

SKILLED TRADES LICENSING

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 963 (S-1)
Senate Bill 966 and 970
Sponsor: Sen. Ken Horn

Analysis available at
<http://www.legislature.mi.gov>

Senate Bill 964-965 & 971
Sponsor: Sen. Wayne Schmidt

Senate Bill 967
Sponsor: Sen. Marty Knollenberg

Senate Bill 969
Sponsor: Sen. Peter MacGregor

Senate Bill 968 (S-1)
Sponsor: Sen. Dale W. Zorn

Senate Bill 972
Sponsor: Sen. Tonya Schuitmaker

House Committee: Regulatory Reform
Senate Committee: Regulatory Reform
Complete to 11-30-16

SUMMARY OF SENATE BILLS 963-972 AS PASSED BY THE SENATE:

Taken together, these bills would incorporate provisions found in several existing acts into a single, new act; repeal those existing acts; and update references to the acts being repealed that are found in other acts. The new act would be known as the "Skilled Trades Regulation Act," and would set uniform provisions relating to the licensing of various occupations. The bill takes several professions that are regulated under different existing acts and establishes a single act to regulate those skilled trades.

All bills would take effect 90 days after the date enacted into law. SB 964-972 are each tied to SB 963, meaning that in order for each to take effect, SB 963 must be enacted into law.

Senate Bill 963 would repeal by the following acts, which are referred to as "former acts" in the bill:

- The Electrical Administrative Act (PA 217 of 1956)
- The Forbes Mechanical Contractors Act (192 of 1984)
- The Building Officials and Inspectors Registration Act (PA 54 of 1986)
- The State Plumbing Act (PA 733 of 2002)
- The Boiler Act of 1965 (PA 290 of 1965)

A more detailed summary of SB 963 follows below.

Senate Bill 964 would amend Section 141c of the Housing Law of Michigan by adding a reference to Article 20 of the Occupational Code (299 of 1980) and updating language making the professions listed (in this instance, architect and engineer) align with those used

in that act. The bill also would update a reference to the Building Officials and Inspectors Registration Act to refer instead to the new STRA and make other changes which would not substantially affect current meaning.

Senate Bill 965 would amend several sections of the Stille-DeRossett-Hale Single State construction Code Act by changing references to acts that would be repealed by the STRA to make them refer to the new act.

Senate Bill 966 would amend Section 25 of the Mobile Home Commission Act by changing references to acts that would be repealed by the STRA to make them refer to the new act and by removing a reference to an act repealed in 2003.

Senate Bill 967 would amend Section 207 of the Asbestos Abatement Contractors Licensing Act by changing references to acts that would be repealed by the STRA to make them refer to the new act.

Senate Bill 968 would amend several sections of the Occupation Code by changing references to acts that would be repealed by the STRA to make them refer to the new act and by making other changes that would substantially change current meaning.

Senate Bill 969 would amend Section 1b of PA 306 of 1937, which regulates the construction and remodeling of school buildings, by changing references to acts that would be repealed by the STRA to make them refer to the new act and by making other changes that would substantially change current meaning.

Senate Bill 970 would amend Section 2 of the Joe Gagnon Appliance Repair Act by changing a reference to the Forbes Mechanical Contractors Act, which would be repealed by the STRA to make it refer to the new act.

Senate Bill 971 would amend Section 114 of the Construction Lien Act by changing references to acts that would be repealed by the STRA to make them refer to the new act and by making other changes that would substantially change current meaning.

Senate Bill 972 would amend Section 13p of the Code of Criminal Procedure by adding a Class E Felony, "Unauthorized practice of an occupation under the Skilled Trades Regulation Act- Third or subsequent offense," that is contained within SB 963. This felony would carry a maximum of 5 years imprisonment and/or a fine of up to \$25,000, according to SB 963.

Detailed Description of Senate Bill 963

Generally speaking, the articles created in STRA mirror what is presently law in regards to relevant terms, procedures relating to the license application and renewal processes, and obligations of licensees which appear in the acts the bill repeals.

In regards to fees, however, the bill would remove reductions presently scheduled to take effect after September 30, 2019, and would keep fees at their present levels.

Also removed is a provision that requires the department to refund an applicant's application fee and give a 15% discount on that individual's next renewal fee if the department fails to issue or deny a license within the required timeline. In some instances, the names of a fee may have changed, though the dollar amount remained the same. For example, an individual who holds a plumbing contractor or master plumber license but does not renew that license within 60 days of its expiration must now pay a \$100 reinstatement fee (which is scheduled to drop to \$85 after September 30, 2019) in addition to the regular renewal fee when reapplying to the State Plumbing Board. Under SB 963, there is still a \$100 fee to be paid in addition to the regular renewal fee and reapplying, though the bill calls the \$100 fee a "relicensure fee."

Below, the topic of each article is listed, along with a brief description of its content.

Article 1

Article 1 of the bill contains definitions and provisions relevant to licenses issued or actions authorized under one of the acts which would be repealed by SB 963. This means licenses issued under a former act, terms of membership on a board created by such an act, administrative proceedings commenced, among other actions, would be authorized to continue until the time they would have expired or been completed under that former act. At that time, provisions of the new act would apply. References to an act repealed by this bill would be considered a reference to the act which would be created by SB 963.

Article 2: License Issuance

This article relates to the issuance of licenses. LARA would have the ability to promulgate rules as necessary to facilitate its duties under the act, including to set fees for licenses, examinations, and inspections that reflect the "actual costs and expenses of the department."

Article 6: Penalties and Remedies

Generally speaking, while the acts which would be repealed contains penalties for an individual who violates that act, those penalties vary. SB 963 would create a single set of penalties for an individual who engages or attempts to engage in the practice of an occupation covered by the act or uses a title designated in the act without the appropriate license.

A first violation of this prohibition would be a misdemeanor punishable by a fine of up to \$500 and/or 90 days imprisonment; the second offense would be a misdemeanor and carry a fine of up to \$1,000 and/or a year in prison; and a third or subsequent offense would be a felony and carry a fine of up to \$25,000 and/or 5 years in prison (This is the felony contained in SB 972).

Article 7: Electricians and Electrical Contractors

This article would contain provisions of the Electrical Administrative Act (PA 217 of 1956) not addressed in prior articles of the bill.

Article 8: Mechanical Contractors

This article would contain provisions of the Forbes Mechanical Contractors Act (192 of 1984) not addressed in prior articles of the bill.

Article 9: Boiler Inspectors, Installers, Repairers, and Operators and Stationary Engineers

This article would contain provisions of the Boiler Act of 1965 (PA 290 of 1965) not addressed in prior articles of the bill.

Article 10: Building Officials and Inspectors

This article would contain provisions of the Building Officials and Inspectors Registration Act (PA 54 of 1986) not addressed in prior articles of the bill.

Article 11: Plumbers and Plumbing Contractors

This article would contain provisions of the State Plumbing Act (PA 733 of 2002) not addressed in prior articles of the bill.

FISCAL IMPACT:

Senate Bill 963 would have an indeterminate, though likely minimal, fiscal impact on the Department of Licensing and Regulatory Affairs. The bill takes several professions that are regulated under different existing acts and establishes a single act to regulate the skilled trades. Since the department is already performing the functions detailed in the language of the bill, it is unlikely that significant new expenditures or revenues for the department will arise.

The bill largely retains the currently established fees for the professions as they appear in the current acts. The bill would also eliminate the September 30, 2019 fee sunset, which would have decreased numerous licensing fees established in the current acts.

The bill would not have a fiscal impact on local units of government.

To the extent that Senate Bill 963 results in a greater number of misdemeanor and/or felony convictions, it would increase costs on state and local correctional systems. New misdemeanor convictions would increase costs related to county jails and/or local misdemeanor probation supervision. The costs of local incarceration in a county jail and local misdemeanor probation supervision vary by jurisdiction. New felony convictions would result in increased costs related to state prisons and state probation supervision. The average cost of prison incarceration in a state facility is roughly \$34,900 per prisoner per year, a figure that includes various fixed administrative and operational costs. State costs for parole and felony probation supervision average about \$3,400 per supervised offender per year. Any increase in penal fine revenues would increase funding for local libraries, which are the constitutionally-designated recipients of those revenues.

SB 972 amends sentencing guidelines and does not have a direct fiscal impact on the state or on local units of government.

Legislative Analyst: Josh Roesner
Fiscal Analyst: Marcus Coffin
Robin Risko

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