

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 118 (Substitute S-1 as passed by the Senate)
Senate Bill 119 (Substitute S-1 as passed by the Senate)
Senate Bill 120 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Mike Rogers
Committee: Human Resources, Labor and Veterans Affairs

Date Completed: 2-11-97

RATIONALE

Currently, all mechanical contractors', electricians', and plumbers' licenses are renewed annually on January 1. With over 36,000 renewal applications to process, the Bureau of Construction Codes apparently is not always able to renew the licenses in a timely manner even by hiring additional staff. The delay in obtaining renewals reportedly can be a problem for the licensees who must have a valid license in order to secure permits for construction projects. Local code enforcing agencies must contact the Bureau of Construction Codes to determine the validity of licenses. It has been suggested that staggering the license renewal dates and providing for a triennial, rather than an annual, renewal period for some of the licenses would help expedite the renewal process.

CONTENT

The bills would amend several acts to change from one year to three years the licensing period for mechanical, electrical, fire alarm, and sign specialty contractors and master plumbers; reduce the initial and renewal license fees for several of the occupational licenses; and provide that if a person applied for an initial or reinstated license at a time other than the specified period in which the Department of Consumer and Industry Services issued renewal licenses, the Department would have to charge the license fee on a yearly pro rata basis beginning in the year of the application until the last year of the three-year license cycle.

Following is a more detailed description of the bills.

Senate Bill 118 (S-1)

The bill would amend the Forbes Mechanical Contractors Act to specify that beginning January 1, 1998, an initial or renewal mechanical contractor's license issued under the Act would expire on

August 31, 2001, and that the Board of Mechanical Rules would have to charge a license fee of \$200 for the years 1998 through 2001, as well as a monthly pro rata license fee of \$44 for the time between January 1, 2001, and August 31, 2001. The applicant's license would expire every third year after August 31, 2001, and would be renewable not later than October 31 upon application and payment of the \$200 license fee.

Currently, the initial or renewal license fee for a mechanical contractor's license is \$75 per year.

Senate Bill 119 (S-1)

The bill would amend the Electrical Administrative Act to specify that beginning January 1, 1998, the license for an electrical contractor, fire alarm contractor, and sign specialty contractor would expire December 31, 2001, and on December 31 every third year thereafter. The license for an electrical contractor, fire alarm contractor, and sign specialty contractor would be renewable not later than March 1, 2001, and on March 1 every third year thereafter upon application and payment of \$200 by electrical contractors and fire alarm contractors and application and payment of \$120 by sign specialty contractors.

(Currently, the initial or renewal fee for an electrical contractor's license or a fire alarm contractor's license is \$75 per year. The initial or renewal license fee for a sign specialty contractor is \$40 per year.)

The bill also specifies that after March 1 of the renewal year in the case of electrical contractors, fire alarm contractors, and sign specialty contractors, a license not renewed would be void and could be reinstated only upon application for reinstatement and payment of the appropriate license fee for the appropriate class. Currently, a license not renewed annually is void.

In addition, the bill would delete a provision that

created a joint legislative committee to examine the scope of the Act and any code involving electrical applications, including, but not limited to, low voltage applications. The committee was required to publish a written report and present it to the Legislature by June 1, 1991.

Senate Bill 120 (S-1)

The bill would amend Public Act 266 of 1929, which regulates plumbers, to specify that beginning January 1, 1998, an initial or renewal journeyman plumber license would expire on April 30, 1999, and to require the Plumbing Board, as of January 1, 1998, to charge the \$20 yearly license fee as well as a monthly pro rata license fee of \$6.67 for the period between January 1, 1999, and April 30, 1999. After April 30, 1999, the applicant's license would be renewable annually upon application and payment of the \$20 license fee not later than June 30. A person applying for initial licensure at a time other than between April 30 and June 30 would have to pay a \$20 fee.

Further, the bill specifies that beginning January 1, 1998, an initial or renewal master plumber's license would expire on April 30, 2001, and the Plumbing Board would have to charge a three-year license fee of \$200 as well as a monthly pro rata license fee of \$22 for the period between January 1, 2001, and April 30, 2001. After April 30, 2001, the applicant's license would expire every third year thereafter and would be renewable not later than June 30 upon application and payment of the \$200 license fee.

(Currently, the initial or renewal fee is \$75 per year for a master plumber's license and \$20 per year for a journeyman plumber's license.)

The bill also provides that a master plumber's license not renewed by June 30 in a renewal year would be void and could be reinstated only upon application for reinstatement and payment of the appropriate license fee.

MCL 338.980 (S.B. 118)
338.883 (S.B. 119)
338.908 (S.B. 120)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bills would enable the Bureau of Construction Codes to respond in a more timely manner to license renewal applications from mechanical contractors, electrical and fire alarm contractors, and master plumbers, lessen the need for additional staff to help with the renewal process, and provide a cost saving to licensees who would pay a lower fee for the license renewal than they are now paying.

Opposing Argument

It would take longer to detect the misuse or abuse of a license if the license were renewed on a triennial, rather than an annual, basis. For example, if a person uses the license of a deceased person, the fraud is not discovered until the signatures are reviewed at the time of renewal. Under the bill, a person could use a license fraudulently for three years before he or she was found out. Further, changes in information on the licenses, such as changes in address, company name, or the contractor of records, might not be properly reported in a timely manner if licenses were renewed only every three years.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

This package of bills would affect the licenses issued to electricians and mechanical contractors, fire alarm contractors, sign specialty contractors, and master plumbers by extending the licensing period from one year to three years. The renewal fees attributable to all of the licenses, except sign specialty contractors, also would be changed as a result of this extension from \$75 per year to \$200 for three years. According to the Department, this change in the fee structure actually would reduce the revenues into the Construction Code Division by \$25 per license or approximately \$375,000 annually, but the extended license period would reduce the administrative costs for this division as licensing paperwork would be processed less frequently. Therefore, there would be no net fiscal impact. Renewal fees for sign specialty contractors would not be reduced as they are currently \$40 for one year and would be \$120 for three years.

Fiscal Analyst: M. Tyszkiewicz

A9798\S118A

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.