

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Regulated Industries

BILL: SB 1262

INTRODUCER: Senator Burgess

SUBJECT: Construction Contracting

DATE: March 18, 2025

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Baird	Imhof	RI	Pre-meeting
2.			AEG	
3.			RC	

I. Summary:

SB 1262 amends the eligibility requirements for a contractor’s licensure examination, to add a new layer of verification for the work experience claimed by the applicant. The bill also provides new continuing education required topics to cover for contractors.

Additionally, the bill provides for a new disciplinary process for the department and contractors, primarily through the use of a disciplinary form that will be completed and submitted by each jurisdiction to a “automated information system” as described in s. 455.2286, F.S. The information system will be maintained by the Department of Business and Professional Regulation (DBPR) and local regulation boards shall search the automated system for any infractions before issuing a license or registration to a contractor.

The new disciplinary process will allow local construction regulatory boards to share information about illegal contractor behavior through an automated information system maintained by the DBPR. The bill provides notice requirements for the local construction regulation boards to adhere to and to report its operational status to the DBPR annually.

The bill also revises requirements placed upon a contractor who receives money for repair, restoration, addition, improvement, or construction of real property in excess of the value of the work they have performed. It creates an additional duty of to complete the contract without unreasonable delay and provide a schedule for completion. The new requirements also create a default time period (30 days after cancelation) for money to be returned to the consumer if there is no recission provision in a contract between contractor and consumer. Failure by the contractor to return the unused funds or provide a statement of expenditures within the specified period will subject the contractor to disciplinary action.

SB 1262 also adds felony criminal penalties for a person who falsely holds himself or business as being a licensed contractor and takes money from a consumer who reasonably relied on such falsification.

Finally, the bill provides that local construction regulation boards shall submit a standardized disciplinary form for a disciplinary action taken against any certificateholder or registrant.

The bill provides that this act shall take effect July 1, 2025.

II. Present Situation:

Contractors

The construction industry in Florida is governed by a comprehensive legal and regulatory framework established by the Florida Legislature to protect public health, safety, and welfare. Ch. 489, F.S., addresses the licensure and regulation of construction contracting within the state through the DBPR.

Construction contractors are defined as a person who is qualified for, and is responsible for the project contracted for, for compensation, undertakes to, submits a bid to, or does himself or herself or by others construct, repair, alter, remodel, add to, demolish, subtract from, or improve any building or structure, including related improvements to real estate, for others or for resale to others.¹

Construction contractors are either certified or registered by the Construction Industry Licensing Board (CILB) housed within the DBPR.² The CILB consists of 18 members who are appointed by the Governor and confirmed by the Senate.³ The CILB meets to approve or deny applications for licensure, review disciplinary cases, and conduct informal hearings relating to discipline.⁴

Current law provides that local governments may approve or deny applications for licensure as a registered contractor, review disciplinary cases, and conduct informal hearings relating to discipline of registered contractors licensed in their jurisdiction.⁵

If an individual proposes to engage in contracting in the individual's own name, or a fictitious name where the individual is doing business as a sole proprietorship, registration or certification may be issued only to that individual.⁶

Eligibility Requirements for a Contractor

To legally engage in contracting in Florida, individuals must obtain either a certified or registered license. Certification, granted by the state, allows a contractor to work anywhere in

¹ Section 489.105(3), F.S.

² See ss. 489.105, 489.107, and 489.113, F.S.

³ Section 489.107(1), F.S.

⁴ Section 489.107, F.S.

⁵ Sections 489.117 and 489.131, F.S.

⁶ Section 489.119(1), F.S.

Florida within the scope of their license. Registration, however, typically limits practice to specific local jurisdictions where the contractor has registered.

General eligibility for a contractor license in Florida usually requires a minimum of four years of relevant experience in the field.⁷ However, formal education in a construction-related area can substitute for some experience. For example, a construction-related degree from an accredited college may be equivalent to three years of experience.⁸ Applicants must be at least 18 years of age, of good moral character, and meet one of the listed criteria.⁹

Contractor Continuing Education Requirements

Maintaining a valid contractor license in Florida requires ongoing professional development through mandatory continuing education. Both certified and registered contractors must complete at least 14 hours of continuing education every two years.¹⁰ This ensures contractors stay updated on changes in laws, regulations, safety practices, and technological advancements.

Of those 14 hours of continuing education, required topics include:¹¹

- Workers' compensation,
- Business practices,
- Workplace safety, and for applicable licensure categories,
- Wind mitigation methodologies, and
- 1 hour of which must deal with laws and rules.

Discipline of Contractors

Sections 489.127 and 489.129, F.S., outline grounds for prohibitions, penalties, and disciplinary actions against contractors for various violations of laws or professional ethics. Disciplinary actions can be taken by local construction regulation boards, by the state through the DBPR or for violation of rules by the CILB.

In the most recent DBPR report, there were 1,0088 administrative complaints filed in the construction industry and 9,831 complaints received.¹²

Currently there is no centralized information system or database that local jurisdictions can access to verify the good standing of a contractor that does business in another jurisdiction.

⁷Section 489.111(2)(c)(2), F.S.

⁸ Section 489.111(2)(c)(1), F.S.

⁹ Section 489.111(2), F.S.

¹⁰ Section 489.115(4)(b), F.S.

¹¹ Section 489.115(4)(b)(1), F.S.

¹² See Department of Business and Professional Regulation, Division of Professions, Division of Certified Public Accounting, Division of Real Estate, and Division of Regulation, *Annual Report, Fiscal Year 2022-2023*, available at <https://www2.myfloridalicense.com/os/documents/Division%20Annual%20Report%20FY%2022-23.pdf> (last visited March 18, 2025).

Payment to Contractors

Section 489.126, F.S., outlines legal requirements for payments to contractors, especially for residential projects since most commercial projects are governed mostly by contract.

Once a contractor has received money from a consumer, a special set of requirements apply to a contractor. For example, once money is received work must commence within 90 days after a permit is issued.¹³ Contractors receiving payments exceeding the value of completed work cannot fail to perform further work for 90 days and failure to work without valid reason is evidence of violation.¹⁴

In such cases, consumers can demand work resumption or a refund after making written demand to contractor, if contractor does not perform work, or refund money received in excess within 30 days after receiving written demand, it may be inferred that a contractor does not have just cause.¹⁵

Currently, the DBPR does not delineate the number of complaints that are received regarding payments made to contractors.

III. Effect of Proposed Changes:

Section 1 of the bill amends the eligibility requirements for a contractor's licensure examination to add a new layer of verification for the work experience claimed by the applicant.

The new layer of verification requires an applicant "to provide a notarized statement from a licensed contractor with direct knowledge of the work experience described in the applicant's application, subject to discipline by the department if such information given and attested to is found to be purposefully false or misleading."

Section 2 of the bill provides that the required 14 hours of continuing education must include "financial literacy and basic consumer protection principals relating to construction fraud, construction contractual agreements, deposit and escrow requirements, [and] homeowner rights."

Section 3 of the bill requires the DBPR to create, adopt, and publish notice of proposed rules for a standardized disciplinary form for use by each local construction regulation board to uniformly report to the DBPR any infractions and disciplinary actions against registered contractors within their jurisdictions. The form shall be created by January 1, 2026.

It also provides for a new disciplinary process for the DBPR and contractors primarily through the use of a disciplinary form that will be completed and submitted by each jurisdiction to a "automated information system" as described in s. 455.2286, F.S. The information system will be maintained by the DBPR and local regulation boards shall search the automated system for any infractions before issuing a license or registration to a contractor.

¹³ Section 489.126(3)(a), F.S.

¹⁴ Section 489.126(3)(b), F.S.

¹⁵ Section 489.126(3)(b)3.c., F.S.

The local construction board will be required to post notice on its website that it has submitted a disciplinary form to the department. The local construction board will also be required to post notice indicating whether final disciplinary action has been administered and providing nonconfidential details pertaining to the investigation for the public. The local construction regulation boards will be required to report its operational status to the department annually by December 1.

Section 4 of the bill revises requirements placed upon a contractor who receives money for repair, restoration, addition, improvement, or construction of real property in excess of the value of the work they have performed. The bill adds the additional requirement that, with exceptions, the contractor shall work without unreasonable delay to complete the project and shall provide, within 10 days after receipt of a written request, a schedule for completion. This additional requirement does not prevent the contractor from collecting additional compensation for demobilization, remobilization, acceleration, cost of materials, or any other cost, damage, or fee caused by the temporary suspension or delay if the temporary suspension or delay was caused by the owner, an act of God, a declaration of a state of emergency issued by the Governor which impacts construction of the project, or a governmental order and if the contract entitles the contractor to such compensation.

The new requirements also create a default period (30 days after cancelation) for money to be returned to the consumer if there is no rescission provision in a contract between contractor and consumer. Failure by the contractor to return the unused funds or provide a statement of expenditures within the specified period will subject the contractor to disciplinary action, including such action described in s. 489.129(1), F.S.

Section 5 of the bill adds felony criminal penalties for a person who falsely holds himself or business as being a licensed contractor and takes money from a consumer who reasonably relied on such falsification. The newly created felony schedule is a:

- Third degree felony, if the total money exchanged is more than \$1,000 but less than \$20,000.
- Second degree felony, if the total money exchanged is \$20,000 or more but less than \$200,000.
- First degree felony, if the total money exchanged is \$200,000 or more.
- Third degree felony, if such person is unlicensed and commits the violation during a state of emergency declared by executive order of the Governor.

Section 6 of the bill provides that a local construction regulation board shall submit a standardized disciplinary form pursuant to s. 489.1205, F.S., for any disciplinary action taken against any certificateholder or registrant, including, but not limited to:

- Placement on probation or reprimand of the licensee;
- Revocation, suspension, or denial of issuance or renewal of the certificate or registration;
- An order of payment of financial restitution to a consumer for financial harm directly related to a violation of a provision of this part;
- Imposition of an administrative fine;
- An order to take continuing education courses; or
- Assessment of costs associated with investigation and prosecution.

Sections 7 - 11 correct cross references.

Section 12 provides that this act shall take effect July 1, 2025.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

The bill requires the DBPR to “create, adopt, and publish a notice of proposed rule pursuant to s. 120.54(3)(a), F.S.”, for a standardized form. The proper phrasing should be “[t]he department shall adopt, by rule,” a standardized form.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 489.111, 489.115, 489.126, 489.127, 489.129, 489.119, and 489.131.

This bill creates the section 489.1205 of Florida Statute.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
