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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Michelle Ridge.

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DIGEST

SB 336 Reengrossed

2016 Regular Session

Martiny

Present law provides relative to the State Licensing Board for Contractors (board) and the regulations of contractors in the state.

Present law provides for duties of the board and its membership.

Proposed law allows the board to, with proper notice, hold meetings outside of Baton Rouge after such location has been properly noticed as a public meeting.

Present law defines the following terms: "commercial purposes", "contractor", "electrical contractor", "home improvement contracting", "home improvement contractor", "residential building contractor".

Proposed law redefines the term "commercial purposes" as any construction project except residential structures with four or less dwelling units.

Proposed law redefines the term "contractor" as any person who undertakes to, attempts to, or submits a price or bid or offers to construct, supervise, superintend, oversee, direct, or in any manner assume charge of the construction, alteration, repair, improvement, movement, demolition, putting up, tearing down, or furnishing labor, or furnishing labor together with material or equipment, or installing the same for any building, highway, road, railroad, sewer, grading, excavation, pipeline, public utility structure, project development, housing, or housing development, improvement, or any other construction undertaking for which the entire cost of same is \$50,000 or more when such property is to be used for commercial purposes.

Proposed law redefines "electrical contractor" as any person who undertakes to, attempts to, or submits a price or bid or offers to construct, supervise, superintend, oversee, direct, or in any manner assume charge of the construction, alteration, repair, improvement, movement, demolition, putting up, tearing down, or furnishing labor together with material and equipment, or installing the same for the wiring, fixtures, or appliances for the supply of electricity to, or use of electricity within, any residential, commercial, or other project, when the cost of the undertaking exceeds the sum of \$10,000.

Proposed law redefines "residential contractor" as any corporation, partnership, or individual who performs residential contracting. The term "residential contractor" shall include all contractors, subcontractors, architects, and engineers who receive an additional fee for the employment or director of labor, or any other work beyond the normal architectural or engineering services. The term "residential contractor" shall not include the manufactured housing industry or those persons engaged in building residential structures that are mounted on metal chassis or wheels.

Proposed law removes from present law the definitions of "home improvement contracting" and "home improvement contractor".

Proposed law defines the term "cost of project" as the value of all labor, materials, subcontractors, overhead, and supervision.

Proposed law defines the term "residential contracting" as either of the following:

- (1) Undertaking or offering to undertake the construction or supervising the construction of a residential structure when the cost of the project exceeds \$50,000 and is not rendered gratuitously.
- (2) Undertaking or offering to undertake certain types of work on a residential structure or a structure adjacent thereto, for an amount that exceeds \$7,500, including labor, materials, and indirect costs, and is not rendered gratuitously.

Proposed law incorporates into the definition of residential contracting home improvement contracting and reflects such inclusion throughout present law.

Proposed law provides that any person who desires to become licensed as a residential contractor shall perform all of the following:

- (1) Make application to the board on a form adopted by the board.
- (2) Submit all of the following documentation to the board:
  - (a) Acceptable proof of workers' compensation coverage and general liability insurance in a minimum amount of \$100,000 or liability protection provided by a liability trust fund in a minimum amount of \$100,000.
  - (b) A financial statement, current to within 12 months of the date of filing, prepared by an independent auditor and signed by the applicant and auditor before a notary public, stating the assets of the applicant.
- (3) Passed the business and law examination and all applicable trade examinations required by the State Licensing Board for Contractors.

Proposed law provides that a subcommittee may exempt any person working in the residential building industry who holds a builders construction license issued by the State Licensing Board for Contractors prior to February 1, 1996, with the classification of building construction from the examination and grant such person a residential contractor's license.

Proposed law provides that any home improvement contractor license holder who possesses a certificate of registration from the subcommittee as of August 1, 2016, shall be entitled to complete any preexisting contract that he has entered into in excess of \$7,500 without having to obtain a

residential contractor's license. However, such home improvement contractor shall be required to obtain a residential contractor's license prior to bidding or entering into any contracts in excess of \$7,500 after August 1, 2016.

Proposed law provides that the board, before issuing a license to any residential contractor, shall set forth the residential contractor's classification on such license, according to the classification requested by the contractor and for which he has completed all of the requirements of the board.

Proposed law provides that the licensee shall be permitted to bid or perform any type or types of work included in the classification under which his license was issued.

Proposed law provides that the licensee may apply for and receive additions to or changes in his classification by making application to the board, successfully completing the written examination, and paying the required fees. Additions or changes to an existing license shall become effective after compliance with certain provisions of law and upon board approval.

Proposed law provides that the subcommittee may deny licensure or renewal of a license upon a finding by the subcommittee that the applicant has committed one or more of the following acts:

- (1) Made material omission or misrepresentations of fact on its application for registration or renewal.
- (2) Failed to pay either the licensing fee or renewal fee.
- (3) Failed consistently to perform contracts, performed contracts in an unworkmanlike manner, failed to complete contracts with no good cause, or engaged in fraud or bad faith with respect to such contracts.

Present law provides for licensing exemptions.

Proposed law exempts from licensure the following:

- (1) A homeowner who physically performs residential contracting services on his personal residence.
- (2) The state or any of its political subdivisions.
- (3) Any person who performs labor or services for a residential contractor for wages or salary and who does not act in the capacity of a residential contractor.
- (4) An individual who physically performs residential work on other property owned by him when the residential work has a value of less than \$7,500.
- (5) Any person who works exclusively in landscaping and interior painting or wall covering, where the costs of the project does not exceed \$50,000.

Effective August 1, 2016.

(Amends R.S. 37:2150.1(2), (4)(a), (5), (6), (7), (8), (9), (10), (11), (12) and (13), 2152(B)(3) and (4), 2154(A)(2) and (5), 2155(A), (B), (C), and (D), 2156(G), 2156.1(A)(intro para), 2156.1(C), (D)(1)(intro para), (D)(1)(c), and (D)(2), 2157(A)(intro para), 2159(C), 2162(L), 2167, 2170(A)(2), 2171.1, 2171.2(B), 2175.1(A)(intro para), (A)(1), (2), (4)(a), (7), (B) and (D), 2175.3(A)(intro para), (A)(1), (2), (3), (5), (6), (7), (8), (9) and (10) and (B), 2175.4, and 2175.6; adds R.S. 37:2150.1(14), (15) and (16), 2156.1(D)(4) and (5) and (M)(4), 2158(A)(12), 2167.2, 2167.3, and 2170(A)(4), (5), (6), and (7); repeals R.S. 37: 2150.1(4.1) and (8.1), 2171, 2175.2, 2175.3(11), and 2175.5)

#### Summary of Amendments Adopted by Senate

##### Senate Floor Amendments to engrossed bill

1. Makes technical bureau note changes.
2. Makes legislative bureau changes.