

**SUBSTITUTE FOR
SENATE BILL NO. 1012**

A bill to amend 1980 PA 299, entitled
"Occupational code,"
by amending sections 2403 and 2404b (MCL 339.2403 and 339.2404b),
section 2403 as amended by 1984 PA 191 and section 2404b as amended
by 2014 PA 175.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2403. Notwithstanding article 6, a person may engage in
2 the business of or act in the capacity of a residential builder or
3 a residential maintenance and alteration contractor or salesperson
4 in this state without having a license, if the person is 1 of the
5 following:

6 (a) An authorized representative of the United States
7 government, this state, or a county, township, city, village, or
8 other political subdivision of this state.

9 (b) An owner of property ~~, with reference to~~ **ENGAGED IN**

1 **CONSTRUCTION OF** a structure on the property for the owner's own use
2 and occupancy.

3 (c) An owner of rental property ~~, with reference to the~~
4 **ENGAGED IN** maintenance and alteration of that rental property.

5 (d) An officer of a court acting within the ~~terms~~ **SCOPE** of the
6 ~~officer's~~ **THAT** office.

7 (e) A person, other than the salesperson, who engages solely
8 in the business of performing work and services under contract with
9 a residential builder or a residential maintenance and alteration
10 contractor licensed under this article.

11 (f) A person working on 1 undertaking or project by 1 or more
12 contracts, **IF** the aggregate contract price for ~~which~~ **THE** labor,
13 material, and any other item ~~is less than \$600.00. This~~ **FOR THE**
14 **UNDERTAKING OR PROJECT IS \$4,000.00 OR LESS. THE** exemption
15 **DESCRIBED IN THIS SUBDIVISION** does not apply if the work of a
16 construction is only a part of a larger or major operation, whether
17 undertaken by the same or a different residential builder or
18 residential maintenance and alteration contractor, or in which a
19 division of the operation is made in contracts of amounts ~~less than~~
20 ~~\$600.00,~~ **OF \$4,000.00 OR LESS**, to evade this act.

21 (g) An electrical contractor ~~who~~ **THAT** is licensed under ~~Act~~
22 ~~No. 217 of the Public Acts of 1956, as amended, being sections~~
23 ~~338.881 to 338.892 of the Michigan Compiled Laws. This exemption~~
24 **THE ELECTRICAL ADMINISTRATIVE ACT, 1956 PA 217, MCL 338.881 TO**
25 **338.892. THE EXEMPTION DESCRIBED IN THIS SUBDIVISION** applies only
26 to the electrical installation, electrical maintenance, or
27 electrical repair work performed by the electrical contractor.

1 (h) A plumbing contractor **THAT IS** licensed under ~~Act No. 266~~
2 ~~of the Public Acts of 1929, as amended, being sections 338.901 to~~
3 ~~338.917 of the Michigan Compiled Laws. This exemption~~ **THE STATE**
4 **PLUMBING ACT, 2002 PA 733, MCL 338.3511 TO 338.3569. THE EXEMPTION**
5 **DESCRIBED IN THIS SUBDIVISION** applies only to plumbing
6 installation, plumbing maintenance, or plumbing repair work
7 performed by the plumbing contractor.

8 (i) A mechanical contractor ~~who~~ **THAT** is licensed under the
9 ~~mechanical contractors act. This exemption~~ **FORBES MECHANICAL**
10 **CONTRACTORS ACT, 1984 PA 192, MCL 338.971 TO 338.988. THE EXEMPTION**
11 **DESCRIBED IN THIS SUBDIVISION** applies only to mechanical
12 installation, mechanical maintenance, or mechanical repair work
13 performed by the mechanical contractor.

14 Sec. 2404b. (1) Beginning June 1, 2008, an applicant for
15 initial licensure either as a residential builder or as a
16 residential maintenance and alteration contractor must successfully
17 complete the prelicensure course of study requirements under this
18 subsection to obtain a license unless he or she is exempt from
19 those requirements under this section. All of the following apply
20 for purposes of this subsection:

21 (a) If an individual who holds a residential builder or a
22 residential maintenance and alteration contractor license, or an
23 individual who held a license as a qualifying officer of a licensed
24 residential builder or residential maintenance and alteration
25 contractor, on June 1, 2008 is renewing a license, he or she is
26 exempt from the requirement of successfully completing prelicensure
27 courses described in this subsection.

(b) If an individual is applying for a license or relicensure as a residential builder or residential maintenance and alteration contractor, he or she is exempt from the requirement of successfully completing prelicensure courses described in this subsection if all of the following are met:

(i) His or her application is submitted before the expiration of the 18-month period beginning ~~on the effective date of the amendatory act that added this subdivision.~~ **SEPTEMBER 16, 2014.**

This subdivision does not apply to applications that are submitted after that 18-month period.

(ii) He or she held an individual license as a residential builder or residential maintenance and alteration contractor, or held a license as a qualifying officer of a licensed residential builder or residential maintenance and alteration contractor, at any time within the 9-year period preceding his or her application.

(c) Unless he or she is exempt under subdivision (a) or (b), an applicant **FOR AN INITIAL LICENSE AS A RESIDENTIAL BUILDER** shall not receive an initial license under this act unless he or she successfully completed 60 hours of approved prelicensure courses that include at least 6 hours of courses in each of the following areas of competency:

(i) Business management, estimating, and job costing.

(ii) Design and building science.

(iii) Contracts, liability, and risk management.

(iv) Marketing and sales.

(v) Project management and scheduling.

(vi) The current Michigan residential code.

1 (vii) Construction safety standards promulgated under the
2 Michigan occupational safety and health act, 1974 PA 154, MCL
3 408.1001 to 408.1094.

4 (D) UNLESS HE OR SHE IS EXEMPT UNDER SUBDIVISION (A) OR (B),
5 AN APPLICANT FOR AN INITIAL LICENSE AS A RESIDENTIAL MAINTENANCE
6 AND ALTERATION CONTRACTOR THAT IS APPLICABLE TO 1 OR MORE CRAFTS OR
7 TRADES SHALL NOT RECEIVE AN INITIAL LICENSE UNDER THIS ACT UNLESS
8 HE OR SHE SUCCESSFULLY COMPLETED 5 HOURS OF PRELICENSURE COURSES
9 THAT ARE PERTINENT TO EACH OF THOSE CRAFTS OR TRADES.

10 (2) All of the following apply to an individual license under
11 this article, as applicable:

12 (a) Subject to subdivision (b), if the individual licensee
13 obtained his or her initial license as a residential builder or a
14 residential maintenance and alteration contractor on or after
15 January 1, 2009, he or she must successfully complete at least 21
16 hours of activities that demonstrate continuing competence in each
17 3-year license cycle, including both of the following:

18 (i) At least 3 hours of activities that demonstrate continuing
19 competency in each calendar year, during the first 6 calendar years
20 of licensure.

21 (ii) At least 3 hours of activities designed to develop a
22 licensee's understanding and ability to apply state building codes
23 and laws relating to the licensed occupation, safety, and changes
24 in construction and business management laws.

25 (b) If an individual licensee described in subdivision (a) was
26 exempt from the prelicensure course requirements of subsection (1)
27 under subsection (1)(b) when he or she obtained his or her initial

1 license as a residential builder or residential maintenance and
2 alteration contractor, the hours of activities that he or she must
3 complete in the first year of his or her first 3-year license cycle
4 under subdivision (a) must include successful completion of at
5 least 1 hour of codes, 1 hour of safety, and 1 hour of legal issues
6 described in this subsection.

7 (c) If the licensee was initially licensed as a licensed
8 residential builder or residential maintenance and alteration
9 contractor, or held a license as a qualifying officer of a licensed
10 residential builder or residential maintenance and alteration
11 contractor, before January 1, 2009, he or she has held a license
12 for not more than two 3-year license cycles, and the department has
13 not taken disciplinary action against him or her for a violation of
14 this act or a rule promulgated under this act, he or she must
15 successfully complete at least 3 hours of activities that
16 demonstrate continuing competency in each 3-year license cycle that
17 includes at least 1 hour of codes, 1 hour of safety, and 1 hour of
18 legal issues described in this subsection.

19 (d) If the licensee has held a license for more than two 3-
20 year license cycles, and the department has not taken disciplinary
21 action against him or her for a violation of this act or a rule
22 promulgated under this act, he or she must successfully complete at
23 least 3 hours of activities demonstrating continuing competency in
24 each license cycle that includes 1 hour of codes, 1 hour of safety,
25 and 1 hour of legal issues as described in this subsection.

26 (3) In addition to the requirements of subsection (2), if the
27 department has taken disciplinary action against a licensee for a

1 violation of this act or a rule promulgated under this act, the
2 licensee must successfully complete, during the next complete
3 license cycle, at least 3 and not more than 21 hours of activities
4 that demonstrate the development of continuing competency during
5 that next license cycle as determined appropriate by order of the
6 department. At least 3 hours of the continuing competency must
7 include 1 hour of codes, 1 hour of safety, and 1 hour of legal
8 issues as described in subsection (2).

9 (4) Any construction code update courses approved by the
10 bureau of construction codes and any fire safety or workplace
11 safety courses approved or sponsored by the department are also
12 considered appropriate for fulfilling the continuing competency
13 requirements of this section. The department may, by rule, amend,
14 supplement, update, substitute, or determine equivalency regarding
15 any courses or alternate activities for developing continuing
16 competency described in this section.

17 (5) The subject matter of the prelicensure and continuing
18 competency activities required under this section may be offered by
19 a high school, an intermediate school district, a community
20 college, a university, the bureau of construction codes, the
21 Michigan occupational safety and health administration, a trade
22 association, or any other proprietary school that is licensed by
23 the department.

24 (6) The department shall promulgate rules to provide for the
25 following:

26 (a) Requirements, other than those ~~listed~~ **DESCRIBED** in
27 subsection (4), for determining that a course meets the minimum

1 criteria for developing and maintaining continuing competency.

2 (b) Requirements for acceptable courses offered at seminars
3 and conventions by trade associations, research institutes, risk
4 management entities, manufacturers, suppliers, governmental
5 agencies other than those ~~named~~ **DESCRIBED** in subsection (4),
6 consulting agencies, or other entities.

7 (c) Acceptable distance learning.

8 (d) Alternate forms of continuing competency, including
9 comprehensive testing, participation in mentoring programs,
10 research, participation in code hearings conducted by the
11 ~~international code council~~, **INTERNATIONAL CODE COUNCIL OR CODE**
12 **COMMITTEES AND HEARINGS CONDUCTED BY THIS STATE**, and publication of
13 articles in trade journals or regional magazines as an expert in
14 the field. The alternate forms shall be designed to maintain and
15 improve the licensee's ability to perform the occupation with
16 competence and shall prescribe proofs that are necessary to
17 demonstrate that the licensee has fulfilled the requirements of
18 continuing competency.

19 (7) Each licensee may select approved courses in his or her
20 subject matter area or specialty. A licensee's service as a
21 lecturer or discussion leader in an approved course shall count
22 toward his or her continuing competency requirements under this
23 section. Alternate forms of continuing competency may be earned and
24 documented as promulgated in rules by the department.

25 (8) The department may audit a predetermined percentage of
26 licensees who renew in a year for compliance with the requirements
27 of this section. Failure to comply with the audit or the

1 requirements shall result in the investigation of a complaint
2 initiated by the department, and the licensee is subject to the
3 penalties prescribed in this act.

4 (9) Before ~~the effective date of the amendatory act that added~~
5 ~~subsection (10),~~ **SEPTEMBER 16, 2014**, a licensed residential builder
6 or residential alteration and maintenance contractor may apply for
7 inactive status by completing an application, made available by the
8 department, in which he or she declares that he or she is no longer
9 actively engaged in the practice authorized by his or her license
10 and temporarily intends to suspend activity authorized by his or
11 her license. If a completed application is submitted, the
12 department shall designate the licensee as inactive and note that
13 status on records available to the public. A licensee who is
14 designated as inactive must have a current copy of the Michigan
15 residential code and is exempt from the continuing competency
16 requirements imposed under this section, but must still pay the
17 per-year license fee. An inactive licensee may activate his or her
18 license by submitting an application to the department requesting
19 activation of the license. If the department activates an inactive
20 license, the licensee must complete at least 1 credit hour of
21 activities that demonstrate continuing competency for that calendar
22 year.

23 (10) An individual licensee who applied for and was designated
24 inactive under subsection (9) before ~~the effective date of this~~
25 ~~subsection~~ **SEPTEMBER 16, 2014** may remain in inactive status after
26 that effective date by complying with the requirements of
27 subsection (9). A licensee who remains in inactive status ~~after the~~

~~effective date of this subsection~~ **ON OR AFTER SEPTEMBER 16, 2014** is exempt from the continuing competency requirements of this section while he or she remains in inactive status. A licensee may activate his or her license by submitting an application to the department requesting activation of the license. If his or her license is activated, the licensee must complete at least 1 credit hour of activities that demonstrate continuing competency for that calendar year.

(11) Subject to subsection (13), an applicant for initial licensure as a residential builder or residential maintenance and alteration contractor is exempt from the requirements of subsection (1) if he or she meets all of the following:

(a) Served in the armed forces.

(b) While serving in the armed forces, was engaged in the erection, construction, replacement, repair, alteration, or demolition of buildings or other structures.

(c) Was separated from service in the armed forces, and provides to the department a form DD214, form DD215, or any other form that is satisfactory to the department that demonstrates that he or she was separated from that service, with an honorable character of service or under honorable conditions (general) character of service.

(d) Has, and provides with his or her application an affidavit signed by a commanding officer, supervisor, or military superior with direct knowledge of the applicant's service that he or she has, entry-level experience in or basic knowledge of each of the areas of competency described in subsection ~~(1)(a) to (g)~~. **(1) (C) (i)**

1 TO (vii) .

2 (12) If an applicant who otherwise meets the requirements of
3 subsection (11) does not have entry-level experience in or basic
4 knowledge of each of the areas of competency described in
5 subsection ~~(1) (a) to (g)~~, **(1) (C) (i) TO (vii)** , he or she may provide
6 with his or her application an affidavit signed by a commanding
7 officer, supervisor, or military superior with direct knowledge of
8 the applicant's service that states in which of those areas of
9 competency the applicant has entry-level experience or basic
10 knowledge, and the department may in its discretion grant the
11 applicant credit toward the 60-hour prelicensure education
12 requirement of subsection (1) based on that experience or
13 knowledge.

14 (13) If an applicant for initial licensure as a residential
15 builder or residential maintenance and alteration contractor
16 described in subsection (11) does not pass the examination for that
17 license the first time he or she takes the examination, that
18 applicant may not retake the examination until he or she
19 successfully completes a prelicensure course of study described in
20 subsection (1) .

21 (14) As used in ~~the~~**THIS** section, "armed forces" means that
22 term as defined in section 2 of the veteran right to employment
23 services act, 1994 PA 39, MCL 35.1092.

24 **(15) AS USED IN THIS SECTION AND SECTION 2404, "MICHIGAN**
25 **RESIDENTIAL CODE" MEANS THE MICHIGAN RESIDENTIAL CODE PROMULGATED**
26 **BY THE DIRECTOR UNDER SECTION 4 OF THE STILLE-DEROSSETT-HALE SINGLE**
27 **STATE CONSTRUCTION CODE ACT, 1972 PA 230, MCL 125.1504.**

1 Enacting section 1. This amendatory act takes effect 90 days
2 after the date it is enacted into law.

3 Enacting section 2. This amendatory act does not take effect
4 unless Senate Bill No. 1011 of the 98th Legislature is enacted into
5 law.