



MEDIA RELEASE

Jobs are Alaska's Future



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New Contractor Licensing Enforcement Now in Effect

(Juneau) – New legislation providing a civil penalty for violations of contractor and home inspector licensing requirements took effect June 21, 2006. House Bill 81, sponsored by Rep. Tom Anderson, helps enforce a licensing requirement for contractors through the state departments of Commerce, Community and Economic Development and Labor & Workforce Development.

Under the new law, a violator will be issued a civil penalty in the amount of \$1,000 for a first offense and \$1,500 for subsequent offenses. In cases of severe or repeat offenses, the law allows for criminal penalties in addition to the civil fine.

“This will provide a more efficient means to issue penalties for contractor licensing violations,” said Grey Mitchell, director of the Division of Labor Standards and Safety in the Alaska Department of Labor & Workforce Development. “Most licensing violations do not warrant expending the resources needed for criminal prosecution. A civil fine is a more appropriate penalty for first time violators.”

The new law also changed the maximum total job value that a small independent business owner, or “handyman,” can perform without having a contractor license from \$5,000 to \$10,000. Handymen are not allowed to contract on a project, such as a new house or large renovation, which has a total overall value in excess of \$10,000.

In the licensing process, the Department of Commerce, Community and Economic Development provides the licensing and regulation of contractors and home inspectors. The Alaska Department of Labor & Workforce Development provides enforcement for contractor licensing with inspectors and investigators in the Labor Standards and Safety Division.

Individuals and businesses that perform contract work on projects with a total aggregate value of greater than \$10,000, or who advertise in a way that leads the public to believe

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they are a builder/contractor, must first obtain a contractor's license from the Division of Corporations, Business and Professional Licensing, in the Department of Commerce, Community and Economic Development. The licensing process requires the applicant to provide proof of bonding and liability insurance and is designed to protect consumers from having work done without any protection in the event the job is not performed properly or an accident takes place.

Prior to the change in legislation, the only available penalty for a contractor licensing violation was a criminal misdemeanor. This required the District Attorney to become involved in filing and prosecuting the case in Alaska's Criminal Court System. The process was time consuming and expensive.

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