



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 1011 (as reported without amendment)
Senate Bill 1012 (Substitute S-1 as reported)
Sponsor: Senator Margaret E. O'Brien
Committee: Regulatory Reform

CONTENT

Senate Bill 1011 would amend the State License Fee Act to require 50% of the money appropriated from the Builder Enforcement Fund to be used for grants for workforce development and outreach programs related to the residential building industry; and require 50% to be used for enforcement of Article 24 of the Occupational Code (which regulates that industry) regarding unlicensed activity and expenses of prosecution (which are the current uses of the Fund).

Senate Bill 1012 (S-1) would amend the Occupational Code to do the following:

- Raise the maximum price of a contract under which a person may work without being licensed as a residential builder or residential maintenance and alteration contractor from less than \$600 to \$4,000 or less.
- Require an applicant for initial licensure as a residential maintenance and alteration contractor to complete five hours of courses pertinent to his or her craft or trade in order to obtain the license, subject to certain exceptions.

The bills are tie-barred.

MCL 338.2239 (S.B. 1011)
339.2403 & 339.2404b (S.B. 1012)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bills would have a negative fiscal impact on the Builder Enforcement Fund within the Department of Licensing and Regulatory Affairs, and no fiscal impact on local units of government. Senate Bill 1011 would require that 50% of appropriations from the Builder Enforcement Fund be used for grants. During the last two three-year license cycles, the Department collected an average of about \$370,000 per year, and spent about \$350,000 per year, and the Fund had an estimated balance at the end of fiscal year 2015-16 of approximately \$2.4 million. Assuming baseline expenditures from the Fund remain largely the same in future years, any additional appropriations from the Fund for grants under the bill would draw down the balance of the Fund.

Date Completed: 12-5-16

Fiscal Analyst: Josh Sefton