

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Senator Chaffin and Cassidy**

A Bill

SENATE BILL 25

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE 17-22-304 TO PROVIDE THAT
10 ORIGINAL AND RENEWAL APPLICATIONS FOR A CONTRACTOR_S
11 LICENSE MUST INCLUDE A FINANCIAL STATEMENT REVIEWED
12 [INSTEAD OF AUDITED] BY A CERTIFIED PUBLIC ACCOUNTANT OR
13 REGISTERED PUBLIC ACCOUNTANT; TO AMEND ARKANSAS CODE 17-
14 22-301 TO INCREASE THE COST THRESHOLD FOR APPLICATION OF
15 THE CONTRACT LICENSING LAW; AND FOR OTHER PURPOSES."

Subtitle

17
18 "TO AMEND THE CONTRACTOR_S LICENSING LAW."

19
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21
22 SECTION 1. " *Arkansas Code 17-22-301(b)(1)* " is hereby amended to read as
23 follows:

24 "(b)(1) Upon making application to the building inspector or other
25 authority of any incorporated city or town in Arkansas charged with the duty
26 of issuing building or other permits for the construction of any building,
27 apartment, condominium, utility, highway, sewer, grading, or any other
28 improvement or structure, when the cost of the work to be done by the
29 contractor, but not limited to labor and materials, is *forty thousand dollars*
30 (*\$40,000*) or more, any person, firm, or corporation, before being entitled to
31 the issuance of such permits, shall furnish satisfactory proof to the
32 inspector or authority that he is duly licensed under the terms of this
33 chapter."

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35 SECTION 2. Subsection (a) of Arkansas Code 17-22-304 is hereby amended

1 to read as follows:

2 "(a) All persons and entities required by this chapter to be licensed
3 by the Contractors Licensing Board shall transmit to the board with their
4 original applications and all renewal applications a financial statement of
5 the applicant reviewed by a certified public accountant or registered public
6 accountant. A review consists principally of inquiries of company personnel
7 and analytical procedures applied to financial data. It is substantially less
8 in scope than an examination in accordance with generally accepted auditing
9 standards, the objective of which is the expression of an opinion regarding
10 the financial statements taken as a whole."
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12 "*SECTION 3. Arkansas code 17-22-101 is hereby amended to read as*
13 *follows:*

14 '*§ 17-22-101. Definition.*

15 (a) *As used in this chapter, unless the context otherwise requires,*
16 *"contractor" means any person, firm, partnership, copartnership, association,*
17 *corporation, or other organization, or any combination thereof, who, for a*
18 *fixed price, commission, fee, or wage, attempts to or submits a bid to*
19 *construct, or contract or undertakes to construct, or assumes charge, in a*
20 *supervisory capacity or otherwise, or manages the construction, erection,*
21 *alteration, or repair, or has or have constructed, erected, altered, or*
22 *repaired, under his, their, or its direction, any building, apartment,*
23 *condominium, highway, sewer, utility, grading, or any other improvement or*
24 *structure on public or private property for lease, rent, resale, public*
25 *access, or similar purpose, except single-family residences, when the cost of*
26 *the work to be done, or done, in the State of Arkansas by the contractor,*
27 *including, but not limited to, labor and materials, is forty thousand dollars*
28 *(\$40,000) or more. However, when a person or entity acts as a contractor in*
29 *the construction, erection, alteration, or repair of his own or its own*
30 *property, such action shall not result in the person or entity being deemed a*
31 *contractor under this chapter.*

32 (b) *However, the forty thousand dollars (\$40,000) exception shall not*
33 *apply to any project of construction in which any of the construction work*
34 *necessary to complete the project, except any in-progress change orders, is*
35 *divided into separate contracts of amounts less than forty thousand dollars*

1 (\$40,000), a purpose being to circumvent the provisions of this chapter.

2 (c)

3 It is the intention of this definition to include all improvements or
4 structures, expecting only single-family residences.'

5 Section 4. Arkansas Code 17-22-103(a)(1) is hereby amended to read as
6 follows:

7 '(1) For a fixed price, commission, fee or wage, attempts to or submits
8 a bid or bids to construct or contracts to construct, or undertakes to
9 construct, or assumes charge in a supervisory capacity or otherwise, of the
10 construction, erection, alteration, or repair, of any building, highway,
11 sewer, grading, or any other improvement or structure, when the cost of the
12 work to be done by the contractor including, but not limited to, labor and
13 materials, is forty thousand dollars (\$40,000) or more, without first having
14 procured a license to engage in the business of contracting in this state.'

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16 SECTION 5. Arkansas Code 17-22-301(b)(1) is hereby amended to read as
17 follows:

18 '(b)(1) Upon making application to the building inspector or other
19 authority of any incorporated city or town in Arkansas charged with the duty
20 of issuing building or other permits for the construction of any building,
21 apartment, condominium, utility, highway, sewer, grading, or any other
22 improvement or structure, when the cost of the work to be done by the
23 contractor, but not limited to labor and materials, is forty thousand dollars
24 (\$40,000) or more, any person, firm, or corporation, before being entitled to
25 the issuance of such permits, shall furnish satisfactory proof to the
26 inspector or authority that he is duly licensed under the terms of this
27 chapter.'

28 SECTION 6. Arkansas Code 17-22-401(b) is hereby amended to read as
29 follows:

30 '(b) However, when a person or entity acts as a contractor in the
31 construction, erection, alteration, or repair of his own or its own property
32 or of a single-family residence, or if the cost of the work to be done,
33 including, but not limited to, labor and materials, is less than forty
34 thousand dollars (\$40,000), the person or entity shall not be deemed a
35 contractor under this chapter.'"

1 SECTION 7. All provisions of this act of a general and permanent nature
2 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
3 Revision Commission shall incorporate the same in the Code.

4

5 SECTION 8. If any provision of this act or the application thereof to
6 any person or circumstance is held invalid, such invalidity shall not affect
7 other provisions or applications of the act which can be given effect without
8 the invalid provision or application, and to this end the provisions of this
9 act are declared to be severable.

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11 SECTION 9. All laws and parts of laws in conflict with this act are
12 hereby repealed.

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14 SECTION 10. EMERGENCY. It is hereby found and determined by the
15 General Assembly that present law requires original and renewal applications
16 for a contractor_s license to be accompanied by a financial statement audited
17 by a certified public accountant or public accountant; that the audit
18 requirement is unduly burdensome; that this act provides that the financial
19 statement must merely be reviewed by an accountant as opposed to audited by an
20 accountant; that this act will provide relief from the overly burdensome
21 requirement of present law; and that this act should be given effect
22 immediately in order to provide such relief as soon as possible. Therefore,
23 an emergency is hereby declared to exist and this act being necessary for the
24 immediate preservation of the public peace, health and safety shall be in full
25 force and effect from and after its passage and approval.

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/s/ Senator Chaffin and Cassidy

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