

SENATE BILL NO. 197

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY SENATOR BJORKMAN

Introduced: 1/22/24

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to residential building codes; relating to construction contractors and**
2 **residential contractor endorsements; establishing the Alaska State Building Code**
3 **Council; and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 08.18.025 is amended to read:

6 **Sec. 08.18.025. Residential contractors.** (a) A general contractor may not
7 undertake the construction or alteration, or submit a bid to undertake the construction
8 or alteration of a [PRIVATELY-OWNED] residential structure of one to four units
9 **that is covered by the state residential building code** or advertise or publicly
10 represent that the general contractor may undertake work of this type in the state
11 without a residential contractor endorsement issued under this section. In this
12 subsection, "alteration" means changes that have a value greater than 25 percent of the
13 value of the structure being altered.

14 (b) The department shall issue a residential contractor endorsement to a person

1 who

2 (1) has a certificate of registration as a general contractor;

3 (2) passes a residential contractor examination, which shall be offered
4 by the department at least once each year in each judicial district; the examination,
5 which may be written or practical, **must test the person's knowledge of the state**
6 **residential building code and** may test competence in relation to arctic structural and
7 thermal construction techniques and other matters as determined by the department in
8 consultation with representatives of the construction industry;

9 (3) applies for an endorsement within 12 months after passing the
10 examination required under (2) of this subsection;

11 (4) within the two years preceding the date of application for the
12 endorsement, has satisfactorily completed either the Alaska craftsman home program
13 sponsored by the department, or its equivalent, or a postsecondary course in arctic
14 engineering, or its equivalent;

15 (5) within the seven years preceding the date of application, has not
16 been under a sentence for an offense related to forgery, theft in the first or second
17 degree, extortion, or conspiracy to defraud creditors or for a felony involving
18 dishonesty; and

19 (6) pays the appropriate fees.

20 (c) The department may not renew an endorsement issued under this section
21 unless the applicant submits proof of continued competency relating to residential
22 contracting **and the state residential building code** that satisfies the department. A
23 lapsed endorsement may be reinstated, within two years after the lapse, upon proof of
24 continued competency **relating to residential contracting and the state residential**
25 **building code**, payment of a renewal fee for the intervening time period, and payment
26 of any penalty fee established under AS 08.01.100(b). If the endorsement has been
27 lapsed for more than two years, the department may not reinstate it until the person
28 also passes the residential contractor examination described in (b) of this section.

29 * **Sec. 2.** AS 08.18.025 is amended by adding a new subsection to read:

30 (d) To maintain a residential contractor endorsement under this section, a
31 residential contractor shall comply with the state residential building code when

1 providing residential contractor services to residential buildings covered by the code,
 2 except when the residential contractor is providing residential contractor services to a
 3 building under another nationally recognized residential building code adopted by a
 4 municipality under AS 18.60.860(b).

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

6 (16) "residential contractor" means a general contractor whose
 7 business and operation involve undertaking the construction or alteration of a
 8 [PRIVATELY-OWNED] residential structure of one to four units, **including a**
 9 **dwelling covered by the state residential building code,** that is used or intended to
 10 be used as a **habitable** [HUMAN] dwelling;

11 * **Sec. 4.** AS 08.18.171 is amended by adding a new paragraph to read:

12 (20) "state residential building code" means the state residential
 13 building code adopted under AS 18.60.860(a).

14 * **Sec. 5.** AS 18.56.088(c) is amended to read:

15 (c) The board may adopt regulations to carry out the purposes of this chapter,
 16 and shall adopt regulations necessary for the following purposes:

17 (1) determination of borrower eligibility, including [, BUT NOT
 18 LIMITED TO,] income limitations and the determination of remote, underdeveloped,
 19 or blighted areas of the state;

20 (2) loan guidelines and terms, including [BUT NOT LIMITED TO]
 21 maximum loan amounts and required loan-to-value ratios, but excluding mortgage
 22 loan interest rates;

23 (3) characteristics of housing eligible for loans or purchase of loans,
 24 including compliance with the requirements of AS 18.56.300;

25 (4) the qualifications of loan originators and servicers and the method
 26 of allocating amounts available for the purchase of loans;

27 (5) establishment of a procedure, including a fee schedule, for the
 28 commitment for one year or less of money for the purchase of an individual mortgage
 29 loan at a specific interest rate; [AND]

30 (6) establishment of the program of housing assistance authorized by
 31 AS 18.56.090(b), including program regulations that, at minimum,

1 (A) establish priorities and criteria for providing money and
 2 other forms of authorized assistance in response to housing assistance
 3 proposals;

4 (B) define the forms of housing assistance authorized under
 5 AS 18.56.090(b);

6 (C) set out procedures to evaluate housing assistance proposals;

7 (D) set out procedures to approve the award of housing
 8 assistance; and

9 (E) prescribe methods of monitoring the use of money paid out
 10 under AS 18.56.090(b) and the progress of activity under the approved housing
 11 assistance program; **and**

12 **(7) adoption and administration of the state residential building**
 13 **code under AS 18.60.860(a).**

14 * **Sec. 6.** AS 18.56.300(a) is amended to read:

15 (a) The corporation may not make or purchase a housing loan for residential
 16 housing the construction of which begins after June 30, 1992, unless the seller of the
 17 mortgage loan complies with the provisions of this section and unless

18 (1) the unit is in compliance with the construction codes of the
 19 municipality, if the unit is located within a municipality that has adopted and enforces
 20 construction codes and each of those codes meets or exceeds the comparable standards
 21 for similar housing established by the state **residential** building **standards** [CODE];
 22 or

23 (2) the unit is in compliance with the comparable standards for similar
 24 housing established by the state **residential** building **standards** [CODE]

25 (A) if the unit is located

26 (i) within a municipality whose construction codes do
 27 not meet the standards for similar housing established by the state
 28 **residential** building **standards** [CODE];

29 (ii) within a municipality that does not enforce
 30 construction codes; or

31 (iii) outside a municipality; or

1 (B) as to each specific code within the construction codes of
 2 the municipality that has adopted and enforces construction codes if the
 3 specific code does not meet or exceed the comparable standard for similar
 4 housing established by the state **residential** building **standards** [CODE].

5 * **Sec. 7.** AS 18.56.300(b) is amended to read:

6 (b) As a condition of a commitment to purchase or approve a loan under this
 7 section for residential housing the construction of which begins after June 30, 1992,
 8 the corporation shall require inspection of the unit of residential housing that is the
 9 subject of the loan. The inspection must be performed by a municipal building
 10 inspector, by an individual who is registered under AS 08.18 to perform home
 11 inspections for new construction, by an architect registered under AS 08.48, by an
 12 engineer registered under AS 08.48, or by another person approved by the corporation.
 13 When the unit of residential housing is located in a rural area, the person who makes
 14 the inspection may use methods other than a personal physical inspection to make the
 15 inspection if the method is approved by the corporation, and variations from the
 16 applicable code may be accepted at the corporation's discretion, if the person
 17 authorized to inspect the unit under this subsection satisfies the corporation that the
 18 variation does not adversely affect the structural integrity of the unit or the health and
 19 safety of the **occupants** [RESIDENTS]. The person who makes the inspection shall
 20 determine whether the construction conforms to relevant provisions of the
 21 construction codes of the municipality or of the state **residential** building **standards**
 22 [CODE], as applicable, at each of the following stages of construction:

- 23 (1) plan approval;
- 24 (2) completion of footings and foundations;
- 25 (3) completion of electrical installation, plumbing, and framing;
- 26 (4) completion of installation of insulation;
- 27 (5) final approval.

28 * **Sec. 8.** AS 18.56.300(e)(3) is amended to read:

29 (3) "state **residential** building **standards** [CODE]" means

30 (A) for building standards, the standards set out in the **state**
 31 **residential building code** [VERSION OF THE UNIFORM BUILDING

1 CODE] adopted by the Alaska Housing Finance Corporation
 2 [DEPARTMENT OF PUBLIC SAFETY] under AS 18.60.860(a)
 3 [AS 18.70.080, INCLUDING THE PROVISIONS OF THAT CODE
 4 APPLICABLE TO BUILDINGS USED FOR RESIDENTIAL PURPOSES
 5 CONTAINING FEWER THAN FOUR DWELLING UNITS,
 6 NOTWITHSTANDING THE EXCLUSION OF THOSE BUILDINGS FROM
 7 THE DEPARTMENT OF PUBLIC SAFETY'S JURISDICTION MADE BY
 8 AS 18.70.080(a)(2)];

9 (B) for mechanical standards, the standards set out in the
 10 version of the Uniform Mechanical Code adopted by the Department of Public
 11 Safety under AS 18.70.080, including the provisions of that code applicable to
 12 buildings used for residential purposes containing fewer than four dwelling
 13 units, notwithstanding the exclusion of those buildings from the Department of
 14 Public Safety's jurisdiction made by AS 18.70.080(a)(2);

15 (C) for plumbing standards, the minimum plumbing code
 16 adopted for the state under AS 18.60.705; and

17 (D) for electrical standards, the minimum electrical standards
 18 prescribed by AS 18.60.580.

19 * **Sec. 9.** AS 18.60 is amended by adding new sections to read:

20 **Article 12A. State Residential Building Code.**

21 **Sec. 18.60.860. State residential building code.** (a) Except as provided in (b)
 22 of this section, the Alaska Housing Finance Corporation shall adopt by regulation as
 23 the state residential building code the 2018 International Residential Code published
 24 by the International Code Council, or a later version of the International Residential
 25 Code published by the International Code Council if the corporation determines that
 26 adoption of the later version is necessary to promote the best interests of the state. The
 27 corporation may modify the state residential building code as necessary. The state
 28 residential building code must allow for use of load-bearing dimensional lumber that
 29 is graded and certified under AS 41.17.630 for one-, two-, and three-family dwellings
 30 in this state. The state residential building code is the minimum standard of
 31 construction in the state for residential structures of one to four units. The corporation

1 shall administer the state residential building code.

2 (b) A municipality may adopt a nationally recognized residential building
3 code to use in place of the state residential building code if the municipality
4 determines that adoption of the nationally recognized residential building code is
5 necessary to promote the best interests of the municipality. The municipality may
6 modify the nationally recognized residential building code as necessary.

7 (c) If another statute conflicts with this section by requiring the application of
8 a code other than the state residential building code adopted under this section, that
9 statute governs to the extent of the conflict.

10 (d) A building is exempt from the state residential building code if the
11 building is

12 (1) an owner-built home that is not subject to a residential building
13 code other than the state residential building code; or

14 (2) a recreational cabin.

15 (e) In this section,

16 (1) "owner-built home" means a single-family home that is constructed
17 by the owner acting as the owner's own contractor under AS 08.18.161(11);

18 (2) "recreational cabin" means a building that

19 (A) is inhabited only occasionally for noncommercial hunting,
20 fishing, or other recreational purposes;

21 (B) lacks available public utility services;

22 (C) is two or fewer stories high;

23 (D) is not used by a person as a mailing address; and

24 (E) is not listed as a place of residence on a person's tax return,
25 driver's license, vehicle registration, or voter registration.

26 **Sec. 18.60.865. Alaska State Building Code Council.** (a) The Alaska State
27 Building Code Council is established as an advisory council in the Alaska Housing
28 Finance Corporation.

29 (b) The purpose of the council is to provide independent analysis, objective
30 advice, and recommendations to the board of directors of the Alaska Housing Finance
31 Corporation during the process of formulating, adopting, and periodically updating the

1 state residential building code.

2 (c) The council consists of 11 public members appointed by the board of
3 directors of the Alaska Housing Finance Corporation. The board may remove
4 members and fill vacancies. The board shall appoint to the council

5 (1) six general contractors with a residential contractor endorsement
6 from the Department of Commerce, Community, and Economic Development, each
7 from a different geographic region of the state; and

8 (2) five members with building code experience or statewide business
9 or economic development experience.

10 (d) The council shall elect a chair and vice-chair from among its membership.

11 (e) The council shall meet on an as-needed basis at the request of the board of
12 directors of the Alaska Housing Finance Corporation or by a call of the chair.

13 (f) Members of the council serve without compensation, but are entitled to per
14 diem and travel expenses authorized for boards and commissions under AS 39.20.180.

15 (g) Alaska Housing Finance Corporation staff shall provide administrative
16 support to the council.

17 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 APPLICABILITY. (a) AS 08.18.025, as amended by sec. 1 of this Act, and
20 AS 08.18.025(d), added by sec. 2 of this Act, apply to a residential contractor who is issued a
21 residential contractor endorsement under AS 08.18.025(a), as amended by sec. 1 of this Act,
22 on or after the effective date of this Act. In this subsection, "residential contractor" has the
23 meaning given in AS 08.18.171, as amended by sec. 3 of this Act.

24 (b) AS 18.60.860, added by sec. 9 of this Act, applies to new buildings that are built
25 on or after the effective date of this Act.

26 * **Sec. 11.** This Act takes effect January 1, 2025.