

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1138

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1138

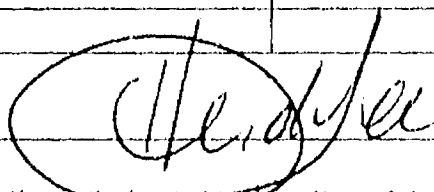
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1138

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date Jan 22, 2001

Tape Number	Side A	Side B	Meter #
1	X		0-26.3-38-48
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Al Jaeger: *Secretary of State* **written testimony** Administrative procedure is impractical and we try not to use it because of time and expense. We need to do something to get the proof of insurance in our office so paper work can be filed.

Rep Johnson: What percentage don't have insurance?

Jaeger: About 10% of the COL2 respond, the rest are unknown.

Rep Froelich: What are the license fees?

Jaeger: Class A equals \$300, D equals \$50.

Rep Koppang: What does the change do?

Jaeger: It provides that you can not contract any new work until we receive proof of insurance.

Vice-Chairman Keiser: What if we charge a fee for late proof?

Page 2  
House Industry, Business and Labor Committee  
Bill/Resolution Number HB 1138  
Hearing Date Jan 22, 2001

Jaeger: I have no problem with stiffer regulations.

Doreen Mehlhoff: *ND Assoc. of Builders* we support this bill.

Vice-Chairman Keiser: We'll close the hearing on HB 1138.

Rep Klein: I move a do pass.

Rep Thorpe: I second.

Rep Severson: What about adding a \$25 per week fine.

Rep Klein: Let's try it without the fee first.

11 yeas, 1 nay, 3 absent

Carrier Rep Ruby

Date: 1-22-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. ~~Click here to type Bill/Resolution No~~ 1138

House Industry, Business and Labor Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Klein Seconded By Thorpe

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm			Rep. Myron Koppang	✓	
Rep. Rod Froelich			Rep. Doug Lemieux		✓
Rep. Glen Froseth			Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson	✓	
			Rep. Elwood Thorpe	✓	

Total (Yes) 11 No 1

Absent 3

Floor Assignment Ruby

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
January 22, 2001 11:36 a.m.

**Module No: HR-10-1369**  
**Carrier: Ruby**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1138: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends DO PASS (11 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). HB 1138 was placed on the Eleventh order on the calendar.**

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1138

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1138

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date February 19, 2001.

Tape Number	Side A	Side B	Meter #
1	x		0 to 11.6
Committee Clerk Signature <i>Doris E. Perez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1138 relating to contractor licenses.

**Al Jaeger**, Secretary of State. Written testimony attached. The goal of this bill is to uphold the spirit of the law and make administration of it as efficient and fair as possible.

**Senator Espgaard**: If the law doesn't change you'd need a revocation of the license?

**A Jaeger**: Yes and this is a lengthy and expensive process. A "not in good standing" notice will open their eyes.

**Senator Tollefson**: How many licensed contractors?

**A Jaeger**: Approximately a thousand. They need proof of certificate of liability insurance before being issued the license

**Doreen Mehlhoff**, ND Assn. of Builders, this bill is a good thing, definitively support it.

No opposing testimony. Hearing closed.



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Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 1138

Hearing Date February 19, 2001.

Senator Espgaard: Motion : do pass. Senator Every: Second.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment : Senator Every.

Date: Feb 19/01  
Roll Call Vote #: 1

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1138**

## Senate Industry, Business and Labor

Committee .

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By S. Espigand Seconded By S. Evers

[illegible]

Total (Yes) 7 No 0

Absent 0

Floor Assignment Sen Evers

**If the vote is on an amendment, briefly indicate intent:**

**REPORT OF STANDING COMMITTEE (410)**  
February 19, 2001 9:28 a.m.

**Module No: SR-30-3831**  
**Carrier: Every**  
**Insert LC: , Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1138: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends**  
**DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1138 was placed  
on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1138



SECRETARY OF STATE  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE, SUITE 100  
BISMARCK, ND 58505-0500

January 22, 2001

TO: Rep. Borg and Members - House Industry, Business and Labor Committee

FR: ~~Al Jaeger, Secretary of State~~

RE: HB 1138 - Related to Licensing of Contractors

In the 1993 session, the Legislative Assembly passed SB 2474 (1993 Session Laws, Chapter 418), which required a contractor to provide a certificate of liability insurance to the Secretary of State's office when applying for or renewing their contractor's license.

In each session since then, the Secretary of State's office has offered, and the legislature has approved, amendments to the laws pertaining to the administrative procedures related to the certificate of liability insurance requirement.

However, because of the agency's experiences the past two years, the Secretary of State's office is once again before the legislature in an attempt to fine-tune the administrative procedures. As in previous sessions, the goal of this bill is to uphold the spirit of the law while at the same time making the administration of it as efficient, cost-effective, and un-bureaucratic as possible.

Most contractors are cooperative and timely with the various filing requirements that they have with the Secretary of State's office. Unfortunately, there are exceptions.

For example, under the current law, it still happens too often that a contractor does not file a certificate of insurance within the twenty-day window after the Secretary of State's office has informed the contractor that they do not have a current certificate of insurance on file with the agency. Then, if they fail to respond, the Secretary of State's only recourse is to initiate a license revocation process under the administrative agencies act in Chapter 28-32 of the North Dakota Century Code. However, this is a very expensive and time-consuming procedure. Naturally, if the contractor commits a flagrant violation of the state's contractor licensing law, the agency would not hesitate to pursue such a process.

On the other hand, the Secretary of State's office is somewhat reluctant to begin a costly and time-consuming revocation proceedings because of a contractor's failure to respond and file a certificate of insurance within the twenty-day window. The reason for this reluctance is because the failure to file is most often due to carelessness or a lack of urgency on the part of the licensee. Therefore, one of the intents of this bill is to create "urgency" by encouraging a licensee to respond in a timelier manner to filing requirements without the agency being forced into a position of having to initiate a license revocation action, which is costly and time-consuming for both the contractor and the agency.

This bill would allow the Secretary of State to place a "not in good standing" status on the license of a contractor who fails to abide by any one of the seven subsections currently listed under 43-07-04. This "not in good standing" status would make it illegal for a contractor to secure "new work" as long as the license was identified with the "not in good standing" status. Then, if the contractor still did not respond within 30 days or secured "new work" while having a "not good standing" status, the Secretary of State's office could then appropriately proceed with a license revocation action.

At first glance, the initial "not good standing" consequences may seem rather harsh. However, a licensee's failure to have liability insurance in force, or not be in compliance with one of the other six subsections in 43-07-04 is unfair to the hundreds of other contractors who abide by the requirements of the state's contractor licensing law. More importantly and as an example, it is unfair to the public, which believes that contractors licensed by the State of North Dakota have liability insurance coverage.



ALVIN A. JAEGER  
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## SECRETARY OF STATE

STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0800

February 19, 2001

TO: Senator Mutch and Members - Senate Industry, Business and Labor Committee

FR: Al Jaeger, Secretary of State

RE: HB 1138 -- Related to Licensing of Contractors

In the 1993 session, the Legislative Assembly passed SB 2474 (1993 Session Laws, Chapter 418), which required a contractor to provide a certificate of liability insurance to the Secretary of State's office when applying for or renewing their contractor's license.

In each session since then, the Secretary of State's office has offered, and the legislature has approved, amendments to the laws pertaining to the administrative procedures related to the certificate of liability insurance requirement.

However, once again, the Secretary of State's office is before the legislature in an attempt to fine-tune the administrative procedures related to the certificate of liability insurance. As in previous sessions, the goal of this bill is to uphold the spirit of the law while at the same time making the administration of it as efficient, cost-effective, and un-bureaucratic as possible.

Most contractors are cooperative and timely with the various filing requirements that they have with the Secretary of State's office. Unfortunately, there are exceptions.

For example, under the current law, it still happens too often that a contractor does not file a certificate of insurance within the twenty-day window after the Secretary of State's office has informed the contractor that they do not have a current certificate of insurance on file with the agency. Unfortunately, if they fail to respond, the Secretary of State's only recourse is to initiate a license revocation process under the administrative agencies act in Chapter 28-32 of the North Dakota Century Code. However, this is a very expensive and time-consuming procedure. Naturally, if the contractor commits a flagrant violation of the state's contractor licensing law, the agency would not hesitate to pursue such a process.

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If adopted, this bill would allow the Secretary of State to place a "not in good standing" status on the license of a contractor who fails to abide by any one of the seven subsections currently listed under 43-07-04. This "not in good standing" status would make it illegal for a contractor to secure "new work" during the period of time the contractor's license was identified with the "not in good standing" status. Then, if the contractor still did not respond within 30 days or secured "new work" while having a "not good standing" status, the Secretary of State's office could then appropriately proceed with a license revocation action.

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Listed below are the mailing statistics for the amount of follow up that is required on the part of the Secretary of State's office to secure a copy of contractor's certificate of liability insurance.

Mailing Statistics for Certificate of Liability Insurance

	1999 First Notice	1999 Second Notice (mailed after 20 days)	2000 First Notice	2000 Second Notice (mailed after 20 days)
Jan				
Feb	100	6		
Mar				
Apr	540	71	475	58
May	210	40	430	38
Jun	129	31	432	46
Jul	165	28	233	82
Aug	341	62	291	26
Sep	153	25	181	34
Oct	147	32	176	28
Nov			127	33
Dec				



