

1 State of Arkansas  
2 92nd General Assembly  
3 Regular Session, 2019  
4

As Engrossed: S2/25/19

# A Bill

SENATE BILL 342

5 By: Senators J. Cooper, Hester, Flipppo, T. Garner, B. Davis, J. Sturch, D. Wallace  
6 By: Representative Lundstrum  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE LAWS CONCERNING THE CONTRACTORS  
10 LICENSING BOARD; TO AMEND THE LICENSING REQUIREMENTS  
11 OF CONTRACTORS; TO REQUIRE SUBCONTRACTOR  
12 REGISTRATION; TO ACCEPT A BOND IN LIEU OF A FINANCIAL  
13 STATEMENT; TO ALLOW FOR EMERGENCY SUSPENSION OF A  
14 LICENSE; TO ALLOW THE AWARD OF RESTITUTION; AND FOR  
15 OTHER PURPOSES.  
16

## Subtitle

17  
18 TO AMEND THE LAWS CONCERNING THE  
19 CONTRACTORS LICENSING BOARD; AND TO AMEND  
20 THE LICENSING REQUIREMENTS OF  
21 CONTRACTORS.  
22  
23  
24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. DO NOT CODIFY. Legislative findings and intent.

28 (a) The General Assembly finds that:

29 (1) Arkansas is taking a leading role in the nationwide pursuit  
30 of reforms to the system of occupational licensing;

31 (2) Arkansas became one (1) of eleven (11) states chosen to  
32 participate in the Occupational Licensing Policy Learning Consortium, an  
33 initiative funded by a grant from the United States Department of Labor and  
34 supported in partnership with the National Conference of State Legislatures,  
35 the Council of State Governments, and the National Governors Association;

36 (3) Governor Asa Hutchinson appointed seventeen (17) individuals



1 to the Red Tape Reduction Working Group to review and address occupational  
2 licensing regulations that create unnecessary barriers to labor market entry;

3 (4) The Red Tape Reduction Working Group issued a final report  
4 to the Governor in the fall of 2018 with five (5) recommendations for  
5 substantive legislative reform, which are to:

6 (A) Establish an expedited procedure for occupational  
7 licensing entities to collectively submit administrative rules that are  
8 responsive to new legislation;

9 (B) Extend Acts 2017, No. 781, to allow repeal of  
10 subsections of rules;

11 (C) Establish provisions to allow certain agencies to  
12 consider occupational relevance with regard to criminal background issues;

13 (D) Authorize occupational licensing entities to identify  
14 types of individuals or entities that may be issued temporary or provisional  
15 licenses; and

16 (E) Establish a systematic process for review of:

17 (i) New occupational licensure and occupational  
18 licensing entities; and

19 (ii) Existing occupational licensure and  
20 occupational licensing entities;

21 (5) Several occupational licenses are needlessly regulated and  
22 could be deregulated or de-licensed without causing detrimental harm to the  
23 citizens of the State of Arkansas and the economy of the this state;

24 (6) Research has found that occupational licensing reduces  
25 access to jobs, inhibits geographic mobility, and raises the costs of  
26 services;

27 (b) It is the intent of the General Assembly to amend the laws  
28 concerning contractors and to allow registration of subcontractors and  
29 eliminate the subcontractor licensing requirement.

30  
31 SECTION 1. Arkansas Code § 17-25-101, concerning the definitions under  
32 the laws regarding contractors and the licensing of contractors, is amended  
33 to add additional subsections to read as follows:

34 (e) "Owner" means a person who owns property or is lessee of property;

35 (f) "Person" means any natural person, limited or general partnership,  
36 corporation, association, limited liability company, trust or other legal

1 entity, and any organization capable of conducting business, or any  
2 combination thereof;

3 (g) "Prime contractor" means a contractor who contracts directly with  
4 the owner of property; and

5 (h) "Subcontractor" means a person who contracts directly with a prime  
6 contractor or another subcontractor.

7  
8 SECTION 2. Arkansas Code § 17-25-102, concerning exemptions under the  
9 provisions related to the licensing requirements of contractors, is amended  
10 to add an additional subdivision to read as follows:

11 (4)(A) Subcontractors of a licensed contractor who are properly  
12 registered with the Contractors Licensing Board under this chapter.

13 (B) The Contractors Licensing Board may issue rules  
14 necessary for the:

15 (i) Implementation of a registration process;

16 (ii) Determination of application fees for registration;

17 and

18 (iii) Establishment of civil penalties in the same amounts  
19 and under the same procedures as for other license holders under this  
20 chapter.

21  
22 SECTION 3. Arkansas Code § 17-25-103(a), concerning penalties and  
23 enforcement under the laws regarding licensing of contractors, is amended to  
24 read as follows:

25 (a)(1) Any It is a violation of this chapter for any contractor shall  
26 be deemed guilty of a misdemeanor and shall be liable to a fine of not less  
27 than one hundred dollars (\$100) nor more than two hundred dollars (\$200) for  
28 each offense, with each day to constitute a separate offense who to knowingly  
29 do any of the following:

30 (1)(A)(A)(i) For a fixed price, commission, fee, or wage  
31 attempts to or submits a bid or bids to construct or demolish or contracts to  
32 construct or demolish, or undertakes to construct or demolish, or assumes  
33 charge in a supervisory capacity or otherwise, or manages the construction,  
34 erection, alteration, demolition, or repair of, or has constructed, erected,  
35 altered, demolished, or repaired, under his or her or its direction, any  
36 building, apartment, condominium, highway, sewer, utility, grading, or any

1 other improvement or structure, when the cost of the work to be done, or  
2 done, in the State of Arkansas by the contractor, including, but not limited  
3 to, labor and materials, is fifty thousand dollars (\$50,000) or more, without  
4 first having procured a license or registration with the proper  
5 classification to engage in the business of contracting in this state.

6 ~~(B)(ii)~~ Subdivision ~~(a)(1)(A)(i)~~ of this section  
7 ~~shall~~ does not apply to any demolition work or other work necessary to clean  
8 up a natural disaster within seventy-two (72) hours following the natural  
9 disaster;

10 ~~(2)(B)~~ ~~Shall present or file~~ Presents or files the license or  
11 registration certificate of another;

12 ~~(3)(C)~~ ~~Shall give~~ Gives false or forged evidence of any kind to  
13 the Contractors Licensing Board or any member thereof in obtaining a  
14 certificate of license or registration;

15 ~~(4)(D)~~ ~~Shall impersonate~~ Impersonates another; or

16 ~~(5)(E)~~ ~~Shall use~~ Uses an expired or revoked certificate of  
17 license or registration;

18 (2) A violation under subsection (a) of this section is a Class  
19 A misdemeanor, with each day of activity constituting a separate offense.

20  
21 SECTION 4. Arkansas Code § 17-25-103(b), concerning penalties and  
22 enforcement under the laws regarding licensing of contractors, is amended to  
23 read as follows:

24 (b) The doing of any act or thing herein prohibited by any applicant,  
25 ~~or~~ licensee, or registrant shall, in the discretion of the board, constitute  
26 sufficient grounds to refuse a license or registration to an applicant or to  
27 revoke the license of a licensee or the registration of a registrant.

28  
29 SECTION 5. Arkansas Code § 17-25-104 is amended to read as follows:

30 17-25-104. Injunction.

31 When any contractor ~~not licensed by the Contractors Licensing Board~~  
32 ~~shall engage or attempt~~ engages or attempts to engage in the business of  
33 contracting as herein defined, in violation of this chapter, the ~~board~~  
34 Contractors Licensing Board shall have the right to go into ~~the proper court~~  
35 in the jurisdiction in which the work is being performed a court where venue  
36 is proper and is of competent jurisdiction and, upon affidavit, secure a writ

1 of injunction, without bond, restraining and prohibiting the contractor from  
2 performance of the work then being done or about to commence.

3  
4 SECTION 6. Arkansas Code Title 17, Chapter 25, Subchapter 1, is  
5 amended to add an additional section to read as follows:

6 17-25-107. Abuse, neglect, or exploitation.

7 (a) The definitions under § 5-28-101 apply to this chapter.

8 (b) Any contractor licensed or registered under this chapter who is  
9 suspected by the Contractors Licensing Board or the Residential Contractors  
10 Committee of the abuse, neglect, or exploitation of an endangered person or  
11 an impaired person while engaging in the performing the services of a  
12 contractor as defined under § 17-25-101 is subject to emergency license or  
13 registration suspension under §§ 17-25-309 and 17-25-510.

14 (c) The board may provide evidence, documentation, reports, and  
15 information related to the abuse, neglect, or exploitation of an endangered  
16 person or an impaired person to any entity with the authority to enforce § 5-  
17 28-101 et. seq.

18  
19 SECTION 7. Arkansas Code § 17-25-301(a), concerning the significance  
20 and proof of a certificate of license by the Contractors Licensing Board, is  
21 amended to read as follows:

22 (a) The issuance of a certificate of license or registration by the  
23 Contractors Licensing Board shall be evidence that the person, firm, or  
24 corporation named ~~therein~~ on the certificate of license or registration is  
25 entitled to all of the rights and privileges of a licensed or registered  
26 contractor while the license or registration remains unrevoked or unexpired.

27  
28 SECTION 8. Arkansas Code § 17-25-302 is amended to read as follows:  
29 17-25-302. Limitations.

30 The Contractors Licensing Board shall have power to limit by proper  
31 classification the license or registration to the character of work for which  
32 the applicant is qualified.

33  
34 SECTION 9. Arkansas Code § 17-25-303(a)(1)(A), concerning the  
35 application, renewal, and fees required for licensure as a contractor, is  
36 amended to read as follows:

1 (a)(1)(A) ~~Any~~ A person desiring to be licensed or registered as a  
2 contractor in this state shall make and file with the Contractors Licensing  
3 Board thirty (30) days before any regular or special meeting ~~thereof~~ of the  
4 board, a written application on a form ~~as may then be~~ prescribed by the  
5 board, for examination by the board.

6  
7 SECTION 10. Arkansas Code § 17-25-303(b), concerning the application,  
8 renewal, and fees required for licensure as a contractor, is amended to read  
9 as follows:

10 (b) Thereafter, an annual renewal license or registration fee to be  
11 determined by the board but not to exceed one hundred dollars (\$100) shall be  
12 paid by each licensee or registrant to defray the costs and expenses of the  
13 administration of this chapter.

14  
15 SECTION 11. Arkansas Code § 17-25-304, concerning financial statements  
16 filed with the Contractors Licensing Board, is amended to add an additional  
17 subsection to read as follows:

18 (c)(1) In lieu of providing a financial statement showing a minimum  
19 net worth for a person or entity required to be licensed or registered by the  
20 Contractors Licensing Board as required by subsections (a) and (b) of this  
21 section, an applicant may provide a surety bond from:

22 (A) A surety authorized to transact surety business in the  
23 State of Arkansas; and

24 (B) A surety listed on the current United States  
25 Department of the Treasury's List of Approved Sureties;

26 (2) The surety bond shall be in an amount ten (10) times the  
27 required net worth for the applicant's license or registration classification  
28 with his or her initial or renewal application.

29 (3) The surety shall maintain a rating of performance from A. M.  
30 Best Company, Inc., or its successor rating organization, of "A" as stated in  
31 the most current publication of Best's Key Rating Guide, Property/Casualty-  
32 United States and Canada.

33 (4) The surety bond provided under this subsection shall:

34 (A) Be continuous in form;

35 (B)(i) Be maintained in effect for as long as the  
36 applicant maintains the license or registration issued by the board;

1 (ii) If an applicant submits a financial statement  
 2 showing that the applicant meets the net worth requirements for the license  
 3 or registration, the surety bond may be cancelled;

4 (C)(i) List the State of Arkansas as obligee for the bond.

5 (ii) The State shall have priority over all other  
 6 claims to recover against the bond;

7 (D) Be for the benefit of any person who is damaged by:

8 (i) An act or omission of the applicant constituting  
 9 a breach of construction contract or a contract for the furnishing of labor,  
 10 materials, or professional services for construction undertaken by the  
 11 applicant; or

12 (ii) An unlawful act or omission of the applicant in  
 13 performing the services of a contractor as defined under § 17-25-101; and

14 (E) Be in addition to, and not in lieu of, any other  
 15 surety bond required of the applicant by law or rule, or by any party to a  
 16 contract with the applicant.

17 (5)(A) The surety bond provided in subsection (c) of this  
 18 section may only be canceled by notification to the board by the surety and  
 19 the applicant sixty days before cancellation.

20 (B) When the surety bond is canceled, the licensee or  
 21 registrant shall provide a replacement bond or submit a financial statement  
 22 as required by § 17-25-304 before the effective date of the cancellation or  
 23 the license or registration of the licensee or registrant shall be suspended.

24 (6) The board may adopt rules necessary to enforce this  
 25 subsection.

26  
 27 SECTION 12. Arkansas Code § 17-25-307 is amended to read as follows:  
 28 17-25-307. Expiration.

29 All certificates of license or registration to engage ~~in the business~~  
 30 ~~of contracting~~ in performing the services of a contractor as defined under §  
 31 17-25-101 in the State of Arkansas shall expire at 12:00 midnight on the day  
 32 before the anniversary date of ~~their~~ issuance unless otherwise designated by  
 33 the Contractors Licensing Board, and ~~they~~ all certificates of license or  
 34 registration shall become invalid on that day unless renewed.

35  
 36 SECTION 13. Arkansas Code § 17-25-308(a), concerning the grounds for

1 revocation of a contractor's license, is amended to read as follows:

2 (a) The Contractors Licensing Board may revoke the certificate of  
3 license or registration of any contractor licensed or registered under this  
4 chapter who is found guilty of any fraud or deceit in obtaining a license or  
5 registration or for aiding or abetting any contractor or person to violate  
6 the provisions of this chapter or for gross negligence, incompetence, or  
7 misconduct in the conduct of the contractor's business.

8

9 SECTION 14. Arkansas Code § 17-25-309(a), concerning the procedure for  
10 revocation and reissuance of a contractor's license, is amended to read as  
11 follows:

12 (a) Any person may prefer charges in connection with the foregoing  
13 against any contractor licensed or registered under this chapter.

14

15 SECTION 15. Arkansas Code § 17-25-309(f) and (g), concerning the  
16 procedure for revocation and reissuance of a contractor's license, are  
17 amended to read as follows:

18 (f) If after the hearing the board finds the facts as alleged and of  
19 such character as to disqualify the contractor, then the board shall revoke  
20 the license or registration of the contractor, but in that event no refund  
21 shall be made of the license or registration fee.

22 (g) Within its discretion and upon proper application or hearing, the  
23 board may reissue a license or registration to any contractor whose license  
24 or registration has been revoked.

25

26 SECTION 16. Arkansas Code § 17-25-309, concerning the procedure for  
27 revocation and reissuance of a contractor's license, is amended to add an  
28 additional subsection to read as follows:

29 (h)(1) When suspected abuse, neglect, or exploitation of an endangered  
30 person or an impaired person is suspected, the Contractors Licensing Board  
31 may:

32 (A) State in writing that due to imminent physical or  
33 other harm to the endangered person or impaired person, the situation merits  
34 the emergency suspension of a license or registration; and

35 (B) Proceed with the suspension of a license or  
36 registration without a hearing or upon any abbreviated hearing that the board



1 finds practicable to suspend the license or registration;

2 (2) The emergency suspension shall become effective immediately,  
3 unless otherwise stated in the written determination by the board.

4 (3) The emergency suspension may be effective for a period of  
5 thirty (30) days or less and the emergency suspension shall not be renewable.

6 (4) When an emergency suspension is ordered, a formal suspension  
7 or revocation proceeding shall be promptly instituted and acted upon in  
8 accordance with the Arkansas Administrative Procedure Act, § 25-15-201 et  
9 seq.

10  
11 SECTION 17. Arkansas Code § 17-25-310 is amended to read as follows:  
12 17-25-310. Replacement.

13 A certificate of license or registration to replace any lost,  
14 destroyed, or mutilated certificate may be issued subject to the rules ~~and~~  
15 ~~regulations~~ of the Contractors Licensing Board.

16  
17 SECTION 18. Arkansas Code § 17-25-316 is amended to read as follows:  
18 17-25-316. Workers' compensation coverage required.

19 (a) A contractor required to be licensed or registered by the  
20 Contractors Licensing Board shall obtain and maintain workers' compensation  
21 coverage as required under the Workers' Compensation Law, § 11-9-101 et seq.

22 (b) The board shall require proof of current workers' compensation  
23 coverage before issuing or renewing a license or registration to a contractor  
24 required to have workers' compensation coverage under the Workers'  
25 Compensation Law § 11-9-101 et seq.

26 (c)(1) If a contractor fails to maintain workers' compensation  
27 coverage or fails to maintain proof of current workers' compensation coverage  
28 on file with the board, the board may revoke or suspend the contractor's  
29 license or registration.

30 (2) A contractor's license or registration that has been revoked  
31 or suspended due to failure to maintain workers' compensation coverage may be  
32 reinstated upon receipt by the board of proof that the contractor has secured  
33 workers' compensation coverage.

34 (d) The board shall promulgate rules necessary to enforce this  
35 section.

36

1 SECTION 19. Arkansas Code § 17-25-401(a)(2), concerning the definition  
2 of "contractor" under the laws regarding contractors licensing, is amended to  
3 read as follows:

4 (2) ~~The term~~ As used in this subchapter "contractor" includes:

5 (A) All original, prime, and general contractors; and

6 (B) A contractor who is required to obtain a contractor's  
7 license or registration under the state licensing law of this state, § 17-25-  
8 101 et seq.

9  
10 SECTION 20. Arkansas Code § 17-25-505, concerning the requirement of a  
11 license from the Residential Contractors Committee, is amended to add a new  
12 subsection to read as follows:

13 (c) Any person, firm, partnership, copartnership, association,  
14 corporation, limited liability company, or other organization that fails to  
15 procure a license as required under this subchapter shall be deemed guilty of  
16 a Class A misdemeanor with each day in violation of the requirement to  
17 constitute a separate offense.

18  
19 SECTION 21. Arkansas Code § 17-25-510, concerning hearings by the  
20 Residential Contractors Committee regarding violations, is amended to add an  
21 additional subsection to read as follows:

22 (d)(1) When suspected abuse, neglect, or exploitation of an endangered  
23 person or an impaired person is suspected, the Residential Contractors  
24 Committee may:

25 (A) State in writing that due to imminent physical or  
26 other harm to the endangered person or impaired person, the situation merits  
27 the emergency suspension of a license or registration; and

28 (B) Proceed with the suspension of a license or  
29 registration without a hearing or upon any abbreviated hearing that the  
30 committee finds practicable to suspend the license or registration;

31 (2) The emergency suspension shall become effective immediately,  
32 unless otherwise stated in the written documentation by the board.

33 (3) The emergency suspension may be effective for a period of  
34 longer than thirty (30) days and the emergency suspension shall not be  
35 renewable.

36 (4) When an emergency suspension is ordered, a formal suspension

1 or revocation proceeding shall be promptly instituted and acted upon in  
2 accordance with the Arkansas Administrative Procedure Act, § 25-15-201 et  
3 seq.

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SECTION 22. EFFECTIVE DATE. This act is effective on and after July  
1, 2020.

*/s/J. Cooper*