



HOUSE BILL 552: General Contractor Licensing Amendments.

2017-2018 General Assembly

Committee:	House Commerce and Job Development. If favorable, re-refer to Regulatory Reform	Date:	April 24, 2017
Introduced by:	Rep. Brody	Prepared by:	Howard Marsilio Committee Counsel
Analysis of:	First Edition		

OVERVIEW: House Bill 552 would make various changes to modernize, clarify, and modify the law related to general contractor licensing, examination, and licensing renewal procedures.

CURRENT LAW: G.S. 87-10 outlines general contractor licensing, examination, and licensing renewal procedures, such as:

- Requiring the filing of an application for examination 30-days prior to next meeting of the Licensing Board for General Contractors (Board), and a varying fee depending on the license type.
- Setting forth project value thresholds for the three different license classes: unlimited (no value cap for project value), intermediate (\$500,000 - \$1,000,000 project value), and limited (less than \$500,000 project value).
- Requiring a showing of good character, competency, financial responsibility, and lack of certain criminal convictions or adverse licensure actions.
- Conducting an examination to ascertain: ability to apply contracting knowledge; plan and specification reading; knowledge of the NC Building Code, construction estimating and ethics; and knowledge of various laws related to contracting and sedimentation control.
- Creating 5 types of general contractor licenses: Building Contractor; Residential Contractor; Highway Contractor; Public Utilities Contractor; Specialty Contractor.
- Specifying certain utility line installation and termination requirements related to public utility contractors.
- Allowing an examination by personal appearance, or by the appearance of one or more managing employees or responsible managing members or officers (if the applicant is a business entity), and providing a procedure for license retention in the event a licensed general contractor with a business entity should leave.
- Requiring a new application for applicants taking the examination a third or subsequent time.
- Specifying that expiration of licenses, renewal requirements and fees, and that a lapse in licensure for four years requires a new application.

BILL ANALYSIS: House Bill 552 would:

- Remove the 30-day lead time requirement for applications.

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- Clarify that an applicant must (1) be at least 18 years old, (2) possess good moral character, (3) provide evidence of financial responsibility, and (4) submit the appropriate application fee. Deletes other provisions related to an applicant's character.
- Require an applicant to pay an examination fee not to exceed \$100 (previously, the Board was permitted to charge the fee but not required).
- Clarify that the value thresholds for licensure type excludes the costs of land and ancillary land improvements.
- Provide that an applicant must identify an individual that has successfully passed, or is seeking to take, an examination approved by the Board as a "qualifier" or "qualifying party".
- Provide that if the "qualifier" or "qualifying party" passes the examination, and after review of the application and all relevant information, then the Board must issue a license to the applicant to engage in general contracting in North Carolina which may be limited by the 5 license types available.
- Modify the procedure related to disconnection of a "qualifier" or "qualifying party" from the licensee, by providing that the license will remain in full force and effect for 90 days. After 90 days the license is invalidated, but the licensee is entitled to return to active status pursuant to all relevant statutes and rules from the Board.
- Clarify that during the 90-day grace period, no licensee can bid on or undertake contracts from the time the "qualifier" or "qualifying party" ceased to be connected to the licensee until the license is reinstated.
- Modify the procedure related to retaking the examination, and provide that the Board can require a new application if a qualifier or qualifying party requests to take an examination a third or subsequent time.
- Amend provisions concerning the validity and expiration of a license, providing that licenses expire the first day of January following their issuance or renewal, and require a late fee for renewals received after the January 1 expiration.
- Remove the requirement that the Board mail written notice of the amount of the renewal fees for the upcoming year by November 30.
- Require that a license that remained inactive for four years be archived (and the license number would be retired), and a former licensee whose license is archived would need to apply as a new applicant.
- Make various organizational changes.

EFFECTIVE DATE: This act becomes effective October 1, 2017, and applies to applications for licensure submitted on or after that date.