

# CONTRACTOR'S LICENSING BOARD

## Enabling Laws

Act 236 of 2003  
A.C.A. § 17-25-201 created the Contractor's Licensing Board  
Act 150 of 1965 as amended. See A.C.A. § 17-25-103  
Act 950 of 1999 as amended. See A.C.A. § 17-25-508

## History and Organization

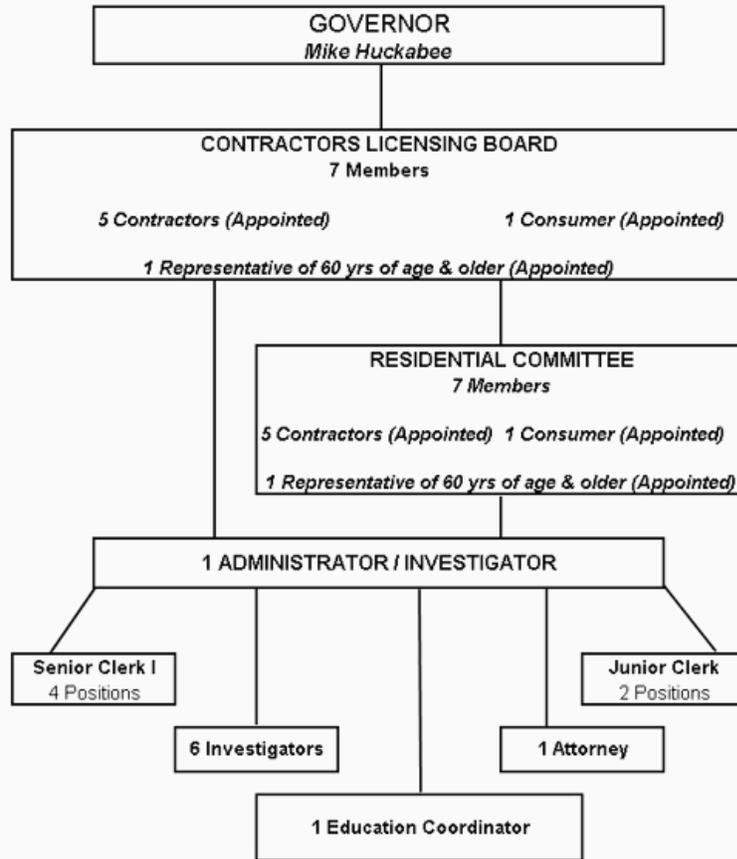
The Contractors Licensing Board was established by Act 124, approved on February 24, 1939, with the intent to preserve public health and safety in the construction industry in the State of Arkansas. Act 150 of 1965, as amended, has been established to efficiently insure public health and safety as well. The Contractors Licensing Board in the guidelines of the above mentioned Acts with the diligence and concern have endeavored to bring all contractors into compliance with the above mentioned Act.

Act 37 of the special legislative session of 1992 amended Act 162 of 1987 and placed the responsibility of the Contractors Bond Law within the frame work of the Contractors Licensing Board which is presently working very well with other agencies to insure the financial obligations of contractors to the State of Arkansas. The Contractors Bond Law has closed many gaps of lost revenue for the Revenue Department and other agencies.

The Contractors Licensing Board and its administration is very conscious of cost in relation to services rendered and has been able to implement a program that places this agency in a very cost efficient, economic position.

The Contractors Licensing Board is made up of seven (7) members appointed by the Governor and confirmed by the Senate. For better review an organizational chart has been submitted on a separate 8½ x 11 page for consideration.

Act 950 of 1999 placed the Home Builders Licensure Act with the Contractors Licensing Board. The Residential Committee is made up of seven (7) members appointed by the Governor. We have approximately 3,500 residential contractors licensed.



## Agency Commentary

The Operation and programs for the Contractors Licensing Board are prescribed by Act 150 of 1965, as amended, Act 162 of 1987, as amended, and Act 950 of 1999.

More specifically, determining qualifications of applicants for contractors license and authorizing the issuance of new and renewal licenses. Investigating all alleged and factual violations of the Contractors Licensing Law and Contractors Bond Law, and bringing such to conclusion. Holding hearings, assessing penalties and meeting compliance as may be possible in the State of Arkansas. Having an annual roster at the present time through the Contractors Licensing Board web page. Annual reports to the governor that state the transactions of the Board and copy of such report filed with the Secretary of State. The cost and expenses of the administration of this Act are solely by the fees and violation penalties received by this Board. The maximum filing fees as set forth by law are \$100.00 for original license application and \$100.00 for a renewal license application as well. The current filing fee is \$100.00 for an original application and \$50.00 for a renewal application if renewed on time. We currently have approximately 9,000 licensed contractors who are qualified to perform work in the State of Arkansas. The Contractors Licensing Board will meet approximately 24 times per year in its normal course of business. The Residential Committee meets 12 times per year.

It is the desire of this Board and administration to effectively, efficiently and economically comply with the legislative intent of the Acts. This will be the continuing efforts of the Board, its staff and administration. The Contractors Licensing Board's present staff consists of 1

Administrator/Investigator, 6 Investigators, 4 Senior Clerk positions, 2 Junior Clerk positions, 1 Attorney position and 1 Education Coordinator. The Contractors Licensing Board presently has 15 positions filled.

The Contractors Licensing Board has made two specific requests in this budget. For budget needs and appropriation we have requested \$16,500 for FY 2006 for FY 2007 in capital outlay for the purposes of upgrading computer equipment and furniture. An additional \$50,000 appropriation is requested for Cash Bond Refunds. Act 162 requires all contractors to post a \$10,000 surety or cash bond. More contractors are posting cash bonds. This will allow refunds of up to 10 cash bonds in a fiscal year. This is not an expenditure, this is the contractors money.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 CONTRACTORS LICENSING BOARD  
 FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

**Employment Summary**

	Male	Female	Total	%
White Employees	7	6	13	87 %
Black Employees	0	1	1	7 %
Other Racial Minorities	0	1	1	6 %
Total Minorities			2	13%
Total Employees			15	100 %

**Cash Fund Balance Description as of June 30, 2004**

Fund Account	Balance	Type	Location
3110000	\$1,800,000	Checking, Management Fund	Regions Bank- Little Rock, State Treas.

Statutory/Other Restrictions on use:

Funds are collected throughout the year and used for expenses A.C.A. 17-25-205 - 17-25-402

Statutory Provisions for Fees, Fines, Penalties:

A.C.A.17-25-103,17-25-303,17-25-402

Revenue Receipts Cycle:

Fees and penalties are collected throughout the year.

Fund Balance Utilization:

Use these surplus funds for normal operations in future.

**Publications**

**A.C.A 25-1-204**

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Contractors License, Law, Bond Law and Rules Regulations	A.C.A. §17-25-315	N	N	15,000	Public Use
New and Renewal Applications	A.C.A. §17-25-303	N	N	10,000	Necessary for Licensure Process
News Letters Annually	A.C.A. §17-25-206	N	N	10,000	Information Purposes
Rosters	A.C.A. §17-25-206 (d)	N	N	3,000	Public Use

## **Analysis of Budget Request**

**Appropriation / Program:** A03 - Cash Operations

**Funding Sources:** 311 - Contractor's Licensing Board - Cash

The Contractor's Licensing Board is responsible for determining qualifications of applicants for contractor's licenses and authorizing the issuance of new and renewal licenses. The Board investigates all alleged and factual violations of the contractor's licensing law and contractor's bond law as well as holding hearings and assessing penalties to ensure compliance. The Contractor's Licensing Board is funded from the receipt of fees charged for examination, issuance, and renewal of commercial contractor's licenses and penalties associated with violations of regulations. Expenditures from the cash funds are solely dependent on the availability of funds.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for fifteen (15) Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Board is requesting an increase in the Refunds/Reimbursements line item of \$50,000 each year. This request is for the Cash Bond Refunds. Act 162 of 1987 requires all contractors to post a \$10,000 surety or cash bond. More contractors are posting cash bonds. This will allow refunds of up to 10 cash bonds in a fiscal year. The Board is also requesting an increase in the Capital Outlay line item of \$16,500 each year. This request is for the purpose of upgrading computer equipment and office furniture.

The Executive Recommendation provides for the Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** A03 Cash Operations  
**Funding Sources:** 311 - Contractor's Licensing Board - Cash

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	616,226	640,866	641,547	659,517	659,517	659,517	678,668	678,668	678,668
<b>#Positions</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Personal Services Matching 5010003	159,200	170,697	164,018	181,589	181,589	181,589	185,190	185,190	185,190
Operating Expenses 5020002	248,940	258,181	258,181	258,181	258,181	258,181	258,181	258,181	258,181
Travel-Conference Fees 5050009	6,526	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Professional Fees and Services 5060010	24,302	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	94,151	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Refund/Reimbursements 5110014	90,100	100,000	50,000	50,000	100,000	100,000	50,000	100,000	100,000
Capital Outlay 5120011	15,660	16,500	16,500	0	16,500	16,500	0	16,500	16,500
Investments 5120013	0	156,504	156,504	156,504	156,504	156,504	156,504	156,504	156,504
Special Maintenance 5120032	367,809	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,622,914</b>	<b>1,476,648</b>	<b>1,420,650</b>	<b>1,439,691</b>	<b>1,506,191</b>	<b>1,506,191</b>	<b>1,462,443</b>	<b>1,528,943</b>	<b>1,528,943</b>
<b>Funding Sources</b>									
Fund Balance 4000005	2,269,852	2,076,342		1,699,694	1,699,694	1,699,694	1,293,503	1,293,503	1,293,503
Cash Fund 4000045	1,429,404	1,100,000		1,033,500	1,100,000	1,100,000	1,033,500	1,100,000	1,100,000
<b>Total Funding</b>	<b>3,699,256</b>	<b>3,176,342</b>		<b>2,733,194</b>	<b>2,799,694</b>	<b>2,799,694</b>	<b>2,327,003</b>	<b>2,393,503</b>	<b>2,393,503</b>
Excess Appropriation/(Funding)	(2,076,342)	(1,699,694)		(1,293,503)	(1,293,503)	(1,293,503)	(864,560)	(864,560)	(864,560)
<b>Grand Total</b>	<b>1,622,914</b>	<b>1,476,648</b>		<b>1,439,691</b>	<b>1,506,191</b>	<b>1,506,191</b>	<b>1,462,443</b>	<b>1,528,943</b>	<b>1,528,943</b>

The FY05 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2003-05 biennium. Budget exceeds Authorized in the Refunds/Reimbursements and Special Maintenance line items due to transfers from the Cash Fund Holding Account. Actual exceeds Authorized in the Travel-Conference Fees due to a budget classification transfer.

## Change Level by Appropriation

**Appropriation / Program:** A03-Cash Operations

**Funding Sources:** 311 - Contractor's Licensing Board - Cash

### Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,439,691</b>	<b>15</b>	<b>1,439,691</b>	<b>100.0</b>	<b>1,462,443</b>	<b>15</b>	<b>1,462,443</b>	<b>100.0</b>
C01	Existing Program	54,000	0	1,493,691	103.7	54,000	0	1,516,443	103.6
C08	Technology	12,500	0	1,506,191	104.6	12,500	0	1,528,943	104.5

### Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,439,691</b>	<b>15</b>	<b>1,439,691</b>	<b>100.0</b>	<b>1,462,443</b>	<b>15</b>	<b>1,462,443</b>	<b>100.0</b>
C01	Existing Program	54,000	0	1,493,691	103.7	54,000	0	1,516,443	103.6
C08	Technology	12,500	0	1,506,191	104.6	12,500	0	1,528,943	104.5

### Justification

C01	The increases are in the Refunds/Reimbursements line item in the amount of \$50,000 each year to cover the Cash Bond Refunds. Act 162 of 1987 requires all contractors to post a \$10,000 surety or cash bond. There has been an increase in the number of contractors posting cash bonds. This will allow refunds of up to 10 cash bonds in a fiscal year. This increase also includes \$4,000 in Capital Outlay to update office furniture.
C08	The increase is for upgrading necessary data processing equipment of which has been presented to OIT in the amount \$12,500 each year.