged in this small segment of the market cannot afford the overhead (also created by the legislature) associated with holding more substantial contracting licenses. Also, the "owner builder" is an Alaskan tradition and is an indication of our independence from the suffocating regulations of other states. This bill seeks to substantially outlaw both practices and their cooperation on projects.

Whatever the reasons forwarded in committee, the transparent motivation of this legislation and any like it is to limit competition to the overburdened general contractors and single trade contractors. These contractors have been overburdened by STATE requirements that have driven their costs so high that they cannot co-exist with the low priced sole proprietor or limited partnerships. By attempting to raise the business costs of the smallest labor provider, the legislature substantially increases costs to the consumer; the same consumer that has been forced to seek the *less qualified* labor because they cannot afford the certified contractor. ALL of the problems that will be cited in committee discussion are a market result of the legislature trying to "protect" the consumer in the past by creating unnecessary requirements on legitimate contractors.

In the case of sole proprietors and limited partnerships, we are talking about complete project amounts under \$5000 dollars! Insurance requirements are ridiculous. The citizens engaged in this portion of the market are simply trying to earn enough money to go home and pay their personal bills and I suggest that the great majority do so without incident. The legislature now wants to give that citizen another bill to pay? It is only the *unsatisfied* customers that you will hear of in the legislature. And they would have been very "unsatisfied" if they had to hire tradesmen for their project at substantially higher costs.

My comments and amendments are confined to "owner builders" intending to sell or rent a finished property and "specialty contractors" aka "handyman" license holders. Home inspection is a separate problem of fraud and should be dealt with in that fashion.

Amendments to hb81(L&C) version 1

Page 2, line 8: delete all of section 2

(I am absolutely certain that the majority of voters did not send you to office to institute new fine structures and reduce access to the courts).

Page 4, line 18: After the word "operation" delete the word "whether" and, after the word "same", delete the phrase "or a different" (or restructure the sentence to achieve the same goal).

Page 4, line 21: delete the words "might indicate" and replace with the words "clearly indicates" (the current wording is far too open to interpretation).

Page 4, lines 22-25: starting at the word "a" delete all material.

Page 5, lines 2-3, starting at the word "occupies": delete the phrase "occupies the property after construction for not less than two consecutive years and"

Page 5, lines 5-11, starting with the word "in": delete all material
(Are we now outlawing the "owner builders" of Alaska? Supplemental commentary will show why this section is destructive and totally unnecessary legislation)

The current form of HB81 does not protect consumers from anything except lower prices. Consider optional replacement language to truly accomplish "consumer protection":

On page 5, add language to the "two year occupancy requirement" which allows a substitution of a three year rental occupancy (with the owner acting as landlord). This requirement will allow any serious building defects to be exposed while the builder/owner is still liable. Then, when the home is sold, the owner will be bound by disclosure laws to tell the buyer of any defects. The renter also acts as a deterrent to false disclosures because they may testify in court against a dishonest builder. (REAL CONSUMER PROTECTION)

Strike the provisions relating to issuance of citations, licensing requirements, insurance requirements, misdemeanor classification and occupancy requirements. Then propose language that mandates a three year warranty be offered with every newly constructed home, no matter who builds it. The builder will always be civilly liable for repairs. Unqualified builders will go bankrupt quickly and qualified builders should have little or no expense because they build so well.

This warranty could be a basic limited warranty on workmanship with the terms stipulated in statute so that every builder in the state is bound by the same conditions regardless of licensing. (This is REAL CONSUMER PROTECTION). It is self policing and healthy to the free market which will drive costs down for consumers but, unfortunately, will be apposed by the home builders because the "consumer protection" rhetoric is a disguise for eliminating competition.

Respectfully frustrated,
Todd Larkin

3/7/05
NOT DISCUSSED
replaced By new
AMENDMENT I Amendment #1

24-LS0144V.1
Mischel
3/7/05

OFFERED IN THE HOUSE
TO: CSHB 81 (L&C)

BY REPRESENTATIVE MEYER

- 1 Page 2, lines 10 - 11:
- 2 Delete "and except as provided in (e) of this section"
- 3
- 4 Page 2, lines 28 - 30:
- 5 Delete all material.