

Testimony on
Construction Trade Licensing
Presented by the Pennsylvania Builders Association
July 22, 2008

Good afternoon, Chairman Belfanti, Chairman Sturla and members of the House Labor Relations and Professional Licensure committees, I respectfully submit this written testimony on behalf of the Pennsylvania Builders Association regarding our position on the licensing of construction trades and consumer protection.

PBA, representing 10,000 employers in all facets of the residential construction industry, does not believe there is a demonstrated need for residential contractor licensing in PA, and with any legislation that may be drafted, we would ask that residential construction be exempted. Currently, municipalities may choose under state law to regulate the construction industry. There is no need for an additional layer of government bureaucracy by requiring state licensing. Also, the actions of the General Assembly in June 2004, with the passage of Act 92 of 2004 to exclude non-structural alterations and repairs from the PA Construction Code Act signals that the legislature is not interested in more regulation of the residential construction industry.

New home builders and structural re-modelers must comply with the PA Construction Code Act. Act 45 of 1999 was passed by the General Assembly and signed into law for the purpose of establishing basic construction standards statewide. The protection for a consumer to be assured their project is built properly is the purpose of a basic construction standard. Act 45 also requires that the persons responsible to inspect the construction projects and certify the project's completely will be properly trained and certified to fulfill this responsibility. Occupancy permits, or completion certificates, are issued as part of the building permit process. Municipalities require these and if the municipality is fulfilling its responsibilities, the consumer is protected. Considering that Pennsylvania's Uniform Construction Code currently does not apply to residential non-structural alterations and repairs, one has to ask what standards would be used to determine qualifications for issuing state certification?

Because the Construction Code Act does not cover non-structural alterations and repairs, the PBA has said they will support SB 100, the Home Improvement Contractor Registration legislation, sponsored by Sen. Tomlinson. SB 100 is a compromise piece of legislation that fairly balances the needs of housing consumers and our contractors. We are in reluctant agreement that the case has been made for registration of home improvement contractors. We believe that no case has been made for the need to license these contractors or new home builders.

PBA believes strongly that the best defense against home repair fraud is public awareness and consumer education. Just because a contractor has a license, does not mean he is "honest" or "capable" of doing the work. Every year, PBA sends out

thousands of brochures across the state to give tips on how to hire a reputable contractor. Before entering any contract, a consumer should do the following:

- Take your time, most problems occur when consumers fail to investigate contractors carefully before hiring them;
- Ask for an insurance certificate to verify current workers' compensation and general liability insurance.
- Ask for references. Talk with others who have had work done by the contractor about the company's capabilities and quality of workmanship.
- Beware of an unusually low bid or low advertised price.
- Select a contractor you are comfortable with – one who understands your tastes and needs and with whom you can communicate easily.

PBA does not approve of those contractors who prey on the consumer. We do support penalty increases against fraudulent builders and contractors, including higher penalties when contractors act in bad faith. We would support amending Title 18, the criminal code, to increase these penalties. Quite simply, 'bad actors' deserve punishment, but not at the cost of good builders. We do not support any type of "guaranty fund" that takes money from good, honest builders to pay for the mistakes of the incompetent and crimes of the scam artists.

In the end, reputable builders, acting in good faith, operating with workers' compensation insurance and liability insurance, and building to the codified standards established in Act 45, should not have to go through additional red tape to obtain a license that does not protect the consumer any more than a contractor without.

The burden of licensing and the costs associated will outweigh any perceived benefits. There are so many possible licenses under residential construction that a home builder may need multiple licenses and at the same time, these licenses do not guarantee quality. PBA believes that if a builder can and does build to the Code, then that builder is competent and does not need to be licensed. The builder will be judged by building code inspectors on whether or not his work is quality and meets code standards or not.

Thank you.