

ALASKA LEGISLATURE COMMITTEE FILES 1901-1902 0072

1751 HLC 3/22/82 HB 634 - 3/24/82 FEDERAL SB 898

bills coming up.

Number 102

There being no further business to come before the committee, the meeting was adjourned.

Alaska State Legislature



MEMBERS:
TERRY MARTIN, CHAIRMAN
BERNARD BYLSMA, VICE CHAIRMAN
RICKARD RANDOLPH
TERRY GARDINER
BRIAN ROGERS

POUCH V
STATE CAPITOL
JUNEAU, AK 99811
PHONE (907) 485-3783
OFFICIAL BUSINESS

House of Representatives LABOR AND COMMERCE COMMITTEE

To: Representative Al Adams, Chairman
House Finance Committee
From: Representative Terry Martin, Chairman
House Labor & Commerce Committee
Date: March 30, 1982
Subject: HB 37 relating to the motor fuel tax.

On behalf of this committee, I urge you to adopt an amendment to HB 37, which is currently in your committee. We ask that you increase taxes on certain aviation fuels for a period of three years, specifically: increase the aviation gas tax to 4-1/2¢, and increase the jet fuel tax to 2-1/4¢. We further request that the additional tax monies be used to fund the Alaska Aviation Safety Foundation, and to encourage pilots to form group insurance plans. The Foundation feels that the tax needs to be collected for a period of only three years, after which they believe they will be self-supporting.

We believe the work of the Alaska Aviation Safety Foundation to be in the interest of public safety. After extensive hearings, we also believe that the pilots of our state need a viable alternative to existing insurance programs, and would like to encourage them to form group insurance plans. Many air taxi operations and other air carriers are in danger of having to go out of business, due in large part to the high insurance rates they are forced to pay.

We appreciate your consideration of this request. If you desire further information or assistance, don't hesitate to contact my office.

Handwritten signature of Terry Martin in cursive script.

Terry Martin, Chairman
House Labor & Commerce Committee

jm

To: Representative Al Adams, Chairman
House Finance Committee
From: Representative Terry Martin, Chairman
House Labor & Commerce Committee
Date: March 30, 1982
Subject: HB 37 relating to the motor fuel tax.

On behalf of this committee, I urge you to adopt an amendment to HB 37, which is currently in your committee. We ask that you increase taxes on certain aviation fuels for a period of three years, specifically: increase the aviation gas tax to 4-1/2¢, and increase the jet fuel tax to 2-1/4¢. We further request that the additional tax monies be used to fund the Alaska Aviation Safety Foundation, and to encourage pilots to form group insurance plans. The Foundation feels that the tax needs to be collected for a period of only three years, after which they believe they will be self-supporting.

We believe the work of the Alaska Aviation Safety Foundation to be in the interest of public safety. After extensive hearings, we also believe that the pilots of our state need a viable alternative to existing insurance programs, and would like to encourage them to form group insurance plans. Many air taxi operations and other air carriers are in danger of having to go out of business, due in large part to the high insurance rates they are forced to pay.

We appreciate your consideration of this request. If you desire further information or assistance, don't hesitate to contact my office.

Terry Martin, Chairman
House Labor & Commerce Committee

jm

Absent:
none

3/22/82

HB 634
SS HB 639

Tape # 41

1:45

000

Call to order by Martin; int'd SS HB 639

~~SS HB 639~~

SS HB 639

018

Randolph - sponsor - explained why he int'd bill: To maximize employee's latitude w/ what they can do w/ their cont'n^{to Supp. Benefits} upon termination.

040

Paul Arnoldt, Dir, Div Retirement - Currently, if more than

\$1,000 in acct, money must remain in acct until age 55.

Bill makes distinction between monies - employer's & employee's. If money isn't considered emp's money, it is no longer tax sheltered. ^(d) ~~Sec 2~~ shd be changed to

"on behalf of emp"

o "under the terms of the St. At Suppl Annuity Plan" added to end of that sentence.

Have history of legislat'n of annuity fund.

116

Rogers - then bill wd be up to emp & what is

asked Randolph, if amndts were made, wd his intent be to pay

1/2 the amt? R - yes

130

Cherie Shelley, APEIA, said majority favor keeping SBS program.

~~Want~~ support concept & amndts proposed.

Rogers asked abt other amndts. - ~~shd they be~~ optional ways to pay money back to emp, & provision for paying interest. Shelley agreed.

160

Arnoldt elaborated on how IRS views the funds & how to provide various options to emp.

200 Rogers gave example of a seth & asked clarification abt how system wd work. Arnold explained & suggested different language for amdmnt. Discussion.

248 Rogers had more gotna - whether decision abt money has to be made upon termination. ^{Arnold:} 1) take on termination 2) defer to some date. ~~at~~ Clarified term "constructive receipt."
Ken Humphreys (guy with pipe) gave example of seth. Discussion.

306 Rogers moved:
Upon termination

w/drew amdmnt.

317 Rogers moved:
Upon termination

Motion passed by unan consent

330 Rogers moved ^{2 through end}
p.1, l. 24 to add sections of SCSCSHB121
There was objection. Rogers elaborated on his reasons for moving amendment. Martin felt this cd be better addressed later. Gardner felt time was critical. ~~thought~~
Rogers on gotna: for: Rog, Gard opp'd: Rand, Byesma, Martin

383 Randolph moved CSHB 369 be reported; passed w/o objection.

408 Rand moved to rescind action on HB 639 for discussion;
Gardiner objected; Randolph explained - felt "shall"
shd be used rather than "may". Rogers explained
it was to deal w/IRS. Randolph withdrew mo.

HB 634

433 HB 634 was brought before comm.

Rogers said existing bill is unconstitutional; only solution
he found was one he did not favor.

454 Jim Dodson, secretary, Ak Aviation Safety Foundn; also brought
ltrs fr Tulinda Deegan, pres, Ak Air Carriers, ^{to get Miller}. He read
Deegan's ltr to committee. Pointed out Air Carriers &
Safety Foundn appreciated efforts on their behalf.

Concerns with bill

530 Rogers asked if there was discussion of state funded insurance,
or state wkg w/an orgn wanting to offer ins.

Dodson said state insurance was not favored. Approach their
wkg on is Ak Aviation Safety Foundn - attempting to come
up w/ certification program.

562 Gardiner - there was discussion of self insuring through a fund.
Dodson said there had been discussion, but no action. Not
big enough pool to self-insure. Currently have a wkrs
comp group insurance - less than a yr old, no don't know
how it will work.

602 Gardiner said fishing industry had same problem; they set up ins. pools; has wkd well; dropped his ins. by half. Explained how the fishermen did it. Governme^{nt} entity does can't legally disallow people the way private groups can. Recommended this in the best "unwashed" libertarian tradition.

665 Rogers agreed w/ Gardiner. Explained how he visualized this working. Said if Lloyd's wdn't do it, perhaps state shd fund it until ins. brokers do. Agree w/ limiting atty's fees. Recommended writing ltr to Fin Comm urging fndg at Av. Safety Foundn.

718 Randolph agreed govt shd step in & get into ins ^{business} in big way. Spoke of pilots' relationship to the ^{great} ~~spirit~~ Alaskan tradition.

Side B

006 Gardiner wondered abt limiting atty fees - whether state can tell citizen what they can do in terms of paying for anything. Randolph agreed.

014 Dodson ^{wd} greatly appreciate discussion in Fin for cont'd fndg of Av Safety Foundn. Elaborated on a resolution passed by the Foundn & work done by the Foundn. Uman asked state to increase tax on av gas & jet fuel to fund Av Safety Foundn. Tax shd last for 3 yrs, when they expect to be self-supporting.

~~047~~ ? ~~go~~ Martin

050 Rogers moved to adopt CS HB 634 which wd contain the av gas 4 1/2¢ + on jet fuel to 2 1/4¢ ^{for a 3 yr period} w/ ltr of intent asking increased fees ~~money~~ to go to Av Safety Foundn, & to encourage group ins.

Martin said he had assumed a bill was being used to do this. Rogers recommended doing it anyway.

072 Rogers said to also recommend Fin referral.

Randolph preferred ltr of intent. Rogers said ltr of intent can't be done unless there's a bill. Alternative wd be comm sending ltr to Fin recommending they add ltr of intent. Moved that. No objections, bill passed.

089 Rogers moved to table HB 634. No obj, mo passed.

092 Martin went over comm. calendar

102 Rep Rand asked abt HB 642; comm decided to act on it at beginning of tomorrow's mtg.

Please insert new subsection (d) - See attached -
^{prepare}
& draft a final copy of CS SSB 639 (L & C).
If you have questions, please call.

Joan Matthews
X3657
Labor & Commerce
Committee.

Introduced: 3/10/82
Referred: Labor & Commerce and
Finance

1 IN THE HOUSE

BY RANDOLPH

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 639

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to supplemental employee benefits; and
7 providing for an effective date."

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

9 * Section 1. AS 39.30.150 is amended by adding a new subsection to read:

10 ~~(d) Upon termination of employment by an employee, the amount~~
11 ~~contributed by the employee that was used to purchase supplemental~~
12 ~~annuities may be refunded to the employee on application by the employee.~~

13 * Sec. 2. The plan administrator of the State of Alaska Supplemental
14 Annuity Plan shall apply to the United States Internal Revenue Service for a
15 ruling that an amendment to the plan to allow participants to receive an
16 annuity benefit as provided in AS 39.30.150(d) at any age will not adversely
17 affect the deferral of taxes and, on receipt of a favorable ruling, shall
18 amend the plan in accordance with the provisions of this Act.

19 * Sec. 3. Section 1 of this Act takes effect on amendment of the plan by
20 the plan administrator after receipt of a favorable tax ruling by the United
21 States Internal Revenue Service.

22 * Sec. 4. Section 2 of this Act takes effect immediately in accordance
23 with AS 01.10.070(c).
24
25
26
27
28
29

(d) Upon termination of employment by an employee, the amount held on behalf of the employee in the Supplemental Annuity account may be paid to the employee under the terms of the State of Alaska supplemental annuity plan upon application by the employee.

LABOR & COMMERCE COMMITTEE
DAILY COMMITTEE HEARING

Date: 3/22/82

Place: _____

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	_____ ✓	_____	1:43	
Rep. D. Randolph	_____ ✓	_____	1:44	
Rep. B. Rogers	_____ ✓	_____	1:47	
Rep. T. Gardiner	_____ ✓	_____	1:47	
Rep. T. Martin, Chair	_____ ✓	_____	1:38	

Subject Matter:

House Bill No. 634 639 _____

Senate Bill No. _____

Special Orders:

Introduced: 3/10/82
Referred: Labor & Commerce and
Finance

1 IN THE HOUSE

BY RANDOLPH

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 639

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to supplemental employee benefits, and
7 providing for an effective date."

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

9 * Section 1 AS 39.30.150 is amended by adding a new subsection to read:

10 (d) ^① Upon termination of employment by an employee, the amount
11 ^{on behalf of} contributed by the employee ^{deposited to sup annuity acct} that was used to purchase supplemental
12 ^{paid} annuities may be ^{under the terms of the state of the sup annuity plan} refunded to the employee on application by the employee.

13 * Sec. 2. [↑] The plan administrator of the State of Alaska Supplemental
14 Annuity Plan shall apply to the United States Internal Revenue Service for a
15 ruling that an amendment to the plan to allow participants to receive an
16 annuity benefit as provided in AS 39.30.150(d) at any age will not adversely
17 affect the deferral of taxes and, on receipt of a favorable ruling, shall
18 amend the plan in accordance with the provisions of this Act.

19 * Sec. 3. Section 1 of this Act takes effect as amendment of the plan by
20 the plan administrator after receipt of a favorable tax ruling by the United
21 States Internal Revenue Service.

22 * Sec. 4. Section 2 of this Act takes effect immediately in accordance
23 with AS 01.10.070(c).

24 * Sec 5 et al: Secs 2-end of Secs SHB 121

25 ^② the amount held on behalf
26 of the ~~employee~~ empl ^{in the} sup ann acct
27 may ~~be~~ be put to the ^{SSHB 639} empl under the
28 terms of the state of Alaska ^{sup ann plan}
29 upon application by the empl

Alaska Air Carriers Association

March 19, 1982

Representative Jack Fuller
Pouch V
Juneau, Alaska 99811

Dear Mr. Fuller:

The Alaska Air Carriers Association appreciates your efforts to help control the escalating aviation insurance premiums.

Last week the air carriers met in Anchorage for the 1982 AACA Annual Convention and Trade Show. At the Convention we had a round-table discussion on the issue of insurance. Mr. Micheal E. Charlesworth, a lead underwriter for Alaska aviation insurance at Lloyd's of London, Mr. Ian Lewis, a London Broker, Mr. Micheal J. Hall, a domestic underwriter, and Ken Moore, Director of Insurance participated in the discussion.

Mr Charlesworth advised the members of AACA that the enormous increase in insurance premiums was the result of the business practices of Lloyd's of London. Historically, Lloyd's has grouped Alaskan operators with all aviation in the United States. Lloyd's has found that the losses in Alaska have exceeded those in the lower 48 states.

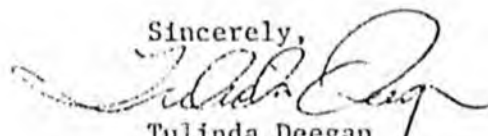
The general consensus of the insurance representatives was that a limit of \$250,000 would raise premiums, because the limit would become the standard payment for claims in Alaska. Smaller operators who only carry the \$100,000 minimum insurance required by the Alaska Transportation Commission, would face increase insurance costs.

The insurance representatives recommended the following:

1. Continue the work of the Alaskan Aviation Safety Foundation
2. Develop a schedule of payments similar to Worker's Compensation
3. Limit attorney fees
4. Educate Alaskan juries that high awards are passed on to air taxi operators

The AACA stands ready to work with you to develop legislation to lower insurance premiums.

Sincerely,



Tulinda Deegan
Executive Director

3-2 3-82

H B 8 32

HOUSE LABOR & COMMERCE
STANDING COMMITTEE
March 23, 1982
1:05 p.m.

Members Present: Rep. Martin, Chairman
Rep. Bylsma, Vice Chairman
Rep. Gardiner
Rep. Randolph
Rep. Rogers

Members Absent: No members absent.

COMMITTEE CALENDAR

TELECONFERENCE HEARING

HB 832 An Act relating to the regulation of
contractors; and providing for an effective
date.

WITNESS REGISTER

Connie Sipes
Consumer Protection Agency
Anchorage, Alaska
Position Statement: Went over bill in detail, recommending
changes as well as areas they support.

Bob Evans
Consumer Protection Agency
Anchorage, Alaska
Position Statement: Gave statistics about complaints filed
regarding problems with contractors.

Jim Wilkins
Box 259
Wasilla, Alaska 99687
376-2324
Position Statement: Objected to bill.

Dave Gruenke
SRB, Box 7481
Palmer, Alaska 99645
Position Statement: Disagreed with portions of bill.

Harold Stocker
Box 2457
Sitka, Alaska
747-5110
Position Statement: Disagreed with bill.

Mary Lou Vilandre
Box 1420
Sitka, Alaska
747-8006
Position Statement: Opposed bill.

William Novcaski
Box 896
Sitka, Alaska
747-8966
Position Statement: Opposed bill.

Lorin M. Walker, Jr.
Walker Construction
Box 2580
Fairbanks, Alaska 99707
488-2346
Position Statement: Opposed bill.

Hans F. Hingst
North Pole Electric
SR Box 80430
Fairbanks, Alaska 99701
488-2967
Position Statement: Pointed out problems with bill.

Roland Stanton
3817 Fairview Avenue
Ketchikan, Alaska
225-3406
Position Statement: Objected to whole bill.

William McNall
attorney
Anchorage, Alaska
Position Statement: Supported bill; made recommendations.

Michael Stilley
Vice President, Construction Loans
United Bank of Alaska
Anchorage, Alaska
Position Statement: Felt bill needs work.

N.C. "Clay" Porter, President
Alaska Homebuilders Association
118 East International Airport Road
Anchorage, Alaska
276-3713
Position Statement: Commented on bill.

Beverly McClintock, President
Fairbanks Homebuilders Association
PO Box 81042
Fairbanks, Alaska

456-7421
Position Statement: Problems with bill.

Tom Hall
contractor
Haines, Alaska
Position Statement: Opposed bill.

Tom Bodett
general contractor
Petersburg, Alaska
Position Statement: Opposed bill.

Ken Helem
Sitka Electric
Box 1609
Sitka, Alaska 99835
747-8752
Position Statement: Agreed consumer protection necessary;
proposed alternatives.

Paul Persinger
Persinger Homes, Inc.
Box 270
Wasilla, Alaska 99687
376-3800
Position Statement: Commented on bill and alternatives.

Dick Rorher
Box 2219
Kodiak, Alaska 99615
486-5835
Position Statement: Commented on bill.

Pat Verdugo
Little Lambs Day Care
315 Noyes Street
Fairbanks, Alaska
456-4465
Position Statement: Told of a problem she had with a contractor.

Robert Haines
Greater Anchorage Builders Council
Anchorage, Alaska
Position Statement: Requested amendments to bill.

Earl Carlyle
Anchorage, Alaska
Position Statement: Suggestions for amendments to bill.

Michael Ryman
consumer
Box 4222
Mt. Edgecumbe, Alaska 99835

Position Statement: Felt surety fund amount was not enough.

Breen Gaughan
State Home Building Industry
3220 Sleeping Lady Loop
Anchorage, Alaska
276-4470
344-1997

Position Statement: Commented on statistics introduced.

Joe Guthrie
attorney
Juneau, Alaska

Position Statement: Gave his views about bill; made suggestions.

Alan Eaker
d/b/a Great Land Interiors
PO Box 554
Wasilla, Alaska 99687
376-5947

Position Statement: Felt bill's intent was misdirected.

PREVIOUS ACTION

HB 832

See minutes of 3/2/82 and 3/18/82 meetings.

Statutory Reference: AS 08.01.010; AS 08.18

Action Taken: No formal action. Purpose of hearing was to take teleconference testimony statewide.

ACTION NARRATIVE

Tape #42
Recording
Number 000

The meeting was called to order by Chairman Martin at 1:05 p.m. Members present were: Representatives Martin, Bylsma, Rogers, Randolph, and Gardiner. Rep. Martin left shortly after the call to order. Before the committee was HB 832. This hearing was teleconferenced, and testimony taken, statewide.

Number 015

CONNIE SIPES, Consumer Protection Agency, Anchorage, analyzed the bill after contacting affected parties. She said she would forward copies of this analysis. Sipes said the CPA found the projected rate of new home starts for 1982 to be 4,000-4,500 in the Anchorage area.

Sipes said the Consumer Protection Agency supports most of HB 832. Sipes went over the bill point by point, making recommendations. There was discussion by the committee at times throughout this testimony.

Number 498

BOB EVANS, CPA, Anchorage, presented statistics to the committee. He said there were 97 consumer complaints filed in the Anchorage office since 1979. In 1981, 55-60 more were received on the phone, but no formal complaints were filed. In 1980, the highest number of complaints were received, and that year, there were over 1,000 housing starts. He said most complaints resulted in: 1) no contractor response; 2) contractor had disappeared or absconded with the money (he said this accounted for 1 of every 4 complaints); 3) partial correction or adjustment by the contractor to the consumer; 4) there was a dispute in factual information, in which case the complaints were referred to the legal system. Evans said he would forward a copy of his report to the committee.

Number 607

Rep. Rogers had several questions regarding the statistics presented. Evans attempted to clarify.

Side B, Number 039

JIM WILKINS of Wasilla objected to three points: 1) the surety account, which he felt makes good contractors pay for the actions of poor contractors; 2) AS 08.18.107, dealing with subrogation rights--Wilkins objected to listing his costs as it would show the profit a contractor makes and would restrict profit; and 3) AS 18.18.125, Wilkins disagreed that one man (the Commissioner of Labor) should have power over every contractor in the state.

Number 086

DAVE GRUENKE of Palmer disagreed with the bill. He did agree with two year registration, but strongly disagreed with the surety fund. He felt providing a materials and labor invoice made no sense, would be a lot of work, and would allow the buyer to know what everyone is making.

Number 111

HAROLD STOCKER of Sitka disagreed because most complaints are registered from people who probably hire unlicensed contractors.

He felt the bill would create a wider gap of competition between the licensed and unlicensed contractors, as it would cost the licensed contractor more for bonding. He said unlicensed contractors don't have costs licensed contractors have. Stocker said the state doesn't enforce current licensing and registration requirements enough.

Number 137

MARY LOU VILANDRE, a specialty contractor in Sitka, opposed the bill. She said consumers do need protection, but another way to do this is needed.

Number 153

WILLIAM NOVCASKI, Sitka, wondered how much this would add to the cost of a new home. He believes in free enterprise and local enforcement. Novcaski felt higher bonding wouldn't insure that houses are built to higher standards. He said most houses in Sitka are built by self-builders, and the bill doesn't insure the person won't build a sloppy house and sell it the next year. He felt having to list name brands of materials used was ridiculous, and noted that builders often have to substitute brands due to unavailability of some brands.

Number 189

LORIN WALKER of Fairbanks opposed the bill. He felt the majority of homebuilders and specialty contractors in the Fairbanks area are unlicensed. He said his prices are already higher than an unlicensed contractors. He was opposed to the surety account. He said the money would have to come from the consumer, who can't afford prices now. He agreed with Stocker's testimony. Walker said unlicensed contractors is where the problem comes from.

Number 211

HANS HINGST, North Pole Electric, Fairbanks, said he deals in residential wiring. He said Sipes is incorrect in her statement that one does not need a license or bond for work done for under \$10,000. Hingst said the major cause of consume. complaints is unlicensed contractors. He said the reason is that electrical inspectors have little or no authority over single family homes; they can only check the workman's license, but can't check his work. Hingst said a licensed contractor can't compete financially with an unlicensed contractor. He suggested giving inspectors more

authority over single family dwellings: permits and inspections, certificates of occupancy, more inspectors; or eliminate all licenses, inspections, permits, and let him compete with the unlicensed contractor.

Number 275

ROLAND STANTON of Ketchikan found the number of complaints projected by the CPA very small. He objected to the whole bill. He agreed with objections offered by others testifying. He said he already has to have a bond which is in effect five years after going out of business, and that there are many other remedies, such as liens, codes, court, insurance, and arbitrators. Stanton said a contractor has his whole net worth on the line on every job. He said if one wants to see a contractor's license, one has only to ask for it, as it is a wallet-sized card. Stanton saw no need to change registration to two years. He said the surety account increased the costs of getting into business, and doesn't increase consumer protection at all. He pointed out there is no provision for the size of the contractor's operation. He felt it would set up a new bureaucracy in an already heavily regulated business. Stanton said laws already exist. He opposed the bill. Contractors are already overburdened, and the bill won't help.

Number 364

WILLIAM MC NALL, an attorney practicing in Anchorage and living in Eagle River, said his practice as a lawyer is with defective housing litigation, and he deals mainly with contractors. He said some consumer protection is required. McNall felt the statistics were fascinating. He said that in December of 1981, he received one case a day in the office, and referred another 1-2 a day for about two weeks around Christmas. He said he receives more complaints than the Consumer Protection Agency. McNall said, from a consumer point of view, it is a good bill. He said the industry needs enforced building codes, enforced by inspectors. He referred to the situation in Eagle River, where contractors oppose the codes. McNall said that contractors are uncooperative, dishonest, and shirking responsibility. He was unimpressed with the building industry and its ethics.

Number 436

McNall said the \$5,000 bond is too small. He felt it needed to be raised to \$50,000. He said if a contractors can't afford the bond, he can't stand behind his warranties. McNall suggested: 1) adopt the bill and bar contractors from court unless they're licensed; and, 2) make the lender responsible to make sure the builder is licensed or bonded.

Number 468

MICHAEL STILLEY, Vice President of Construction Loans, United Bank of Alaska, said the bill needs work. He said builders need protection. Licensing needs to be more difficult to obtain to keep shoddy builders out of the market. He said testing may be an answer. Stilley said work should be effected through a media task force. He said those in the industry are ethical and trying to do a good job. He felt a surety fund is inequitable. Stilley said the bill makes an escape clause for the builder building only one house. He felt if the builder sells the house, the law should apply. Stilley said a distinction should be made between a speculation builder and a builder who contracts with a buyer. Stilley said building inspectors are funded by the building permits issued. Building inspection is public safety. He felt the departments should be funded, and that there should be consistent policy.

Number 553

There was discussion between Stilley and the committee.

Number 654

CLAY PORTER, president of the Alaska State Homebuilders Association, said the bill has problems, but also has positive points. He said there needs to be more protection and improved contractor licensing law. The existing law has split authority between the Department of Commerce and the Department of Labor, and this should be changed. He agreed there should be a task force set up. He said existing laws need better enforcement. Porter thought bank verification and AHFC verification of licensed contractors is good. He noted that banks rarely ask for a license from a contractor. Porter said maintenance contractors have no license at all. He said Anchorage is dealing with a law enacting testing and licensing review requirements.

He said there are other methods of local enforcement, such as land use permits, well and septic permits, and inspections. He felt complaints, should be monitored in detail. Porter felt the builder should also be protected. He said the costs contractors would incur under the bill are too high. At Rep. Rogers request, Porter agreed to send the committee a copy of his testimony.

Tape 43, Number 050 BEVERLY MC CLINTOCK, president of Fairbanks Homebuilders Association, said, although the bill was meant well, there are questions. She said the bill creates a surety fund which is the homeowner's warranty. She said if there is a need, the cost of the fund should be borne by the owner rather than the contractor. As it is set up, the fund is a first resort when it should be a last resort. She said a task force is needed. McClintock said banks, Alaska Housing, and city inspectors should have a great part in checking licenses and setting up consumer protection. She felt the biggest problem with the bill is that good contractors pay for bad ones.

Number 095 TOM HALL, contractor from Haines, said the surety fund would affect him badly. He felt it should be scaled according to number of homes built. He doesn't want to report his actual costs. He said licensed contractors would pay more than unlicensed contractors.

Number 111 TOM BODETT, a general contractor in Petersburg, said most of his points have already been brought up. He was not sure the surety fund would make a difference in his bonding costs. He said if the fund is set up, the legislature should repeal the statute requiring bonds for five years after work is completed. He said much of his business is on the honor system. The bill would require disclosures the consumer may not want. He felt perhaps informing the consumer of his rights would be enough. He said the restrictions could hinder small builders.

Number 153 KEN HELEM, and electrical contractors in Sitka, agreed that consumer protection is necessary, but felt that better enforcement and reviewing the contractor's records for licensing could alleviate the problem. He

said more regulations will reflect on the consumer eventually. He said the bill should be geared to the number of houses built.

Number 167

PAUL PERSINGER of Wasilla asked what determines a complaint, and asked how costs are determined. He wondered how many boards would be required to hear complaints. He said some builders have purchased a warranty program. He felt local homebuilders could mediate.

Number 190

DICK RORHER of Kodiak agreed that consumers need protection, but thought the surety fund wouldn't do it. He said \$500,000 is too low if the fund were used. He thought increasing bonding may be a good suggestion. He said an insurance agent told him that he, nor about five other builders he knew, could get a \$25,000 bond. He said enforcing building codes is an area needing improvement. Rorher is an unlicensed contractor, but felt he does good work. He said he builds 1 speculation house per year. He said he stakes his reputation against any licensed contractor in Kodiak, and felt the exception should remain.

Number 233

PAT VERDUGO, day care center operator in Fairbanks, said she recently dealt with a contractor. She paid him in full on December 10, although work was not completed. She said state inspectors found electrical and plumbing violations. The general contractor would not repair these defects, and would not finish the work he had not completed. She could find no way to attach his bond. She said attorneys don't want to handle the case. She found that the plumber and contractor were unlicensed. She said she can't get relief. She did not know if the bill was the answer, but said the contractor's history was on file, it could keep others from having the same problem.

Number 281

Rep. Rogers questioned Verdugo about her specific complaint. There was discussion.

Number 331

ROBERT HAINES of the Greater Anchorage Builders Council said he wants parts of the bill amended and parts added to existing law. These were: public information; contracts making both parties aware of

building industry procedures; and the posture of prevention adopted. He said the problem lies with qualified contractors, not just licensing, as anyone can get a license. He was not opposed to raising the bonding limit.

Number 371

EARL CARLYLE of Anchorage said the surety account was unacceptable. He wanted HB 740 adopted and attached to the bill. He would also like something done about fly-by-nights. He said fifty percent of the advertisements in the papers are fly-by-nights.

Number 395

MICHAEL RYMAN, a consumer in Sitka, said he had a custom home built. He felt all contractors should not pay for the bad ones. He said he is presently in a lawsuit over a home he had built. Ryman said the amount stated for the surety account is not enough. He felt perhaps a portion of bank funding should be held for a period after a home has been lived in.

Number 462

BREEN GAUGHON, Alaska Home Builders Industry, was amazed that 3-5% of all people who might be damaged can hold 95-97% of the industry liable.

Number 502

JOE GUTHRIE, attorney in Juneau, had a different interpretation of the statistics offered by the Consumer Protection Agency. He felt that the 3-5% of the people who have notified CPA of complaints should indicate that CPA does not have effective remedies for dealing with problems. He offered his own statistics. Guthrie said the bonds are not enough for someone to maintain a lawsuit. He said the expense incurred exceed what could be realized from a bond, so actions aren't filed. He felt two things would help solve the problem: 1) amend the loan bill to require AHFC not lend on homes built by unlicensed contractors; and 2) add a paragraph on page 2, line 13, to require the state keep on file sworn complaints, judgments, findings by arbitrators, etc. He said this would be helpful to be able to go to a central file and see what experiences other consumers have had with a builder.

Number 616

ALAN EAKER of Wasilla felt the bill was misdirected in intent. He said existing

laws could be utilized to solve the problems the industry has. He said competency testing before licensing is an option, and the Department of Commerce looking into complaints of unlicensed contractors could aid enforcement.

Number 659

There being no other people wishing to testify, and no other business to come before the committee, the meeting was adjourned at 3:22 p.m.

MSG 82-00016811 PRTY 1 03/25/82 17:08:17 ORIG: LM00 IN= 0011 OUT= 0001
FROM: MARTIE/NATSU TO: JOAN. H. L&C
TARGET: LJHY SUBJ: PAGE 0001

HI JOAN, YOU WILL PROBABLY BE GONE BY THE TIME THIS GETS DOWN THERE, IT HAS BEEN ONE OF THOSE DAYS.....

I'LL SEND ALL OF THE NAMES AND ADDRESSES FROM THAT T/C
JIM AND GAIL WILKINS (JIM WILKINS, BUILDER) BOX 259, WASILLA 376 2324
ROBERT VAN GORDER, VAN GORDER CONTRACTING, BOX 144, WASILLA 376 5672
DAVE GRUENKE, SRB BOX 7481, PALMER 745 4881
PAUL PERSINGER, PERSINGER HOMES, INC. BOX 270, WASILLA 376 3800
HELEN MUNOZ, A-1 CESSPOOL SERVICE, SRD. BOX 9152, PALMER 745 4380
CLIFF MARTIN, PO BOX 2110, WASILLA 745 5858
ALAN F. EAKER, GREAT LAND INTERIORS, PO BOX 554, WASILLA 376 5947

AND YOU ARE WELCOME-- AND I JUST FINISHED READING YOUR MESSAGE SAYING TO SEND THIS TO LJHY, SO I WILL RESEND.
MARTIE

~~Malone joined
mtg 1:37; left abt
15 minutes later~~

TELECONFERENCE
LABOR & COMMERCE COMMITTEE
DAILY COMMITTEE HEARING

Date: 3/23/82

Place: _____

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. E. Bylsma, V. Chair	_____ ✓	_____	1:03	
Rep. D. Randolph	_____ ✓	_____	1:20	1:33
Rep. B. Rogers	_____ ✓	_____	1:05	
Rep. T. Gardiner	_____ ✓	_____	1:22	
Rep. T. Martin, Chair	_____ ✓	_____	1:00	1:00

Subject Matter:

House Bill No. 832 _____

Senate Bill No. _____

Special Orders:

Gardiner, Randolph, & Martin left during mtg.

Absent:

H Labor & Commerce

Tape # 42

3/23/82

HB 832

443

TELECONFERENCE

1:05

000

Call to order; introduced HB 832. Martin left 5 minutes after call to order

015

Lonnie Site, CPA, Anchorage - analyzed bills after contacting affected parties. Will forward copies.

CPA found projected rate of new home starts 4,000 - 4,500 ~~more~~ in Anc area. CPA supports most of HB 832, specifically:

- 1) .010 change to registration rather than licensing
- 2) .08.01.021 appn for regis (maint by dept of comm of pub info file) especially, (a)(5)
- 3) - suggests new subsection saying any member of public can submit documents against contractor to go in file
- 3) .031 - 2 yr registration
- 4) .041 - fees biennial
- might add provision that pay 1 fee to do other kinds of contracting as long as other regts are met (bonding, ins)
- 5) .101 - ins, wks comp
- 6) .102-.103 - surety fund; they like idea, but might need to be changed or delayed; if no fund, support equivalent of malpractice ins or homeowners warranty fund.
Urg raising bonds, retain .071 if no surety this yr.

112

(
\$10,000
\$25,000

Account

111 also support regional arbitration boards

Urg comm pass Sec. 107 (p.6) - reg'd practices for home contractors; shd possibly be expanded to all contractors.

Suggest deleting sub (5). Support passing sec. 108 - prohibited practices.

140 Uge adding to .108 making it a violation to do business in any name other than registered contractor name.

.109 - gives new enforcement tools. Easier for attys to handle cases.

Wd make state enforcement easier - Injunctive powers.

.101 - support.

.105 - temp orders

(secs .107-.108 tie in to .105)

Sec. 131 - support - injunctive pwr

.171 - defns shd be put into effect, as present statutes lack this.

suggest chng "homes" to "structures"

"home contractors" & "general contractors" need to be defined.

Sec 11 -

08.18.071 shd not be repealed if surety fund not established, but shd be chngd to raise bonds & chng priorities against bonds (reverse priority)

253 Support more enforcement against unlicensed contractors.

Need better pub info & records on contractors.

Important to get these into effect this yr, especially in S. Central.

272 Rogers - re surety acct - this will be delayed; raise bonding 25,000 specialty, 10,000 general - wonders who will build into 4 new small cos, who can't afford bonding - who will build?

She's not certain bonds are not available. (Referred to Terry Dale, Gov ofo, to ask abt this). She wasn't sure people who can't afford this or time certificate of deposit belonged in business.

Rogers responded coming up w/capital for eqpt & tools, as well as \$10,000 bond/certificate difference for many but by contractors.

323 Site said contractor who does job under \$10,000 is not req'd to be licensed. Supports financial commitment by contractor to back their work.

340 Rogers re .107 - req'd practices - concerned p. 7, l. 12 written contract -

exp: l. 18 mat's to be used - time consuming & lengthy process; signing cost in developing these figures; cd this be req'd^{only} of customer suggests?
her concern was

Site said, if mat's are specified, it shd be written, not verbal. Cd be changed to say any mat's specifically agreed on be specified in contract.

388 Rogers - est. date of completion - so many things can delay completion, that are beyond contractor's control - late ferry, strike - what wd happen?

Site - go to arbitration bd or ct to look at reasonableness of delay. Cd be specified in law; cd also encourage contractor to add 30 days to estimate for completion.

435 Rogers, re effect on existing lien structure - sec. 107 req'd practices, p. 6, l. 29 - recalled ~~time~~ other attempts to modify this law - difficult for legislature, unwilling to tamper. W/o surety fund, how is this affected.

Site - shd not affect system, shd affect home contractor - before closing, will make sure liens aren't filed against purchasers.
Puts burden on
Drakes contractor, who is resp for lien.

498 Bob Evans - CPA, Ane - 97 consumer complaints filed since 1977 in Ane office; in 1981, 55-60 more heard on phone, no formal complaint filed. 1980, highest # complaints: 1,000 housing starts that yr. Projections for '82 indicate 33% increase over ~~1981~~¹⁹⁸¹. Possibly 35-40% increase this yr in housing starts. Most complaints resulted in:

- 1) no contractor response
- 2) cont had disappeared or absconded w/money (25 of 97 compls) (1 out of every 4)
- 3) partial correction or adjustment by cont to consumer
- 4) dispute in factual info; these were referred to legal system.

10% successful resolution rate in this area, compared to 40% of general complaints.

59% complaints major or serious nature.

Will forward memo.

607 Rogers asked if there are regional patterns in diff's in kinds of complaints. Evans hasn't compared to rest of state; broken down into MOA, West Su, Kenai. 74 ~~out~~ of 97 were in Ane area. Rogers requested they compare to rest of state.

634 Brylsma asked - 10% resolved - what is meant? Evans - in 40% of all cases, are able to reach settlement ratio to both parties. Only 10% resolution bet consumer & home contractor. Otherwise goes to ct, or remains unresolved.

Clarification of statistics. Evans responded.

669 Rogers - ~~asked~~ asked if 5% was high or low complaint level.

Side B

039 Mat Su

Jim Wilkins, Wasilla - objects to 3 points:

- 1) surety acct 08.18.102 - makes good contractors pay for actions of poor contractors. Not opposed to increasing bond level, however thinks 10,000 & 25,000 excessive
- 2) .107 subrogation rights - i.5 provide customer w/ dated invoice for mat'l + labor - ~~then~~ objects to listing bid's cost as opposed to retail cost. Wd show profit contractor makes & will restrict profit.
- 3) 08.18.05 - ~~Comm of Labor has power to~~ Comm of Labor has power to give no man power over every contractor in state. Wilkins disagrees with.

086 Dave Gienke, Palmer - disagrees w/ bill; agrees w/d up registrn. Strongly disagrees w/ surety fund & p. 8, #5 - providing mat'l + labor invoice - makes no sense, a lot of work & buyer knows what everyone is making.

~~but~~

Setka

- 111 Harold Stocker - disagrees because most complaints are registered from people who hire probably unlicensed contractors. This would make wider gap of competition bet licensed & unlicensed; would cost licensed contractor more for bonding. Unlicensed contractors don't have costs licensed contractors have. Also, state doesn't enforce current licensing ^{& registration} reqmts enough.

Vilandre

- 137 Mary Lou ~~Vilandre~~ - specialty contractor - opposed bill. Consumers do need protection, but need another way to go about it.

Novcaski

- 153 William Aotasty - wonders how much this will add to cost of new home; believes in free enterprise & local enforcement. Higher bonding won't insure houses as strict to higher standard. Most houses in Setka built by self-builders; doesn't insure person won't build sloppy house & sell it the next yr.
- p. 18, p. 7 ridiculous (listing brand names, etc); often have to substitute brands.

Fairbanks

- 189 Loren Walker - opposed bill; majority of homebuilders & speciality contractors ^{in Fairbanks} are unlicensed. His prices are already higher than unlicensed. Opposed to surety acct; money will have to come from consumer, who can't afford prices now. Agrees w/ Stocker of Sitka. Unlicensed contractors is where profit comes from.

Hingst

- 211 Hans Hingst - N. Pole Electric - deals in residential wiring. Site is incorrect in not needing license or bond for work under \$10,000. Major cause of consumer ~~complaints~~ complaints is unlicensed contractor. Reason is state ^{electrical} inspectors have little ^{or no} authority on single family homes; can only check workman's license, but can't check work. ~~But~~ Licensed contractor can't compete financially w/ unlicensed contractor. Suggested giving inspectors more authority in single family dwellings; permits & inspections; certificates of occupancy; more inspectors; or eliminate all licenses, inspections, permits, & let him compete w/ unlicensed contractor.

Ktn

275 Roland Stanton - finds # of complaints projected by CPA very small. Objects to whole bill; agrees w/ other objections; also, already have bond which is in effect 5 yrs after going out of bus; liens; codes; court; lms; arbitrators; many remedies. Contractor has whole net worth on the line on every job. If you want to see contractor's license, you just ask for it. No need to change register to 2 yrs. Surety acct ~~not~~ increases costs of getting into business & doesn't increase cons. profits at all. No provision for size of operation. Sets up new bureaucracy in already heavily reg'd business. Laws already exist.

^{gen contr}
Re \$5,000 bond - Need to increase; ~~need~~ state bond shd cover local work on state work; shdn't have to buy another bond. Opposed bill. Already overburdened. Bill won't help.

~~364~~ Anc

364 ~~360~~ William Mc Nall, atty, practicing in Arc, lives in E. River - practice as lawyer is w/ defective housing litigation, deals mainly w/ contractors. Some cons. profits reg'd. Statistics are fascinating. In Dec 1981, rec'd 1 case a day in office & referred 1-2/day for 2 wks around Xmas. ~~He~~ Receives more complaints than CPA. From consumer pt of view, good bill. Industry needs enforced building codes, enforced by inspectors. Referred to Seth in Eagle R where contractors oppose codes. Contractors uncooperative, dishonest, & shirking responsibility. Unimpressed w/ bldg industry & its ethics.

AME

436 \$5,000 bond too small. Needs to be raised to \$50,000. If he can't afford bond, he can't stand behind his warranties.

Suggested

- 1) adopt bill & bar contractors unless they're licensed
- 2) make lender resp to make sure bldrs licensed or bonded.

Stilley

468 Michael ~~Stilley~~ - VP Const Loans, United Bank of AK -
bill needs work. Bldrs need protection; licensing needs to be more difficult to obtain to keep ~~bad~~ ^{shoddy} bldrs out of market. Testing may be an answer. Work shd be effected th/ media task force. Those in industry are ethical & trying to do good job. Surety bond is inequitable. Bill makes escape clause for bldrs bldg only 1 house; if he sells it, law shd apply. Distinction shd be made bet spec bldrs & bldrs who contracts w/ consumer. ~~Re~~ Re public safety - ~~the~~ they're funded by bldg permits issued; bldg inspection is public safety; depts shd be funded, consistent policy.

553 Rogers - ^{no} diff bet spec & custom built homes in terms of involvement of consumers in bldg - might need different rules. Thought creating task force to work on this over interest is excellent idea. ~~For~~ Having banks resp for licensed contractors on anything financed w/ state money is good & wd be easy to legislate.

598 Stilley - re register for contractors - wd like to have agency monitoring registered bldrs & complaints.

Juneau

654
~~654~~

Clay Porter, pres, of State Homebuilders Assn -

bill has pros, but also positive points

- 1) needs to be more prot'n + improved cont. licensing law.
Existing law has split authority bet Dept Comm + Dept Labor.
Shd be changed
 - 2) Agree there shd be task force set up.
 - 3) Existing laws need better enforcement
 - 4) Bank verification + AHFC verifi'n of licensed cntros is good.
Banks rarely ask for license.
 - 5) Maint cntros have no license at all.
is dealing w/ law on
 - 6) Are ~~too~~ test + licensing reqs; also ~~to~~ local enforcement
in other ways (land use permits, well + septic permits/
inspections)
 - 7) Have people monitor in detail no. of complaints
+ nature
- ~~the~~ beds shd also be protected. Costs cntros wd incur, ^{under bill} are too high.

Topic 2

045 Rogers requested cty of stmnt.

~~650~~

050 Beverly Mc Clentock, pres, of Homebuilders Assn - although law
was meant well, there are gaps

- 1) creates surety fund which is homeowners warranty.
If there is need, cost of fund shd be borne by owner
rather than cntrects. As set up, it's a first resort fund;
shd be last resort.

Jnu

070 MeC, cont'd

2) need task force

3) banks, at Hag & city inspectors shd have great part in ckg licenses & setting up consumer protn.

Biggest prob w/ bill is good cntacts pay for bad ones.

Haines

075 Tom Hall - cntacts - surety fnd will affect him badly.

Shd be scaled according to # homes built. Doesn't want to report actual costs. Licensed contractors will pay more than unlicensed.

Petersburg

111 Tom Bodett - gen cntacts - most points already brought up.

Not sure surety fnd will make diff in his bonding costs.

If fnd set up, shd repeal statute req'g bonds for 5 yrs after wk completed. Much of his bus is on honor system; bill wd require disclosures the consumer may not want.

Perhaps informing consumer of rights wd be enough.

Restrictions would hinder small bldrs.

Butka
Ken Helem

153 ~~Ken Helem~~, elect. cntacts - agrees cons. protn necessary.

Better enforcement & moving city's records for licensing

cd alleviate prob. More regns will reflect on consumer eventually. Shd be geared to # houses built.

That Su

167 Paul Persinger - what determines complaint, & how are costs determined. Wondered how many boards wd be req'd to hear complaints. Some bldrs have purchased warranty prog; local home builders mediate.

≠
Kodiak
Rorher
190 Dick Rorher - agree that cons needs protn, but surety fund won't do it. \$500,000 too low if fund were used. Increasing bonding may be good suggn. Ins agent told him publicly neither, he nor abt 5 other bldrs he's talked w/ cd ~~offer~~ ^{get} \$25,000 bond. Enforcing bldg codes is an area needing improvement. He's an unlicensed contractor - feels he does good work (builds 1 spec house per yr). States his reputation against any licensed contractor in Kodiak, & feels exception shd remain.

76x
Verdugo
233 Pat Verdugo - recently dealt w/ contractor. Paid him in full 10/10, though wk was not completed. State inspectors found elect & plumbing violations; gen'l contractor won't repair them, & won't complete wk he didn't finish. Can't find any way to attach his bond; attys don't want to handle case; plumber & contractor unlicensed. Can't get relief. Doesn't know if bill is answer, but if contr's history was on file, cd keep others from having same prob.

- 281 Rogers asked if she had asked if Contr was licensed. She said he reg'd ^{& believed} himself to be. Licensed now, but wasn't at that time (license app was lost or not sent). Electrician ~~wasn't~~ wasn't licensed. Called state elect. & plumbing inspectors to do inspections. One violation was so bad they were on the verge of the fire.
- 326 Rogers sugg'd not paying until all work completed.

Anc Haines

- 331 Robert Haines, Greater Anc Pedro Council - want parts of bill amended; ^{& parts added to existing law:} pub. info; contracts putting making both parties aware of bldg industry procedures; & practice of prevention adopted. Prob less w/ qualified contractors, not just licensing, as anyone can get license. Not against raising bond limit.

Carlyle

- 371 Earl Carlyle - surety acct unacceptible. Wants HB 240 adopted & attached to bill. We also like something done abt fly by rights. 50% of advertisements in papers are fly by rights.

Sitta

- 395 Michael Reiman - consumer - had custom home built. All contracts shdn't pay for bad ones. Presently in lawsuit over home he had built. Amt stated for surety acct not enough. Perhaps a portion of bank funds shd be held for a period after home has been lived in.

446 Sanderson checked sites - that Su had one

general

Gaughon

462 Breen ~~son~~, homebldg industry of St. L. - amazed that 3-5%
of all people who might be damaged can hold industry
95-97%
liable.

502 Jpc Guthrie, atty - different interpretn of stats - ^{that} 3-5% of
people have notified CPA shd indicate CPA does not
have effective remedies for dealing w/ prbts. Called
Occ'l Licensing; bet 1/1/80 & 1/30/81 3, ⁷⁶ specialty
& gen contract. licensed; 45 people satisfied judgments
against gen'l contractors, 20 against specialty. Low
percentage indicates how ineffective system is. Bonds
aren't enough for someone to maintain lawsuit.
Expense incurred exceeds what cd be realized fr
bond, no actions aren't filed.

Two things wd help solve prob

- 1) amend loan bill to require AHFC not purchase licenses
not built by licensed contractors
- 2) ~~adopt new~~ add para on p 2 l. 13 to require state
keep ^{on} file sworn complaints, judgments, findings by
arbitrator, etc. Wd be helpful to be able to go to
central file & see what experiences other consumers
have had.

616 That Sn
Alan Eaker
~~Allen Eaker~~ - Wasilla - ^{bill} misdirected in intent. Existing
law cd be utilized to solve probs industry has.

Competency testing before licensing ~~contractors~~ is an option,
& Dept Comm looking into complaints of unlicensed
contractors cd ~~be~~ aid enforcement.

659 Adj. 3:22

Bureau note → * - to testify

SIGN-IN SHEET

HB 832

Name (please print)	Address	Representing	Testify? (YES or NO)	Phone Number
Judy Gilmore	9349 Lathrop St.	Regulatory Reform Program	NO	489-0512
NANCY MATLOCK	POUCH AN, JUNEAU	REGULATORY REFORM PROGRAM	No	465-3538
STEVE WINTERS	PO Box 2540 JUNEAU	WINTERS ELECTRIC INC	✓	789-9807
John Cook	PO Box 69 JUNEAU	COMMUNITY ELECT	No	
HARRY D. TREAGER	PO Box D JUNEAU	DIV Occup. License	No	465-2534
DON KOCH	" " "	DIV INSURANCE	NO	465 2577
GORDON J. GRIFFIN	PO Box 383	G & G Const	No	784-0307
Jim McConaghy	Box 273 Aukie Bay	McConaghy Const	No	789-9547
Preston Burnett	9352 Center St JUNEAU	Burnett & Son Const	NO	784-4143
- Bruce P. Baudon -	3220 Sleeping Lady Ln Anchorage	Home Builders Industry	* YES - *	276-4070 344-1997
Richard Walker	SR Box 50124 Fairbanks	Home Builders	NO	456-5426
Daniel Dea	Box 2206 JUNEAU	Home Builders	NO	9-9767
Fred Ferrara	550 W 54th Ave Anchorage	Home Builders Assn	NO	278-5537
Mike Mitchell	213 Seeward St JUNEAU	My Self	NO	586-6151
Tom Hammett	PO Box 971 Aukie Bay	Quick Deal Const	NO	789-0050
Ziff Hammett	PO Box 2231 JUNEAU	Ziff Hammett Const	NO	789-0409
Howard Morgan	4910 Byrd Ln Anch	Home Builders	no	243-5101
Rob Gamble	2702 Gambell St	Home Builders	NO	279-021
BOB JOHNSON	P.O. Box 564 WINSILLA, AK	Home Builders	NO	376-5727
LARRY BERTHE	4141 Apollo Dr.	Home Blders -	NO	337-2705

MSG 82-00016479 PRTY 1 03/24/82 16:43:26 ORIG: LM09 IN= 0016 OUT= 0001
FROM: MARTIE/HATSU TO: JUAN. H. L&C
TARGET: LJHY SUBJ: HB 832 T/C PARTICIPANT PAGE 0001

DAVE GRUENKE IS THE CORRECT SPELLING IF THE PARTICIPANT'S NAME,
HIS ADDRESS IS SR8, BOX 7481, PALMER

OK?

WHAT ARE YOU DOING DOWN THERE? FOUR MARY!

MSG 82-00016004 PRTY 1 03/23/82 12:54:28 ORIG: LA08 IN= 0011
FROM: CADDY/ANCHORAGE TO: JACK JUREAU T/C
TARGET: LJE5 SUBJ: HOUSE L & C TELECONFERENCE PAGE 0001

PARTICIPANTS THUS FAR:
WILLIAM MCNALL 1.
JOHN W. COOPER2.
MICHAEL STILLEY3.
BOB EVANS4.
CONNIE STPES5.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016008 PRTY 1 03/23/82 12:57:41 ORIG: L000 IN= 0006 OUT= 0005
FROM: KODIAK TO: JUREAU T/C
TARGET: LJE5 SUBJ: HOUSE L&C REG. OF CONTRACTORS T/C PAGE 0001

KODIAK HAS TWO OBSERVERS AT THIS TIME WHO MAY WANT TO TESTIFY AT A LATER TIME:
RICHARD ROHREK, BOX 2219, KODIAK, AK. 99615, 488-5835
RICHARD LIEN, BOX 1529, KODIAK, AK. 99615, 406-6241

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016009 PRTY 1 03/23/82 12:58:23 ORIG: LK00 IN= 0002 OUT= 0006
FROM: BONNIE/KETCHIKAN TO: JUREAU T/C
TARGET: LJE5 SUBJ: HOUSE L & C, HB 832 T/C PAGE 0001

I HAVE TWO PERSONS WHO WHICH TO TESTIFY:
ROLAND STANTON, 3817 FAIRVIEW AVE., KETCHIKAN, 225-3406
WILLIAM O. RODGERS, BOX 7513, KETCHIKAN, 225-6292
THATS ALL FOR HERE. EOM/BCF

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016010 PRTY 1 03/23/82 13:02:19 ORIG: LS00 IN= 0011 OUT= 0007
FROM: SITKA TO: JUREAU
TARGET: LJE5 SUBJ: HOUSE L & C TELECONFERENCE-CONTRACTORS PAGE 0001

TO PARTICIPATE:
SKA HAROLD STOCKER, BOX 2457, SITKA 747-5110
MARY LOU VILANDRE, BOX 1420, SITKA 747-8806
WILLIAM NOVASKI, BOX 896, SITKA 747-8966

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

FBK MSG 82-00016011 PRY 1 03/23/82 13:00:30 ORIG: LF01 IN= 0005 OUT= 0008
FROM: DEBBIE/FBX TO: JACK/JUNO
TARGET: LJE5 SUBJ: CONTRACTORS REGS. T/C PAGE 0001

WE HAVE TWO PARTICIPANTS WHO WISH TO TESTIFY:

1. LORIN H. WALKER JR., WALKER CONSTRUCTION, BOX 2580, FBX 99707 488-2346
2. HANS F. HINGST, NORTH POLE ELECTRIC, SR 80430, FBX, AK 99701 488-2967

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

M-S MSG 82-00016012 PRY 1 03/23/82 13:01:46 ORIG: LM00 IN= 0007 OUT= 0009
FROM: DIANE/MATSU TO: JUNEAU T/C
TARGET: LJE5 SUBJ: PARTICIPANTS PAGE 0001

WE HAVE ONE PARTICIPANT:

JIM WILKINS BOX 259, WASILLA 99687 376-2324

REPRESENTING - SELF

TWO OBSERVERS:

GAIL WILKINS BOX 259, WASILLA 99687 376-2324

BUILDER

ROBERT VANGORDER BOX 144, WASILLA 99687 376-5672

REPRESENTING - VANGORDER CONTRACTING

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

ANC MSG 82-00016015 PRY 1 03/23/82 13:04:10 ORIG: LA08 IN= 0013 OUT= 0010
FROM: NICKI IN ANCHORAGE TO: JACK IN JUNEAU
TARGET: LJE5 SUBJ: H. LABOR & COMM. T/C PAGE 0001

A NOTE, BOB EVANS AND CONNIE SIFES ARE REPRESENTING THE CONSUMER PROTECTION AGENCY.

WE ALSO HAVE 2 OBSERVERS WHO MAY DECIDE TO SPEAK LATER

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

DIL MSG 82-00016016 PRY 1 03/23/82 13:05:24 ORIG: LI00 IN= 0002 OUT= 0011
FROM: DOROTHY IN DILLINGHAM TO: JACK/JRD
TARGET: LJE5 SUBJ: H L&C T.C. PAGE 0001

WE DO NOT HAVE ANY PARTICIPANTS IN DILLINGHAM THIS MORNING, SHOULD ANY ARRIVE, WE WILL LET YOU KNOW.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

BET MSG 82-00016018 PRY 1 03/23/82 13:09:43 ORIG: LB00 IN= 0003 OUT= 0012
FROM: HELIN/BETHEL TO: JACK IN JUNEAU
TARGET: LJE5 SUBJ: H. LABOR & COMM. T/C PAGE 0001

BETHEL DON'T HAVE ANY PARTICIPANTS AT THIS TIME AND I AM NOT EXPECTING ANY NO ONE HAVE CALLED IN REGARDING THIS T/C. BG, WE WILL LET YOU KNOW IF WE DO GET AN PARTICIPANT. THANK YOU.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

SKA MSG 82-00016023 PRY 1 03/23/82 13:11:04 ORIG: LS00 IN= 0012 OUT= 0014
FROM: SITKA TO: MODERATOR
TARGET: LJE5 SUBJ: HB 832 TELECONFERENCE PAGE 0001

G. KEN HELEM, SITKA ELECTRIC, BOX 1609, SITKA, AK. 99835 747-8752

TO OBSERVE:

GERALD HUGHES, CITY & BOROUGH OF SITKA, BOX 79, SITKA, AK. 99835 747-3295

TALLY THUS FAR: 4 WITNESSES AND 1 OBSERVER IN SITKA.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

KOD

MSG 82-00016024 PRY 1 03/23/82 13:18:34 ORIG: L000 IN= 0007 OUT= 0015

FROM: KODIAK TO: JUNEAU T/C

TARGET: LJE5 SUBJ: HOUSE L&C T/C PAGE 0001

KODIAK HAS TWO MORE OBSERVERS WHO MAY WANT TO TESTIFY LATER:

DONALD SWANSON BOX 2666 KODIAK, 486-3351

JAMES WHEELER BOX 417 KODIAK, 486-3797

SCOTT ARNDT, BOX 489, KODIAK, AK. 99615. 486-3745

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

SDT

MSG 82-00016028 PRY 1 03/23/82 13:21:42 ORIG: LL00 IN= 0002 OUT= 0016

FROM: MILLIE/SOLDOTNA TO: JACK IN JUNEAU

TARGET: LJE5 SUBJ: 3/23/82 HOUSE L & C. PAGE 0001

LARRY DERLETH : IS HERE TO OBSERVE AND MAY DECIDE TO SPEAK LATER.

BOX 914

SOLDOTNA, AK. 99669

262-4631

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

SKA

MSG 82-00016035 PRY 1 03/23/82 13:22:21 ORIG: LS00 IN= 0013 OUT= 0017

FROM: SITKA TO: JUNEAU

TARGET: LJE5 SUBJ: H. LABOR & COMMERCE T/C PAGE 0001

OBSERVER NUMBER 2

J.D. HOHNES, 747-3030, SITKA

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

FBK

MSG 82-00016045 PRY 1 03/23/82 13:33:29 ORIG: LF01 IN= 0007 OUT= 0018

FROM: DEBBIE/FBX TO: JACK/JUNG

TARGET: LJE5 SUBJ: CONTRACTOR'S T/C PAGE 0001

PARTICIPANTS CONT

3. PAT VERDUGO, LITTLE LAMBS DAY CARE, 315 NOTES ST., FBX 456-4465

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

ANC

MSG 82-00016051 PRY 1 03/23/82 13:45:34 ORIG: LA08 IN= 0014 OUT= 0001

FROM: CANDY/ANCHORAGE TO: JUNEAU T/C

TARGET: LJE5 SUBJ: HOUSE L & C TELECONFERENCE PAGE 0001

ADDITIONAL PARTICIPANTS:

ROBERT HAINES

TERRY SULLIVAN

EARL CARLYLE

MR. EARL CLOVER HAD TO LEAVE AND WILL NOT BE SPEAKING -- SOME OF OUR OBSERVERS ARE STILL CONSIDERING SPEAKING.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

KOD

MSG 82-00016064 PRY 1 03/23/82 14:01:52 ORIG: L000 IN= 0012 OUT= 0019

FROM: KODIAK TO: JUNEAU T/C

TARGET: LJE5 SUBJ: HOUSE L&C CONTRACTOR REC. T/C PAGE 0001

KODIAK HAS A SIXTH OBSERVER AT THIS TIME:

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016071 PRTY 1 03/23/82 14:20:00 ORIG: LF01 IN= 0009 OUT= 0020
FROM: DEBBIE/FBX TO: JACK/JUNO
TARGET: LJE5 SUBJ: CONTRACTOR'S T/C PAGE 0001

FBK

MS. VERDUGO HAD TO LEAVE AND WE HAVE NO OTHER PARTICIPANTS AT THIS TIME
OBSERVERS:

1. LARS EHRLANDER, UNIQUE BUILDERS, SR BOX 30502, FBX, AK 479-3885
2. JOHN WALLNER, WALLNER BUILDERS, SR 50127, FBX, AK 99701 452-5907
3. GLENN SPAULDING, BOX 2619, FBX, 458-4957

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016072 PRTY 1 03/23/82 14:20:55 ORIG: LS00 IN= 0015 OUT= 0021
FROM: SITKA TO: MODERATOR
TARGET: LJE5 SUBJ: HB 832 T.C. PAGE 0001

SKA

CONFIRMING THAT WE STILL HAVE ONE WITNESS WAITING IN SITKA. THIS IS
MR. G. KEN HELEN.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016073 PRTY 1 03/23/82 14:24:38 ORIG: LS00 IN= 0016 OUT= 0022
FROM: SITKA TO: MODERATOR
TARGET: LJE5 SUBJ: HB 832 T.C. PAGE 0001

SKA

TWO ADDITIONAL OBSERVERS:

MR. & MRS. MIKE RYMAN, BOX 4222, MI. EDGECLUMBE, AK. 99835

NOTE: MR. RYMAN MAY WISH TO TESTIFY BUT WANTS TO LISTEN RIGHT NOW.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016074 PRTY 1 03/23/82 14:26:46 ORIG: L000 IN= 0013 OUT= 0023
FROM: KODIAK TO: JUREAU T/C
TARGET: LJE5 SUBJ: TODAYS T/C HOUSE T/C PAGE 0001

KOD

RICHARD RORHER WOULD LIKE TO TESTIFY
ALSO SCOTT ARNDT WOULD LIKE TO TESTIFY

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016081 PRTY 1 03/23/82 14:49:46 ORIG: LF01 IN= 0010 OUT= 0024
FROM: MAXINE/FBX TO: JUNO T/C
TARGET: LJE5 SUBJ: H. LABOR & CORR T/C 3/23 PAGE 0001

FBK

FBX PARTICIPANT-----PAT VERDUGO HAS RETURNED AND WISHES TO TESTIFY
AT THIS TIME.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016084 PRTY 1 03/23/82 14:56:25 ORIG: LS00 IN= 0018 OUT= 0025
FROM: SITKA TO: MODERATOR
TARGET: LJE5 SUBJ: HB 832 T.C. PAGE 0001

SKA

I HAVE ONE OBSERVER WHO WOULD NOW LIKE TO TESTIFY:
MR. MIKE RYMAN

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016091 PRTY 1 03/23/82 15:16:36 ORIG: LM00 IN= 0010 OUT= 0026
FROM: DIANE/MATSU TO: JACK IN JUREAU
TARGET: LJE5 SUBJ: PARTICIPANTS PAGE 0001

M-S

ONE MORE PARTICIPANT:

ALAN EAKER - DBA GREAT LAND INTERIORS, P.O. BOX 554, WASILLA 376-5947

ONE MORE OBSERVER:

CLIFF MARTIN - P.O. BOX 2110, WASILLA 99687 745-5858

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

SKA MSG 82-00016094 PRTY 1 03/23/82 15:29:47 ORIG: LS00 IN= 0019 OUT= 0027
FROM: SITKA TO: MODERATOR
TARGET: LJE5 SUBJ: FINAL LIST T/C RE HB 832 CONTRACTORS PAGE 0001

TESTIFIED:

HAROLD STOCKER, STOCKER CONSTRUCTION, INC., BOX 2457, SITKA, AK.
MARY LOU VILANDRE, FRANKS PLUMBING, HEATING, AND SHEETMETAL, BOX 1420, SITKA.
WILLIAM NOVASKI (SITKA BUILDER), BOX 896, SITKA, AK.
G. KEN HELEM, SITKA ELECTRIC, BOX 1609, SITKA, AK.
MIKE RYMAN, BOX 4222, MT. EDGECLUMBE, AK.

OBSERVED:

GERALD HUGHES, CITY & BOROUGH OF SITKA, BOX 79, SITKA, AK.
J.D. HOLMES, GENERAL CONTRACTOR, STAR ROUTE, SITKA, AK.

NXT MSG U/R/S _ PREV MSG U/R/S _ RESEND _ CANCEL _

MSG 82-00016094 PRTY 1 03/23/82 15:29:47 ORIG: LS00 IN= 0019 OUT= 0027
FROM: SITKA TO: MODERATOR
TARGET: LJE5 SUBJ: FINAL LIST T/C RE HB 832 CONTRACTORS PAGE 0001

TESTIFIED:

HAROLD STOCKER, STOCKER CONSTRUCTION, INC., BOX 2457, SITKA, AK.
MARY LOU VILANDRE, FRANKS PLUMBING, HEATING, AND SHEETMETAL, BOX 1420, SITKA.
WILLIAM NOVASKI (SITKA BUILDER), BOX 896, SITKA, AK.
G. KEN HELEM, SITKA ELECTRIC, BOX 1609, SITKA, AK.
MIKE RYMAN, BOX 4222, MT. EDGECLUMBE, AK.

OBSERVED:

GERALD HUGHES, CITY & BOROUGH OF SITKA, BOX 79, SITKA, AK.
J.D. HOLMES, GENERAL CONTRACTOR, STAR ROUTE, SITKA, AK.

NXT MSG U/R/S R PREV MSG U/R/S _ RESEND _ CANCEL _

MSG337 NO NEXT MESSAGE WITH GIVEN QUALIFICATIONS EXISTS

Introduced: 2/16/82
Referred: Labor & Commerce and
Finance

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 832

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the regulation of contractors; and
7 providing for an effective date."

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

9 * Section 1. AS 08.01.010 is amended by adding a new paragraph to read:

10 (24) regulation of general contractors, specialty contractors,
11 general home contractors, and specialty home contractors.

12 * Sec. 2. AS 08.18.021 is amended to read:

13 Sec. 08.18.021. APPLICATION FOR REGISTRATION. (a) An applicant
14 for registration as a contractor shall submit an application under
15 penalty of perjury [OATH] upon a form to be prescribed by the commis-
16 sioner and which shall include the following information pertaining to
17 the applicant:

18 (1) employer social security number;

19 (2) type of contracting activity, whether a general, [OR] a
20 specialty, a general home, or a specialty home contractor and if a
21 specialty or a specialty home contractor [THE LATTER], the type of
22 specialty;

23 (3) the name and address of each partner if the applicant is
24 a firm or partnership, or the name and address of the owner if the
25 applicant is an individual proprietorship, or the name and address of
26 the corporate officers, registered [AND STATUTORY] agent, and person
27 actually responsible for the supervision of the contracting activity [IF
28 ANY,] if the applicant is a corporation;

29 (4) if the applicant is a general home or specialty home con-

1 tractor, the construction experience and business history of the appli-
2 cant, including

3 (A) the name of any officer, principal, partner, or
4 supervisory employee of the applicant who is, or who was, registered
5 or licensed as a contractor;

6 (B) the states or jurisdictions in which a person named
7 under (A) of this paragraph is, or was, licensed or registered,
8 and the dates of licensure or registration; and

9 (C) whether a license or registration named under (B)
10 of this paragraph is, or was, suspended or revoked, and the reasons
11 for suspension or revocation;

12 (5) all other names under which the applicant is registered,
13 or has ever been registered, as a contractor.

14 (b) The information contained in the application shall be main-
15 tained by the department in that applicant's file and shall be a matter
16 of public record and open to public inspection.

17 * Sec. 3. AS 08.18.031 is amended to read:

18 Sec. 08.18.031. CERTIFICATE OF REGISTRATION -- ISSUANCE, DURATION,
19 RENEWAL. A certificate of registration shall be renewed biennially and
20 lapses as provided by AS 08.01.100 (EXPIRES ON JUNE 30 OF EACH YEAR
21 FOLLOWING THE DATE OF ISSUANCE OR RENEWAL AND SHALL BE RENEWED UNDER THE
22 SAME REQUIREMENTS AS FOR AN ORIGINAL REGISTRATION]. The commissioner
23 shall issue to the applicant a certificate of registration upon compli-
24 ance with the registration, insurance, and surety requirements of this
25 chapter, unless registration is denied as provided by AS 08.18.125.

26 * Sec. 4. AS 08.18.041 is amended to read:

27 Sec. 08.18.041. REGISTRATION AND RENEWAL FEES. The applicant
28 shall pay to the commissioner a registration or renewal fee as follows:

29 (1) general contractor.....\$200 [\$100]

Need time limit for claims? 1 yr - 2 yrs etc!!!

- 1 (2) specialty contractor.....\$100 [50]
- 2 (3) general home contractor.....\$100
- 3 (4) specialty home contractor.....\$50

4 * Sec. 5. AS 08.18.101 is amended to read:

5 Sec. 08.18.101. INSURANCE REQUIRED. Each applicant, at the time
6 of applying for registration, shall file with the commissioner satisfac-
7 tory evidence that the applicant has in effect

8 (1) public liability and property damage insurance covering
9 his contracting operations in the sum of not less than \$20,000 for
10 damage to property, \$50,000 for injury, including death, to any one
11 person and \$100,000 for injury, including death, to more than one person;

12 (2) workers' compensation insurance as required by AS 23.30-
13 045 - 23.30.095.

14 * Sec. 6. AS 08.18 is amended by adding new sections to read:

may delete?

15 Sec. 08.18.102. ^{→ requirement of bonding} HOME CONSTRUCTION SURETY ACCOUNT. (a) The home
16 construction surety account is established as a special account in the
17 general fund to carry out the purposes of this chapter. The account
18 consists of surety fees paid by registered general home and specialty
19 home contractors under this section. The department may spend money in
20 the account to satisfy claims filed under this chapter. The department
21 may also spend money in the account, in an amount not to exceed \$25,000
22 annually, for home construction educational purposes. "Home construction
23 educational purposes", as used in this section, includes

24 (1) production and distribution of educational materials and
25 programs for home contractors and consumers; and

26 (2) development and distribution of forms for contractors,
27 customer evaluation, and complaints.

28 (b) A general home contractor, when applying for or renewing his
29 registration, shall pay to the department, in addition to the registra-

1 tion fee, a surety fee not to exceed \$1,000. A specialty home contrac-
2 tor, when applying for or renewing his registration, shall pay to the
3 department, in addition to the registration fee, a surety fee not to
4 exceed \$500. A surety fee shall be paid for each name under which a
5 contractor registers to do business as a home contractor. When the
6 amount paid into the home construction surety account reaches \$500,000,
7 the department shall by regulation adjust the surety fees so that the
8 account is maintained at a level of approximately \$500,000. All surety
9 fees collected by the department shall be paid at least once a month by
10 the department into the general fund. These payments shall be credited
11 to the home construction surety account.

12 Sec. 08.18.103. CLAIMS. (a) A person who has a complaint against
13 a home contractor for loss of money, personal property, or real property
14 may file a claim with the department. Claims may be made for a loss
15 resulting from the following actions:

- 16 (1) misrepresentation;
- 17 (2) nonpayment to materialmen, subcontractors, or laborers;
- 18 (3) defective materials or negligent workmanship;
- 19 (4) conversion of interim construction loan funds;
- 20 (5) violation of this chapter;
- 21 (6) an unfair or deceptive act or practice under AS 45.-

22 50.471 - 45.50.561.

23 (b) A claim shall be made on a form furnished by the department
24 and shall be executed under penalty of perjury. The person making the
25 claim shall supply the following information:

- 26 (1) the name and last known address of the home contractor;
- 27 (2) the amount of the loss;
- 28 (3) the date or period of time during which the loss occurred;
- 29 (4) the date upon which the loss was discovered;

1 (5) the name and address of the claimant; and
2 (6) a description of the transaction that resulted in the
3 loss claimed.

4 (c) A copy of a claim filed with the department under this section
5 shall be sent to the last known address of the home contractor against
6 whom the claim is filed.

7 (d) Upon receipt of a claim filed under this section, the depart-
8 ment may

- 9 (1) take and hear evidence on the claim;
10 (2) administer oaths and affirmations;
11 (3) compel, by subpoena, the attendance of witnesses and the
12 production of books, papers, and documents;
13 (4) hire an investigator, accountant, contractor, or other
14 expert;
15 (5) hold a hearing, in accordance with the Administrative
16 Procedure Act (AS 44.62), on the claim.

17 (e) The home contractor shall be given an opportunity, within 20
18 days after receipt of notification of a claim filed under this section,
19 to file a written statement and to present evidence in opposition to the
20 claim.

21 Sec. 08.18.104. FINDINGS AND AWARD. At the conclusion of its
22 consideration of a claim filed under AS 08.18.103, the department shall
23 make written findings and conclusions. If the department finds that the
24 claimant has suffered a loss in a transaction as a result of an action
25 described in AS 08.18.103(a)(1) - (6) by a home contractor, the depart-
26 ment may award a claimant an amount out the home construction surety
27 account not to exceed \$20,000 on a claim against a general home contrac-
28 tor and not to exceed \$10,000 on a claim against a specialty home con-
29 tractor.

may delete

1 Sec. 08.18.105. MAXIMUM LIABILITY AND PAYMENT PRIORITY. (a) The
2 maximum liability of the home construction surety account for claims
3 filed in each biennial registration period may not exceed \$60,000 for
4 one general home contractor or \$30,000 for one specialty home contractor.
5 This maximum liability amount applies to all names under which a person
6 is registered to do business as a home contractor.

7 (b) If the maximum liability of the home construction surety
8 account as provided in (a) of this section is insufficient to pay in
9 full the valid claims of all persons who have filed claims against one
10 home contractor, the maximum liability amount shall be distributed among
11 the claimants on a pro rata basis. Distribution shall be made among the
12 claimants without regard to the order of time in which the claims were
13 filed.

14 (c) If the balance of the home construction surety account is
15 insufficient at a given time to satisfy a claim that has been granted by
16 the department, the department shall, when additional amounts have been
17 deposited in the account, satisfy unpaid claims in the order that the
18 claims were originally filed, plus interest at the rate of 10 percent a
19 year.

delete

20 Sec. 08.18.106. SUBROGATION RIGHTS. When the department has made
21 a payment to a claimant from the home construction surety account, the
22 department shall be subrogated to all of the rights of the claimant and
23 the claimant shall assign all of his rights in that portion of the claim
24 to the department. Amounts subsequently realized by the department on
25 the claim shall be deposited in the home construction surety account.

26 Sec. 08.18.107. REQUIRED PRACTICES FOR HOME CONTRACTORS. Each
27 home contractor, registered or required to be registered under this
28 chapter, shall

- 29 (1) pay all subcontractors and materialmen so that no liens

1 are filed against the customer's property, and furnish the customer,
2 upon request, waivers of liens from all subcontractors and materialmen
3 within 30 days of completing a job or within 30 days of notice of a
4 lien, unless the subcontractor's or materialman's claim is the subject
5 of a bona fide dispute; in that case, the contractor is not required to
6 furnish a waiver until the dispute is settled;

7 (2) furnish to the customer, at the time of signing, a copy
8 of all written documents signed by the customer;

9 (3) notify the department, within 10 days, of any change in
10 ownership or management control or of change of address or business
11 name;

12 (4) provide the customer with a written contract, if the
13 total contract price for materials, labor, and service exceeds \$200,
14 containing the following information:

15 (A) total contract price or a statement of the hourly
16 labor charge and an estimate of total cost;

17 (B) a description of work to be done;

18 (C) materials to be used, described by brand name,
19 weight, size and color;

20 (D) any guarantee or warranty made to the owner, and any
21 exclusions, exceptions, and limitations;

22 (E) the estimated date of completion;

23 (F) a payment schedule;

24 (G) an agreement to restore or repair any part of the
25 customer's home or personal property destroyed or damaged as a
26 result of the acts of the home contractor, his agent, or subcon-
27 tractor; and

28 (H) the signatures of the customer and the home contractor
29 and the registered business name, address and telephone number

1 of the home contractor;

2 (5) provide to the customer, at the time the work is com-
3 pleted, a copy of a dated invoice listing the costs of all materials and
4 labor;

5 (5) provide to a prospective customer a brochure which the
6 department shall prepare providing the following information:

7 (A) a statement that the department's registration of a
8 contractor is not an endorsement or an evaluation of that con-
9 tractor's qualifications;

10 (B) an evaluation form;

11 (C) the address and phone number of at least two of the
12 department's offices where copies of all customer home contractor
13 evaluations, complaints, and claims regarding the contractor are
14 maintained and open to public inspection;

15 (D) an explanation of complaint procedures, including a
16 description of the home construction surety account established by
17 AS 08.18.102.

18 Sec. 08.18.108. PROHIBITED PRACTICES. (a) A home contractor may
19 not misrepresent, directly or by implication,

20 (1) the cost of construction or repair authorized by the
21 customer;

22 (2) the terms or conditions of a warranty;

23 (3) that construction, repairs, or alterations are necessary
24 if they are not necessary;

25 (4) that construction, repairs, or alterations have been
26 made if they have not been made; or

27 (5) that the home is in a dangerous condition or in a con-
28 dition not in compliance with building codes.

29 (b) A home contractor may not collect or attempt to collect for

1 (1) construction, repairs, or alterations not authorized
2 either orally or in writing by the customer;

3 (2) unnecessary construction, repairs, or alterations;

4 (3) construction, repairs, or alterations that have not been
5 made.

6 (c) A home contractor who warrants his work may not refuse to
7 repair a home in accordance with the terms and conditions of the
8 warranty.

9 (d) A home contractor may not file a lien on a customer's home
10 because the customer has refused to pay for unauthorized construction,
11 repairs, or alterations, or because the customer has refused to pay
12 construction, repair, or alteration charges in excess of the price
13 authorized in the written work agreement, if the customer pays the
14 authorized price for authorized construction, repairs, or alterations.

15 (e) A home contractor may not alter any part or fixture of a home
16 with intent to create a condition requiring repairs.

17 (f) A home contractor may not make a material misrepresentation in
18 the procurement of a home construction contract, or make a false promise
19 likely to influence, persuade, or induce a customer to enter into a home
20 construction contract.

21 (g) A home contractor may not gain entry or access into a prospec-
22 tive customer's home or onto his property under the guise of a govern-
23 mental inspection, right or duty, or under the guise that the home
24 contractor or his agent is a government or public utility inspector or
25 representative.

26 (h) A home contractor may not ask or require a customer to sign a
27 completion form before the work or job is completed in accordance with
28 the provisions of the construction contract.

29 (i) A home contractor may not advertise that the advertised price

1 or offer includes delivery or installation, if delivery or installation
2 is not included.

3 (j) A home contractor may not fraudulently execute or alter a
4 building contract, mortgage, promissory note, or other document made in
5 connection with a home contracting transaction.

6 (k) A home contractor may not perform work or use any materials in
7 violation of the building, housing, sanitary, health, or fire laws or
8 ordinances of the state or the local jurisdiction in which the home is
9 located.

10 (l) A home contractor may not transact business under any name
11 other than the one under which he is registered.

12 (m) A home contractor may not alter plans or specifications made
13 in a home construction contract in any material respect without prior
14 written consent of the customer.

15 (n) A home contractor may not display a false or forged registra-
16 tion.

17 Sec. 08.18.109. UNFAIR METHODS OF COMPETITION AND UNFAIR AND
18 DECEPTIVE TRADE PRACTICES. An act or practice by a home contractor that
19 does not comply with the requirements of this chapter constitutes an
20 unfair method of competition and an unfair and deceptive act or practice
21 for the purposes of AS 45.50.471 - 45.50.561.

22 * Sec. 7. AS 08.18.121 is amended to read:

23 Sec. 08.18.121. SUSPENSION AND REVOCATION OF REGISTRATION. (a)
24 If the insurance required by [IN] AS 08.18.101 ceases to be in effect,
25 the registration of the contractor shall be suspended until the insurance
26 has been reinstated.

27 [(b) IF A FINAL JUDGMENT IMPAIRS THE LIABILITY OF THE SURETY UPON
28 THE BOND OR DEPLETES THE CASH DEPOSIT SO THAT THERE IS NOT IN EFFECT A
29 BOND UNDERTAKING OR CASH DEPOSIT IN THE FULL AMOUNT PRESCRIBED IN

1 AS 08.18.071, THE REGISTRATION OF THE CONTRACTOR INVOLVED SHALL BE
2 SUSPENDED UNTIL THE BOND LIABILITY IN THE REQUIRED AMOUNT, UNIMPAIRED BY
3 UNSATISFIED JUDGMENT CLAIMS, HAS BEEN FURNISHED.

4 (c) IF A BONDING COMPANY CANCELS ITS BOND OF A CONTRACTOR THE
5 CONTRACTOR'S REGISTRATION SHALL BE REVOKED. HE MAY AGAIN OBTAIN REGIS-
6 TRATION BY COMPLYING WITH THE REQUIREMENTS OF THIS CHAPTER.]

7 (d) If a registered [LICENSED] contractor fails to fulfill his
8 obligations under this chapter [AS SET OUT IN AS 08.18.071] his registra-
9 tion [LICENSE] shall be suspended for a period of time the commissioner
10 determines is appropriate. After two [THREE] suspensions his registra-
11 tion [LICENSE] may be permanently revoked.

12 (e) Proceedings to suspend or revoke a registration [LICENSE]
13 issued under this section [CHAPTER] are governed by the Administrative
14 Procedure Act (AS 44.62).

15 [(f) IF THE COMMISSIONER OF LABOR DETERMINES THAT A PERSON IS
16 ACTING AS A CONTRACTOR IN VIOLATION OF THIS CHAPTER, HE SHALL GIVE
17 WRITTEN NOTICE PROHIBITING FURTHER ACTION BY THE PERSON AS A CONTRACTOR.
18 THE PROHIBITION CONTINUES UNTIL THE PERSON HAS SUBMITTED EVIDENCE ACCEPT-
19 ABLE TO THE COMMISSIONER OF LABOR SHOWING THAT THE VIOLATION HAS BEEN
20 CORRECTED.

21 (g) A PERSON AFFECTED BY AN ORDER ISSUED UNDER THIS CHAPTER MAY
22 SEEK EQUITABLE RELIEF PREVENTING THE COMMISSIONER OF LABOR FROM ENFORC-
23 ING THE ORDER.]

24 * Sec. 8. AS 08.18 is amended by adding a new section to read:

25 Sec. 08.18.125. TEMPORARY ORDERS. (a) If the commissioner has
26 reasonable cause to believe that a contractor has engaged in or is about
27 to engage in an act or practice in violation of this chapter or a regu-
28 lation adopted under it, he may, if he considers it in the public
29 interest,

1 (1) issue a temporary order directing the contractor to stop
2 the act or practice;

3 (2) issue a temporary order denying, suspending, limiting, or
4 conditioning the contractor's registration;

5 (3) bring an action in the superior court to enjoin the act
6 or practice and to enforce compliance with this chapter, a regulation
7 adopted under it, or an order issued under it;

8 (4) examine the books and records of the contractor;

9 (5) issue subpoenas for the attendance of witnesses, and the
10 production of books, records and other documents.

11 (b) A temporary order under (a)(1) or (a)(2) of this section may
12 be issued without written or oral notice to the contractor if the commis-
13 sioner believes that immediate and irreparable injury, loss, or damage
14 will result if the order is delayed. If an order is issued without
15 notice, the order shall define the injury, describe why the injury is
16 irreparable, and explain why the order was issued without notice. The
17 order shall also state the date and hour of issuance, and prescribe a
18 place and time within five days of issuance for a hearing by the commis-
19 sioner or his designee to determine whether the temporary order should
20 be continued. The commissioner shall place in his file at the time he
21 issues the order a memorandum that describes the evidence on which he
22 bases his belief for issuing the order without notice.

23 (c) The commissioner or his designee may extend the time for a
24 hearing under (b) of this section an additional five days on his own
25 motion or may shorten or extend the time before hearing at the request
26 of the contractor.

27 (d) A temporary order under (a)(1) or (a)(2) of this section
28 expires unless continued by the order of the commissioner or his
29 designee at a hearing under (b) of this section. At the hearing, whether

1 or not the contractor appears, the commissioner or his designee may
2 continue the order in effect for up to one year or until a hearing is
3 held under the Administrative Procedure Act (AS 44.62), whichever is
4 earlier.

5 (e) The commissioner or his designee shall be the hearing officer
6 at the hearing under (b) of this section. If the commissioner or his
7 designee designates a person to serve as hearing officer, the person
8 must have the qualifications prescribed by AS 44.62.350(c).

9 * Sec. 9. AS 08.18.131 is amended to read:

10 Sec. 08.18.131. INJUNCTION. In an action instituted in the
11 superior court by the commissioner, [Or LABOR OR] his representative,
12 or the attorney general, a person acting in the capacity of a contractor
13 in violation of this chapter may be enjoined from doing so.

14 * Sec. 10. AS 08.18.171 is amended by adding new paragraphs to read:

15 (4) "a construction trade" means a skill or craft commonly
16 used in the construction, repair, or alteration of homes, including
17 electrical work, heating and plumbing, carpentry, masonry, paving, sheet-
18 rocking, excavation, painting, roofing, fencing, landscaping, well-
19 drilling, and septic or sewage system installation;

20 (5) "department" means the Department of Commerce and Economic
21 Development;

22 (6) "general home contractor" means a general contractor as
23 defined in (2) of this section who builds or offers to build, for hire
24 or for sale, a home or homes, except that a contractor who builds for
25 hire or for sale no more than one home in each calendar year is not a
26 general home contractor;

27 (7) "home" means a one-to-four family residence or dwelling
28 and the real property on which the residence is located;

29 (8) "specialty home contractor" means a specialty contractor

1 as defined in (2) of this section, who for hire, constructs, alters,
2 repairs, demolishes, paints, roofs, landscapes, paves, or fences a home
3 or any part of a home, but whose business operations require the use of
4 no more than two distinct construction trades; a contractor who performs
5 this type of work for hire on no more than one home in each calendar
6 year is not a specialty home contractor.

7 * Sec. 11. The following laws are repealed: AS 08.18.061, 08.18.071,
8 08.18.081, 08.18.091, 08.18.111, and 08.18.141.

9 * Sec. 12. This Act takes effect July 1, 1982.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

3-24-82

FEDERAL

SB 898

HB 757

HOUSE LABOR & COMMERCE
STANDING COMMITTEE
March 24, 1982
1:20 p.m.

Members Present: Rep. Martin, Chairman
Rep. Bylsma, Vice Chairman
Rep. Rogers
Rep. Randolph

Members Absent: Rep. Gardiner

COMMITTEE CALENDAR

HB 757 An Act relating to unemployment insurance;
and providing for an effective date.

Federal SB 898 Telecommunications Competitions and
Deregulation Act of 1981.

WITNESS REGISTER

Judy Knight, Special Assistant
Department of Labor
PO Box 1149
Juneau, Alaska 99811
465-2700
Position Statement: Went over HB 757 section by section and
explained fiscal notes.

Harry Sturrock, Assistant Director
Unemployment Insurance
Division of Employment Security
Department of Labor
PO Box 1149
Juneau, Alaska 99811
465-2712
Position Statement: Assisted Knight in explaining HB 757.

Alex Hills
Deputy Commissioner
Division of Telecommunications
Department of Administration
Pouch C
Juneau, Alaska 99811
465-2200
Position Statement: Explained impact of federal SB 898.

PREVIOUS ACTION

HB 757 See minutes of 3/16/82.

Statutory Reference: AS 23.20

Action Taken: No formal action taken. Committee requested department to develop additional figures and information before taking action.

Federal SB 898

No previous action. This is a federal senate bill.

Action Taken: Impact and intent of bill was explained to the committee by Alex Hills, State Division of Telecommunications.

ACTION NARRATIVE

Tape #44
Recording
Number 000

The meeting was called to order by Chairman Martin at 1:20 p.m. Members present were: Representatives Martin, Bylsma, Randolph, and Rogers. Rep. Gardiner was absent. The chairman brought HB 757 before the committee for consideration.

Number 013

Judy Knight, Special Assistant, Department of Labor, asked Sandy Sturrock, Assistant Director of Unemployment Insurance to join her. Knight went over the bill section by section, and explained the fiscal notes.

Number 035

Rep. Rogers requested clarification of what information that is released to other agencies will be used for, and objected to violating the constitutional right to privacy.

Number 046

Knight resumed testimony. Rep. Rogers questioned changes in Section 3 (page 2). Knight picked up her testimony at Section 4.

Number 085

There was discussion of "interested parties" (page 4, line 13). Rep. Rogers wanted to set out specifically who could appeal; eg, claimant, employer, and division. Sturrock said "interested party" is defined in regulations.

Number 108

Knight resumed testimony at Section 7. She explained changes to the table. Rep. Rogers noted this would increase the top end of the benefits scale. He said the law had been written to take advantage of federal

extended benefits sooner than previous law. He asked how this would take effect. Knight explained how state benefits interact with federal benefits. Rep. Rogers explained his concern that the federal government might change extended benefits provisions. He said he would rather have more weeks benefits could be collected rather than raising benefit amounts. There was discussion of the impact on workers, how the benefits system work, and the cost of the program to Alaska.

- Number 252 Knight resumed testimony at Section 8.
- Number 256 Rep. Rogers explained how the earnings ratio is calculated and why he felt it did not work. Knight agreed the system was not perfect, but did not believe the majority of workers have the option to work one months of each calendar quarter (which is how a worker could collect more weeks of benefits than someone working four successive months). There was discussion.
- Number 319 Knight continued her testimony at Section 9.
- Number 349 There was discussion of wording in Section 11, and how availability for work is defined. Rep. Martin asked about people drawing unemployment insurance and workers compensation simultaneously. There was discussion. Knight said, to her knowledge, it is not a problem.
- Number 425 Sturrock explained Sections 12 and 13. There was discussion of the impact of changes to Section 14. Knight said this issue would be decided in court shortly.
- Number 498 Knight resumed testimony at Section 15.
- Number 556 Rep. Rogers asked, in reference to Section 17, why the department didn't just publish unemployment insurance information, as it is released to so many agencies. He said we are extending the violation of privacy every year. Knight said Congress passed the law. There was discussion.
- Number 623 Knight continued with Section 18, and passed out to the committee a recommended amendment to this section. Rep. Rogers said this would affect those who need extended

benefits the most--low income and those with children. There was discussion of the actual impact on Alaskans. Rep. Rogers requested the department develop language allowing the state to pick up extended benefits on those affected by this section. Rep. Martin asked if the department would also analyze what categories of people would be affected--people with children, and those with income over \$1,000 and under \$15,000.

Side E, Number 056

Rep. Rogers suggested saying an individual not eligible for extended benefits under subsection (1) is eligible for another eight weeks extended benefits. There was discussion. Rep. Martin asked for an estimate of how many students are filing for employment benefits. This was discussed.

Number 083

Knight said the department has many federal conformity requirements, and explained how the department addresses those requirements. She said she would have the department draft language requested by the committee.

Number 112

Rep. Rogers referred to sections 7 and 8, previously addressed, regarding extending the schedule, and asked the fiscal impact. The impact was estimated at \$2.5-million. Rogers said passing Section 8 would give to the "haves" and less to the "have-nots" by denying funds under Section 18.

Number 138

Knight continued testifying at Section 19. She said Sections 20-24 deal with "off" and "on" triggers. Rep. Rogers requested an explanation of the affect of triggers on the extended benefits program.

Number 171

Rep. Martin asked about benefits to people living out of state. Knight said it was not possible to give different benefits to those out of state. Rep. Rogers elaborated on how the system was set up. Rep. Martin asked if there had been any studies; Sturrock said there had been one done. This data was discussed.

Number 206

Knight resumed her testimony at Section 25.

Number 232

There was discussion of amendment to Section 28 regarding training in or out of the state.

- Number 240 Knight picked up her testimony at Section 29. There was discussion of the definition of "wages" in Section 30. Knight said they would check into the definition. She continued testifying at Section 31. There was discussion of effective dates.
- Number 347 Rep. Martin said the bill would be heard again. He asked others wishing to testify on the bill if they could return at a later date. Rep. Rogers requested an estimate of the cost to the Unemployment Insurance Trust Fund and example of affect on employer.
- Number 367 The committee took up discussion of Federal Senate Bill 898. Rep. Martin asked Alex Hills, Deputy Commissioner of the Division of Telecommunications, to come before the committee to testify.
- Number 377 Hills introduced Max Clements of Matanuska Telephone Association, and Stu Brown of Telelink, to the committee. Hills said the issues in S 898 are some of the most critical telecommunications issues facing the stat .
- Number 403 Hills said the issue has been around since the 1950s. He went over telecommunications decisions that have been historically made: the "hushaphone" decision and the "carterphone" decision. He said the competitions issue is not new in the telephone industry. He said the present problem is how the industry can be structured in order to accommodate competition. Hills said this is a double sided problem: maintaining the level of service, while providing for competition. Hills said there are three arenas where these decisions are made: 1) courts (AT&T antitrust suit); 2) FCC (the Computer II case, which deregulates customer premises equipment and enhanced services, and the MTS-WATS market structure, making long distance telephone service competitive); and 3) Congress (communications rewrite legislation, which rewrites the communication: act of 1934. He referred to S 898 and HR 5158).
- Number 560 Hills said the provisions affecting Alaska relate to television.

Number 570 Hills said that telephone service has been cross-subsidized: the urban payer supports the rural, and the long distance user supports the local caller. This is designed to keep costs low to everyone, but particularly to keep local and rural rates at reasonable levels. Hills said this was possibly in a monopoly situation. He said support for local and rural rates is being withdrawn, so a mechanism is needed to prevent drastic increases in local and long distance rates.

Number 652 Hills said universal services is a national goal. This is the availability of telephone services at a reasonable rate. He said not using the network degrades national service.

Number 674 Rep. Rogers asked what costs are to the consumer if this philosophy is not followed. Hills said at least a 200-300% increase. He felt the costs would be much higher in rural Alaska.

Tape 45, Number 022 Hills said HR 5158 talks about how funds would be structured, and how and in what situations payments would be made. He said it contains local rate support, but does nothing about long distance rates.

Number 037 Hills said cable TV is no longer addressed in HR 5158, but S 898 contains a couple brief sections: one addressed cross-ownership (whether phone companies can provide cable TV service); he said it specifies that phone companies may not except in rural areas. Regarding cable TV rates, Hills said S 898 deregulates rates, except for required government, public or educational access channels, and when no reasonably available alternative media exist.

Number 077 Hills said HR 5158 is presently in the House. He said if it passes, both bills will go to conference committee.

Number 080 Rep. Martin asked, regarding new satellites, if they are required to look at all fifty states. Hills said Senator Stevens introduced language requiring all satellites within our service area orbital positions reach all fifty states. He said this is favorable to our state. Hills said now the

RCA satellites reach us, but that many others could. There was discussion of requesting other satellite owners to serve us.

Number 116

There being no further business to come before the committee, the meeting was adjourned at 3:02 p.m.

Absent:
Gardiner

3/24/82

H. Labor & Commerce

Tap # 44845

HB 757

federal SB 898

1:26

000 Call to order, introduction of members.

HB ~~757~~ 757

008 HB ~~757~~ 757 brought before comm.

013 Judy Knight, Spec Asst, DCL; asked Sandy Sturrock, asst dir, unemp ins, to join her. Went over bill sect by section, & explained fiscal notes

035 Rogers, ^{requested clarifi of} clarified what info will be used for ^{objected to} ~~affiliated concern~~ abt violating const's right to privacy.

046 Knight resumed testimony.

057 Rogers, re Sec. 3, (p. 2) gotnd changes

070 Knight resumed testimony (Sec. 4)

085 There was discussion of "interested parties" (p. 4, l. 13); Rogers wants to set out specifically who may appeal; ^{eg} ~~to~~ claimant, employes, & division. Sturrock said "intdr party" is defined in regs.

108 Knight resumed test'y at Sec 7. Explained change to table.

Rogers noted this wd increase top end of benefits scale. Said law had been written to take adv of fed'l extended benefits poorer than prev law. He ~~understands~~ asked abt how this takes effect.

Knight explained how state benefits interact w/ fed'l. Rogers explained his concern that fed'l govt might chng extended benefits proovs. Wd rather have more weeks benef cd be collected, rather than raising benef amts. Discussion of impact on workers & how benefits system works & cost of pgm to Alaska.

250 Knight resumed test'y at Sec 8.

256 Rogers explained how earnings ratio is calculated & why he felt it didn't work. Knight agreed system was not perfect, but didn't believe majority of wks ~~to~~ have the option to work 1 month of each calendar quarter (which is how a worker could collect ~~much~~ more weeks of benefits than someone working 4 successive months). Discussion

317 Knight cont'd w/ Sec 9.

349 Discussion of wording in Sec. 11 & how availability for work is defined. Rep. Martin asked abt people drawing unemp & wks comp simultaneously. Discussion. Knight said to her knowledge it was not a prob.

425 ~~Sec 10~~ Starnock explained Sec. 12, 13, 14

There was discussion of the impact of change to Sec. 14. Knight said this wd be decided in court shortly.

498 Knight resumed testify at sec 15.

556 Rogers asked, in re sec 17, why dept didn't just publish unemp lms info, as it's released to so many agencies. Extending violation of privacy every year. Knight said Congress passed the law. There was discussion.

623 Knight cont'd at Sec. 18; passed out recommended amendt.

~~then w/~~ Rep Rogers said this wd affect those who need extended benefits most - low income & those w/ children.

There was discussion of actual impact on Alaskans.

Rogers req'd dept develop lang allowing state to pick up extended benefits on those affected by this section.

Martin asked if dept wd also analyze what ~~the~~ categories of people wd be affected - people w/ kids & those w/ income over \$1,000 & under \$15,000.

Side B

- 056 ^{Suggested raising} Rogers ^{for extended benefits} said ind' not eligible under (1.) is eligible for another 8 wks extended benefits. Discussion. Martin asked for estimate of how many students are filing for unemployment benefits. There was discussion.
- 083 Knight said dept has many fed'l conformity reqmts & explained how dept addresses those reqmts.
- 104 Knight said they wd have dept draft lang.
- 112 Rogers referred to ^{prev'd address of sec 8 & 8} ~~new sec 8~~ & asked re extending ^{this is} schedule & asked fiscal impact (2.5-million). Said, giving more to have & less to have - note by passing sec 8 & ~~that~~ by denying funds under sec. 18.
- 138 Knight resumed text at sec. 17. Secs 20-24 deal w/ "off" & "on" triggers. Rogers req'd explanation of triggers to extended benefits pgm.
- 171 Martin asked abt benefits to people living out of state. Knight said it wasn't possible to give different benefits to those out of state. Rogers elaborated on how system was set up. Martin asked if any studies were done; Sturrock said one had been done. ~~There~~ This data was discussed.
- 206 Knight resumed text at sec. 25.
- 232 Discussion of amend't to sec. 28 regarding training in or out of state.
- 240 Knight resumed at sec. 29. There was discussion of definition of "wages" in sec. 30. Knight said they would check into def'n.
- 278 Resumed at sec. 34.

There was discussion of effective dates.

347 Martin said bill wd be heard again; asked witnesses if they cd return at a later date. Rogers requested est of cost to UZ Trust fund & ~~sample~~ example of affect on emp.

367 Brought fed SB 898 before committee. Asked Hills for overview of affect of bill.

377 Alex Hills, Dep. Comm., Div of Telecomm, DO Admin. Int'd Max Clements, MTA, & Stu Brown, Telelink. Hills said ^{some of most} issues are critical telecomm issue facing state. ^{telecommunications}

403 Issue has been around since 1950s. Went over ^{telecommunications} decisions that have been historically made: "hushaphone" decision; "carterphone" decision; Competition issue not new in telephone industry. Present probm is ~~not~~ how industry can be structured in order to accommodate competi'. Double sided probm: maintaining level of svc ~~vs~~ while providing competition.

3 arenas:

Court:

1) AT&T antitrust suit

2) FCC - a) Computer II case (deregulates customer premises eqpt) & enhanced svcs

b) MTS-Watts market structure - making long distance phone svc competitive

3) Congress - Communications rewrite Leg'n - rewrites

communications act of 1934. 5898 + HR ⁵¹⁵⁸ ~~5158~~ (?) -

devoted to structure of AT&T corp.

560 Said ^{affecting AK}
~~Explain~~ provisions relating to television.

570 Phone svc has been cross-subsidized. ~~the~~ Urban payer supports rural, & long distance user supports local, to keep costs low. Keeps local & rural rates at reasonable levels. This was possible in monopoly set.
Support for local & rural rates is being withdrawn, ~~so~~ so need to prevent drastic increases in local & long distance rates.

652 Universal svc is a national goal - availability of ph svc at reasonable rate. Not using network degrades national service.

674 Rogers asked what costs to consumer if this philosophy is not followed. Hills said at least 2-300%; probably much higher in rural Alaska

719 Hills mechanism wd out on nat'l level is "nat'l telecom fund" - wd be admin'd by carriers ^{from} surcharges on intercom. payments. Wd target assistance to high cost companies (above 110% of nat'l average). Urban ratepayers wd subsidize urban in name of universal svc. Wd accommodate long dist while keeping rates at reasonable levels.

Page 2

022

HR 5158 talks abt how funds wd be structured, & how & in what amt's pymts wd be made. Contains local rate support, but does nothing abt long distance rates.

- 037 Cable TV - no lang in S158, but in SB, a couple brief sections:
1 address X-ownership (whether ph cos can provide cable TV svc); specifies ph cos may not except in rural areas.
Re cable TV rates: S898 dereg's rates, except ~~not~~ not dereg'd for reg'd govt access, public, or educational access channels, & when no reasonably avail alternative media are available.
- 077 HRE158 presently in House; if it passes, both bills will go to conf comm.
- 080 Martin asked, on new satellites, must go to all 50 states.
Hills said Stevens int'd lang req'g all satellite w/in our svc area orbital paths reach all 50 states. Favorable to our state. Hills said now there ~~is~~ ~~no~~ ~~service~~ ~~to~~ ~~Alaska~~
RCA satellites reach us, but many cd. Discussion of requesting other satellites owners to serve us.
- 116 3:00 adjourned.

LABOR & COMMERCE COMMITTEE
DAILY COMMITTEE HEARING

Date: 3/24/82

Place: _____

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	_____ ✓ _____	_____	1:04	
Rep. D. Randolph	_____ ✓ _____	_____	1:20	<i>2:15 36 minutes late mtg. returning</i>
Rep. B. Rogers	_____ ✓ _____	_____	1:20	
Rep. T. Gardiner	_____	_____ ✓ _____		
Rep. T. Martin, Chair	_____ ✓ _____	_____	1:04	

Subject Matter:

House Bill No. 757 _____

Senate Bill No. _____

Special Orders:

Discussion of federal SB 898 re telecommunications

MEMORANDUM

State of Alaska

TO: Sandy Sturrock
Asst. Director UI

DATE: March 15, 1982

FILE NO:

TELEPHONE NO: 465-4519

FROM: Elfrieda Mullin
Labor Economist

SUBJECT: Estimate of New
Ineligible Claimants
for EB Under Alternatives
1 and 2 of New Federal
Legislation

The federal restrictions under the newly passed Budget Reconciliation Act (H.R. 3982) require that an individual may not be eligible for extended compensation unless the individual had 20 weeks of full-time employment in base period employment. For states not collecting weeks of work information, two alternative paragraphs may be substituted for calculation of the "equivalent".

Alternative 1: A claimant must have 1.5 times his high quarter earnings in order to be eligible for extended benefits.

Under our current law, claimants with a ratio under 1.5 are eligible for a potential duration of 16 weeks.

For Calendar year 1981, out of a total of 39,017 reported eligible claimants, 6,162 were eligible for 16 weeks duration.

$6162/39017 = 16\%$

Thus, approximately 16% of claimants would not be eligible for extended benefits under Alternative 1.

Alternative 2: A claimant must have 40 times his Augmented WBA in his base period in order to be eligible for extended benefits.

All low income claimants with base period earnings less than \$1,440 (entitled to \$34 or \$36 WBA) would be ineligible under this alternative. This affects 1.2% of eligible claimants. In addition to these, certain claimants with base period earnings between \$1,440 and \$6,000, primarily those with dependents, would be ineligible because 40 X their augmented WBA does not exceed their base period earnings. An additional 2.2% of currently eligible claimants would be affected by this for a total of 3.4%.

$3.4\% \text{ of } 39,017 = 1,327 \text{ claimants.}$

Recommended Changes to House Bill 757

Department of Labor

Section 18 (p. 13)

Change section designation from "(j)" to "(1)" - line 8

Change "excluding" to "including" - line 12