

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 (as enrolled)

Senate Bill 119 (as enrolled)

Senate Bill 120 (as enrolled)

Sponsor: Senator Mike Rogers

Senate Committee: Human Resources, Labor and Veterans Affairs

House Committee: Regulatory Affairs

PUBLIC ACT 119 of 1997**PUBLIC ACT 120 of 1997****PUBLIC ACT 121 of 1997**

Date Completed: 1-8-98

RATIONALE

Previously, all mechanical contractors', electricians', and plumbers' licenses were renewed annually on January 1. With over 36,000 renewal applications to process, the Bureau of Construction Codes, in the Department of Consumer and Industry Services, apparently was not always able to renew the licenses in a timely manner even by hiring additional staff. According to the Department, the delay in obtaining renewals could be a problem for the licensees, who must have a valid license in order to secure permits for construction projects. Since local code enforcing agencies must contact the Bureau of Construction Codes to determine the validity of a license, if there is a question about it, that also delayed some projects. It was 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 amended 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 applies for an initial or reinstated license at a time other than the specified period in which the Department of Consumer and Industry Services issues renewal licenses, the Department must 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

The bill amended the Forbes Mechanical Contractors Act to specify that beginning January 1, 1998, an initial or renewal mechanical contractor's license issued under the Act will expire on August 31, 2001, and that the Board of Mechanical Rules must charge a license fee of \$200 for the years 1998 through 2000, as well as a pro rata license fee of \$44 for the time between January 1, 2001, and August 31, 2001. The applicant's license will expire every third year after August 31, 2001, and will be renewable by October 31 upon application and payment of the \$200 license fee.

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

Senate Bill 119

The bill amended the Electrical Administrative Act to specify that beginning January 1, 1998, the license for an electrical contractor, fire alarm contractor, and sign specialty contractor will expire December 31, 2000, and on December 31 every third year thereafter. The license for an electrical contractor, fire alarm contractor, and sign specialty contractor will be renewable by 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.

(Previously, the initial or renewal fee for an electrical contractor's license or a fire alarm contractor's license was \$75 per year. The initial or renewal license fee for a sign specialty contractor was \$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 will be void and

may be reinstated only upon application for reinstatement and payment of the appropriate license fee for the appropriate class. Previously, a license not renewed annually was void.

Senate Bill 120

The bill amended Public Act 266 of 1929, which regulates plumbers, to specify that beginning January 1, 1998, an initial or renewal journeyman plumber license will expire on April 30, 1999, and to require the Plumbing Board, beginning January 1, 1998, to charge the \$20 yearly license fee as well as a 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 will be renewable annually upon application and payment of the \$20 license fee by June 30. A person applying for initial licensure at a time other than between April 30 and June 30 must pay a \$20 fee.

Further, the bill specifies that beginning January 1, 1998, an initial or renewal master plumber's license will expire on April 30, 2001, and the Plumbing Board must charge a three-year license fee of \$200 as well as a 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 will expire every third year thereafter and will be renewable by June 30 upon application and payment of the \$200 license fee.

(Previously, the initial or renewal fee was \$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 will be void and may 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 will 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 will pay a lower fee for the license renewal than they formerly were paying.

Opposing Argument

It might take longer to detect the misuse or abuse of a license when the license is 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 bills, a person can use a license fraudulently for three years before he or she is 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.

Legislative Analyst: S. Lowe

FISCAL IMPACT

This package of bills will 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 will 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 will reduce the revenues into the Construction Code Division by \$25 per license or approximately \$375,000 annually, but the extended license period will reduce the administrative costs for this division as licensing paperwork will be processed less frequently. Therefore, there will be no net fiscal impact. Renewal fees for sign specialty contractors will not be reduced as they had been \$40 for one year and now will be \$120 for three years.

Fiscal Analyst: M. Tyszkiewicz

A9798\S118EA

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.