

## **BILL ANALYSIS**

Senate Research Center  
76R7287 JMM-F

S.B. 1014  
By: Lindsay  
State Affairs  
4/6/1999  
As Filed

### **DIGEST**

Currently, entities engaging in the business of contracting are not required to hold a license issued by the Texas Department of Licensing and Regulation. S.B. 1014 creates licensing and regulation procedures and penalties for certain contractors, and grants rulemaking authority to the commissioner of licensing and regulation, and the Texas Commission of Licensing and Regulation.

### **PURPOSE**

As proposed, S.B. 1014 creates licensing and regulation procedures and penalties for certain contractors.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the commissioner of licensing and regulation in SECTION 4 (Subsection (b)(1)), the Texas Commission of Licensing and Regulation in SECTION 7 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. DEFINITIONS. Defines “advisory board,” “commission,” “commissioner,” “contracting,” “contractor,” “department,” and “person.”

SECTION 2. LICENSE REQUIRED. Prohibits a person from contracting without a licence.

SECTION 3. CONTRACTOR LICENSING ADVISORY BOARD. Provides that the Contractor Licensing Advisory Board (CLAB) advises the Texas Department of Licensing and Regulation. Sets forth the composition and terms of CLAB members, and requires the commissioner of licensing and regulation (commissioner) to designate a CLAB presiding officer. Requires certain representation within CLAB. Authorizes the commissioner to remove a CLAB member for poor duty in office, and sets forth provisions for the resulting vacancy. Requires CLAB to meet at least twice a year, upon the presiding officer’s call. Provides that a CLAB decision is only validated by majority support of members. Requires CLAB to advise the commissioner on certain issues. Provides that a member is not entitled to compensation, and reimbursement is subject to Section 2110.004, Government Code.

SECTION 4. ISSUANCE OF LICENSE; RULES. Requires the commissioner to issue a license to a qualified applicant, adopt rules relating to licensing, and prescribe all required forms. Provides that a license issued under this Act is valid for one year.

SECTION 5. LICENSE REQUIREMENTS; EXAMINATION. Requires an applicant to pay required fees and complete a prescribed form to qualify for a license. Requires CLAB to investigate each applicant’s qualifications for licensure, and sets forth required investigation considerations. Requires an applicant to pass an examination, and authorizes one opportunity for a failed applicant to be reexamined without paying an additional fee.

SECTION 6. FINANCIAL STATEMENT; BOND. Requires an applicant to provide the commissioner with an audited financial statement, and sets forth requirements for the statement. Provides that the statement is confidential and is prohibited from being disclosed, except by law. Requires an applicant to provide CLAB with an official performance bond prescribed by the commissioner.

SECTION 7. FEES. Requires the Texas Commission of Licensing and Regulation to set rules regarding fees.

SECTION 8. LICENSE RENEWAL. Sets forth procedures for a license holder to renew the license. Requires an expired license holder to pay a late fee in addition to other renewal requirements.

SECTION 9. COMMISSIONER AND DEPARTMENT DUTIES; INVESTIGATIONS. Requires the commissioner to enforce this Act. Requires the Texas Department of Licensing and Regulation to investigate violations of this Act.

SECTION 10. SUSPENSION, REVOCATION, AND RENEWAL OF LICENSE; REISSUANCE. Sets forth situations requiring the commissioner to suspend or revoke a license. Authorizes the commissioner to reissue a license to a revokee who applies in writing and shows good cause. Prohibits the commissioner from reissuing a revoked license within a year of revocation.

SECTION 11. DUTY OF GOVERNMENTAL ENTITIES; VOID CONTRACTS. Prohibits a governmental entity from executing a contract with an unlicensed contractor. Requires the contractor to prove licensure prior to contract execution. Requires a governmental entity to report any unlicensed contractors who offer to enter into a contract. Voids a contract that is in violation of this Act.

SECTION 12. OFFENSE; ADMINISTRATIVE PENALTY. Creates a Class B misdemeanor for a person who acts as a contractor in violation of this Act. Subjects a violator to a penalty provided by Section 17, Article 9100, Revised Statutes.

SECTION 13. TRANSITION. Requires the commissioner to follow a certain procedure for making CLAB appointments. Requires the commissioner to issue a license to certain contractors, and entitles contractors who pay a fee, to a license, without satisfying other requirements of this Act. Provides that this Subsection (b) expires September 1, 2000.

SECTION 14. Effective date: September 1, 1999.

Effective date for SECTIONS 2, 11, and 12: March 1, 2000.

SECTION 15. Emergency clause.