

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 763 Registered Contractor Licensing

**SPONSOR(S):** Watson, B.

**TIED BILLS:**           **IDEN./SIM. BILLS:** SB 604

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Professions Subcommittee	14 Y, 0 N	Brackett	Anstead
2) Government Operations & Technology Appropriations Subcommittee	12 Y, 0 N	Keith	Topp
3) Commerce Committee			

### SUMMARY ANALYSIS

Electrical contractors, alarm system contractors, and electrical specialty contractors are certified or registered under the Electrical Contractors' Licensing Board (ECLB) of the Department of Business and Professional Regulation (DBPR). Certified contractors can practice statewide and are licensed and regulated by the ECLB. Registered contractors are licensed and regulated by a local jurisdiction and may practice within that locality. Registered contractors are also required to register their license with the ECLB.

Up until November 1, 2015, registered local electrical, alarm system, and electrical specialty contractors were permitted to grandfather such license into a certified statewide license if the registered contractor:

- Holds a valid registered local license;
- Passed a written, proctored examination that the ECLB finds to be substantially similar to the examination required to be licensed as a certified contractor;
- Has at least 5 years of experience;
- Has not had his or her contractor's license revoked at any time, had his or her contractor's license suspended in the last 5 years, or been assessed a fine in excess of \$500 in the last 5 years; and
- Has workers' compensation insurance or an exemption, and public liability and property damage insurance.

The bill reopens the grandfathering provision for registered local electrical, alarm system, and electrical specialty contractors to obtain licensure as certified statewide contractors by providing that a registered contractor must submit an application for grandfathering to the ECLB by November 1, 2021, and meet the above requirements.

The bill may have a positive, but indeterminate fiscal impact to DBPR revenues, and an indeterminate, but likely insignificant fiscal impact to local government revenues.

The bill provides for an effective date of July 1, 2019.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Current Situation

Chapter 489, F.S., outlines the law pertaining to contractors in the state of Florida. Part I of ch. 489, F.S., covers contracting regulated by the Construction Industry Licensing Board (CILB) and pt. II of ch. 489, F.S., covers contracting regulated by the Electrical Contractors' Licensing Board (ECLB). Both boards are housed in the Department of Business and Professional Regulation (DBPR).

Electrical contractors, alarm system contractors, and electrical specialty contractors are certified or registered under the ECLB. Certified contractors can practice statewide and are licensed and regulated by ECLB. Registered contractors are licensed and regulated by a local jurisdiction and may practice within that locality.<sup>1</sup>

Electrical contractors are contractors who have the ability to work on electrical wiring, fixtures, appliances, apparatus, raceways, and conduits which generate, transmit, transform, or utilize electrical energy in any form. The scope of an electrical contractor's license includes alarm system work.<sup>2</sup>

Alarm system contractors are contractors who are able to lay out, fabricate, install, maintain, alter, repair, monitor, inspect, replace, or service alarm systems. An "alarm system" is defined as "any electrical device, signaling device, or combination of electrical devices used to signal or detect a burglary, fire, robbery, or medical emergency."<sup>3</sup>

Electrical certified specialty contractors are contractors whose scope of work is limited to a particular phase of electrical contracting, such as electrical signs. The ECLB creates electrical certified specialty contractor licenses through rulemaking. Certified electrical specialty contractors can practice statewide. The ECLB has created the following certified specialty contractor licenses:

- Lighting maintenance specialty contractor;
- Sign specialty electrical contractor;
- Residential electrical contractor;
- Limited energy systems specialty contractor; and
- Utility line electrical contractor.<sup>4</sup>

In order to become a certified electrical, alarm system, or electrical specialty contractor, a person, who is at least 18 years of age must submit an application to DBPR and meet the following criteria:

- Be of good moral character;
- Pass the certification examination, achieving a passing grade as established by ECLB rule;
- Have workers' compensation insurance or an exemption, and public liability and property damage insurance;
- Meet eligibility requirements according to one of the following criteria:
  - 3 years of management experience or education equivalent thereto for the certification category sought, not more than half of which may be an educational equivalent, within the last 6 years;
  - 4 years of supervisory experience in the certification category sought within the last 8 years;
  - 6 years of training, education, or supervisory experience in the certification category sought within the last 12 years;

---

<sup>1</sup> See generally s. 489.505, F.S.

<sup>2</sup> Ss. 489.505(12) & 489.537(7), F.S.

<sup>3</sup> S. 489.505(1)-(2), F.S.

<sup>4</sup> S. 489.505(19), & 489.511(4), F.S.; Rule 61G6-7.001, F.A.C.

- Any combination of qualifications under the 3 previous options totaling 6 years within the last 12 years; or
- 3 years as a professional electrical engineer within the last 12 years.<sup>5</sup>

Registered electrical, alarm system, and electrical specialty contractors are individuals that have taken and passed a local competency examination and can practice electrical contracting or alarm system contracting in the local jurisdiction that issued the license. Registered contractors must register with the ECLB after obtaining a local license and must comply with local and state statutory obligations.

### *Grandfathering Provision*

Section 489.514, F.S., provides that the ECLB issue a certified electrical, electrical specialty, or alarm system contractor license to a registered contractor upon receipt of a completed application, payment of an appropriate fee, and evidence that he or she meets the following criteria:

- Currently holds a valid registered local license in the certification of electrical contractor, alarm system contractor, or electrical specialty contractor sought;
- Has, for the certification category sought, passed a written, proctored examination that the ECLB finds to be substantially similar to the examination required to be licensed as a certified contractor;
- Has at least 5 years of experience as a contractor in the certification category sought, or as an inspector or building administrator with oversight over that category. For contractors, only time periods in which the contractor license is active and the contractor is not on probation shall count toward the required 5 years;
- Has not had the contractor's license revoked at any time, suspended in the last 5 years, or assessed a fine in excess of \$500 in the last 5 years; and
- Has the required workers' compensation insurance or an exemption, and public liability and property damage insurance.

Currently, registered contractors wishing to obtain a certified license pursuant to this statutory "grandfather" provision are required to submit their application to the ECLB by November 1, 2015. Since the deadline to submit an application to the ECLB is November 1, 2015, the ability for a registered contractor to obtain a certified license through "grandfathering" is closed.<sup>6</sup>

DBPR estimated that there are 1,804 registered electrical, alarm, and specialty contractors who may qualify to have their registered license grandfathered into a certified license.<sup>7</sup>

### *Deregathon*

On January 31, 2019, Governor DeSantis along with Lt. Gov. Jeanette Nunez and DBPR Secretary Halsey Beshears met with the members of Florida's 23 professional licensing boards to find solutions for harmful regulations that raise the costs of goods and services and make it difficult for Floridians to enter a profession, but not reducing regulations that protect the public.<sup>8</sup> The chair for the ECLB, Doug Bassett, stated that one way to reduce harmful regulations would be to reopen the grandfathering provision for registered contractors. Mr. Bassett stated that reopening the grandfathering provision would "allow registered contractors to expand the scope of the area they currently work in."<sup>9</sup>

<sup>5</sup> S. 489.511(1) & (4), F.S.

<sup>6</sup> S. 489.514(3), F.S.; Florida Department of Business and Professional Regulation, Agency Analysis of 2019 House Bill 763, p. 2 (Feb. 18, 2019).

<sup>7</sup> Florida Department of Business and Professional Regulation *supra* note 6, at 5.

<sup>8</sup> Testimony from Governor Ron DeSantis and Secretary Halsey Beshears, *1/31/19 Florida Deregathon Part 1*, <https://thefloridachannel.org/videos/1-31-19-florida-deregathon-part-1/> (last visited Mar. 11, 2019).

<sup>9</sup> Testimony from Doug Bassett, *1/31/19 Florida Deregathon Part II*, <https://thefloridachannel.org/videos/1-31-19-florida-deregathon-part-2/> (last visited Mar. 11, 2019).

## Effect of the Bill

The bill reopens the grandfathering provision for registered electrical, alarm system, and specialty contractors to obtain licensure as certified contractors by providing that a registered contractor must submit an application for grandfathering to the ECLB by November 1, 2021.

### B. SECTION DIRECTORY:

Section 1. Amends s. 489.514, F.S., revising the certification for registered contractors.

Section 2. Provides an effective date.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

See Fiscal Comments.

#### 2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

Local governments could see an insignificant decrease in revenues associated with renewal and reciprocity fees should eligible registered contractors choose to apply for the grandfathering provision created in the bill for ECLB licensees.

#### 2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There may be a positive impact on the private sector by expanding the geographical scope of practice for those registered contractors that choose to take advantage of the grandfathering provision.

### D. FISCAL COMMENTS:

DBPR could receive additional revenue from licensing fees based upon the total number of currently eligible registered contractors that could potentially apply for the grandfathering provision created in the bill. Section 455.219, F.S., provides that each board within DBPR shall determine by rule the amount of license fees for its professions and provides DBPR rulemaking authority to accomplish those requirements.<sup>10</sup> Section 489.507(1), F.S., establishes the ECLB and s. 489.509(1), F.S., authorizes the ECLB to establish, by rule, fees for application.<sup>11</sup> Currently, the initial application fee for licensure as a certified electrical, alarm system, or specialty contractor is set by rule at \$200 per applicant.<sup>12</sup> The fee set during the previous grandfathering periods was \$200. If all of the estimated 1,804 registered contractors apply to grandfather their license (with \$200 application fee), then DBPR could receive a total maximum increase in revenue of \$360,800.<sup>13</sup>

---

<sup>10</sup> S. 455.219, F.S.

<sup>11</sup> Ss. 489.507(1) & 489.509(1), F.S.

<sup>12</sup> R. 61G6-8.001, F.A.C.

<sup>13</sup> Florida Department of Business and Professional Regulation *supra* note 7, at 5.

### **III. COMMENTS**

#### **A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

#### **B. RULE-MAKING AUTHORITY:**

None.

#### **C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

### **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**