

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO.

BY

AN ACT

RELATING TO PUBLIC WORKS CONTRACTOR LICENSING, AMENDING SECTION 54-1904, IDAHO CODE, TO PROVIDE FOR A CLASS "CC" LICENSE FOR PUBLIC WORKS CONTRACTORS WHOSE QUALIFICATIONS AND ABILITY TO EXECUTE CONTRACTS FOR PUBLIC WORKS INVOLVING AN ESTIMATED COST OF NOT MORE THAN FOUR HUNDRED THOUSAND DOLLARS (\$400,000), TO PROVIDE THAT A HOLDER OF A CLASS "CC" LICENSE SHALL BE ENTITLED TO ENGAGE IN THE PUBLIC WORKS CONTRACTING BUSINESS IN THE STATE AS PROVIDED IN SUCH LICENSE, TO PROVIDE FOR A LICENSURE AND RENEWAL FEE FOR A CLASS "CC" LICENSE OF \$150.00, AND TO PROVIDE FOR A LICENSURE AND RENEWAL FEE FOR A CLASS "B" LICENSE IN THE AMOUNT OF \$200.00.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 54-1904, Idaho Code, be, and the same is hereby amended to read as follows:

54-1904. CLASSES OF LICENSES -- RIGHTS GRANTED UNDER LICENSES - FEES. (1) There shall be ~~seven~~ eight (78) classes of licenses issued under the provisions of this chapter which are hereby designated as Classes Unlimited, AAA, AA, A, B, CC, C and D, the maximum fee for which shall be as hereinafter specified. Each applicant for a license shall specify the class of license applied for in his application.

(2) For the purpose of licensing public works contractors under this chapter the board may adopt rules necessary to determine the classification according to their responsibility, and the type and scope of the operations of a licensed contractor to those in which he is classified and qualified to engage as in this chapter provided.

(3) The license classes shall be as follows:

(a) Class "Unlimited" license. Any contractor whose qualifications, ability and responsibility to execute contracts for public works involving an estimated cost of more than five million dollars (\$5,000,000) may, upon application and payment of a license fee not to exceed six hundred dollars (\$600), be granted a Class "Unlimited" license and be so classified by the board in accordance with the provisions of this chapter. The holder of a Class "Unlimited" license shall be entitled to engage in the public works contracting business in this state as provided in said license. The renewal fee for a Class "Unlimited" license shall not exceed six hundred dollars (\$600). An applicant requesting a Class "Unlimited" license in heavy, highway, specialty or building construction shall have a minimum net worth of one million dollars (\$1,000,000) with six hundred thousand dollars

(\$600,000) in working capital.

(b) Class "AAA" license. Any contractor whose qualifications, ability and responsibility to execute contracts for public works involving an estimated cost of not more than five million dollars (\$5,000,000) may, upon his application and the payment of a license fee not to exceed five hundred dollars (\$500), be granted a Class "AAA" license and be so classified by the board in accordance with the provisions of this chapter. The holder of a Class "AAA" license shall be entitled to engage in the public works contracting business in the state as provided in said license. The renewal fee for a Class "AAA" license shall not exceed five hundred dollars (\$500).

(c) Class "AA" license. Any contractor whose qualifications, ability and responsibility to execute contracts for public works involving an estimated cost of not more than three million dollars (\$3,000,000) may, upon his application and the payment of a license fee not to exceed four hundred dollars (\$400), be granted a Class "AA" license and be so classified by the board in accordance with the provisions of this chapter. The holder of a Class "AA" license shall be entitled to engage in the public works contracting business in the state as provided in said license. The renewal fee for a Class "AA" license shall not exceed four hundred dollars (\$400).

(d) Class "A" license. Any contractor whose qualifications, ability and responsibility to execute contracts for public works involving an estimated cost of not more than one million two hundred fifty thousand dollars (\$1,250,000) may, upon his application and the payment of a license fee not to exceed three hundred dollars (\$300), be granted a Class "A" license and be so classified by the board in accordance with the provisions of this chapter. The holder of a Class "A" license shall be entitled to engage in the public works contracting business in the state as provided in said license. The renewal fee for a Class "A" license shall not exceed three hundred dollars (\$300).

(e) Class "B" license. Any contractor whose qualifications, ability and responsibility to execute contracts for public works involving an estimated cost of not more than six hundred thousand dollars (\$600,000), may, upon his application and the payment of a license fee not to exceed ~~one two hundred fifty~~ two hundred dollars (~~\$150~~200), be granted a Class "B" license and be so classified by the board in accordance with the provisions of this chapter. The holder of a Class "B" license shall be entitled to engage in the public works contracting business in the state as provided in said license. The renewal fee for a Class "B" license shall not exceed ~~one two hundred fifty~~ two hundred dollars (~~\$150~~200).

(f) Class "CC" license. Any contractor whose qualifications, ability and responsibility to execute contracts for public works involving an estimated cost of not more than four hundred thousand dollars (\$400,000), may, upon his application and the payment of a license fee not to exceed one hundred fifty dollars (\$150), be granted a Class "CC" license and be so classified by the board in accordance with the provisions of this chapter. The holder of a Class "CC" license shall be entitled to engage in the public works contracting business in the state as provided in said license. The renewal fee for a Class "CC" license shall not exceed one hundred fifty dollars (\$150)

(fg) Class "C" license. Any contractor whose qualifications, ability and responsibility to execute contracts for public works involving an estimated cost of not more than two hundred thousand dollars (\$200,000), may, upon his application and the payment of a license fee not to exceed one hundred dollars (\$100), be granted a Class "C" license and be so classified by the board in accordance with the provisions of this chapter. The holder of a

Class "C" license shall be entitled to engage in the public works contracting business in the state as provided in said license. The renewal fee for a Class "C" license shall not exceed one hundred dollars (\$100).

(gh) Class "D" license. Any contractor whose qualifications, ability and responsibility to execute contracts for public works involving an estimated cost of not more than fifty thousand dollars (\$50,000), may, upon his application and the payment of a license fee not to exceed fifty dollars (\$50.00), be granted a Class "D" license and be so classified by the board in accordance with the provisions of this chapter. The holder of a Class "D" license shall be entitled to engage in the public works contracting business in the state as provided in said license. The renewal fee for a Class "D" license shall not exceed fifty dollars (\$50.00).

(4) The board shall be vested with the power to fix annually the amount of the original and renewal license fees for each class of license for the ensuing license year. The amount of the license fee so fixed shall not exceed the maximum fee set forth in this section.

(5) Each license issued by the administrator shall clearly indicate the type and scope of work for which the licensee is qualified and licensed. The holder of the license shall be permitted to submit proposals for and perform only those types of work specified in each license. The administrator may extend the permissible type or scope of work to be done under any license when it is determined by the administrator that the applicant meets all of the requirements of this chapter to qualify him to do such other work.

(6) The total of any single bid on a given public works project, or the aggregate total of any split bids, or the aggregate of any base bid and any alternate bid items, or the aggregate total of any separate bid by a licensee of any class, except Class "Unlimited," shall not exceed the estimated cost or bid limit of the class of license held by the licensee. The aggregate total of bids shall include all bids of subcontractors. Subcontractor bids shall not be considered a separate bid for the purposes of computing the bid on a given public works project.

STATEMENT OF PURPOSE

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The Public Works Contractor License classifications contains a wide disparity between the “B” and “C” license classes in terms of the work experience and financial abilities necessary to qualify for each license. Currently, in order to qualify for a class “B” license an applicant must possess qualifications to execute contracts for public works involving an estimated cost of at least six hundred thousand dollars (\$600,000) and administrative rule requires that they have a minimum net worth of one hundred fifty thousand dollars (\$150,000) with fifty thousand dollars (\$50,000) in working capital. In order to qualify for the lesser class “C” license an applicant must possess qualifications to execute contracts for public works involving an estimated cost of at least two hundred thousand dollars (\$200,000) and rule requires that they have a minimum net worth of twenty five thousand dollars (\$25,000) with seven thousand five hundred dollars (\$7,500) in working capital. Licensure in the “B” and “C” classes permits a contractor to work on projects with an estimated cost in amounts of six hundred thousand (\$600,000) and two hundred thousand (\$200,000) respectively. However, many contractors have indicated that there are many projects that fall within the two hundred thousand (\$200,000) to three hundred thousand (\$300,000) range that currently require a “B” class license. Contractors and contracting entities have endorsed the concept of establishing an additional intermediate class between the “C” and “B” classes, with a corresponding level of qualification. The creation of a new class “CC” license would allow an applicant with the requisite work experience and financial ability - to include a subsequent administrative rule requirement of a minimum net worth of seventy five thousand dollars (\$75,000) with twenty five thousand dollars (\$25,000) in working capital - to execute public works contracts of not more than four hundred thousand dollars (\$400,000).

FISCAL IMPACT

The fiscal impact to the Division would be neutral inasmuch as the licensure fee for the new “CC” class would cover the expense to the Division of administering the license. The fiscal impact to the industry on balance would be neutral inasmuch as contractors who desired the higher or lower “CC” classification of license would apply for it in lieu of the existing “B” and “C” classification.

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