

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1824

SPONSOR: Regulated Industries Committee and Senator Sanderson

SUBJECT: Electrical/Alarm System

DATE: April 19, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Caldwell	Caldwell	RI	Favorable/CS
2.	_____	_____	FT	_____
3.	_____	_____	AGG	_____
4.	_____	_____	AP	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill provides for statewide regulation of electrical and alarm system contractors by eliminating the registration category and replacing it with the statewide licensure category of local certification. Provides for local certification of only currently registered contractors, allows renewal but not expansion of such certification to other areas of the state or other types of work, and provides for expiration of the licensure category upon expiration of the last local certificate. Extends certification grandfathering provisions to local certificate holders. Removes all language referring to registered contractors and designates them local certified contractors in the capacity they held as registered. Provides for issuance of statewide competency cards to journeymen. Modifies the membership of the Electrical Contractors' Licensing Board to include local certified contractors. Provides penalties for performing activities that require a license. Requires the DPBR to establish a web site for exchange of information regarding unlicensed contractors.

This bill substantially amends the following sections of the Florida Statutes: 489.503, 489.505, 489.507, 489.509, 489.510, 489.511, 589.514, 489.515, 489.516, 489.517, 489.518, 489.5185, 489.519, 489.520, 489.521, 489.523, 489.531, 489.533, 489.537, and 205.194.

This bill repeals section 489.513, and creates sections 489.512 and 489.5391 of the Florida Statutes.

II. Present Situation:

The Electrical Contractors' Licensing Board (board) within the Department of Business and Professional Regulation (DBPR) regulates electrical contractors and alarm system contractors. The board currently does not license journeymen. Contractors with a local license are registered

with the board and may only practice in the geographic locations in which they are licensed. Contractors who are licensed by the state are certified and may practice anywhere within the state. Local government can discipline their own registered contractors but not certified contractors. The local governments now test contractors before being registered through the state. Certified contractors are tested by the state.

III. Effect of Proposed Changes:

The proposed committee substitute provides for statewide regulation of electrical and alarm system contractors by eliminating the local registration requirements and replacing them with the statewide licensure category of local certification. The bill provides for issuance of statewide competency cards to journeymen. The membership of the Electrical Contractors' Licensing Board is modified to include local certified contractors.

A section-by-section analysis provides:

Section 1. Amends s. 489.503, F.S. to delete reference to the term “registrant” to conform the section to other modifications in the bill.

Section 2. Amends s. 489.505, F.S., relating to definitions to include the terms “journeyman,” “local certified alarm system contractor,” and “local certified electrical contractor.” Definitions of the terms “registered electrical contractor,” “registration,” “registrant,” “registered alarm system contractor I,” “registered alarm system contractor II,” and “registered residential alarm system contractor” are deleted.

Section 3. Amends s. 489.507, F.S., relating to the Electrical Contractors’ Licensing Board to require board membership to be appointed by the Governor and confirmed by the Senate. Board membership is modified to require 5 certified electrical contractors and includes 2 certified alarm system contractors I, and 2 local certified electrical contractors. The bill also amends this section to prohibit the board from requiring by rule or order any type of apprenticeship before alarm system contractors may sit for the certification exam.

Section 4. Allows the Electrical Contractors’ Licensing Board to begin implementation of the local certification licensure category pursuant to its current authority under s. 489.507(3), F.S., to effect the transition from registration to local certification. While the term “implementation” is not defined, DBPR speculates that implementation could be by application or automatically instated by its staff. The bill appears to require the board to implement the local certification licensure category by rule to effect the transition on October 1, 2001, from registration to local certification.

Section 5. Amends s. 489.509, F.S., relating to fees to require renewal every four, rather than two, years. The initial application fee cap of \$150 for registration is deleted. The fee cap for quadrennial renewal is capped at \$400.

Sections 6 and 7. Amend ss. 489.510 and 489.511, F.S., respectively to delete references to registration.

Section 8. Creates s.489.512, F. S., to provide for a local certification. Local certification permits the holder to engage in contracting only in the area and for the type of work covered by the registration the local certificate is replacing. Provides for a phase-out for contractors who hold a current, valid registration. Limits renewal to only those types of work allowed under the original certificate. Prohibits issuance of a new local certificate and provides for expiration of the local certification category upon expiration of the last local certificate. The bill also requires local jurisdictions to be responsible for providing code violation and disciplinary information to the board within 30 days after any disciplinary action. The bill further requires the board to maintain the disciplinary information and make it available through the automated information system required under s. 455.2286, F.S.

Section 9. Repeals s. 489.513, F.S., which provides for registration of contractors.

Section 10. Amends s. 489.514, F.S., to change references to local certified contractors from registered contractors. The bill adds a new subsection (3) to allow an applicant who does not have the five years of experience required for a local certificate to be certified in the appropriate category if the applicant holds a valid local certified license in one of the specified categories; has not had the license revoked; maintains insurance and complies with the financial requirements; and passes the business portion of the examination required under paragraph (2)(b).

Section 11. Amends s. 489.515, F.S., to delete references to issuance of registrations.

Section 12. Amends s. 489.416, F.S., to delete reference to registrations and make other technical, conforming changes. One effect of the proposed changes is to remove the requirement of the contractors to pay any occupational fees.

Section 13. Amends s. 489.517, F.S., to require quadrennial renewal and delete reference to registrations, and to make other conforming changes associated with the four-year renewal period. The bill requires that the Building Code Training Program administered by the Department of Community Affairs be completed within four years after commencement. (Section 553.841, F.S., requires the program be completed in two years after implementation.) The bill also doubles the number of classroom hours of continuing education requirements.

Sections 14 and 15. Amend ss. 489.518 and 489.5185, F.S. to delete reference to state registered alarm system contractors and electrical contractors and local certified contractors. The bill also increases to 120 from 60 days the amount of time an alarm system, burglar alarm system, and fire alarm system agent may work while awaiting application approval from DBPR.

Sections 16, 17, 18, 19, 20 and 21. Amend ss. 489.519, 489.520, 489.521, 489.523, 489.531 and 489.533, F.S., to delete reference to registration. In addition, section 18 deletes the provision relating to application for an occupational license. Section 20 also deletes provisions allowing counties or municipalities, at its option, to enforce certain provisions of the statute or local ordinances, as appropriate, against registered contractors.

Section 22. Amends s. 489.5335, F.S. relating to journeyman to provide for a statewide journeyman competency card, in addition to a county or municipality issued journeyman license.

The bill establishes a fee of \$25.00 for the card. The statewide card must include a picture and signature of the persons in whose name the card is issued. The journeyman must have the card in his possession while engaged in electrical trade duties and may not loan the card or allow another to use or display it. Eliminates a local government's ability to charge a reciprocity fee.

Section 23. Amends s. 489.537, F.S., relating to contractors performing work for the state or any county or municipality to delete reference to registrants and licenses for respective trade categories. The provision that allows a registered contractor, and includes local certified electrical and alarm system contractors, to install residential smoke and heat detectors is deleted.

The bill clarifies that, notwithstanding other provisions of the law, nothing in the act limits the power of a municipality or county from collecting fees for occupational licenses, inspections, or exams from persons who are registered with the local boards pursuant to local exam requirements. Finally, municipalities and counties may no longer require bonds for each electrical contractor.

Section 24. Amends s. 205.194, F.S., to delete references to sections that allow local occupational licensure without exhibition of state license or registration. These sections are 489.511, 489.513, 489.521 and 489.37. The effect of this change is to require that an individual must be issued a state license before receiving an occupational license.

Section 25. Creates s. 489.5391, F.S., relating to unlicensed contracting. The bill provides that a person engaging in activities requiring a license for any listed category is guilty of unlicensed contracting, regardless of whether he holds a local contractor license or certificate of competency. DBPR may impose an administrative fine up to \$10,000 on any person found guilty. DBPR may under certain conditions waive up to one-half of the fine.

The bill encourages local governments to report unlicensed activity and specifies use of the fines. The bill prohibits the issuance of building permits without a valid, active certificate or license.

DBPR is required to create a web page dedicated to listing known information concerning unlicensed contractors. Criteria for web page access and content are specified. Remedies set forth in this section are not exclusive.

Section 26. Provides the act shall take effect October 1, 2001, unless otherwise expressly provided.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. **Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

DBPR states it will realize a negative fiscal impact. DBPR states that the bill will reduce revenue and increase cost as discussed in detail below. In addition, DBPR estimates that an additional eight employees will be required to administer the new provisions of the bill.

DBPR suggests that the caps be raised to \$600 or more for full certificate renewal; \$400 or more for limited renewal; delinquency and inactive fee raised to \$100 to provide enough cap room to prevent a deficit in the trust fund account.

DBPR asserts that the changes to s. 489.516(3), F.S., will reduce the revenue to the counties and municipalities by the amount received from contractors for occupational fees.

DBPR claims the requirement to have statewide journeymen will increase its workload. DBPR estimates 40-50 thousand journeymen have active or expired licenses, and further estimates the number of electrical and alarm contractor journeyman will increase as a result of this provision. Therefore, DBPR believes the proposed \$25.00 fee is too low. In addition, providing a picture on the competency cards as required by the bill will involve costs to the state in providing for video equipment that will capture the images for replacement cards, as the current license issued by the board does not include a picture.

DBPR also states that implementation of s. 489.512, F. S., will result in increased testing with the elimination of registered contractors. New individuals, not currently registered, will have to apply for the state test. DBPR estimates it will need a minimum of three new employees.

B. Private Sector Impact:

None.

C. Government Sector Impact:

DBPR estimates that to implement this bill, five additional positions will be needed at a total cost of \$15,305 for non-recurring operating expenses, and \$216,912 recurring costs for FY 2001-02. DBPR further states recurring costs are estimated at \$206,627 for FY 2002-03 and \$211,789 for FY 2003-04.

The bill appears to increase the workload of DBPR without corresponding increases in revenues.

VI. Technical Deficiencies:

The term “Journeyman” is defined as one who has successfully completed an apprenticeship program or worked the requisite number of years established by industry practices. DBPR suggests the provision for a journeyman may be more effective by providing that the applicant shows some proof of completion of these requirements to the board when applying for a Journeyman’s card.

DBPR maintains that the revisions to s. 489.512, F.S., do not address registered contractors holding multiple competency cards issued by various counties. Local certified licenses could limit the mobility of registered contractors from one county to another.

Proposed changes to s. 489.512(2), F.S., provide that local jurisdictions shall be responsible for providing code violation and disciplinary information. Under s. 489.531(4)(o), F.S., local jurisdictions cannot discipline certified contractors, and, if the discipline is handled exclusively by the board, DBPR maintains its workload will increase.

DBPR states that while there is no mention of a business portion on the exam, and the board is not allowed to make any rules as to the content or nature of the exam, the language appears to be in conflict.

VII. Related Issues:

None.

VIII. Amendments:

None.