

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 329 (as enrolled)

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Senate Bill 331 (as enrolled)

Sponsor: Senator Mike Rogers

Senate Committee: Human Resources, Labor and Veterans Affairs

House Committee: Judiciary

PUBLIC ACT 300 of 1998

PUBLIC ACT 301 of 1998

PUBLIC ACT 302 of 1998

Date Completed: 10-27-98

RATIONALE

Contractors and persons in the building trades often make charitable donations of time and effort to remodel or reconstruct residences for the poor and/or the elderly. In various areas of the State, these efforts sometimes are made through nonprofit organizations that are dedicated to the rehabilitation of homes for the elderly, handicapped, or impoverished. While homeowners can obtain a building permit for certain kinds of work, it has been pointed out that under the statutes that govern mechanical, electrical, and plumbing contractors, in order for work to be performed by such contractors, one of them must obtain a permit from the local unit of government. In a situation in which several contractors may be working through a charitable organization on a rehabilitation project, rather than asking one contractor to obtain the permit, the organization sometimes asks the homeowner to obtain the permit. Reportedly, most local units under these circumstances will issue a permit to the homeowner; however, some local units have refused to allow permits for such projects unless they are obtained by a contractor. This evidently has delayed or prevented volunteers from performing scheduled work. Some people feel that in situations in which contractors have volunteered their efforts through charitable organizations, the statutes should specify that homeowners may obtain the required permits.

CONTENT

The bills amended three separate Acts to allow the owner of property on which renovation or remodeling is performed by a contractor without compensation, under certain conditions, to obtain a construction permit. Senate Bill 329 amended the Forbes Mechanical Contractors Act, which provides for the licensure of heating, cooling, ventilating and refrigerating equipment installation

and service contractors; Senate Bill 330 amended Public Act 266 of 1929, which provides for the classification and licensure of plumbers; and Senate Bill 331 amended the Electrical Administrative Act, which provides for the licensure and regulation of electricians and electrical contractors.

Currently, under each of the Acts, a licensee must obtain a permit in order to perform certain construction or repairs. The bills provide that if the construction or repair work is performed without compensation by a licensee (under the various Acts) for or on behalf of a charitable organization, the required permit may be obtained by the owner of the property on which the work is performed. The bills apply only to the reconstruction, renovation, or remodeling of one- to four-family dwellings. The bills define "charitable organization" as a nonprofit, tax-exempt religious, benevolent, educational, philanthropic, or humane organization.

MCL 338.977 (S.B. 329)
338.904a (S.B. 330)
338.885 (S.B. 331)

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

By clearing up concerns that have risen over building permits for volunteer projects, the bills will enhance the ability of charitable organizations to recruit and maintain contractors who volunteer their efforts for the renovation and rehabilitation of the residences of those who need help.

Some statutes require certain contractors to obtain

a permit if they are performing work on a job site, though homeowners can obtain their own permits for work that does not require an electrical, plumbing, or mechanical contractor. Because a project being performed through a charitable organization may require several contractors to be on a job site at the same time (often as a one-day event), it is logical for the organization to ask the owner of the home being worked on to obtain the required permit, rather than asking one of several contractors to obtain the permit. While most local units of government, under these circumstances, allow the homeowner to obtain the required permit, some local units have refused issuance of permits because the statutes specified that a contractor had to obtain the permit. Refusal to issue a permit can delay, or prevent, volunteers from performing work that homeowners expect. The bills simply provide that, in those instances in which work is to be performed by volunteer contractors through a charitable organization, homeowners may obtain necessary permits.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bills will have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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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.