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 BILL ANALYSIS

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Senate Bill 142 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Mark C. Jansen
Committee: Economic Development and Regulatory Reform

Date Completed: 10-6-09

RATIONALE

Some Michigan-licensed electricians would like to pursue work in other states, while maintaining their homes and bases of operation in this State. In order to be authorized to work as an electrician in another state, a person generally has to be licensed in that state, which typically requires extensive training and testing and the payment of substantial fees. Several states apparently have reciprocal agreements that recognize electrician licensure in another state without requiring electricians to secure a new license. In order for such a state to accept an out-of-state licensure, the state where the electrician is licensed must be a party to a reciprocal agreement. Since Michigan is not a party to a reciprocal agreement, Michigan-issued electrician licenses are not recognized by other states and Michigan electricians are not able to work in another state unless they also hold a license from that state. In order for resident electricians to be able to get work in other states more easily, some people believe that Michigan should recognize out-of-State electrician licenses so that other states would reciprocally recognize licenses issued in Michigan.

CONTENT

The bill would amend the Electrical Administrative Act to do all of the following:

- Allow the Electrical Administrative Board and the Department of Energy, Labor, and Economic Growth (DELEG) to issue a license, without an exam, to an electrician licensed**

in another state with equivalent licensing standards.

- Require DELEG and the Board to issue a license, without an exam, to an electrician licensed in another state that executed a reciprocal agreement.**
- Require DELEG and the Board to inquire with existing coalitions or entities regarding interstate reciprocity.**
- Allow DELEG to enter into a reciprocal agreement meeting standards specified in the bill.**
- Require DELEG to post information regarding reciprocity on its website and facilitate out-of-State inquiries by Michigan licensees.**
- Delete a requirement that the Board and DELEG issue a sign specialty license, without an exam, to a licensee in another state that meets or exceeds Michigan's standards.**

Specifically, the bill would authorize the Board and DELEG to license, without examination, applicants licensed under the laws of other states having requirements for licensing categories or classes of electricians that the Board determined were equivalent to Michigan's requirements. The Board and Department would have to issue a license, without examination, to applicants licensed under the laws of other states that had executed a "reciprocal agreement".

"Reciprocal agreement" would mean a written agreement executed by DELEG and a regulatory agency of another state that DELEG and the Board determine has license requirements and categories or classes of

licensure that are equivalent to or exceed Michigan's requirements. A reciprocal agreement would have to contain those provisions recommended by the Board and approved by DELEG under which the other state would have to do or be at least the following:

- Issue an electrician identification card with an expiration date printed on it as well as any category or class limitation.
- Be available to verify the license status for enforcement purposes.
- Have disqualification, suspension, and revocation standards for licenses.
- Require that the electrician possess a license in good standing from his or her home state.
- Allow for unlimited or limited licensure, depending on the categories or classes for which applicants could be qualified under Michigan law and the other state's laws.

Beginning on the bill's effective date, DELEG and the Board would have to make appropriate written or electronic inquiries to any existing coalition of state regulatory agencies or any private entities regarding interstate reciprocity agreements or standards.

The Department could enter into a reciprocal agreement meeting the standards described in the bill and containing provisions recommended by the Board and approved by DELEG.

Beginning on the effective date of any reciprocal agreement executed under the bill, DELEG would have to post information regarding reciprocity on its website and facilitate communication on that site for Michigan licensees making out-of-State inquiries.

Under the Act, upon proper application and payment of the appropriate fees, the Board and DELEG must issue a license without examination to a person desiring sign specialty licensure who is licensed, registered, or otherwise regulated in another state, if the Board determines that the standards in the other state meet or exceed the standards in the Act. The bill would delete this provision.

MCL 338.885 et al.

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

It is difficult for Michigan-licensed electricians to get work in other states because Michigan does not participate in a reciprocal agreement to recognize licensure of electricians by other states. In order to perform electrician duties in another state, a Michigan-licensed electrician must undergo that state's licensure process, which can be long, cumbersome, and expensive. As a result, most electricians licensed in Michigan evidently do not even bid on out-of-State contracts or otherwise pursue work in other states, even though that work might be available.

At least one Michigan company, based in the Grand Rapids area, reportedly is interested in bidding on electrician jobs involving wind turbine projects in the Dakotas. By authorizing the Board and DELEG to enter into reciprocal agreements for the licensure of electricians licensed by other states, without examination, the bill would allow Michigan-licensed electricians to receive the same courtesy in other states. This would help Michigan companies and workers to secure jobs outside of this State, increasing their opportunities to earn a living and expand Michigan-based businesses.

Opposing Argument

To be licensed in Michigan, electricians must meet rigorous educational and training standards. The bill not only would bypass those requirements for electricians licensed by other states, but would introduce out-of-State competition to Michigan-based electricians for jobs located in this State. There have been no reports of a shortage of licensed electricians in Michigan, and the State is experiencing very high unemployment rates, so inviting out-of-State workers to pursue Michigan-based jobs would be ill advised.

Response: The bill would enable Michigan-licensed electricians to pursue jobs in other states without having to be examined. In order for this to occur, Michigan must offer reciprocity to electricians licensed elsewhere. Since there is no shortage of electricians in Michigan, and because the State is dealing with high

unemployment, it makes sense to give Michigan workers an opportunity to seek employment in other states without having to relocate and re-establish their credentials.

In addition, the bill would not automatically recognize the licensure of out-of-State electricians. Rather, it would authorize the Electrical Administrative Board and DELEG to enter into a reciprocal agreement with another state's regulatory agency only if that state had licensing standards that matched or exceeded Michigan's requirements. The bill would not compromise Michigan's rigorous licensing standards.

The bill also would not set any precedent, as Michigan law already authorizes reciprocal licensure, registration, or accreditation for a number of other professionals. These include emergency medical technicians, physician's assistants, plumbers, forensic polygraph examiners, asbestos workers, secondary mortgage loan officers, auctioneers, and well-drilling contractors.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would increase the administrative cost of the Bureau of Construction Codes within the Department of Energy, Labor, and Economic Growth by an unknown amount. The requirements in the bill include contacting any existing coalition of State regulatory agencies or private entities regarding the development of reciprocity agreements for licensees under the Electrical Administrative Act and posting reciprocity information on the website. Revenue to the Construction Code Fund would be reduced to the extent that applicants were able to achieve licensure under reciprocity agreements, avoiding examination fees. The Bureau of Construction Codes is supported by restricted revenue, primarily license and examination fees paid by members of regulated occupations into the Construction Code Fund.

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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.