

Legislative Analysis



PRE-LICENSURE EDUCATION REQUIREMENTS FOR RESIDENTIAL BUILDERS AND CONTRACTORS

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4582 (Substitute H-4)
Sponsor: Rep. Frank D. Foster
Committee: Regulatory Reform

Complete to 3-18-14

A SUMMARY OF HOUSE BILL 4582 AS REPORTED FROM COMMITTEE

The bill would amend Article 24 of the Occupational Code to allow certain additional individuals to obtain a license as a residential builder or residential maintenance and alteration contractor without completing the pre-licensure educational courses that are usually required. This new exemption would apply to individuals who had held a license at any time within the previous nine years, so long as they apply within the 18 months after the bill takes effect.

Currently, applicants for initial licensure as a residential builder or residential maintenance and alteration contractor must successfully complete the pre-licensure course of study in order to obtain a license (see ***Background Information***). However, the requirement currently does not apply to individuals who held licenses as of June 1, 2008, and are renewing that license. (That date is when the pre-licensure course of study requirements took effect.)

House Bill 4582 would extend the exemption so pre-licensure requirements would also not apply to those who are applying for licensure or re-licensure and have held a license at any time within the nine-year period preceding the application as a residential builder or residential maintenance and alteration contractor, or who have held a license as a qualifying officer of a licensed residential builder or residential maintenance and alteration contractor. However, this would only apply for applications submitted within 18 months after this bill takes effect.

Under the Occupational Code, the Department of Licensing and Regulatory Affairs (LARA) cannot issue an ***initial*** license unless the applicant has completed the required 60 hours of pre-licensure courses. This is the requirement the bill provides an exemption from.

The bill would require individuals to successfully complete at least three hours of activities demonstrating continuing competency in each three-year license cycle, including one hour each on codes, safety, and legal issues, if (1) they were initially licensed 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, before January 1, 2009; (2) have held the license

for six years or less; and (3) have not been determined by the department to have violated the Occupational Code or a rule promulgated under the code.

Applying for inactive status

Additionally, the bill would allow licensees who had applied for and were designated inactive before the bill's effective date to remain in inactive status after the bill's effective date by complying with the requirements of subsection 9 of the bill. [Under subsection 9, licensees may apply for inactive status by applying to the department and declaring that they are no longer actively engaged in the practice authorized by the license and will temporarily suspend activity. Inactive licensees are exempt from the continuing competency requirements but must still pay annual license fees.] Licensees on inactive status after the bill takes effect would be exempt from the continuing competency requirements while on inactive status and could activate a license by applying to the department. Once activated, the licensee would have to complete at least one credit hour of activities that demonstrate continuing competency for that calendar year.

Approved courses

The bill would remove references to specific education courses that are considered to "demonstrate the development of continuing competency" and are incorporated by reference. Instead, any courses approved by the Bureau of Construction Codes or the Department of Licensing and Regulatory Affairs would be considered appropriate for fulfilling continuing competency requirements.

The bill would also remove a provision allowing LARA to waive the requirement of membership in a local, state, or national trade association.

MCL 339.2404b

FISCAL IMPACT:

The bill would not have a significant fiscal impact on the Bureau of Commercial Services.

BACKGROUND INFORMATION:

Current requirements:

Currently, applicants for initial licensure as a residential builder or residential maintenance and alteration contractor must successfully complete a pre-licensure course of study in order to obtain a license. Applicants are required to complete 60 hours of approved pre-licensure courses, with at least 6 hours of courses in each of the following areas of competency:

- Business management, estimating, and job costing;
- Design and building space;
- Contracts, liability, and risk management;
- Marketing and sales;

- Project management and scheduling;
- The current Michigan Residential Code; and
- Construction safety standards promulgated under the Michigan Occupational Safety and Health Act.

Individuals who received licensure on or after January 1, 2009, must successfully complete at least 3 hours of activities demonstrating continuing competency each calendar year for the first 6 years of licensure, and 21 hours in each 3-year time period after the issuance of the license. At least 3 hours must be devoted to activities designed to develop a licensee's understanding and ability to apply state building codes and laws relating to the licensed occupation, safety, and changes in construction and business laws. For licensees who have been licensed for more than 6 years, at least three hours must be spent on activities demonstrating continuing competency, including one hour of codes, one hour of safety, and one hour on legal issues.

Additional hours of activity must be completed by licensees that have been found in violation of the Occupational Code or rules promulgated under its authority.

Current exemptions

The following individuals are currently exempt from the pre-licensure course of study requirements:

- Licensees holding a residential builder or a residential maintenance and alteration contractor license on January 1, 2009, when applying for re-licensure.
- Members of the armed forces that meet the following requirements [Note: this exemption was added by Public Act 169 of 2013 and did not take effect until February 12, 2014]:
 - Engaged in the erection, construction, replacement, repair, alteration, or demolition of buildings or structures during the time of service.
 - Was separated from service and has provided satisfactory documentation to LARA demonstration that separation from that service was with an honorable character of service or under honorable conditions.
 - Has, and provides with the application, an affidavit signed by a commanding officer, supervisor, or military superior with direct knowledge of the applicant's service that the applicant has entry-level experience in or basic knowledge of each of the competency areas described above.

Legislative Analyst: Jeff Stoutenburg
Fiscal Analyst: Paul Holland

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