

Legislative Analysis



LICENSE RECIPROCITY FOR VETERANS/DEPENDENTS

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House Bill 4376 (H-1) as reported from committee
Sponsor: Rep. Andrea K. Schroeder

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Committee: Regulatory Reform
Complete to 3-24-21

BRIEF SUMMARY: House Bill 4377 would do all of the following:

- Require certain occupational licenses, without examination, to be issued to members of the armed forces, veterans, and/or their dependents, if the individual is licensed or registered in that occupation in another state or country and certain conditions are met.
- Waive the initial license or registration fee for an applicant actively serving in the armed forces or the uniformed services, a veteran, or a dependent of any of those.
- Expand the definition of “armed forces” to include members of the Space Force and reserved components (e.g., the National Guard, Army Reserves, etc.)
- Remove references that restrict applicability of certain provisions only to active duty service members to include members of the reserved components.
- Define “dependent” to include a spouse or child under 26 years of age.

House Bill 4376 would waive an initial license or registration fee for an occupational license for a person actively serving in the Armed Forces or the uniformed services, a veteran, or a dependent of any of those.

FISCAL IMPACT: The bills would have an indeterminate fiscal impact on state and local government. (See **Fiscal Information**, below, for more information.)

THE APPARENT PROBLEM:

Members of the armed forces and uniformed services are faced with challenges unique to the demands of such service. For instance, on average, service members are transferred once every three years. Relocating so often can be particularly hard on their family members who hold occupational licenses. Occupational licenses often require a person to reside in the state for a specified amount of time, to retake license exams, and to pay for a state license application and license fee even if the person has a valid license issued by another state or country. Meanwhile, the person cannot work in their chosen field until a new license is secured. Some have suggested that Michigan laws regarding certain occupations be amended to make it easier for members and veterans of the armed forces and uniformed services and their dependents to obtain licensure in the state.

THE CONTENT OF THE BILLS:

House Bill 4377 would add a new section to the Skilled Trades Regulation Act, which regulates the building trades (e.g., electricians, plumbers, mechanical contractors, among others), to

require the Department of Licensing and Regulatory Affairs (LARA) to issue a license or certificate of registration for an occupation regulated under the act without examination to an individual who demonstrates to the satisfaction of the department that he or she meets all of the following at the time of application:

- Provides proof that he or she is a member of the *armed forces* or *uniformed services*, a veteran, or a dependent of any of those.

The definition of *armed forces* would be expanded to include the Space Force and reserve components of the various branches.

Uniformed services would be defined to mean the Commissioned Corps of the U.S. Public Health Service and the National Oceanic and Atmospheric Administration (NOAA) Commissioned Officer Corps.

- Holds a valid license or registration from an equivalent licensing body in at least one other state and meets all of the following:
 - The license or registration is in good standing and has been held for at least a year.
 - The other state verifies that all minimum education requirements and work experience requirements have been met.
 - Passed any required examination.
 - Has not had a license or registration revoked, or voluntarily surrendered a license or registration in any other state or foreign country while under investigation for unprofessional conduct.
 - Has not had disciplinary action imposed by an equivalent licensing authority, and if so, require the department to determine if the cause for the action was corrected and the matter resolved. If the matter has not been corrected or resolved, the department could not issue or deny a license or registration until the matter is resolved.
 - Does not have any pending complaints, allegations, or investigations on that license or registration relating to unprofessional conduct. If so, the department would have to suspend the application process until the complaint, allegation, or investigation is resolved.
 - Pays all applicable fees.
 - Is of good moral character.
 - Meets the age requirement of the specific occupation, if applicable.

House Bill 4377 would also require LARA to waive the initial license or registration fee that is required, or application procession fee, for an applicant who meets any of the following:

- Is actively serving in the armed services or the uniformed services.
- An individual who served in the armed services who provides the required documentation of separating from service under honorable conditions (this is current law). The bill would expand the provision to include members of the uniformed services.
- A dependent of a member of the armed forces or uniformed services or of a veteran, upon acceptable proof that he or she is a dependent.

Currently, the act requires LARA to issue a temporary license to the spouse of an active duty service member assigned to a duty station within the state if the spouse is also assigned to a

duty station in the state under the spouse's permanent change of station orders and holds a current license in good standing in the trade or occupation for which a temporary license is sought. Instead, the bill would require LARA to issue a temporary license to an applicant meeting all of the following:

- Provides acceptable proof of being a dependent of a member of the armed forces, a member of the uniformed services, or of a veteran.
- Provides acceptable proof of holding a current license or registration in good standing in the trade or occupation for which the temporary license is sought.

The bill would not prevent LARA from issuing a license under certain provisions of the act.

Dependent would mean a spouse or surviving spouse, or a child or surviving child under 26 years of age.

Veteran would mean that term as defined in section 1 of 1965 PA 190: an individual who served in the United States Armed Forces, including the reserve components, and was discharged or released under conditions other than dishonorable, including an individual who died while on active duty in the United States Armed Forces.

MCL 339.103 et seq.

House Bill 4376 would amend the State License Fee Act, which pertains to licenses and certificates of registration issued under the Occupational Code. The act currently requires the initial license or registration fee, or an application processing fee, charged by LARA to be waived for a veteran who provides the required documentation demonstrating he or she was honorably discharged from service. The bill would apply this provision also to an applicant meeting one of the following requirements:

- Is actively serving in the armed forces or the uniform services.
- Who served in the armed forces or uniformed services and provides documentation as required.
- Is a dependent of a member of the armed forces, the uniformed services, or a veteran, and he or she provides proof acceptable to LARA of being a dependent.

MCL 338.2204

Each bill would take effect 90 days after its enactment. House Bill 4376 is tie-barred to Senate Bill 158, which means that it could not take effect unless Senate Bill 158 were also enacted. (Senate Bill 158 would make changes to the Occupational Code that are almost identical to those House Bill 4377 would make to the Skilled Trades Regulation Act.)

FISCAL INFORMATION:

House Bills 4376 and 4377 would likely decrease license fee revenues received by LARA. The bills would expand the population of individuals eligible to have fees (under the Skilled Trades Regulation Act and the State License Fee Act) associated with initial licensure and registration and application processing waived. Under current statute, fee waivers are only available to qualifying veterans, but these bills would expand the eligible population to include members of the armed and uniformed services and their dependents.

Professions that would be eligible for fee waivers under the Skilled Trades Regulation Act include electricians and related professions, mechanical contractors, boiler inspectors and related professions, building officials and inspectors, and plumbers. Exemptions to veterans in these professions were given to 260 licensees in FY 2019-20, with exempted revenue totaling approximately \$24,100. Fee revenue collected under the Skilled Trades Regulation Act is largely deposited to the Construction Code Fund (boiler-related fees are deposited to the Boiler Inspection Fund), a state restricted fund used to support appropriations for the Bureau of Construction Codes within LARA and other LARA expenses.

Professions that would be eligible for fee waivers under the State License Fee Act include accountants; architects; barbers; cosmetologists; professional engineers; land surveyors; landscape architects; collection agents; employment and consulting agents; personnel agents; hearing aid dealers; real estate brokers, salespersons, and appraisers; residential builders; and mortuary science licensees. Exemptions to veterans in these professions were given to 389 licensees in FY 2019-20, with exempted revenue totaling approximately \$54,250. Fee revenue collected under the State License Fee Act is largely deposited to the Licensing and Regulation Fund, which is used to support appropriations within the LARA budget.

It is presently indeterminate whether the bills would increase costs for LARA, as it is impossible to determine how many people will utilize the opportunities created under these bills. Furthermore, the size of the population that would be created under these bills is presently indeterminate.

ARGUMENTS:

For:

The bills would decrease barriers to a wide range of occupations that require state licensure for active duty service members and veterans and their family members. The bills would also include those in the uniformed services. By so doing, the bills would position Michigan to be attractive to active duty members who may then transition to the reserves, as well as their family members who may hold occupational licenses in another jurisdiction. Waiving the initial application and licensing fee would go a long way in easing the challenges of starting over in a new state when duty assignments change and the entire family must pack up and relocate or when leaving military service and transitioning to civilian life. The cost to taxpayers from expanding the pool of those eligible for the license reciprocity provisions and fee waivers is not known (see **Fiscal Information**, above), but the state is likely to benefit if more qualified and experienced workers in the skilled trades and various occupations choose to make Michigan their home and contribute to the state's economy.

Against:

No arguments against the bills were raised in committee.

POSITIONS:

Representatives of the following entities testified in support of the bills (3-9-21):

- Department of Licensing and Regulatory Affairs (LARA)
- Department of Military and Veterans Affairs

The following entities indicated support for the bills:

- Grand Rapids Chamber of Commerce (3-16-21)
- Michigan Realtors Association (3-16-21)
- Mackinac Center for Public Policy (3-9-21)
- Michigan Plumbing and Mechanical Contractors Association (3-9-21)
- Michigan Mechanical Contractors Association (3-9-21)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.