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FISCAL IMPACT REPORT

SPONSOR: Lyons DATE TYPED: 03/09/01 HB _____
 SHORT TITLE: Construction Industries Changes SB 270
 ANALYST: Valdes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Construction Industries Division, Regulation and Licensing Department

SUMMARY

Synopsis of Bill

The major impact of Senate Bill 270 is amending the Construction Industries Licensing Act (CILA) to make the Construction Industries Commission (the Commission) an advisory body to the Construction Industries Division (the Division). This change would eliminate the independent, policy and administrative authority the Commission now exercises outside the supervisory authority of the Superintendent of the Regulation and Licensing Department (RLD). The bill further amends the CILA to charge the Division with the policy-setting and administrative powers now exercised by the Commission. Examples of this shift of authority are the elimination of the Commission's current power to approve and disapprove all rules, standards and codes of the Division; to revoke and suspend licenses issued by the Division; to define and establish all classifications of licenses issued by the Division; to assess administrative penalties on licensees. All of these powers would be assigned to the Division. In addition, the Division would be able to engage in informal dispute resolution without the Commission's approval, and appeals of the Director's decisions would be made to the RLD Superintendent, not the Commission.

In addition, the bill would eliminate the licensing requirement on bidding contracting work, and would require unlicensed contractors to become licensed only when awarded the work. The license would have to be obtained before commencing any work bid.

The bill eliminates the provision of the CILA that gives the Commission the power to create

salary incentives for certain classified employees of the Division. (The current language is in actual or apparent conflict with the State Personnel Act. The bill would rectify that conflict.)

The bill amends the definition of "contracting" by broadening the exemption for work done on farms or ranches (the change as it stands, however, would now also delete the exception for permitting and inspection of this work, which may be unintentional), and expands the exception for minor repairs on commercial property to include such activities as painting, carpeting, flooring and the construction of nonstructural porches and awnings.

The bill amends the definition of "code" by eliminating references to specific codes by name and provides that it means any code standard adopted by the Division.

The bill expands the kind of work which can be performed without a permit to include, for example, sheetrock, painting, replacing light fixtures, toilets and the installation of electrical circuits for the operation of "intelligence by wire."

The bill changes the Uniform Licensing Act to delete the Commission from the definition of "board," and the Liquid Petroleum and Compressed Gases Act to transfer oversight of the LP/CG bureau from the Commission to the Division. The Regulation and Licensing Act would also be amended to delete the exemption of the Commission from the authority

of the Superintendent of RLD. Finally, the bill updates the CILA grammar and corrects outdated references to statute citations. The bill does not appropriate funds.

Significant Issues

- Amendments to the Construction Industries Licensing Act would increase the Division's authority and powers and convert the function of the Commission to that of an advisory board
- The activities that constitute unlicensed contracting would be reduced by excluding bidding
- The Regulation and Licensing Department Superintendent would become responsible for the implementation and enforcement of the Construction Industries Licensing Act

PERFORMANCE IMPLICATIONS

The agency has not yet completed a budget cycle under the new budget performance measures. The first complete cycle will be FY02. Therefore, it is difficult to know how this new process will impact future performance. Analysis is further complicated because the Construction Industries Division and the Manufactured Housing Division (MHD) are now being treated as one program for budget purposes. Each of these divisions is authorized under its own separate statute. The Division's statute provides for a policy-making Commission, which is outside the purview of the Office of the Superintendent, while the MHD statute provides for an advisory committee, which is within it. Therefore, instances may arise where the policies of the two divisions are not harmonious, and the performance of one or the other may be impacted.

FISCAL IMPLICATIONS

No impact according to the department.

ADMINISTRATIVE IMPLICATIONS

SB 270 would place accountability for implementing efficient policies directly on the Division and the Superintendent. There would be no change in FTE.

TECHNICAL ISSUES

The proposed change to the definition of "contracting" regarding commercial structures provides that "structural patching" would be exempted from the licensure requirement.

Structural work is to be performed by a licensed contractor; therefore, the amendment should be revised to read, "non-structural patching."

MFV/njw