



ALASKA STATE LEGISLATURE
SENATOR GRETCHEN GUESS

Sponsor Statement

Senate Bill 2:

"An Act relating to prerequisites for obtaining and recording a lien for payment of the contract price for labor or materials supplied for construction, alteration, or repair of a building or improvement."

The intent of SB 2 is to reduce the abuse of Mechanics and Materialmen (M&M) liens while protecting property owners and laborers.

M&M liens serve the valuable function of providing recourse in the event of breach of contract. For example, if someone hires you to do work on their home and they do not pay you, you may place a lien against the property for what you are owed. Unfortunately, the current law allows such liens to be placed based on the filer's word with no evidence of the contract. As a result, abuse of these liens occurs and property owners must spend their resources to resolve the issue in court.

SB 2 aims to reduce this abuse by requiring proof of contract before a M&M lien may be filed. If a contract is not available, the laborer may go to court and show evidence of an agreement.

The bill continues to protect laborers via liens from the risk of breach of contract and no payment, while also protecting against abuse of liens with the simple requirement for some proof of contract to record an M&M lien.

Thank you for your consideration.