

FISCAL NOTE
Requested by Legislative Council
04/16/2015

Amendment to: HB 1229

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$137,100	\$0	\$1,500	\$0	\$0
Expenditures	\$0	\$2,000	\$0	\$136,600	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would replace the NDSEB's current undertaking fund with a \$35,000 bond that an electrical contractor would provide.

The amendment to HB 1229 would repeal 43-09-14 Master electrician and class B undertaking fund.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Currently the NDSEB receives from a master electrician engaging in electrical contracting a one time fee of \$50 (which may be required again if the fund is depleted) be paid into the current undertaking fund. The current undertaking fund presently allows a maximum of \$5,000 per contractor to be used to help consumers finish electrical work abandoned by an electrical contractor. In current situations, \$5,000 is not enough to complete abandoned electrical work and consumers are left to absorb the extra costs. The contractor provided \$35,000 bond would have a means and more insurability that the consumer would have a direct method to recoup costs through the bond provider. This would ensure that any safety/code violations would be corrected to curtail any potential dangerous electrical situations.

The amendment would allow the ND State Electrical Board to create a fund and spend up to \$25,000 per rogue contractor and take away any consumer protection 43-09-14 provided by repealing it. The bill also connects the company/owner to a contracting electrician. After July 1, of 2016, the NDSEB shall spend the remaining balance of the fund to inform or educate electricians. The fund would be depleted by August 1, 2017. After August 1, 2017, property owners will be responsible to absorb any costs for electrical code violations/corrections left behind by a rogue electrical contractor.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

As was explained in 2B above a new electrical contractor pays a fee of \$50 when they engage in electrical contracting and may be required to pay an additional \$50 per year but to date this has not been required.

The amendments - explained in notes above

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures listed are amounts used to finish electrical work abandoned by electrical contractors. The ND State Electrical Board is presently addressing two situations that are estimated to exceed the \$5,000 allowed per case so the consumer will be responsible for the excess. There are several other cases that this office anticipates will fall within the same scenario.

The amendments - explained in notes above

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

N/A

The amendments had no changes to this section

Name: James Schmidt

Agency: North Dakota State Electrical Board

Telephone: 701-328-9522

Date Prepared: 04/17/2015

FISCAL NOTE
Requested by Legislative Council
04/09/2015

Amendment to: HB 1229

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$137,100	\$0	\$195,750	\$0	\$130,500
Expenditures	\$0	\$2,000	\$0	\$140,000	\$0	\$140,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would replace the NDSEB's current undertaking fund with a \$35,000 bond that an electrical contractor would provide.

The amendment to HB 1229 would revise the NDSEB's undertaking fund.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Currently the NDSEB receives from a master electrician engaging in electrical contracting a one time fee of \$50 (which may be required again if the fund is depleted) be paid into the current undertaking fund. The current undertaking fund presently allows a maximum of \$5,000 per contractor to be used to help consumers finish electrical work abandoned by an electrical contractor. In current situations, \$5,000 is not enough to complete abandoned electrical work and consumers are left to absorb the extra costs. The contractor provided \$35,000 bond would have a means and more insurability that the consumer would have a direct method to recoup costs through the bond provider. This would ensure that any safety/code violations would be corrected to curtail any potential dangerous electrical situations.

The amendment would allow the Board to spend up to \$50,000 per rogue contractor. The Board would be allowed to collect up to \$150 per contractor per year and keep the fund balance not to exceed \$200,000 at renewal. The bill also connects the company/owner to a contracting electrician. Allows the NDSEB to spend 10% of the fund to educate electricians.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

As was explained in 2B above a new electrical contractor pays a fee of \$50 when they engage in electrical contracting and may be required to pay an additional \$50 per year but to date this has not been required.

The amendments - explained in notes above

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures listed are amounts used to finish electrical work abandoned by electrical contractors. The ND State Electrical Board is presently addressing two situations that are estimated to exceed the \$5,000 allowed per case so the consumer will be responsible for the excess. There are several other cases that this office anticipates will fall within the same scenario.

The amendments - explained in notes above

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

N/A

The amendments had no changes to this section

Name: James Schmidt

Agency: North Dakota State Electrical Board

Telephone: 701-328-9522

Date Prepared: 04/09/2015

FISCAL NOTE
Requested by Legislative Council
03/31/2015

Amendment to: HB 1229

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
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Expenditures	\$0	\$2,000	\$0	\$140,000	\$0	\$140,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
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- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would replace the NDSEB's current undertaking fund with a \$35,000 bond that an electrical contractor would provide.

The amendment to HB 1229 would revise the NDSEB's undertaking fund.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Currently the NDSEB receives from a master electrician engaging in electrical contracting a one time fee of \$50 (which may be required again if the fund is depleted) be paid into the current undertaking fund. The current undertaking fund presently allows a maximum of \$5,000 per contractor to be used to help consumers finish electrical work abandoned by an electrical contractor. In current situations, \$5,000 is not enough to complete abandoned electrical work and consumers are left to absorb the extra costs. The contractor provided \$35,000 bond would have a means and more insurability that the consumer would have a direct method to recoup costs through the bond provider. This would ensure that any safety/code violations would be corrected to curtail any potential dangerous electrical situations.

The amendment would allow the Board to spend up to \$35,000 per rogue contractor. The Board would be allowed to collect up to \$100 per contractor per year and keep the fund balance at approx. \$200,000. The bill also connects the company/owner to a contracting electrician.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

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The amendments - explained in notes above

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures listed are amounts used to finish electrical work abandoned by electrical contractors. The ND State Electrical Board is presently addressing two situations that are estimated to exceed the \$5,000 allowed per case so the consumer will be responsible for the excess. There are several other cases that this office anticipates will fall within the same scenario.

The amendments - explained in notes above

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

N/A

The amendments had no changes to this section

Name: James Schmidt

Agency: North Dakota State Electrical Board

Telephone: 701-328-9522

Date Prepared: 04/01/2015

FISCAL NOTE
Requested by Legislative Council
01/14/2015

Bill/Resolution No.: HB 1229

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$13,000	\$0	\$11,000	\$0	\$9,000
Expenditures	\$0	\$2,000	\$0	\$5,000	\$0	\$5,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

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School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill would replace the NDSEB's current undertaking fund with a \$35,000 bond that an electrical contractor would provide. The purpose of the bond would be to have a means for a consumer to finish electrical work abandoned by an electrical contractor.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Currently the NDSEB receives from a master electrician engaging in electrical contracting a one time fee of \$50 (which may be required again if the fund is depleted) be paid into the current undertaking fund. The current undertaking fund presently allows a maximum of \$5,000 per contractor to be used to help consumers finish electrical work abandoned by an electrical contractor. In current situations, \$5,000 is not enough to complete abandoned electrical work and consumers are left to absorb the extra costs. The contractor provided \$35,000 bond would have a means and more insurability that the consumer would have a direct method to recoup costs through the bond provider. This would ensure that any safety/code violations would be corrected to curtail any potential dangerous electrical situations.

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- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

N/A

Name: James Schmidt

Agency: North Dakota State Electrical Board

Telephone: 701-328-9522

Date Prepared: 01/14/2015

2015 HOUSE INDUSTRY, BUSINESS AND LABOR


HB 1229

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1229
1/20/2015
22242

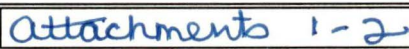
☐ Subcommittee
☐ Conference Committee



Explanation or reason for introduction of bill/resolution:

Bonds for electricians contracting for electrical installations.

Minutes:



Chairman Keiser: Opens the hearing on HB 1229

Representative Ben Koppelman~District 16-West Fargo: (Attachment 1).

8:15

Representative M Nelson: Would you work us through the process.

Representative Koppelman: The electrician says it's done, the electrical inspector would go and inspects the job and found something wrong, he writes it down and sends the correction report to the electrician, the electrician ignores it, we would continue to make some reasonable attempt to get the electrician to finish it, the board would, on one hand, decide what to do with the electrician for not fulfilling their responsibility. Now to the consumer in that situation, where they are not able to get the electrician to finish the work, would then have the opportunity to file an attempt to get some money from the undertaking fund, which is slim pickings or otherwise hire another contractor to fix the work at their own expense. We saw this happen from the Minot flood. That homeowner usually doesn't have the money to finish the job and under the current practice, the board has no money to pay them. We're left with one option, to send them a letter saying "either get it fixed or we are going to disconnect your power". That's not optional.

Representative M Nelson: Let's say, I come out of school and underneath a master electrician, do I still have to provide the bond?

Representative Koppelman: No, this only applies to contracting master electricians.

Representative M Nelson: An electrician who, if they didn't have this bond, can't work on the side?

Representative Koppelman: Every electrician that's wants to contract for any party has to have a master electrician. The master electrician is the one who has liability insurance and they have the umbrella protection for the consumer. If they work on the side and are not a master electrician is technically illegal.

Representative M Nelson: Where is the Class B electrician fit in?

Representative Koppelman: They would fall under the same provision that they be required to have a bond and their Class B master license in place as well as a contractor license with the Secretary of State.

Representative M Nelson: Did you look at what additional cost to the electrician for insurance?

Representative Koppelman: Sometimes there are private market solutions that are more efficient and less costly than government solutions. I believe that's what the case is and one insurance company said around \$125 per year.

Representative M Nelson: Is there something that could be linked to electrician bonding which would tend to follow the market over time?

Representative Koppelman: The only way you can efficiently link this, if you did not have the dollar amount provision in statue and you allowed the board to do it. As a legislator, I'm reluctant to ask for that. As a board member, it makes life easier but I don't know if I want electricians, for them to not have any idea of what that could be in five years. Anything we put in statue, we are going to have to revisit every, at least 10 years to stay with the times.

Representative Ruby: Is it readily available for a new contractor to get a bond at any of these levels?

Koppelman: I was told by an insurance agent that these bonds are readily available, unlike performance bonds on a large commercial project. It's pretty simple. We gave some flexibility in the statue language some ability for the board to set perimeters of that bond and we as a board were told by the attorney general's office that we could offer a bond equivalency.

Representative Amerman: What is the board's makeup?

Representative Koppelman: It's made of 5 members, member at large, a member of the utility company & rural coop.

Chairman Keiser: Is there anyone else here to testify in favor, opposition?

Bill Kalanek~Representing the members of the Dakota Chapter of National Electrical Contractors Association: (Attachment 2).

Representative Kasper: What do you suggest the consumer does to get their money?

Kalanek: I don't have a good solution, its buyer beware.

Representative Kasper: Did you check with any insurance companies or agents what the bond will cost per year.

Kalanek: What has been told to you today is a reasonable estimate of what it may cost. It is an increase from what they are asked to pay to the undertaking fund.

Representative Kasper: Do you want to justify that \$150 a year is unreasonable cost for an electrical contractor pay?

Kalanek: Honestly that is a possibility in any circumstance for any contractor. Why this is only being mandated in this instance is what we are questioning?

Representative Kasper: We require bonds for other areas of contractors.

Kalanek: You do.

Vice Chairman Sukut: Was this decision made by your group, the board or was there a survey taken among the contractors in the state to decide to oppose this?

Kalanek: It was a quick poll done of the membership by the executive director of the Fargo office.

Vice Chairman Sukut: A quick poll would have been email. Any idea how many responded out of the total membership?

Kalanek: It was done by email but I'll get that information to you.

Representative Becker: Can you clarify the contradiction of subs?

Kalanek: There are performance bonds in place for certain projects that contractors carry, including electrical contractors for larger scale projects but typically not for the small home project.

Representative M Nelson: Does an electrician also require a contractor license before he can go out and contract?

Kalanek: Yes they do.

Representative M Nelson: Does a contractor's bond cover abandonment?

Kalanek: I'm not certain.

Representative M Nelson: Do you know what type of fix that the Secretary of State is surpassingly taking on this issue?

Kalanek: There was a bill in the Senate IBL committee that comes from the Secretary of State and the Attorney General that would criminalize abandonment of a project. There was wide support from industry.

Chairman Keiser: You agreed that the current undertaking fund was potentially going broke, so we have a couple of options. One, eliminate everything. Two, if we keep the undertaking fund, the fees have to go up. Of those two poisons, what would your group support?

Kalanek: The lower cost option.

Chairman Keiser: Is there anyone else here to testify on HB 1229 in opposition, neutral?

Representative Laning: If we pass this bill and there is a \$100,000 left in this fund, what happens to this money?

Kalanek: Good question.

Chairman Keiser: Anyone here to answer the question.

James Schmict~Director for the North Dakota State Electrical Board: Currently there are cases where there is abandonment code violation. Our office is about life safety. We have sent letter with no action from the electrician. It's time to take action. Something needs to change. There are three options, correct the undertaking fund, implement the bond or get rid of all of it. We don't know how the code violations will get corrected if there is nothing there.

Representative Kasper: It appears that information is two years old out there, to me that would be inexcusable to allow something two years old for homeowners trying to get something done. Don't you have any statutory authority or do not enough to do something for the electrician to perform or is it left up to the state's attorney?

Schmidt: I'm not making excuses; we realize that there is a situation here that we need to address to make things go away.

Chairman Keiser: What are the wishes of the committee?

Representative M Nelson: I need to check with the Secretary of State.

Chairman Keiser: We will hold the bill.

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1229
1/27/2015
22612

☐ Subcommittee
☐ Conference Committee

Eden LeTang

Explanation or reason for introduction of bill/resolution:

Bonds for electricians contracting for electrical installations.

Minutes:

Chairman Keiser: Opens the work session on HB 1229. This will eliminate the undertaking fund and replace it with a bond of \$35,000 by the electricians. Representative M Nelson, did you get your questions answered?

Representative M Nelson: Yes I did. I was able to check on how it was going to exactly work and things with the Secretary of State's office. My thoughts are, I'm fine with it but I'm a little questionable on the \$35,000 because they testified that they had two right now, basically, to that limit. Since the former limit was 5,000, I don't think they seem to be a board that really be proactive on these things. Maybe we should up the 35,000 to 50,000 because I don't think they will be back to do that. I would be fine the way it is.

Chairman Keiser: Do we have a motion?

Representative M Nelson: Moves a Do Pass.

Representative Hanson: Second.

Roll call was taken on HB 1229 for a Do Pass with 11 yes, 2 no, 2 absent and Representative M Nelson is the carrier.

Date: Jan 27, 2015Roll Call Vote: 1

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1229**

House Industry, Business & Labor Committee
☐ Subcommittee

 ☐ Conference Committee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
 ☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
 ☐ As Amended ☐ Rerefer to Appropriations
 Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep Nelson Seconded By Rep Hanson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Representative Lefor	X	
Vice Chairman Sukut	X		Representative Louser		X
Representative Beadle	X		Representative Ruby	Ab	
Representative Becker	X		Representative Amerman	X	
Representative Devlin		X	Representative Boschee	X	
Representative Frantsvog	X		Representative Hanson	X	
Representative Kasper	Ab		Representative M Nelson	X	
Representative Laning	X				

Total (Yes) 11 No 2Absent 2Floor Assignment Rep Nelson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1229: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (11 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING).
HB 1229 was placed on the Eleventh order on the calendar.

2015 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1229

2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1229
3/17/2015
Job Number 24960

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to bonds for electricians contracting for electrical installations

Minutes:

Attachments

Chairman Klein: Called the committee back to order.

Representative Koppelman: Written Testimony Attached (1). (:20-7:08)

Chairman Klein: The concern we may have is, how does this play out to the cost, do we know what that is?

Representative Koppelman: We have estimations and I did some research with a company that would supply me with licensure bonds, which is very similar to surety bonds in this instance. This particular bonding agent is based out of Fargo so she deals with the Minnesota ones all the time and although she had some suggestions of how to make it run smoother, the cost that she came up with was less than two hundred dollars a year. He said that there is basically three options; number one is we get out of the business of providing consumer protection, number two; we continue with what is in statute now for the undertaking fund and we increase the amount that electricians would have to pay to make the fund become solvent, and number three; provide a licensure bond for a set dollar amount. (7:30-10:31)

James Schmidt, Executive Director of the North Dakota State Electrical Board: Written Testimony Attached (2). (10:49-14:46)

Chairman Klein: You said you would have more money if we switched, and how would we be raising your take?

James Schmidt: What we are trying to accomplish here is if we could get the contractor to provide a bond in the amount of thirty five thousand or whatever it ends up being, and then if that contractor leaves the state, then the consumer would have thirty five thousand dollars for the corrections. (15:00-15:56)

Senator Sinner: Each of these master electricians will still have to register with the electrical board and do they still pay an annual fee that goes toward covering the cost of the board?

James Schmidt: The renewal is fifty dollars for a license fee and it is separate from the undertaking fund.

Don Offerdahl: In opposition to the bill. He is the past Executive Director of North Dakota State Electrical Board. Written Testimony Attached (3). (20:18-27:00)

Chairman Klein: You weren't part of the House discussion.

Don Offerdahl: No.

Chairman Klein: I think we have a dilemma. We do respect the boards that come before us but I am disappointed that there wasn't more discussion amongst some of you to get to a result that everyone was on board with.

Don Offerdahl: Said they had a board meeting in November and decided to do a bill and there was nothing on the website and nothing in the January newsletter. (27:37-28:21)

Bill Kalanek, National Electrical Contractors Association of the Dakota Chapters: In opposition to the bill. Written Testimony Attached (4). (28:52-30:18)

Senator Murphy: Are you saying that general contractors aren't bonded?

Bill Kalanek: There are bonding requirements for all contractors. Nothing like this is required for any other HBSC. This is the one instance where the board is in the business of insuring contractor work.

Senator Murphy: It seems to me that the bill is saying if you are a master electrician in North Dakota you have to buy a bond and then if you screw things up they use the bond to pay it off. I don't see how the board is responsible for that.

Bill Kalanek: The board is going to be the holder of the bond and so they will be responsible for administering that bond. The fact that the board is in the insurance business is a philosophical rub with some of my contractors. (31:15-32:14)

Senator Murphy: How would you fix this deal?

Bill Kalanek: To be honest the opinion from a lot of our members is that they would prefer the whole thing go away.

Chairman Klein: This is the only group that has what we are looking at here.

Bill Kalanek: That is right. There is nothing similar for any other operating contractors.

Senator Burckhard: Asked if he was saying the safety factor wasn't a concern.

Bill Kalanek: That isn't what I am saying at all. All my contract members are concerned about safety. The boards charge is to license and make sure there are certified and qualified electrical contractors working out there. To get into the insurance side of insuring their work has been a rub with them for some time.

Senator Burckhard: But the buyer beware concept. What Minot experienced in 2011, that was a difficult time trying to recover from the flood and needing and finding electricians and to know they could care less about safety puts the customer at a disadvantage.

Chairman Klein: If it wasn't going to go away you would support the way it is currently being done with potentially a bump up in dollars to get the fund back to a level where it is more solvent.

Bill Kalanek: I think what I would prefer is this would have been given more attention and included more contractor involvement in discussing this issue.

Chairman Klein: Asked how the discussion went in the House.

Bill Kalanek: The discussion was very brief in the House. There was myself and Representative Koppelman.

Chairman Klein: We've got some issues committee, I sense we have division. If Representative Koppelman would visit with Don and Bill because they need to get some sort of discussion going as to whether you can come to any agreement or if we are just going to proceed with what we have. He closed the hearing.

2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

HB 1229

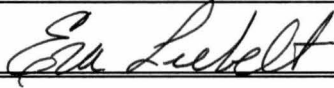
3/17/2015

Job Number 24998

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to bonds for electricians contracting for electrical installations

Minutes:

No Attachment

Chairman Klein: Said that he was surprised that a former Director of an organization would be in opposition to the bill. He is certainly knowledgeable about how the program worked before.

Senator Sinner: Said he had some misgivings on going to this bonding process because when you try to collect on these bonds they can be a nightmare. I would like to hear if there is any other solution to this problem.

Senator Miller: I would suggest that we delete the whole section and let the buyer beware.

Chairman Klein: We have bonding, we have nothing and the way we currently our doing it.

Senator Sinner: I am not sure exactly what I would propose. I am just nervous about going to bonding. I think with a little assessment to the electricians we can solve the problem with this fund pretty simply. We may need to adjust the amount that each case can handle.

Senator Murphy: Asked Senator Miller about buyer beware, if this is a problem that we don't feel we can rectify adequately with this small amount of remuneration that we can now offer, you are suggesting that we can make it better by offering them nothing?

Senator Miller: The situation that is currently happening is that you are having people pop in and pop out and what we are doing is giving that consumer some sort of assurance that we are backing him up but we're really not. There is no money in this fund and there isn't enough to do anything. The power is in the licensing side of things.

Senator Murphy: We have reciprocity.

Chairman Klein: It did sound like you need a license. Didn't he say they leave the state and don't renew their North Dakota license?

Senator Murphy: I think they can cover some of these jobs but with the larger ones you are right we would be doing nothing for them.

Senator Burckhard: If it is buyer beware versus safety. I think we have to error on the side of safety.

Senator Campbell: I agree with you Senator Sinner bonding is 60% a joke where they are under bonded and try to collect it. As much as I don't like regulation you have to bond.

Chairman Klein: The debate here is do we continue the undertaking fund which we currently have, do we move to bonding or do we move towards Senator Miller's suggestion.

Senator Miller: If we were to continue in some sort of manner of this process that we currently use we have to get the fund actuary sound. It needs to be over a half a million dollars put into the fund. I would rather see the bonding process than our current process. I look at it as somewhat unnecessary because a good businessman is not going to leave someone with their house not finished.

Chairman Klein: You have to have a license to do business in the state. Don't you have to go to the secretary of state to get a license? This is more for protecting the consumer. They continued to discuss the bill. We have some work to do and we are trying to get a consensus here. He closed the meeting.

2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1229
3/23/2015
Job Number 25246

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to bond for electricians contracting for electrical installations

Minutes:

No Attachment

Chairman Klein: Said he had asked some folks to try and work this out but nothing came of it. There has been a number ideas kicked around and I have been talking to folks who think bonding is a waste of time because it makes it difficult to collect on. I have also had the intern working on some information as to how it works in Minnesota. What the twenty five thousand dollar bond would cost. I was told by sources here that one of the major electricians in the community that has about thirty five electricians working for him, that the bond would be seven hundred and fifty dollars. It is not unreasonable but are we getting to where we need to be. Then there was discussion about the undertaking fund and is it going to go broke. Then the question was, why hasn't the undertaking fund been reduced if they paid out money why hasn't it been lowered. That is why I thought it would be important for us to hear from James Schmidt to explain how this undertaking fund has been working and why the fund is at the level it is and why there should be concern if we aren't spending any money this sounds like this fund will last forever.

James Schmidt, Executive Director for the State Electrical Board of North Dakota: To address the existing undertaking fund why monies aren't spent or appear like they aren't being spent. The five thousand dollars we can use per contractor, we know going after them isn't enough money to do anything. He explained what it would take to get everything done including the staff time and the City of Minot inspector time, it would be in the neighborhood of fifty five thousand. We are pursuing that and we are just absorbing the cost with our regular funds to take care of the situation. They are still in the stage of trying to get other entities to pay for it. (3:00-4:59)

Chairman Klein: So you have had multiple claims, do people know that this is even available?

James Schmidt: I don't know if the average person would know that the fund is even there.

Chairman Klein: Generally if we get stiffed we are just upset that we made the wrong decision and paid somebody for something in advance that we shouldn't have.

James Schmidt: That is very true. We are just talking about the corrections, the violations that need to be fixed. If they are not we have the authority to disconnect power. If we are going to be charged with the duty of consumer protection let's do it right. I did talk to Minnesota this morning and in 1899 they did implement a five thousand dollar bond to electrical contractors. They just updated it to twenty five thousand. They turn the corrections over to the bonding company and the bonding company gets ahold of the home owner and it is taken care of. He continued to talk about what he was told by Sam Samson from Minnesota. He stated he didn't know what the downside of using a bonding company is. (5:38-8:25)

Senator Campbell: What happens if we did just nothing and why are the electrical the only contractors forced to be bonded, where plumbers and a lot of different construction components aren't? I say let the buyer do his homework. If you hire someone and hold payment so if he doesn't finish, or he does something wrong you can hire somebody else with the payment that was withheld. Do we really need this?

James Schmidt: I guess right now this office is charged with the duty of doing that so if we would continue to be charged with doing that duty the undertaking fund has to change. The only thing I would say if we do nothing then if the violations are severe enough then our alternative is to disconnect power. (9:19-10:47)

Chairman Klein: I guess my bigger concern is how these folks are getting into our state and doing up to fifty bad jobs. They got licensed here somehow. We had a disaster and now we are having another disaster here. Is this just a once in a life time sort of flash that we had.

James Schmidt: Said he didn't have a good answer for him. (11:48-13:22)

Senator Burckhard: On the topic of safety what would be better for the consumer, the undertaking fund or the bonding?

James Schmidt: The board feels it's the bond. (14:15-14:51)

Senator Miller: Is it possible that we could require a bond for the first two to five years of a new company until they are established and known, as long as they are licensed for more than five years they aren't necessarily required to carry a bond and if they have reciprocity?

James Schmidt: Who would be the one to put time to it and at what point and time are they considered good contractors?

Senator Murphy: Your testimony said that your board unanimously agreed that bonding would be a good idea and you have three Senator's on this bill from this committee that evidently agreed with that conclusion. What I want to ask you has anything changed since this bill was introduced as far as you are concerned?"

James Schmidt: No it's as it always was.

Chairman Klein: I think the thing that may have changed is the fact that I know Don Offerdahl and Don has been before this committee a number of times and I have respected Don's opinions over the years and when he came out so vocal in opposition is when the question marks started coming up and the fact that we may be going down the wrong direction.

Senator Sinner: Asked how many master electricians there are in the state.

James Schmidt: We have about 1600 master electricians, we have 1025 contracting masters and forty class b electricians that are also in contracting status, so we have roughly 1075 contracting electricians.

Senator Sinner: Does every electrician pay fifty dollars into the fund?

James Schmidt: No the masters pay fifty dollars into the undertaking fund and the class b pay forty and that is when they want to change their license to contracting status. What contracting means is whenever a company is going to do an electrical job, there needs to be a wiring certificate issued with our office. There has to be somebody in contracting status to be responsible for that job and for the electricians working on that job who may be other master electricians, journeymen or apprentices. He continues to answer questions about electricians and what they pay into the fund. He said that there is so many takes on this. (19:19-23:11)

Chairman Klein: Said that was the hard part. What are we doing to the electricians out there and he asked if there a lot of electricians involved with the discussions?

James Schmidt: No there wasn't a lot of electricians involved.

Senator Miller: When the undertaking fund was created there was a deposit made by electricians around the state of about five thousand dollars?

James Schmidt: It was fifty dollars. That whole statute is hard to understand.

Senator Miller: What do you do with the undertaking fund if we go into bonding?

James Schmidt: If we get rid of the fund then someone has to give us the latitude to raise that five thousand so we can expend it and get violations completed.

Senator Sinner: Said he thinks they should assess them all a hundred dollars this year and they may never have to assess them again or might it be five years rather than having the bond. We can't leave people without power.

Earl Scherer, President of the North Dakota Electrical Board: The major issue is the five thousand dollars, it isn't enough to go very far in most of these claims and that ties us with the undertaking fund. We talked about raising the undertaking fund to thirty five

thousand or fifty or whatever would help. We are leaving a lot of people hanging out there with corrections. (28:50-31:13)

Chairman Klein: What I heard was, even with the thirty five thousand dollar bond it is still pretty hard to collect that thirty five thousand dollars.

Bill Kalanek, North Dakota Chapter of the National Electrical Contractors Association: Asked if there was something specific he was to speak to.

Chairman Klein: We heard that your organization would probably rather have nothing but in this balancing act we are looking to do what would affect your membership less, paying the two hundred dollars that Senator Sinner suggested one time and having the fund be stronger or paying the two hundred dollars every year or every other year to buy this bond that you will need to buy every year?

Bill Kalanek: In our discussions with the board management and one of the board members we went back and forth on that quite a bit. There is some issue with being in the bonding business altogether. We had talked about maybe there should be an annual fee of twenty five dollars. It is a pretty fair amount on an annual basis to fund things and keep it. (33:45-35:47)

Chairman Klein: I am sensing we are not going to get to the end of this one today.

Senator Burckhard: I would take it you are more in preference of the current undertaking fund and not in favor of the bond, is that true?

Bill Kalanek: I guess that probably would be the case. We are not really enamored with either.

Senator Burckhard: The challenge that we have as a committee because this doesn't seem like a clear one or the other kind of deal it seems like it is somewhat challenging for the folks in the business as well, so how do we make a decision here. What is improving the situation and I don't know if we have figured that out yet.

Chairman Klein: I guess we know where you are at Bill. We have pretty well hashed all of these ideas over but we still our unclear on what direction to go. He goes over the different ideas that they have heard. (37:11-38:36)

Representative Koppelman: I think there could be a solution found in any of the three scenarios. If you wanted to make the undertaking fund work, you would raise the per year up to two hundred dollars that the board could assess, number two, you would set it up that there is maybe anywhere from thirty five to fifty thousand dollars per contractor could take out of it and the third is you would remove that arbitrary dollar cap at which point we can't assess anymore and instead assign it as an arbitrary sound amount, so we can adjust it. One of the problems we had was with the master electrician who is responsible for the work, that leaves a company and the company says they are not responsible, there is no liability there. If we keep the undertaking fund we need to find a way to tie both the master

electrician and the business owner to that fund, which is what the bond would have done.
(38:40-40:34)

Senator Murphy: When you said arbitrarily sound, did you mean actuarially sound?

Representative Koppelman: Actuarially is what I meant to say.

Chairman Klein: Closed the meeting.

2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

HB 1229

3/25/2015

Job Number 25399

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature

Eva Lubelt

Explanation or reason for introduction of bill/resolution:

Relating to bond for electricians contracting for electrical installations

Minutes:

Attachment

Chairman Klein: Opened the meeting.

Representative Koppelman: Said that there was three amendments prepared one for each version. Senator Miller may want to present the 03 version which is the one that would get us out of the business of taking care of consumers if their electrician abandons the job. I did a little work on it to make sure it was worded. I will go through that version really quick and then we can move on. He goes through the amendment. Written Testimony Attached, (1) Proposed Amendment - .01003, (2) Proposed Amendment - .01004 and (3) Proposed Amendment - .01002. (:42-3:12)

Senator Poolman: This now makes the contractor responsible for the electrical work that is not completed, is that typical for any other type of work when they are hiring these different subcontractors?

Representative Koppelman: I think this is scenario is probably very unique to the electrical industry mainly because of how we license and in the other contracting trades most of the licensures are more of a registration per say. The contractor doesn't have to have any previous experience or show that he knows how to do the work he just has to send in fifty bucks for whatever level license he wants, fill out a form and then he is a contractor and he has to prove he has insurance. What is different about an electrician is we have a tradesman who is elevated through the apprentice, journey man and master ranks and now has to license with the state to pull permits to do electrical work. He gives several scenarios. This would say because I signed the contract with the individual customer and I was the one who initiated the work that I am responsible legally to the customer under this section. The master is still responsible to the electrical board for the permits he pulled out, so there is dual responsibility at that point to get the job done. This is a consumer protection and a protection for that master electrician. (3:32-6:19)

Senator Poolman: So you are saying this is not how it works for plumbers or for any of the other subcontractors that a contractor would hire, it would only apply to electricians and would the contractors being on board with that?

Representative Koppelman: If you are asking if the electrical contractor who isn't an electrician be on board with this change, I would think that they probably would be. (6:38-7:04)

Senator Burckhard: Is this the buyer beware one then?

Representative Koppelman: This is the buyer beware, there is no longer any fund or bond to pay for a job or finish a job that a contractor walks on.

Senator Burckhard: Asked in the Minot flood situation where the electricians took the money and bailed and they are never coming back, what this would do for that customer?

Representative Koppelman: The customer would have the recourse that they have with any contractor.

Chairman Klein: That has what has happened in a lot of the cases on the construction side that we have addressed in the committee to get a better handle to provide for our states attorney to be able to go after those folks and now they would be thrown in that same pot.

Senator Miller: In Minot we had the situation where there were people that were not electrician's that were taking money from people to do electrical work and were either not finishing the job or not even doing the job. What is the electrical board's responsibility in that situation at this time and have they done anything?

Representative Koppelman: If he had pulled a permit out with the electrical board and didn't do it, currently the undertaking fund could kick in and complete that up to code. If he is the same guy put never pulled the permit to the electrical board, there is theoretically no direct consequences on his license, however the board could consider his ethical behavior and whether or not we would allow him to contract anymore. He continues with different scenarios. (9:14-10:26)

Senator Miller: The consumer is out of luck. Do you know of any instances where the board paid out any money in Minot?

Representative Koppelman: I do not know of any instances. The main problem was that there was five thousand dollars that could be paid out. (10:56-12:19)

Senator Sinner: This is a little different then the bill you brought us. When did you get this epiphany to completely destroy the fund and eliminate it?

Representative Koppelman: In my initial testimony the board identified three options. He goes over the options again. It's not so much of an epiphany but revisiting the ideas on the

table and preparing amendment that one of your committee members had requested. He goes over the .01004 version. (12:36-14:27)

Chairman Klein: So in this case it changes the bill that would require the thirty five thousand dollar bond but it clears up some language we had in there.

Representative Koppelman: He goes over the .01002 version. This is to fix the undertaking fund. There were some drafting errors in this one. (14:40-17:24)

Chairman Klein: We have a lot to consider here and a lot to work through. We have an electrician coming on Monday to address the committee. He closed the meeting.

2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

HB 1229

3/30/2015

Job Number 25585

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature

Eva Liebelt

Explanation or reason for introduction of bill/resolution:

Relating to bonds for electricians contracting for electrical installations

Minutes:

Attachment

Chairman Klein: Asked the committee to turn to 1229. To update the committee last week Senator Sinner, Senator Burckhard and I were chatting and Representative Koppelman came along and we started brainstorming, trying to get a little direction here. Our idea once again is that we need to move this along if there are some issues we will address them. I am guessing there will be a do not concur on this one.

Representative Koppelman: I did have a chance to speak with the chairman on the House side and I would say that is a fair assessment and these amendments I can go through really quick. He goes over the amendment. Amendment Attached (1). (2:10-5:13)

Chairman Klein: You heard the amendment. We have been all over here but at the end of the day the concern was how does this affect the electricians out there. How much money is they going to have to pony up as sort of a fee are we going to over burden? I understand the large companies who have all kinds of individuals working under them aren't nearly going to be as affected as the individual out there that is going to have to buy the bond or even step up to the hundred dollar plate for the undertaking fund.

Representative Koppelman: Under the bond we had propose we were estimating one hundred and twenty five dollars a year. That is what the bond was going to cost. This would be the maximum of a hundred. It would be a little bit cheaper. I would say in conference what you will hear from the electrical board is possibly a couple of these limits they might like to see a little higher if we are going to fix the undertaking fund but that being said this is much better than where we are today. I think we have to leave this legislative session with some level of fix or you might as well sunset it and get rid of it. This is a good starting point and it does have the working pieces that can be tweaked a little bit in conference if need be or even down the road in a future session. If you want to keep the undertaking fund this is the way to do it.

Chairman Klein: We also had that discussion about sun setting this because we are not totally convinced that even if the undertaking fund should pass that it shouldn't be looked at and whether or not the study is chosen or not but looked at in two years to make sure that we get it right.

Representative Koppelman: I apologize for not mentioning the study we had in the end and you might review the wording of that. I did my best to do what we had talked about as far as the wording of the study but that being said what we had talked about, for the committees' sake, if you were ever going to sunset this you would have to sunset the whole chapter. You can't just sunset the changes we are making because what we have now doesn't work and the board doesn't have good direction on what to do with it. If you sunset these changes in two years we are back to where we were right now. That is at the point where you almost have to get rid of it. We didn't include the sunset because it was kind of what we agreed that we wouldn't sunset it but if through conference or otherwise a sunset did come out the sunset would need to apply to the whole chapter.

Chairman Klein: My thought with the sunset it would create a sense of urgency to look at it again rather than a complacency that will go back to the old ways. That is where I was with the sunset.

Representative Koppelman: The problem with that though is if the board is going to try to come up with a way to make this usable we are going to have to come up with a plan that is going to be a multiple year plan on how to get it to be solvent so two years from now chances are we might be half way there. It probably won't be to an executable destination yet. However if the level stay in here the way they are I would anticipate that at least within four years you would probably see the board back here to make some minor adjustments.

Senator Sinner: Asked about the wording in subsection 2 that says the board should use the fund to make code compliant. That is obviously not finishing the job.

Representative Koppelman: That was in a previous amendment and the electrical boards' job is to make sure the insulations are safe. Right now our hammer is we turn power off if they are not. The idea is to get this to a point where we don't have to turn the power off. (8:54-9:51)

Senator Sinner: Asked if there is an emergency clause.

Representative Koppelman: No there is not an emergency clause on this bill and we would probably need an emergency clause or at the very least a retroactive clause.

Chairman Klein: Senator Sinner we will allow you to bring that in during the conference committee.

Representative Koppelman: I do the electrical board has a meeting coming up early in April.

Chairman Klein: What are the wishes of the committee?

Senator Miller: Moved to adopt the amendments, 15.8160.01006.

Senator Sinner: Seconded the motion.

Roll Call Vote: Yes-6 No-1 Absent-0

Senator Miller: Moved a do pass as amended.

Senator Sinner: Seconded the motion.

Roll Call Vote: Yes-6 No-1 Absent-0

Senator Sinner will carry the bill.

March 30, 2015

*File 3/30/15
102*

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1229

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 43-09-09.2 and 43-09-14 of the North Dakota Century Code, relating to contracting for electrical services and undertakings for electricians contracting for electrical installations; and to provide for a legislative management study.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~no~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1, that person is jointly and severally liable for any electrical services contracts entered under that association.
3. A person that violates subsection 1 is guilty of:
 - a. ~~A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.~~
 - b. ~~A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:~~
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed.

SECTION 2. AMENDMENT. Section 43-09-14 of the North Dakota Century Code is amended and reenacted as follows:

43-09-14. Master electrician and class B electrician - Undertaking - Fund.

1. Before entering ~~into a contract agreement or undertaking with another~~ person for the installation of electrical wiring or installation of electrical parts of other apparatus, a master electrician or a class B electrician shall execute and deposit with the board an initial undertaking in the ~~sum of five~~

2022
~~thousand amount of one hundred dollars for a master electrician or four thousand dollars for a class B electrician conditioned on the faithful performance of all electrical work undertaken by the electrician, on strict compliance with the provisions of this chapter, and on the requirements of the board. In addition, a deposit must be made with a term of licensure renewal for an electrician who made an initial undertaking under this section, the board may require a renewal undertaking in the amount of fifty dollars by a master electrician and in the amount of forty dollars by a class B electrician, in lieu of a surety bond not to exceed one hundred dollars.~~

- ~~2. The deposit so made must be accumulated by the board shall deposit in a special fund to be used for the completion of installations abandoned by electricians all money collected under this section. The board shall use this fund to make code compliant an installation abandoned by an electrician referred to in this section, not to exceed the amount of five thirty-five thousand dollars for a master electrician and four thousand dollars for a class B electrician per electrician. The board shall waive the deposit for requirement for a renewal of license by electricians who have made an initial deposit under this section undertaking if at the beginning of the renewal year the fund exceeds fifty two hundred thousand dollars. Funds in excess of fifty thousand dollars at the end of each year may be committed and used at the direction of~~
- ~~3. Annually, the board may use from the fund an amount not to exceed ten percent of the fund's year-end balance to inform and educate electricians concerning the requirements of the electrical code.~~
- ~~4. The board may prescribe forms for the undertaking and make rules if the board deems necessary to carry out the intent of this section.~~

SECTION 3. LEGISLATIVE MANAGEMENT STUDY - ABANDONED ELECTRICAL INSTALLATIONS. During the 2015-16 interim, the legislative management shall consider studying the current process used by the state electrical board to address abandoned electrical installations and the feasibility and desirability of changing this process. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
HB 1229**

Senate Industry, Business and Labor Committee

☐ Subcommittee

Amendment LC# or Description: 15.8160.01006 - Koppelman Amendment

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Miller Seconded By Senator Sinner

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Murphy		x
Vice Chairman Campbell	x		Senator Sinner	x	
Senator Burckhard	x				
Senator Miller	x				
Senator Poolman	x				

Total (Yes) 6 No 1

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
HB 1229**

Senate Industry, Business and Labor Committee

☐ Subcommittee

Amendment LC# or Description: 15.8160.01006 - Koppelman Amendment

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Miller Seconded By Senator Sinner

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Murphy		x
Vice Chairman Campbell	x		Senator Sinner	x	
Senator Burckhard	x				
Senator Miller	x				
Senator Poolman	x				

Total (Yes) 6 No 1

Absent 0

Floor Assignment Senator Sinner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1229: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). HB 1229 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 43-09-09.2 and 43-09-14 of the North Dakota Century Code, relating to contracting for electrical services and undertakings for electricians contracting for electrical installations; and to provide for a legislative management study.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~a~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1, that person is jointly and severally liable for any electrical services contracts entered under that association.
3. A person that violates subsection 1 is guilty of:
 - a. ~~A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.~~
 - b. ~~A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:~~
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed.

SECTION 2. AMENDMENT. Section 43-09-14 of the North Dakota Century Code is amended and reenacted as follows:

43-09-14. Master electrician and class B electrician - Undertaking - Fund.

1. ~~Before entering into a contract agreement or undertaking with another person for the installation of electrical wiring or installation of electrical parts of other apparatus, a master electrician or a class B electrician shall execute and deposit with the board an initial undertaking in the sum of five thousand dollars for a master electrician or four thousand dollars for a class B electrician conditioned on the faithful performance of all electrical work undertaken by the electrician, on strict compliance with the provisions of this chapter, and on the requirements of the board. In addition, a deposit must be made with~~ as a term of

licensure renewal for an electrician who made an initial undertaking under this section, the board may require a renewal undertaking in the amount of fifty dollars by a master electrician and in the amount of forty dollars by a class B electrician, in lieu of a surety bond not to exceed one hundred dollars.

2. The deposit so made must be accumulated by the board shall deposit in a special fund to be used for the completion of installations abandoned by electricians all money collected under this section. The board shall use this fund to make code compliant an installation abandoned by an electrician referred to in this section, not to exceed the amount of five thirty-five thousand dollars for a master electrician and four thousand dollars for a class B electrician per electrician. The board shall waive the deposit for requirement for a renewal of license by electricians who have made an initial deposit under this section undertaking if at the beginning of the renewal year the fund exceeds fifty two hundred thousand dollars. Funds in excess of fifty thousand dollars at the end of each year may be committed and used at the direction of
3. Annually, the board may use from the fund an amount not to exceed ten percent of the fund's year-end balance to inform and educate electricians concerning the requirements of the electrical code.
4. The board may prescribe forms for the undertaking and make rules it the board deems necessary to carry out the intent of this section.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY - ABANDONED ELECTRICAL INSTALLATIONS. During the 2015-16 interim, the legislative management shall consider studying the current process used by the state electrical board to address abandoned electrical installations and the feasibility and desirability of changing this process. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

2015 CONFERENCE COMMITTEE

HB 1229

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1229
4/8/2015
25917

☐ Subcommittee
☒ Conference Committee

Ellen LeTang

Explanation or reason for introduction of bill/resolution:

Bonds for electricians contracting for electrical installations.

Minutes:

Representative Laning: Opens the conference committee session on HB 1229.

Senator Burckhard: I'm going to defer to Senator Sinner to what we did and why we did it and we are promoting the undertaking fund.

Senator Sinner: When we went back and looked at the complications that go with getting...

Representative Laning: Could we skip because we are willing to accept the undertaking of the fund. If you have something more than that, let's move on to that.

Senator Sinner: Why we went to a fee rather than a bond because, if you have a bond, normally the cost is approximately 1% of the bond amount. Even if it's ½%, it's still almost \$200 a year and sometimes up to \$300 or \$400 a year.

The electrician has to go through the application form and other things to get to where they want to be. We thought that with \$100 a year, that would stabilize the fund. If the fund falls below \$200,000, they can access the \$100 and only do it once a year. They felt that somewhere between \$200,000 or \$300,000 in the fund would adequately take care of all their problems. For the ease of the contractors, getting their own bonding, they are going through that anyway because everyone has to be bonded. We thought this was simpler and easier for the staff of the electrical board, to take money out of the fund than try to go through the process of collecting on these bonds. This way, they went to the undertaking fund to begin with 25-30 years ago.

Representative Laning: We are ok going back to the undertaking rather than the bond. I would like to throw out some numbers for you to think about. On the renewal, "not exceed \$100" and we would like to say "not to exceed \$150".

Senator Burckhard: On line 9, page 2, "in the sum amount of \$100".

Representative Laning: There is a \$100 up front and also possible renewal, that's the one I was going after. I would like to consider raising that to \$150 and leave the "not to exceed". Also, on the "not to exceed \$35,000", I would like to consider \$50,000. There was testimony that indicated that 33,000 possible hanging right now in Minot.

Senator Sinner: The only thing that you would also note is we changed from completing the project to making the project code compliant. That should be a lot lower cost. We felt that the person, who hires the contractor, should have some stake in the game.

Representative Laning: I think that's a good change.

Senator Sinner: I'm fine with \$150,000 and the \$50,000.

Representative Laning: The \$200,000 limit, a proposal was to allow the board to set that annually where they thought they needed to be solvent rather than a fixed number. How do you feel about that?

Senator Sinner: Essential, you are allowing the board to access any fee they want. If you let the board set it and the board says, oh well, we have \$205,000 and we might need \$250,000, then they can access another fee. I'm comfortable with that as well. It leaves it a little bit ambiguous because we had a fixed dollar at \$50,000 and we are raising it \$200,000 that's a big jump.

Representative Laning: If we made the renewal up to \$150, raise the \$35,000 to \$50,000, are you ok with allowing the board to set it or leave it at \$200?

Senator Campbell: Leave it at \$150 and \$50,000 and let the board set it.

Representative Laning: Allow the board to adjust it?

Bill Kalmek~Represents the Dakota's Chapter of the National Electrical Contractors: The only hesitation on that is, with the ability to continually raise it and spend up to \$50,000, do you lose that inclination to put pressure on contractors to finish their works and not just pay the bill to cover their unfinished liabilities. That is one hesitation about bumping all these things up even more. Is the board, to some degree, been doing a good job of applying pressure where they can in getting work completed. Do you lose some of that motivation by raising the ceiling and not come back for authorization to do that, does that add to the mix?

Senator Burckhard: The \$150, is that too much?

Kalmek: I think we are fine, it's a compromise.

Senator Burckhard: The \$50,000 compared \$35,000?

Kalmek: My only hesitation is that you will spend it down faster, potentially. We understand the need; this is a compromise position as it came out of the senate and now we are compromising a little bit more. I think the changes are relatively reasonable.

Senator Burckhard: You would prefer \$35,000 over \$50,000?

Kalmek: I know there are some cases out there that will exceed that. That's a judgment call, we can't see the future.

Senator Burckhard: The \$200,000, is that the right amount from your perspective?

Kalmek: We could come back in two years and fix it, if it's not.

Representative Ben Koppleman~District 16: One of the things to keep in mind is that the board, when money is spent out of this fund, the contractor's license is put on hold pending discipline, in other words, they can't contract any more jobs. The frequency would be drawn on and the board, in the case where not putting pressure on contractors to finish, is probably done.

One other provision in this bill, the senate version, ties the contractor company or person to the master electrician in case they are different people. That was one of the problems we had with the old way of implementing because it didn't allow the two to both be responsible. We disciplined the master and then the contractor, who wasn't the electrician, but they would go hire a new master. That's where we had to try and put pressure on them to finish, but by having them tied together in this bill, that piece is taken care of. Then you are simply left with a contractor and master electrician who no longer can do electrical work, if the cost is front ended and if they wanted to have reprieve from that restriction, they would have to come back, pay the fund back and apply to get their license reinstated. I don't know, with the fixing of the bill whether or not that would continue to be a problem. The reason we like the \$50,000 from the board perspective and not having the limit, is to try and make something we don't have, to come back frequently to adjust. Let's remember, the \$50,000 that was always all the intents, was to bring them to co-compliance, we just change the wording to say that. It doesn't directly reduce the amount of liability, but the \$50,000 is the aggregate for a contractor, it's not a per project cost. There are going to be many cases, even at \$50,000 where the aggregate exceeds that, but at least what it does is, gives a little bit more latitude to take care of the highest burning issues and negate the effect on the home or business, own a little bit more. I encourage what the chair has suggested in all three cases but I appreciate anything you can do in those cases.

Representative Laning: Another comment for the committee to consider, on line 23, page 2, "per electrician", I would purpose to change it to "per contracting master electrician". It's the person in charge if you happen to have four electricians on there, it isn't multiple.

Koppleman: I would caution against that change and here is why it's worded that way is, because the whole section only pertains to an electrician that is allowed the contract. We have contracting master electrician and contracting class B electrician and throughout our rules and statute, they are not referred to. When you say master electrician, it doesn't

necessarily always grab the class B as well. The language in there was intended to make sure.

Representative Laning: Would it work if we use "contracting electrician" and skip the master part of it?

Koppleman: As long as contracting is in there and it would be better than master.

Senator Sinner: On page 1, line 18, there is some language dealing with fines. A person is guilty of violating the law and the fine is in no fine in excess \$100, is that too low? My point is we have people are violating the law and your rules and a \$100 on a \$10,000 job is nothing to them. I see the second offense is \$1,000 and most people will say here is your \$100 and go away.

Koppleman: I don't know if you are interested in raising the potential maximum fine, I don't see that hurting anything. Is says in excess of, so theoretically as I read that, it could be a \$50 or \$75 fine but not more than \$100.

Representative Laning: The big inhibit is losing the license.

Koppleman: It's a matter of which hammer you are going to use and the real key is the first offense. Whether the board or administrative law judge, they are going to way that based on how egregious the offense is. I don't know if that reads per circumstance or per charge and I'm not sure how the judge will treat that. I don't think there are any major objections to changing the maximum it could be from my perspective.

Representative Laning: Essentially, the house is accepting the Senate's revisions. On page 2, line 17, agreed not exceed \$150; line 22, agreed the \$35,000 to \$50,000; and line 23, make it per contracting electrician.

Koppleman: What every number you are going to decide on, if it's going from \$100 to \$150, which should be consistent in the initial licensure section and change it in the second place where it talks about per occurrence where it's up to. You want to make sure that both are consistent.

Representative Laning: Except the initial undertaking, isn't that their initial fees? Do you think that should be the same as the renewal?

Senator Burckhard: I think it should be \$150 on line 9, page 2.

Senator Sinner: Just to review, line 9, page 2, changes from \$100 to \$150; line 17, page 2, not to exceed to \$150; line 22, page 2, not to exceed the amount of \$50,000; and line 23, page 2, per contracting electrician.

Senator Sinner: Does anyone have a concern on line 28, page 2, regarding the amount the board can use for education, up to 10%? If we are moving this fund from \$50,000 to \$100,000 to \$300,000, is there any concern?

Representative Laning: Right now it's \$200,000

Senator Sinner: It's not limited to, it does the minimum.

Representative Laning: That's the maximum.

Senator Sinner: When it goes under \$200,000, they can access a fee, so that's going to be the minimum. As soon as this bill passes, the board will access whatever they think is necessary up to \$150 and I think the fund has about \$130,000 in it now, there is about 11,000 contractors and they are going to probably be accessed a \$100 or \$150 the first year and move that fund up to \$250,000. So, if they can spend 10% of that on education and they decide they want to go to Texas for an education board, is that allowed?

Representative Laning: I don't know what they presently do.

Representative Koppleman: The way that can be used for education is to educate the electrician in the state who are paying into this and or their employee. This can't be used for board travel or for me for education because I'm not a licensed electrician and I don't pay into the fund. Something that has been talked in our education committee about is recruitment of electricians in the field which is difficult and reaching out to our schools. That is the type of thing this education would be used for, not traveling costs.

Representative Beadle: In subsection 2, line 23, do we need any cleanup for the language? Is it a renewal undertaking?

Representative Laning: That the term they use.

Representative Laning: I ask for a motion?

Representative Beadle: Moves the as discussed.

Senator Burckhard: Seconded.

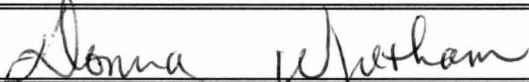
Roll call was taken on Senate recede from Senate amendments and amend with 6 yes, 0 no, 0 absent. Representative Laning, Representative Beadle, Representative M Nelson, Senator Burckhard, Senator Campbell & Senator Sinner were present.

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1229
4/10/2015
26027

☐ Subcommittee
☒ Conference Committee



Explanation or reason for introduction of bill/resolution:

Bonds for electricians contracting for electrical installations.

Minutes:

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Representative Laning: Opens the conference committee hearing on HB 1229. I thought we had a pretty good resolution the other day and I was surprised about what happened on the floor and it wasn't that good. The vote was 13 yeas and 79 opposed to what we agreed upon. I will open the floor to discussion for any proposed ideas. It came across clear to me that the House floor does not like the undertaking fund idea and would prefer a bond.

Senator Campbell: I talked to Representative Keiser and he doesn't like undertaking funds and the reason is because he feels that the state can be liable if there are not enough funds in there, which is probably true. To me we have two options to maybe fix that, one is to put some language in there that says the state is only liable for whatever the funds are at the undertaking fund at the time. So if there are three companies just happen to be going after \$100,000 in that fund and they are short \$50,000 you would prorate it among them what is there and then the state wouldn't be liable if it is short. It doesn't really matter if you want to go to bonding and go back to the original bill and vote down the amendments. I am for that too. I'm afraid that whatever we do, we will be back here again.

Representative M Nelson: Representative Ben Koppelman, could you answer a couple questions? The feeling I got talking to people and I wanted to make sure on this, we talked about if you go and the board spends \$20,000 fixing behind some electrician that he is not free and clear. If he is going to be a licensed electrician in the state he would have to pay back on that. Is that in code or where is the legal authority on that?

Rep Ben Koppelman~District 16: As I recall the board has fairly wide discretion in sanctioning, suspending or revoking a license of an electrician if they don't behave properly. The undertaking fund having to pay to get their work finished for them is one of those things that is not considered good behavior. The board has the ability to set conditions before a license can ever be reconsidered to be reinstated. I think that is the power that they are using to do that. I don't know that it is actually in Century Code, it may

be an administrative rule, which indicates that they would have to pay it back before the board would reconsider that. But that has definitely been board policy.

Representative Laning: One of the ideas for discussion is go back to the original bill that did away with the undertaking fund established a bond and amend the first portion that the Senate had put on there. Discussions we have had outside this session indicated bonds don't generally work real well because you have to contend with an insurance company to get them to pay in the first place which is not easy task. Which was one of the advantages of the undertaking fund and that the electrical board handled that and they could be much more expeditious about getting a settlement out there to complete the work to at least a code acceptable situation. But I have no idea, I pose the question to the Senators here, would that sort of scenario fly with the Senate or not?

Senator Burckhard: What version number are you referring us back too?

Representative Laning: Version 15.8160.01000 and combined with Section 1 in the Senate amended version is what I was talking about. In essence it did away with the undertaking fund and established a bond of the electrician. If the Senate is totally opposed to a bond then we need to consider something else.

Senator Campbell: That raises it to \$35,000, I'm ok with that. If that's what it takes to agree, but lot of people were not in favor of the bonds. So we are kind of stuck there. It originally was an undertaking fund or was it a bond?

Representative Laning: Right now today our original bill was a bond and to do away the under taking fund.

Senator Campbell: If we vote down the amendments it would be a bond or an under taking fund?

Representative Laning: If we vote down everything we are back to \$5,000 bond and an under taking fund.

Senator Burckhard: I don't think we are ready to decide what we want to do yet.

Representative M Nelson: It seems to be very similar to what we do with insurance companies. When an insurance company sells life insurance we don't tell them to carry a bond on all their life insurance. They are pooled together and if there is a deficiency they pay and that is kind of what we are doing here. I guess we could add a second level that if there is an additional deficiency the board could split a fee out and levy it on the electricians across the state. Back to the \$100 - \$150, with the number of people there is they are not going to be in the hole very long if they need to do this. I'm still thinking that somehow it was just felt the electricians somehow are getting a free ride. Maybe if we put language in here spelling out that the electrician is responsible to pay that back and if he doesn't his license is revoked. Maybe that would be enough to get the House to swing. I think there were a fair amount of people in the House that read this and you just see this portion of the bill and they were thinking this was an electrician just gets to wash his hands

and walks away and the board takes care of it. If we could put language in that really spells out that he is still responsible I think maybe we could carry it in the House.

Senator Sinner: To reiterate, in my industry of banking we all pay a fee into a fund, it is called a Federal Deposit Insurance Corporation fund. We pay into that fund and my bank has never taken a loss on that and I know Senator Campbell's bank has never taken a loss on that, but we have covered the losses for many depositors. We all share in that cost to keep our industry strong. That is what we really are asking to do here. If we are going to have a bond for every one of these single electricians we are creating a headache not only for the electrician but also for the board to collect on it. That is why they got rid of the original bill, they had bonding back in the 80's, they testified about it in the hearing and that is why they got rid of it. Not to mention that the original Senate bill would have cost them less. It was \$100 dollars. Can we get you to actually go back and accede to our amendments and try that? You could get organized and talk to people and get some votes. I will talk to people in our Caucus and get some votes. We don't have to get that many and we will pass this and be done with it.

Representative Laning: I am not opposed to taking it back. I just don't want to come back here a third time on this if we can't get it through another time.

Senator Sinner: If we come back a third time, I suggest we vote down the bill and go back to where we were before. Because this bill has a lot of good things in it to besides just fixing the fund, it puts other contractors on the hook too. A lot of things can be done by the board. They have broad discretion to take their license away and make them pay back the fund maybe with even some costs to the board. What has been happening is guys have been coming up here and then they just leave the state and never come back again.

Representative Laning: My understanding was the biggest problems were just like you said someone who comes in from out of state and does a poor job then grabs the money and runs. Or a person who is retiring or getting out of the business and they have decided I am not going to waste my time correcting this either I am just getting out. Then the electric board gets stuck with trying to make things right.

Senator Campbell: If Representative Keiser's biggest concern was the state would be liable so if we put verbiage in there that took the state off the liability if they were short and then you may be happy it is not a bond, I would prefer the undertaking fund and you could put the level up wherever. If you gave them that option so you could feel like you have some say. That would be a pretty easy fix to take care of one of Representative Keiser's main concerns that the state would be liable.

Senator Sinner: We have more liability today with the way the fund is and paying out \$5,000 if the state electrical board is going to get sued, it certainly will get sued under what we have today. Under the rules that we proposed with the amendments that we passed out of this committee the last time around, would have taken care of just about all of those losses or claims, I believe.

Representative M Nelson: If the fund fell short and the board could make a deficiency allocation among the electricians just like they do with banks or insurance, it is there. They

probably never have to use it, but if that language was there then the board would have the ability to raise the funds if they had to and the state would be off.

Senator Campbell: In 2008 and 2009 we had that financial crisis and the California banks depleted that FDIC fund it was just minus and we had to prepay three years in advance and it was a huge burden on banks. It was a one-time check paying your premium three years in advance. That is what we did to replenish the fund and we had no choice the FDIC controls us and that was a brutal thing. We had to pay for the mistakes that were out in California.

Representative Laning: Any more comments? I will go to talk to Legislative Council to see if there is some way to come up with the language to relieve state liability.

Representative Beadle: The board already has the ability to bond or take out loans to cover decreases, right?

Senator Sinner: Yes they do.

Representative Beadle: I am trying to figure out as far as the state liability issue, we are liable for every single board we have. They are all technically under the state, so if they end up going negative I think we end up having liability anyway. Representative Koppelman if you would comment on that.

Representative B. Koppelman: Can you repeat what you said about taking out a loan?

Representative Beadle: Say the undertaking fund has over spent and is down.

Representative B. Koppelman: As far as I can tell you the undertaking fund is different than the board. Boards can take out loans for certain purposes of their operation but this is not one of them. Because we are just a steward of this money we got from electricians for the purpose of paying for bad electricians. We can't borrow on the board's credit to replenish it. The only options under the version you sent to the floor before and under the version the Senate passed there was essentially the ability to charge an electrician when they first get licensed and upon their yearly renewal. So in the circumstance of a deficiency appropriation, partway through the year, there is no authority for that. That I read in current law, purposed law, nothing, you have a one-time a year shot to collect. To ask up to \$150 and \$100 prior to that and currently in law \$50. It only happens that one-time a year and if the board says in January that come April when we all renew we are not going to charge that then it would be to the next April before we could charge again and if the fund ran out the board maybe have to do what deficiency appropriations do and say then everyone gets 80% of their money back or something. I don't know what we would do in that situation.

Representative Beadle: What I am trying to figure out is and I think you just answered it. I am trying to make a comparison to when we had the Podiatry board in front of us. The Podiatrists ran in to an issue where some legal issues depleted there account significantly and in order to replenish they borrowed to get some cash they needed then increased the fees later to pay back the loan they had. With what you are saying with the undertaking fund and using that as a means for recovering assets if there is an issue with one of the

licensee's the board does not have the authority to borrow to replenish the fund and then assess from all the electricians the ability to pay back that fund?

Representative B. Koppelman: I don't believe they do for that purpose. We can do an annual assessment to start pooling the money back in again but we couldn't just do something like an emergency replenishment tax or something. Now in the case of if the board would get sued, like the Podiatry board did. For legal expenses we might be able to borrow money to cover our costs there but I don't believe we could in this scenario. One thing that I think we should consider is SB 2188 when we had our discussions that had not been through the House yet and ultimately the House concurred with the Senate amendments and that was Senator Klein's bill. It dealt with contractor's licenses and defrauding customers and such. An argument could be made that it will be much more a deterrent to contractors either leaving the state or wanting to cut and run or anything than anything in the bills we have considered. With that being said we can't just not do a bill, in my opinion, because the Legislature has said our intent to provide consumer protection and to replenish that with right now the undertaking fund. So whatever you decide to do, whether an undertaking fund, a bond, or nothing at all, I would steer you to 2188. I think going forward that is going to be something we will heavily rely on to keep contractors honest.

Representative M Nelson: An electrician, will he still be covered with that if he does more than \$4,000 in a contract basically that he is also contractor?

Representative B. Koppelman: Currently any person doing electrical work if they are contracting and I might go as far as to say even if it is less than \$4,000 per job, because of the way our rules work, but for sure if it is over \$4,000 under this legislation they would also have to have a state contractor's license. Or if it is an electrical contractor that is also a Master Electrician they would get the contractor's license and the Master would have their own Electrical License and then they two that merge. That is why we had the language the Senate put on in the beginning to make sure that they have joining liability there. The answer is yes, but if they choose not to the license like they are supposed to and even if the electrical board didn't catch it. There are sanctions in here that would deal with them as a contractor at that point.

Representative M Nelson: I am just thinking that if we require them to carry a bond as an electrician and a bond as a contractor actually we are asking them to carry two bonds for the same work.

Representative B. Koppelman: We do not, nor do I think SB 2188 requires contractors to have bonds. All contractors are required to carry liability insurance and an active certificate is required to be on file with the Secretary of State in order to be compliant. They would have to have liability insurance as a contractor and theoretically have a licensure bond which is like a performance bond to be an electrician or do electrical work. That would be the difference.

Representative Laning: We could repeal the Section that deals with undertaking fund completely and depend on SB 2188 to protect the consumer. That would take the electric

board out of it completely and also remove any requirement for bonding and or undertaking fund which is a little risky. But the civil potential is still there I guess.

Senator Burckhard: I'm still very concerned about the electrical safety of it all. So that work that is done by bad electricians or is incomplete, I worry about the safety of that.

Representative Laning: My understanding is the direction you would like me to proceed is to talk to Legislative Council and see if there is some state liability protection we could look at and we can go back to discuss more with our counter parts. It was pretty clear the House didn't like the undertaking fund. So I am not sure where we will end up other than voting down the bill which eliminates some language that we would like to see. Especially the sub-paragraph 2 that came in on your amendment is good language to have.

Senator Burckhard: I don't think we are ready to really say anymore.

Senator Sinner: Let's ask our intern to ask about the issue of state liability and if we can have language put in there that would limit that in any way. The second thing would be to find out what the borrowing abilities of the board might be and maybe we can put that in the bill. Also any other question we might have and then we will get together after we get those answers.


Representative Laning: Hopefully we can get together next Monday afternoon. Any other comments on HB 1229? Seeing none. Closed hearing on HB 1229.

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HB 1229
4/13/2015
26070

☐ Subcommittee
☒ Conference Committee



Explanation or reason for introduction of bill/resolution:

Bonds for electricians contracting for electrical installations.

Minutes:

Attachment 1

Representative Laning: Opens the conference committee session on HB 1229.

Representative Laning: (Attachment 1) We have a proposal and see what you think of it. We use your language in section 1 and section 2, repealing 43-09-14 but would not be effective until August 1, 2017.

The new language in section 2, line 15, the board shall administer a special fund to be used for the completion of installations abandoned by master & class B electricians not to exceed the amount of \$5,000 for a master electrician and \$4,000 for a class B electrician. Dropping down to line 22, effective July 1, 2016, the board shall use any money remaining in the special fund to inform and educate electricians concerning the requirements of the electrical code. The board may prescribe forms and make rules it deems necessary to carry out the intent of this section.

Then we would not use section 3 of this and jump over to what we referred section 4, 43-09-14 and section 5, insert the effective date. This would not require a bond but also eliminate the undertaking fund two years from now. Since it doesn't have a bond, I think we can get it through the house side. This is what we would like to discuss.

Senator Burckhard: Just to clarify, page 2, line 22 is the effective date July 1, 2016 and on the last line on page 3, effective August 1, 2017.

Representative Laning: Yes, it gives them two years to expend the dollars in that fund.

Senator Burckhard: We went from wanting to bond and go back to the undertaking, to the new version.

Senator Campbell: Over time we are eliminating the undertaking fund and not going to be a bond, is your leadership ok with no bond?

Representative Laning: Yes, they wanted a bond but did not like the fund. If you can't have the fund, you don't need the bond either. I think we can sell it.

Senator Burckhard: Does this undermine the safety aspect if we go to this 01003?

Representative Ben Koppleman~District 16: Short answer, no. If there was something tremendously dangerous, I've may have seen it only once and I've been on the board for six years.

Senator Burckhard: Those that were in favor of the bond, how are they going to react to this change?

Representative Koppleman: First of all, the board would have written a different bill if we knew 28 was going to pass. It's a different way of dealing with some of the problems. We are trying to deal with it through the perspective of the board and ultimately it was dealt with from the perspective of the AG and Secretary of State. I did speak with the board and board attorney; all were fine with this scenario in light of SB 2188.

Representative M Nelson: Page 3, line 14, there is still the search of a bond.

Representative Laning: Section 3 will not be used and it will disappear.

Representative Koppleman: From the practical side of things, whether or not it matters because once the bond is no longer in place, it's a moot point. There is only two things in reading this on page 2, line 23, if we were to expend the funds more quickly to be depleted in two years because otherwise we don't have anything. I don't know where our allowances will be. The phrase "concerning the requirements of the electrical code" could be struck. The reason is I think there is a broader level of education than strictly what the code requirements are right now. That's more important on years where we haven't don't have a code year in the cycle.

Another suggestion on line 17-18, to increase that \$5,000 to a higher amount to be used in the next year for any installations out there if there were areas where we couldn't spend the money towards the undertaking purpose. Also raise the amount higher to whatever you deem appropriate because the higher the amount, we will be able to spend the money out. Under the new prescription, with SB 2188, the likely hood is they could go through the court process. All the money received from the project would happen.

When we had it in the Senate, I didn't read this to say that all the money had to be spent for education but by the repeal happening, that directive would live on until the fund was to zero. Otherwise I don't know what you would do if you had \$10,000 left and you couldn't take it, put it in our operating fund or gift it back. We talked about refunds and we were told there is a gifting clause in the constitution, we can't give it back. So, there is a conundrum there but if the legislature's intent that once this is all repealed, any money remaining money be used for education.

Representative Laning: Anyone thoughts on that idea? This section that has that language in essentially goes away on August 1, 2017, if we pass this bill. So there wouldn't be any language to address that money.

Senator Sinner: So, what happens to the rest of the money on that date?

Representative Laning: That the question we have in front of us.

Representative Koppleman: We put laws in place all the time and those stay in effect forever until we happen to do something else in that section of law. If we didn't have the repealer on here, then the bill will stay intact and it will say that we shall offer a fund and use it for fixing installation until July 1, 2016 and the remainder of the money will be used to educate. There is no way to replenish the fund, so once it hits zero, it's at zero. Someday down the road that language could be taken out of the code. It's probably simpler to do that than have the repealer to try to figure out that.

Senator Sinner: Moves a do not pass on HB 1229.

Senator Burckhard: I'll second that for discussion.

Senator Sinner: I'll explain why I killed the bill; I think there is a whole bunch problems, even with the amendment. I think they can keep on going the way they are for another two years and then come in with a solution rather than drag this bill out for another two weeks.

Senator Campbell: If its kill, does it go back to the house?

Representative Laning: One avenue would be to deny any change to our amendment and then you would take it back for a vote and then you can "not pass" it without any further house actions.

Representative Beadle: I don't think we can do a "do not pass" and have it go the floor with a recommendation that way. What we would do is accede or recede and not pass it on the floor with the knowledge that you will fight it.

Senator Campbell: You're right, it originated in the house.

Representative Laning: The Senate amended it and we did not concur to the amendment. My understanding, essentially, we would not agree to amend further, the senate could take it back and not pass it.

Representative Beadle: If that's the decision, we would have to accede or recede.

Senator Sinner: Moves to withdraw the motion.

Senator Burckhard: Moves to withdraw the second.

Senator Sinner: Moves that the senate recede the senate amendment and move back to the body.

Representative Beadle: The audience looks confused.

Representative Koppleman: With this motion the legislature has to decide how they want it, the legislature roll from years ago, to work. That's my opinion as a legislator and board member. Being aware of this problem and choosing to do nothing about it, I think is per-ignore from a legislator perspective. For this reason, there is going to be much finger pointing as to why somebody didn't get paid, if you leave it the way it is. Now everyone has been made aware of it and the board is now going to have to implement it which is demonstrated in both chambers, is impossible to implement it and that's why either fix it, bond it or throw it away. To do none of the above, I don't think serves the purpose. If you take section 1 & 2 of this amendment and you can do so in a very simple manner, without having a repeal, without having the confusion of section 3 and without having a delayed effective date. You simply have the language of the remainder for the business year for state agencies, they will continue as planned and there on, use it for education. Whether or not you choose to strike that phrase on line 23, which would just be more flexibility for education.

Representative Beadle: Do you prefer this version or the Senate's?

Representative Koppleman: I personally prefer what I suggesting in section 1 & 2 with that one change. For this reason that number one, I don't think the house will pass what they sent over because I think what you sent them last time, out of conference, more agreeable and they rejected heavily. I prefer a bill to come out otherwise we are in limbo.

Representative Beadle: I think the reason the bill was squashed was, no one expected Chairman Keiser to get up. He didn't think it would not pass; he wanted to talk about his concerns.

Representative Koppleman: He did talk about some concerns to me that the undertaking fund, which leaves us in a lurch.

Senator Sinner: Regarding these new amendments, this does nothing more for the public than what the current law does. It's still at \$5,000 and that my grip here. The big change coming is in SB 2188, that strengthens the board's decision to go after the bad guys. That's the only real change that will happen is the end of the fund in two years. They can come back with some agreeable solution in two years and that's why I made the motion or we can go back, Senate recede, go back to the bonding and use the bonding formula. I don't want to go down this road and try to bring more amendments to fix this thing and be here another week. I want to fix this bill when we leave the room today.

Representative Laning: We need a second.

Senator Campbell: So then, we would recede from our amendments and it would go back to the Senate?

Representative Beadle: If Senate receded from the Senate amendments, which would be the version that the house already passed. Then it would go back to your chamber and the Senate would vote on it in the form the house originally had it. So, we would have no other action as a body.

Senator Campbell: I would like Mr Kalenek to comment.

Bill Kalenek~Dakota Chapter of National Electrical Contractors Association: My impressions of taking back the Senate's, my only concern would be when they formed the house version, is that the version you want to passed. I'm ok with that but it doesn't solve the board's issue. Now the concerns that adjusting the dollar amount might be necessary to spend out the money in the next three years.

Senator Campbell: If we didn't do this, you never know what is going to happen over there.

Representative Laning: There is the remote possibility that the Senate will pass it, then you have to live with it.

Representative M Nelson: I think I'm going to resist the motion; the committee was in agreement of the Senate version, which is the right thing to do. I still see a value of having the fund there to bring things within code and for safety, going forward. I don't think they are going to spend a lot of money but it's there. The right thing to do is to take the version that we like and go back to the house and try to pass it. If the house doesn't pass it, we just go back. We are in no different place than if the Senate does not pass the wrong bill. If the house kills the bill, then go back to the two years from now. We should stick with the version that we like and agreed to.

Representative Laning: Do we have a second?

Senator Burckhard: So that would be the undertaking fund?

Representative M Nelson: Correct.

Representative Laning: Do we have a second?

Motion failed due to a second.

Representative M Nelson: Moves House accedes to the Senate amendments.

Senator Sinner: Second.

Representative Laning: Further discussion?

Roll call was taken for the House to Accede to the Senate amendments with 2 yes, 4 no, 0 absent. Motion failed.

Representative Beadle: Moves that the Senate Recede from the Senate amendments and further amends to add the green language with the exception of, striking section 3 and add in line 17 of the Christmas tree version, the word "twenty" in front of five, so it will become \$25,000 for the master electrician.

Senator Campbell: That will be the undertaking fund then for the \$25,000 cap?

Representative Beadle: Yes because that helps them spend that out farther.

Senator Campbell: That makes sense.

Representative Beadle: It has a sunset on that.

Senator Campbell: Second.

Senator Campbell: I'm concerned because it's an undertaking fund.

Representative Beadle: It's paying down the undertaking fund.

Representative Laning: You have \$25,000, does that applies to master and class B?

Representative Beadle: The \$25,000 is just for the masters and the class B I left alone with the \$4,000.

Representative Laning: Further discussion.

Representative Beadle: I would be like to further my motion regarding the education, to delete that line.

Senator Campbell: I would like to see the Christmas tree version before I vote.


No vote was taken.

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1229
4/15/2015
26070

☐ Subcommittee
☒ Conference Committee



Explanation or reason for introduction of bill/resolution:

Bonds for electricians contracting for electrical installations.

Minutes:

Attachment 1

Representative Laning: Opens the conference committee session on HB 1229.

Representative Laning: I believe everyone had a chance to read the bill, any questions?

Senator Burckhard: Can we review what the motion was?

Committee Clerk: (Reads the motion). **Representative Beadle:** Moves that the Senate Recede from the Senate amendments and further amends to add the green language with the exception of, striking section 3 and add in line 17 of the Christmas tree version, the word "twenty" in front of five, so it will become \$25,000 for the master electrician. **Senator Campbell:** Second and said he would like to see the Christmas tree version before voting.

Representative Laning: Further discussion?

Roll call was take for the Senate to Recede from the Senate amendment and further amends on HB 1229 with 6 yes, 0 no, 0 absent, motion passes. Attending sub-committee members are: Representative Laning, Representative Beadle, Representative M Nelson, Senator Burckhard, Senator Campbell and Senator Sinner.

April 8, 2015

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4/8/15
1/2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1229

That the Senate recede from its amendments as printed on pages 1302 and 1303 of the House Journal and pages 1039 and 1040 of the Senate Journal and that House Bill No. 1229 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 43-09-09.2 and 43-09-14 of the North Dakota Century Code, relating to contracting for electrical services and undertakings for electricians contracting for electrical installations; and provide for a legislative management study.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~a~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1, that person is jointly and severally liable for any electrical services contracts entered under that association.
3. A person that violates subsection 1 is guilty of
 - a. ~~A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.~~
 - b. ~~A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:~~
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed.

SECTION 2. AMENDMENT. Section 43-09-14 of the North Dakota Century Code is amended and reenacted as follows:

43-09-14. Master electrician and class B electrician - Undertaking - Fund.

1. ~~Before entering into a contract agreement or undertaking with another person~~ person for the installation of electrical wiring or installation of electrical parts of other apparatus, a master electrician or a class B electrician shall execute and deposit with the board an initial undertaking in the ~~sum of five thousand~~ amount of one hundred fifty dollars for a master electrician or four thousand dollars for a class B electrician conditioned on the faithful performance of all electrical work undertaken by the electrician, on strict compliance with the provisions of this chapter, and on the requirements of the board. In addition, ~~a deposit must be made with~~ a term of licensure renewal for an electrician who made an initial undertaking under this section, the board may require a renewal undertaking in the ~~an~~ amount of fifty dollars by a master electrician and in the amount of forty dollars by a class B electrician, in lieu of a surety bond not to exceed one hundred fifty dollars.
2. ~~The deposit so made must be accumulated by the board~~ shall deposit in a special fund to be used for the completion of installations abandoned by electricians ~~all money collected under this section. The board shall use this fund to make code compliant an installation abandoned by an electrician referred to in this section, not to exceed the amount of five~~ thousand ~~dollars for a master electrician and four thousand dollars for a class B electrician~~ per contracting electrician. The board shall waive the ~~deposit requirement~~ for a renewal of license by electricians who have made an initial deposit under this section ~~undertaking~~ if at the beginning of the renewal year the fund exceeds ~~fifty~~ two hundred ~~thousand~~ dollars. ~~Funds in excess of fifty thousand dollars at the end of each year may be committed and used at the direction of~~
3. Annually, the board may use from the fund an amount not to exceed ten percent of the fund's year-end balance to inform and educate electricians concerning the requirements of the electrical code.
4. The board may prescribe forms for the undertaking and make rules ~~it~~ the board deems necessary to carry out the intent of this section.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY. During the 2015-16 interim, the legislative management shall consider studying the current process used by the state electrical board to address abandoned electrical installations and the feasibility and desirability of changing this process. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

April 15, 2015

SK
4/15/15
1/8

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1229

That the Senate recede from its amendments as printed on pages 1302 and 1303 of the House Journal and pages 1039 and 1040 of the Senate Journal and that House Bill No. 1229 be amended as follows:

Page 1, line 1, after "sections" insert "43-09-09.2 and"

Page 1, line 1, remove "and 43-09-15"

Page 1, line 2, replace "bonds" with "contracting for electrical services and undertaking"

Page 1, line 2, after "installations" insert "; to repeal section 43-09-14 of the North Dakota Century Code, relating to the electricians special fund; to provide a penalty; and to provide an effective date"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~no~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1 and that association ends, that person is jointly and severally liable for any electrical services contracts entered under that association.
3.
 - a. A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.
 - b. A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed."

Page 1, line 6, remove the overstrike over "~~Undertaking—Fund~~"

Page 1, line 6, remove "Bond"

Page 1, overstrike lines 7 and 8

Page 1, line 9, overstrike "class B electrician shall execute and deposit with the board"

2/2

Page 1, line 9, remove "a bond, unless such"

Page 1, line 10, remove "a bond has already been deposited."

Page 1, line 10, overstrike "in the sum of"

Page 1, line 10, remove "thirty-five"

Page 1, line 10, overstrike "thousand dollars"

Page 1, line 11, overstrike "conditioned on the faithful"

Page 1, overstrike line 12

Page 1, line 13, overstrike "provisions of this chapter, and on the requirements of the board."

Page 1, line 16, after "in" insert "The board shall administer"

Page 1, line 16, remove the overstrike over "~~a special fund to be used for the completion of installations~~"

Page 1, line 17, remove the overstrike over "~~abandoned by~~" and insert immediately thereafter "master"

Page 1, line 17, remove the overstrike over "~~electricians~~"

Page 1, line 17, after "~~section~~" insert "and class B electricians"

Page 1, line 17, remove the overstrike over "~~, not to exceed the amount of~~"

Page 1, line 17, after "~~five~~" insert "twenty-five"

Page 1, line 17, remove the overstrike over "~~thousand~~"

Page 1, line 18, remove the overstrike over "~~dollars for a master electrician and four thousand dollars for a class B electrician.~~"

Page 1, line 22, after the first "of" insert "Effective July 1, 2016."

Page 1, line 22, remove the overstrike over "~~the board~~" and insert immediately thereafter "shall use any money remaining in the special fund"

Page 1, line 22, remove the overstrike over "~~to inform and educate electricians~~"

Page 1, line 23, remove the overstrike over the overstruck period

Page 1, line 23, overstrike "for the"

Page 1, line 23, remove "bond"

Page 2, replace lines 1 through 29 with:

"SECTION 3. REPEAL. Section 43-09-14 of the North Dakota Century Code is repealed.

SECTION 4. EFFECTIVE DATE. Section 4 of this Act becomes effective on August 1, 2017."

Renumber accordingly

Date: 4/8/2015

Roll Call Vote #: 1

2015 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO: 1229 as (re) engrossed

House Industry, Business and Labor Committee

- Action Taken: ☐ HOUSE accede to Senate Amendments
☐ HOUSE accede to Senate Amendments and further amend
☐ SENATE recede from Senate amendments
☒ SENATE recede from Senate amendments and amend as follows
- ☐ Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Beadle Seconded by: Senator Burckhard

Representatives	Apr 8		Yes	No		Senators	Apr 8		Yes	No
Representative Laning	x		x			Senator Burckhard	x		x	
Representative Beadle	x		x			Senator Campbell	x		x	
Representative M Nelson	x		x			Senator Sinner	x		x	
Total Rep. Vote						Total Senate Vote				

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier No Carrier Senate Carrier No Carrier

LC Number 15.8160 . 01008 of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Date: 4/13/2015

Roll Call Vote #: 1

**2015 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO: **1229** as (re) engrossed

House Industry, Business and Labor Committee

- Action Taken: ☒ HOUSE accede to Senate Amendments
☐ HOUSE accede to Senate Amendments and further amend
☐ SENATE recede from Senate amendments
☐ SENATE recede from Senate amendments and amend as follows

☐ Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative M Nelson Seconded by: Senator Sinner

Representatives	Apr 10	Apr 13		Yes	No		Senators	Apr 10	Apr 13		Yes	No
Representative Laning	x	x			x		Senator Burckhard	x	x			x
Representative Beadle	x	x			x		Senator Campbell	x	x			x
Representative M Nelson	x	x		x			Senator Sinner	x	x		x	
Total Rep. Vote							Total Senate Vote					

Vote Count Yes: 2 No: 4 Absent: 0

House Carrier _____ Senate Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

MOTION FAILED

Date: 4/15/2015

Roll Call Vote #: 1

**2015 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO: 1229 as (re) engrossed

House Industry, Business and Labor Committee

- Action Taken:** ☐ HOUSE accede to Senate Amendments
☐ HOUSE accede to Senate Amendments and further amend
☐ SENATE recede from Senate amendments
☒ SENATE recede from Senate amendments and amend as follows
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Beadle Seconded by: Senator Campbell

Representatives	Apr 15		Yes	No		Senators	Apr 15		Yes	No
Representative Laning	x		x			Senator Burckhard	x		x	
Representative Beadle	x		x			Senator Campbell	x		x	
Representative M Nelson	x		x			Senator Sinner	x		x	
Total Rep. Vote			3			Total Senate Vote			3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier No Carrier Senate Carrier No Carrier

LC Number 15.8160 . 01010 of amendment

LC Number 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

HB 1229: Your conference committee (Sens. Burckhard, Campbell, Sinner and Reps. Laning, Beadle, M. Nelson) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1302-1303, adopt amendments as follows, and place HB 1229 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1302 and 1303 of the House Journal and pages 1039 and 1040 of the Senate Journal and that House Bill No. 1229 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 43-09-09.2 and 43-09-14 of the North Dakota Century Code, relating to contracting for electrical services and undertakings for electricians contracting for electrical installations; and provide for a legislative management study.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~no~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1, that person is jointly and severally liable for any electrical services contracts entered under that association.
3. A person that violates subsection 1 is guilty of
 - a. ~~A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.~~
 - b. ~~A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:~~
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed.

SECTION 2. AMENDMENT. Section 43-09-14 of the North Dakota Century Code is amended and reenacted as follows:

43-09-14. Master electrician and class B electrician - Undertaking - Fund.

1. ~~Before entering into a contract agreement or undertaking with another person for the installation of electrical wiring or installation of electrical parts of other apparatus, a master electrician or a class B electrician shall execute and deposit with the board an initial undertaking in the sum of five thousand amount of one hundred fifty dollars for a master electrician~~

~~or four thousand dollars for a class B electrician conditioned on the faithful performance of all electrical work undertaken by the electrician, on strict compliance with the provisions of this chapter, and on the requirements of the board. In addition, a deposit must be made with a term of licensure renewal for an electrician who made an initial undertaking under this section, the board may require a renewal undertaking in the amount of fifty dollars by a master electrician and in the amount of forty dollars by a class B electrician, in lieu of a surety bond not to exceed one hundred fifty dollars.~~

- ~~2. The deposit so made must be accumulated by the board shall deposit in a special fund to be used for the completion of installations abandoned by electricians all money collected under this section. The board shall use this fund to make code compliant an installation abandoned by an electrician referred to in this section, not to exceed the amount of five fifty thousand dollars for a master electrician and four thousand dollars for a class B electrician per contracting electrician. The board shall waive the deposit requirement for a renewal of license by electricians who have made an initial deposit under this section undertaking if at the beginning of the renewal year the fund exceeds fifty two hundred thousand dollars. Funds in excess of fifty thousand dollars at the end of each year may be committed and used at the direction of~~
3. Annually, the board may use from the fund an amount not to exceed ten percent of the fund's year-end balance to inform and educate electricians concerning the requirements of the electrical code.
4. The board may prescribe forms for the undertaking and make rules if the board deems necessary to carry out the intent of this section.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY. During the 2015-16 interim, the legislative management shall consider studying the current process used by the state electrical board to address abandoned electrical installations and the feasibility and desirability of changing this process. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

HB 1229 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

HB 1229: Your conference committee (Sens. Burckhard, Campbell, Sinner and Reps. Laning, Beadle, M. Nelson) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1302-1303, adopt amendments as follows, and place HB 1229 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1302 and 1303 of the House Journal and pages 1039 and 1040 of the Senate Journal and that House Bill No. 1229 be amended as follows:

Page 1, line 1, after "sections" insert "43-09-09.2 and"

Page 1, line 1, remove "and 43-09-15"

Page 1, line 2, replace "bonds" with "contracting for electrical services and undertaking"

Page 1, line 2, after "installations" insert "; to repeal section 43-09-14 of the North Dakota Century Code, relating to the electricians special fund; to provide a penalty; and to provide an effective date"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~no~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1 and that association ends, that person is jointly and severally liable for any electrical services contracts entered under that association.
3. a. A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.
b. A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed."

Page 1, line 6, remove the overstrike over "~~Undertaking--Fund~~"

Page 1, line 6, remove "~~Bond~~"

Page 1, overstrike lines 7 and 8

Page 1, line 9, overstrike "class B electrician shall execute and deposit with the board"

Page 1, line 9, remove "a bond, unless such"

Page 1, line 10, remove "a bond has already been deposited."

Page 1, line 10, overstrike "in the sum of"

Page 1, line 10, remove "thirty-five"

Page 1, line 10, overstrike "thousand dollars"

Page 1, line 11, overstrike "conditioned on the faithful"

Page 1, overstrike line 12

Page 1, line 13, overstrike "provisions of this chapter, and on the requirements of the board."

Page 1, line 16, after "in" insert "The board shall administer"

Page 1, line 16, remove the overstrike over "~~a special fund to be used for the completion of installations~~"

Page 1, line 17, remove the overstrike over "~~abandoned by~~" and insert immediately thereafter "master"

Page 1, line 17, remove the overstrike over "~~electricians~~"

Page 1, line 17, after "~~section~~" insert "and class B electricians"

Page 1, line 17, remove the overstrike over "~~, not to exceed the amount of~~"

Page 1, line 17, after "~~five~~" insert "twenty-five"

Page 1, line 17, remove the overstrike over "~~thousand~~"

Page 1, line 18, remove the overstrike over "~~dollars for a master electrician and four thousand dollars for a class B electrician.~~"

Page 1, line 22, after the first "of" insert "Effective July 1, 2016."

Page 1, line 22, remove the overstrike over "~~the board~~" and insert immediately thereafter "shall use any money remaining in the special fund"

Page 1, line 22, remove the overstrike over "~~to inform and educate electricians~~"

Page 1, line 23, remove the overstrike over the overstruck period

Page 1, line 23, overstrike "for the"

Page 1, line 23, remove "bond"

Page 2, replace lines 1 through 29 with:

"SECTION 3. REPEAL. Section 43-09-14 of the North Dakota Century Code is repealed.

SECTION 4. EFFECTIVE DATE. Section 4 of this Act becomes effective on August 1, 2017."

Renumber accordingly

HB 1229 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

HB 1229

Jan 20, 2015

1

TESTIMONY IN SUPPORT OF HB 1229

PRESENTED BY REPRESENTATIVE BEN KOPPELMAN

Mr. Chairman, Members of the Committee:

HB 1229 was introduced at the request of the North Dakota State Electrical Board to address a problem that has developed in recent years, primarily in oil boom and flood-related areas. It is intended to eliminate the undertaking fund and replace it with a requirement that contracting master electricians obtain a surety bond to ensure consumers are protected from electricians unwilling or unable to correct electrical code violations.

As the Committee likely knows, in recent years there has been a wave of electricians coming to North Dakota to work in oil and flood-affected areas. Some of these electricians obtain licenses by reciprocity or testing, and some already have North Dakota licenses from previous work or residency in the state. What we have found, however, is that many of them do not have significant ties to North Dakota, and once their work is done, there is little concern about their North Dakota electrical license.

The Electrical Board's primary role is ensuring electrical safety. After a master electrician completes an electrical installation, the board inspects the installation. If code violations are found, the board issues a Correction Report describing the defects. It is then the master electrician's responsibility to correct the code violations. After that is done, the master electrician signs the correction report and certifies that the problems have been corrected.

In the past few years, we have had many instances of contracting master electricians who have been unwilling or unable to correct code violations. In a current case in northwest North Dakota, the Board is dealing with a contracting master electrician, along with a journeyman electrician, who left behind 23 separate jobs with 74 code violations. The estimated cost to correct these code violations is approximately \$32,000. These 23 jobs have cost the State Electrical Board approximately \$3,000 in inspection fees that remain unpaid. We initiated an administrative proceeding and revoked the licenses of both the master and journeyman electrician responsible for these projects. They did not resist the proceeding.

In another current case involving flood-damaged homes in Minot, the contracting master electrician left behind 53 separate jobs with 62 code violations with a total cost to correct estimated at \$20,000. Also these 53 jobs have cost the State Electrical Board approximately \$6,500 in inspection fees that remain unpaid. That electrician volunteered to surrender his license, and has since passed away.

We have found the undertaking fund, as N.D.C.C. § 43-09-14 currently reads, to be inadequate to address the problems it was intended to address. We are limited to spending \$5,000 per contracting master electrician. In the two cases discussed above, the dilemma has been how that \$5,000 should be distributed between numerous claimants. Unfortunately, the

board has limited options when the undertaking fund is inadequate to correct the code violations, and the consumer is unable or unwilling to do so at their own expense. The only recourse, if the health and safety violations remain uncorrected, is to condemn the installation and disconnect power pursuant to N.D.C.C. § 43-09-22.

N.D.C.C. § 43-09-14 reflects a legislative desire that the Electrical Board play a role in protecting consumers from failed or absconding electricians. The board had extensive discussions and conducted considerable research to determine how best to modify N.D.C.C. § 43-09-14 to fulfill that role. Increasing the per-electrician limit to what can be expended from the undertaking fund was considered. It was determined that if more claims like the examples discussed above are made, especially as the boom subsides, the contributions from electricians to replenish the fund would need to be increased substantially. In addition, administering these claims requires considerable time on the part of board staff and its legal counsel.

H.B. 1229 would eliminate the undertaking fund and replace it with a requirement that master electricians obtain a bond in the amount of \$35,000 to ensure completion of abandoned jobs and the correction of code violations. Interestingly, the proposed amendments to N.D.C.C. § 43-09-14 return it to a form that statute was in prior to 1983. Prior to the 1983 session, N.D.C.C. § 43-09-14 required a master electrician to deposit a \$3,000 surety bond as a condition of licensure. During the 1983 session, the Electrical Board requested the bonding requirement be replaced with the undertaking fund. The legislative history indicates the reason for this was a perceived difficulty getting bonding companies to fulfill their obligations under the bonds. H.B. 1229 reverts back to language virtually identical (except for the dollar amounts) to N.D.C.C. § 43-09-14 as it existed prior to 1983.

Other states require electricians to deposit a surety bond as a condition of licensure. Minnesota requires a bond of \$25,000 of electricians, so contractors in the eastern part of State already have some experience with the process. Our understanding from speaking to those familiar with the Minnesota process is that a \$25,000 bond costs approximately \$125 per year for electricians working there.

If we were to stay with the undertaking fund as our vehicle for consumer protection in North Dakota, we believe the limit that can be spent on each wayward electrician would have to be increased from \$5,000 to at least \$35,000. The \$50 per year cost now paid by each master electrician to replenish the fund would need to be increased considerably as well. Depending of course on the number of claims that will occur, and we expect those to increase as work slows, we believe the annual cost to electricians will meet or exceed the cost of a bond. In addition, the time and expense burden on the Board in administering and compelling compliance will not be alleviated.

We thank the Committee for considering this important legislation. I would be happy to answer any questions the committee may have.

Testimony on HB 1229
Bill Kalanek
National Electrical Contractors Association, Dakotas Chapter
House Industry, Business & Labor Committee
January 20, 2015

Good Morning Chairman Keiser and members of the House Industry Business & Labor Committee, my name is Bill Kalanek, here today representing the members of the Dakotas Chapter of the National Electrical Contractors Association.

On behalf of our contractor members I'd like to voice opposition to House Bill 1229 which places an unnecessary economic burden on every hard working electrician in the state.

The bill as drafted would allow the ND State Electrical Board to mandate that each and every electrician working in the state carry a bond at their own cost to insure their work against "abandonment" as defined by the board. We understand the board's desire to rid themselves of the responsibility that is the undertaking fund but would argue that this does not explain the desire to mandate insurance where nothing of the like is required for any other licensed contractor.

The ND law already provides for recourse in instances of abandonment and there is currently legislation pending that would strengthen the Secretary of State's authority when a contractor willfully abandons a project.

I respectfully request that the committee give HB 1229 a "Do Not Pass" recommendation and resist any inclination to mandate a bonding expense to the hard working electricians that do great work throughout the state of North Dakota.

Thank you.

TESTIMONY IN SUPPORT OF HB 1229

PRESENTED BY REPRESENTATIVE BEN KOPPELMAN

Mr. Chairman, Members of the Committee:

HB 1229 was introduced at the request of the North Dakota State Electrical Board to address a problem that has developed in recent years, primarily in oil boom and flood-related areas. It is intended to eliminate the undertaking fund and replace it with a requirement that contracting master electricians obtain a surety bond to ensure consumers are protected from electricians unwilling or unable to correct electrical code violations.

As the Committee likely knows, in recent years there has been a wave of electricians coming to North Dakota to work in oil and flood-affected areas. Some of these electricians obtain licenses by reciprocity or testing, and some already have North Dakota licenses from previous work or residency in the state. What we have found, however, is that many of them do not have significant ties to North Dakota, and once their work is done, there is little concern about their North Dakota electrical license.

The Electrical Board's primary role is ensuring electrical safety. After a master electrician completes an electrical installation, the board inspects the installation. If code violations are found, the board issues a Correction Report describing the defects. It is then the master electrician's responsibility to correct the code violations. After that is done, the master electrician signs the correction report and certifies that the problems have been corrected.

In the past few years, we have had many instances of contracting master electricians who have been unwilling or unable to correct code violations. In a current case in northwest North Dakota, the Board is dealing with a contracting master electrician, along with a journeyman electrician, who left behind 23 separate jobs with 74 code violations. The estimated cost to correct these code violations is approximately \$32,000. These 23 jobs have cost the State Electrical Board approximately \$3,000 in inspection fees that remain unpaid. We initiated an administrative proceeding and revoked the licenses of both the master and journeyman electrician responsible for these projects. They did not resist the proceeding.

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We have found the undertaking fund, as N.D.C.C. § 43-09-14 currently reads, to be inadequate to address the problems it was intended to address. We are limited to spending \$5,000 per contracting master electrician. In the two cases discussed above, the dilemma has been how that \$5,000 should be distributed between numerous claimants. Unfortunately, the

board has limited options when the undertaking fund is inadequate to correct the code violations, and the consumer is unable or unwilling to do so at their own expense. The only recourse, if the health and safety violations remain uncorrected, is to condemn the installation and disconnect power pursuant to N.D.C.C. § 43-09-22.

N.D.C.C. § 43-09-14 reflects a legislative desire that the Electrical Board play a role in protecting consumers from failed or absconding electricians. The board had extensive discussions and conducted considerable research to determine how best to modify N.D.C.C. § 43-09-14 to fulfill that role. Increasing the per-electrician limit to what can be expended from the undertaking fund was considered. It was determined that if more claims like the examples discussed above are made, especially as the boom subsides, the contributions from electricians to replenish the fund would need to be increased substantially. In addition, administering these claims requires considerable time on the part of board staff and its legal counsel.

H.B. 1229 would eliminate the undertaking fund and replace it with a requirement that master electricians obtain a bond in the amount of \$35,000 to ensure completion of abandoned jobs and the correction of code violations. Interestingly, the proposed amendments to N.D.C.C. § 43-09-14 return it to a form that statute was in prior to 1983. Prior to the 1983 session, N.D.C.C. § 43-09-14 required a master electrician to deposit a \$3,000 surety bond as a condition of licensure. During the 1983 session, the Electrical Board requested the bonding requirement be replaced with the undertaking fund. The legislative history indicates the reason for this was a perceived difficulty getting bonding companies to fulfill their obligations under the bonds. H.B. 1229 reverts back to language virtually identical (except for the dollar amounts) to N.D.C.C. § 43-09-14 as it existed prior to 1983.

Other states require electricians to deposit a surety bond as a condition of licensure. Minnesota requires a bond of \$25,000 of electricians, so contractors in the eastern part of State already have some experience with the process. Our understanding from speaking to those familiar with the Minnesota process is that a \$25,000 bond costs approximately \$125 per year for electricians working there.

If we were to stay with the undertaking fund as our vehicle for consumer protection in North Dakota, we believe the limit that can be spent on each wayward electrician would have to be increased from \$5,000 to at least \$35,000. The \$50 per year cost now paid by each master electrician to replenish the fund would need to be increased considerably as well. Depending of course on the number of claims that will occur, and we expect those to increase as work slows, we believe the annual cost to electricians will meet or exceed the cost of a bond. In addition, the time and expense burden on the Board in administering and compelling compliance will not be alleviated.

We thank the Committee for considering this important legislation. I would be happy to answer any questions the committee may have.

TESTIMONY IN SUPPORT HB 1229**PRESENTED BY JAMES SCHMIDT****EXECUTIVE DIRECTOR, North Dakota STATE ELECTRICAL BOARD**

Mr. Chairman, Members of the Committee:

My name is James Schmidt, Executive Director of the ND State Electrical Board.

Representative Koppelman pointed out most of the problems the Electrical Board has encountered with electricians who abandon jobs in North Dakota. In response to these problems, the Electrical Board looked at the available options for resolution. After studying those options, the Board chose to return to what the law required before it was changed in 1983, namely that the electrical contractor provide a bond that could be invoked when a contractor abandons jobs and leaves the State.

The Electrical Board considered retaining the current undertaking fund, and simply increasing the \$5,000 limit that can be expended from the fund for each wayward electrician. Everyone agreed the \$5,000 was inadequate and was not getting the job done. It is also clear that the \$50 annual contribution by each master electrician would also be grossly inadequate to replenish the fund if the \$5,000 expenditure limit was increased to an amount that would address the problems we're seeing.

Ultimately the Board determined the annual contribution to the undertaking fund would have to be as much or nearly as much as the cost of a bond. In addition, the Board believed transitioning to a bond would address several other problems we've been seeing, especially in the western part of the State.

First, in the past several years, we've seen electrical companies set up a business where the owner of the company does not have a master electrician license. That owner then hires a master electrician to perform the electrical work, while the owner does the billing and collecting. We

have seen several cases where the master electrician and the owner then have a falling out. The master electrician then moves back to whichever state they came from, and agrees to surrender their license. But the company that collected the money from the consumers does not cooperate with us in performing the corrections necessary to bring the installations up to code. The Electrical Board licenses individuals, not companies, so our leverage in getting these companies to cooperate is quite limited. Our best leverage is the master electrician's license and unfortunately we have seen too many cases where the electrician is from out of state and no longer cares about their North Dakota license.

It is our understanding the bonding company will require a personal guaranty of the owner of the company in order to obtain the bond. This provides an incentive for the owner of the company to cooperate with the Board and the bonding company in addressing deficiencies. This has been a significant frustration the Board has faced that we believe will be addressed by the transition to a bonding requirement, as are required in other states like Minnesota.

The second problem the Board hoped to address was the significant staff and attorney time that administering the undertaking fund has involved. We hope the additional incentive discussed above, combined with the fact that we will have a sufficient funding source with which to address deficiencies will reduce the staff burden and expense associated with abandoned jobs.

Again, the Electrical Board unanimously determined that the bond is a better option than our current undertaking fund so we would urge this committee to recommend a do pass HB 1229.

We thank the Committee for hearing our concerns and I would be happy to answer any questions the committee may have.

House Bill 1229

Chairman Klein and other members of IBL

My name is Don Offerdahl representing myself. I am the past Executive Director of the North Dakota State Electrical Board from 1996 to 2011. I am opposing House Bill 1229 because it is not favorable to the electrical industry for both the consumer and the electrical contractor. The reason there was no one at the House IBL hearings is because no one knows anything about this. I tried to get the word out by getting e-mail addresses of contractors from the North Dakota State Electrical Board but was denied. They have known about this since November and there is not one word of it in their recent newsletter or on the web page. I did not testify on the House side because of the short notice and attending the National Electrical Code panel meetings.

I inquired with the State Electrical Board about the reason for going back to Surety Bonds and explained the reasons why the Board started the Undertaking Fund was because of the lack of response in dealing with the bonding companies and the frustration of the home owners. I feel these problems still exist. Dean Hunter administrates the procedures with the Minnesota Board of Electricity which indicated to me that there are problems still with Surety companies. Bond companies have hired electricians at whatever cost and leaves high unreasonable repayment issues if the contractor wants to continue holding his license. One example he gave me was an approximately \$8000 of electrical work on a grain facility and the contractor had to come up with \$23,000 for the Surety Bond company. I increased the fund from \$3000 to \$5000 in 1999 when the fund reached \$55,000. Electrical contractors did not need to pay any additional fees. I was in the process of updating that to \$10,000 in 2011 but the fund was only at \$108,000 and I wanted it to be \$110,000 so there was a little leeway in case there was a claim and contractors would not have to pay any additional fees. This change could have happened in the 2013 legislature but was never addressed giving home owners \$10,000 of insurance. I have submitted language of how the Bill would increase to \$30,000 and an increase of initial fee of \$150 and when the Bond fund reaches \$300,000 the contractors would not have to submit any additional money.

I am available to answer any questions you may have.

Hearing - Senate Bill 2190
February 15, 1983

Mr. Chairman and Members of the Committee:

My name is Leo Nagel. I am the Executive Director for the North Dakota Electrical Board.

The amendments on page 1, lines 14, 16 and 17, is the housekeeping part, which updates our chapter with other sections of the Century Code.

On page 1, line 20, we propose to change the amount that would require an installation to be inspected, from \$150 to \$300. I might add the last time this amount was changed was in 1975. At that time it was raised from \$50 to \$150. Now with inflation, it takes very little wiring to reach \$150, therefore, we feel this amount should be raised to \$300.

Page 2, lines 9 through 24, we are proposing that the Master electrician pay a \$25 fee into a fund in lieu of furnishing a \$3,000 surety bond. The Class "B" would pay \$15 into a fund in lieu of filing a \$2,000 surety bond, which would be deposited in a special fund with the Board that would be used to complete electrical installations that are abandoned or left in a hazardous condition by licensed electricians. The amount undertaken by the Master electrician would be \$3,000, and the Class "B" electrician would be responsible for \$2,000. The deposit fee would be waived by the Board if, at the beginning of a renewal year, the fund exceeded \$30,000.

Each Master or Class "B" electrician will be required to make an initial deposit into the special fund. In other words, if the fund had reached \$30,000, all new licensees would still be required to make a one time deposit into the fund. It is only at renewal time that the deposit could be waived after the fund had reached \$30,000. The number of Master and Class "B" electricians that have gone bankrupt or quit business during this past year has been high compared to prior years. Several claims have been placed against bonding companies that wrote the surety bond for the Master or Class "B" electrician. If you had any dealings with bonding companies, you know it takes many letters and phone calls to get action. At times we had no choice but to go to court in order to obtain a settlement. What has happened we have had some irate home owners complaining that they were forced to hire an electrician to complete the work and it took a long time before they were reimbursed.

for the amount it cost them to have their job completed. We feel that it would be to the owners advantage if we had such a fund we could draw from to expedite the settlement of a claim.

Page 3, lines 14 through 19, provides for liability insurance. We are proposing that the Master electrician show evidence of having \$100,000 liability insurance, and the Class "B" electrician \$50,000, before we would issue them a license to do electrical work.

I have reasons to believe that we have electrical contractors doing business without having any liability insurance.

On page 2, lines 28, 29 and 30, we added language to Section 43-09-15, which pertains to license suspension, revocation, etc., should the electrician fail to make a deposit into the special fund, or fail to provide liability insurance.

I have been in contact with the Secretary of the National Electrical Contractors Association out of Fargo, North Dakota, and they have advised me that they endorse and support this legislation.

I would hope that your action will be favorable because it would help us with our responsibilities in providing safe electrical installations.

I have no further comments. If there are any questions, I will try and answer them for you.

Attached are the following reports for UT Repair: Due to Closing Entries, I had to run these reports based on fiscal year ending.

- 7/1/07 – 6/30/08 [Attached]
 - Todd Nelson – M 2331 from 6/18/04 to 4/30/07
 - Richard Pross – M 2024 from 4/25/97 to 4/30/07
 - NDSEB (Richard Pross & Todd Nelson) Inspection Fees
- 7/1/08 – 6/30/09 [No Records]
- 7/1/09 – 6/30/10 [No Records]
- 7/1/10 – 6/30/11 [No Records]
- 7/1/11 – 6/30/12 [No Records]
- 7/1/12 – 6/30/13 [See Attached]
 - Alex Martushev – M 2602 from 2/11/09 to 4/30/12
- 7/1/13 – 6/30/14 [No Records]

Current Balance:

- UT Fund = \$136,485.70

Handwritten: All 1000 contracts X \$150 = 150,000
 136,485.70
 286,485.70

From: dofferdahl@midco.net [mailto:dofferdahl@midco.net]

Sent: Wednesday, January 28, 2015 3:24 PM

To: Electric

Subject: FW: HB1229

If you could sent me the information I requested I would appreciate it.

Please send me a list of occurrences by year with the amounts withdrawn and how long the contractor had been licensed in North Dakota. The years 2008,2009,2010, 2011,2012, 2013,2014 will do.

The NDSEB should have been increased to a limit of \$10,000 when the fund reached \$110,000. We doubled the limits in 1999 session when the fund reached \$5500. It was at around \$108,000 in December of 2010 so the fund was not at the point to be addressed during the 2011 session. I reviewed that with the board at that time. I would have thought the fund would have been over \$110,000 before the 2013 session so the limits could have been at \$10,000. What is the balance now?

From: Electric [mailto:electric@nd.gov]

Sent: Wednesday, January 28, 2015 2:01 PM

To: 'dofferdahl@midco.net'

Subject: RE: HB1229

Might be easiest to just include the testimony to explain the whole thing. Read below:

TESTIMONY IN SUPPORT OF HB 1229

PRESENTED BY REPRESENTATIVE BEN KOPPELMAN

Mr. Chairman, Members of the Committee:

HB 1229 was introduced at the request of the North Dakota State Electrical Board to address a problem that has developed in recent years, primarily in oil boom and flood-related areas. It is intended

**43-09-14. Master electrician and class B electrician -
Undertaking**

- **Fund.** Before entering into a contract agreement or undertaking with another for the installation of electrical wiring or installation of electrical parts of other apparatus, a master electrician or a class B electrician shall execute and deposit with the board an undertaking in the sum of five thirty thousand dollars ~~for a master electrician or four thousand dollars for a class B electrician~~ conditioned on the faithful performance of all electrical work undertaken by the electrician, on strict compliance with the provisions of this chapter, and on the requirements of the board. In addition, a deposit must be made with the board in the amount of fifty one hundred and fifty dollars ~~by a master electrician and in the amount of forty dollars by a class B electrician,~~ in lieu of a surety bond. The deposit so made must be accumulated by the board in a special fund to be used for the completion of installations abandoned by electricians referred to in this section, not to exceed the amount of five three hundred thousand dollars ~~for a master electrician and four thousand dollars for a class B electrician.~~ The board shall waive the deposit for a renewal of license by electricians who have made an initial deposit under this section if at the beginning of the renewal year the fund exceeds fifty three hundred thousand dollars. ~~Funds in excess of fifty thousand dollars at the end of each year may be committed and used at the direction of the board to inform and educate electricians concerning the requirements of the electrical code.~~ The board may prescribe forms for the undertaking and make rules it deems necessary to carry out the intent of this section.

Testimony on HB 1229
Bill Kalanek
National Electrical Contractors Association, Dakotas Chapter
Senate Industry, Business & Labor Committee
March 17, 2015

Good Morning Chairman Klein and members of the Senate Industry Business & Labor Committee, my name is Bill Kalanek, here today representing the members of the Dakotas Chapter of the National Electrical Contractors Association.

On behalf of our contractor members I'd like to voice opposition to House Bill 1229 which a new bonding requirement for licensed electricians in the state.

The bill as drafted would allow the ND State Electrical Board to mandate that each and every electrician working in the state carry a bond at their own cost to insure their work against "abandonment" as defined by the board. We understand the board's desire to rid themselves of the responsibility that is the undertaking fund but would argue that this does not explain the desire to mandate insurance where nothing of the like is required for any other licensed contractor.

Additionally, in the view of NECA's contractor members the proposed bill would establish the ND Electrical Board as the bonding agent for electricians licensed in the state as they would be the holders of those bonds. The members I represent don't believe it is the intent of the board to take responsibility for insuring all projects big and small in instances where work was left incomplete.

The ND law already provides for recourse in instances of abandonment and there is currently legislation pending that would strengthen the Secretary of State's authority when a contractor willfully abandons a project.

I respectfully request that the committee give HB 1229 a "Do Not Pass" recommendation and would stand for any questions you may have.

Thank you.

3/25/15

#1

15.8160.01003
Title.

Prepared by the Legislative Council staff for
Representative B. Koppelman
March 24, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1229

Page 1, line 1, after "sections" insert "43-09-09.2,"

Page 1, line 1, after "43-09-14" insert a comma

Page 1, line 2, replace "bonds" with "contracting for electrical services and undertaking"

Page 1, line 2, after "installations" insert "; to repeal section 43-09-14 of the North Dakota Century Code, relating to the electricians special fund; to provide a penalty; and to provide an effective date"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, no person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1 and that association ends, that person is jointly and severally liable for any electrical services contracts entered under that association.
3.
 - a. A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.
 - b. A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed."

Page 1, line 6, remove the overstrike over "~~Undertaking--Fund~~"

Page 1, line 6, remove "Bond"

Page 1, overstrike lines 7 and 8

Page 1, line 9, overstrike "class B electrician shall execute and deposit with the board"

Page 1, line 9, remove "a bond, unless such"

Page 1, line 10, remove "a bond has already been deposited,"

Page 1, line 10, overstrike "in the sum of"

Page 1, line 10, remove "thirty-five"

Page 1, line 10, overstrike "thousand dollars"

Page 1, line 11, overstrike "conditioned on the faithful"

Page 1, overstrike line 12

Page 1, line 13, overstrike "provisions of this chapter, and on the requirements of the board."

Page 1, line 16, after "in" insert "The board shall administer"

Page 1, line 16, remove the overstrike over "~~a special fund to be used for the completion of installations~~"

Page 1, line 17, remove the overstrike over "~~abandoned by~~"

Page 1, line 17, after "by" insert "master"

Page 1, line 17, remove the overstrike over "~~electricians~~"

Page 1, line 17, after "~~section~~" insert "and class B electricians"

Page 1, line 17, remove the overstrike over "~~, not to exceed the amount of five thousand~~"

Page 1, line 18, remove the overstrike over "~~dollars for a master electrician and four thousand dollars for a class B electrician.~~"

Page 1, line 22, after the first "of" insert "Effective July 1, 2016."

Page 1, line 22, remove the overstrike over "~~the board~~"

Page 1, line 22, after "~~board~~" insert "shall use any money remaining in the special fund"

Page 1, line 22, remove the overstrike over "~~to inform and educate electricians concerning the requirements of the~~"

Page 1, line 23, remove the overstrike over "~~electrical code.~~"

Page 1, line 23, overstrike "for the"

Page 1, line 23, remove "bond"

Page 2, after line 29, insert:

"SECTION 4. REPEAL. Section 43-09-14 of the North Dakota Century Code is repealed.

SECTION 5. EFFECTIVE DATE. Section 4 of this Act becomes effective on August 1, 2017."

Renumber accordingly

15.8160.01004
Title.

Prepared by the Legislative Council staff for
Representative B. Koppelman
March 24, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1229

Page 1, line 1, after "sections" insert "43-09-09.2,"

Page 1, line 1, after "43-09-14" insert a comma

Page 1, line 2, after "to" insert "contracting for electrical services and"

Page 1, line 2, after "installations" insert "; and to provide a penalty"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~no~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1 and that association ends, that person is jointly and severally liable for any electrical services contracts entered under that association.
3. a. A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.
b. A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed."

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1229

Page 1, line 1, after "sections" insert "43-09-09.2 and"

Page 1, line 1, remove "and 43-09-15"

Page 1, line 2, replace "bonds" with "contracting for electrical services and undertaking"

Page 1, line 2, after "installations" insert "; and to provide a penalty"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~no~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1 and that association ends, that person is jointly and severally liable for any electrical services contracts entered under that association.
3.
 - a. A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.
 - b. A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed."

Page 1, line 6, remove the overstrike over "~~Undertaking - Fund~~"

Page 1, line 6, remove "~~Bond~~"

Page 1, line 7, overstrike "Before entering into a contract agreement or undertaking with another for the installation of"

Page 1, line 8, overstrike "electrical wiring or installation of electrical parts of other apparatus" and insert immediately thereafter "Upon initial licensure and annually thereafter as a term of license renewal"

Page 1, line 8, overstrike the second "or" and insert immediately thereafter "and"

Page 1, line 9, overstrike "execute and"

Page 1, line 9, remove the overstrike over "an undertaking"

Page 1, line 9, remove "a bond, unless such"

Page 1, line 10 remove "a bond has already been deposited."

Page 1, line 10, remove "thirty-five"

Page 1, line 10 overstrike "thousand" and insert immediately thereafter "two hundred"

Page 1, line 15, remove the overstrike over "The deposit so made must be"

Page 1 remove the overstrike over line 16

Page 1, line 17 remove the overstrike on "abandoned by electricians referred to in this section,
not to exceed the amount of"

Page 1, line 17, after "five" insert "fifty"

Page 1, line 17, remove the overstrike over "thousand"

Page 1, line 18, remove the overstrike over "dollars for a"

Page 1, line 18, after the second "electrician" insert "completion"

Page 1, line 18, remove the overstrike over "The board"

Page 1, remove the overstrike over line 19

Page 1, line 20, remove the overstrike over "under this section if"

Page 1, line 22, after "of" insert "the fund's year end balance meets or exceeds an amount the
board determines is adequate to ensure the solvency of the fund. Annually."

Page 1, line 22, remove the overstrike over "the board"

Page 1, line 22, after "board" insert "may use from the fund an amount not to exceed ten
percent of the fund's year end balance"

Page 1, line 22, remove the overstrike over "to inform and educate electricians concerning the
requirements of the"

Page 1, line 23, remove the overstrike over "electrical code."

Page 1, line 23, remove the overstrike over "undertaking"

Page 1, line 23, remove "bond"

Page 2, remove lines 1 through 29

Renumber accordingly

15.8160.01006
Title.

Prepared by the Legislative Council staff for
Representative B. Koppelman
March 26, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1229

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 43-09-09.2 and 43-09-14 of the North Dakota Century Code, relating to contracting for electrical services and undertaking for electricians contracting for electrical installations; and to provide for a legislative management study.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~a person may~~ not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1 and that association ends, that person is jointly and severally liable for any electrical services contracts entered under that association.
3. A person that violates subsection 1 is guilty of:
 - a. ~~A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.~~
 - b. ~~A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:~~
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed.

SECTION 2. AMENDMENT. Section 43-09-14 of the North Dakota Century Code is amended and reenacted as follows:

43-09-14. Master electrician and class B electrician - Undertaking - Fund.

1. Before entering ~~into~~ a contract agreement or undertaking with ~~another~~ person for the installation of electrical wiring or installation of electrical parts of other apparatus, a master electrician or a class B electrician shall execute and deposit with the board an initial undertaking in the ~~sum of five thousand~~ amount of one hundred dollars ~~for a master electrician or four~~

~~thousand dollars for a class B electrician~~ conditioned on the faithful performance of all electrical work undertaken by the electrician, on strict compliance with the provisions of this chapter, and on the requirements of the board. In addition, ~~a deposit must be made with~~ as a term of licensure renewal for an electrician who made an initial undertaking under this section, the board may require a renewal undertaking in the amount of ~~fifty dollars by a master electrician and in the amount of forty dollars by a class B electrician, in lieu of a surety bond~~ not to exceed one hundred dollars.

2. ~~The deposit so made must be accumulated by the board shall deposit in a special fund to be used for the completion of installations abandoned by electricians~~ all money collected under this section. The board shall use this fund to make code compliant an installation abandoned by an electrician referred to in this section, not to exceed the amount of ~~five~~ thirty-five thousand dollars for a master electrician and ~~four thousand dollars for a class B electrician~~ per electrician. The board shall waive the ~~deposit~~ requirement for a renewal of license by electricians who have made an initial deposit under this section undertaking if at the beginning of the renewal year the fund exceeds ~~fifty~~ two hundred thousand dollars. ~~Funds in excess of fifty thousand dollars at the end of each year may be committed and used at the direction of~~
3. Annually, the board may use from the fund an amount not to exceed ten percent of the fund's year-end balance to inform and educate electricians concerning the requirements of the electrical code.
4. The board may prescribe forms for the undertaking and make rules ~~if the board~~ deems necessary to carry out the intent of this section.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY - ABANDONED ELECTRICAL INSTALLATIONS. During the 2015-16 interim, the legislative management shall consider studying the current process used by the state electrical board to address abandoned electrical installations and the feasibility and desirability of changing this process. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

April 13, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1229

Page 1, line 1, after "sections" insert "43-09-09.2 and"

Page 1, line 1, remove "and 43-09-15"

Page 1, line 2, replace "bonds" with "contracting for electrical services and undertaking"

Page 1, line 2, after "installations" insert "; to repeal section 43-09-14 of the North Dakota Century Code, relating to the electricians special fund; to provide a penalty; and to provide an effective date"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 43-09-09.2 of the North Dakota Century Code is amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

1. Except as provided in this section, if an electrical license is required under section 43-09-09 or by local ordinance, ~~no~~ a person may not advertise to contract for electrical services without being licensed as or being associated with a class B or master electrician unless that person intends to contract the electrical services with a licensed electrical contractor.
2. If a person associates with a class B or master electrician under subsection 1 and that association ends, that person is jointly and severally liable for any electrical services contracts entered under that association.
3.
 - a. A person violating this section is guilty of a class B misdemeanor for a first conviction, but no fine in excess of one hundred dollars and no term of imprisonment may be imposed.
 - b. A person violating this section is guilty of a class A misdemeanor for a second or subsequent conviction, but the penalties are as follows:
 - (1) For a second conviction, no fine in excess of one thousand dollars and no term of imprisonment may be imposed.
 - (2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed."

Page 1, line 6, remove the overstrike over "~~Undertaking - Fund~~"

Page 1, line 6, remove "~~Bond~~"

Page 1, overstrike lines 7 and 8

Page 1, line 9, overstrike "class B electrician shall execute and deposit with the board"

Page 1, line 9, remove "a bond, unless such"

Page 1, line 10, remove "a bond has already been deposited."

Page 1, line 10, overstrike "in the sum of"

Page 1, line 10, remove "thirty-five"

Page 1, line 10, overstrike "thousand dollars"

Page 1, line 11, overstrike "conditioned on the faithful"

Page 1, overstrike line 12

Page 1, line 13, overstrike "provisions of this chapter, and on the requirements of the board."

Page 1, line 16, after "in" insert "The board shall administer"

Page 1, line 16, remove the overstrike over "~~a special fund to be used for the completion of installations~~"

Page 1, line 17, remove the overstrike over "~~abandoned by~~"

Page 1, line 17, after "by" insert "master"

Page 1, line 17, remove the overstrike over "~~electricians~~"

Page 1, line 17, after "~~section~~" insert "and class B electricians"

Page 1, line 17, remove the overstrike over "~~, not to exceed the amount of~~"

Page 1, line 17, after "~~five~~" insert "twenty-five"

Page 1, line 17, remove the overstrike over "~~thousand~~"

Page 1, line 18, remove the overstrike over "~~dollars for a master electrician and four thousand dollars for a class B electrician.~~"

Page 1, line 22, after the first "of" insert "Effective July 1, 2016,"

Page 1, line 22, remove the overstrike over "~~the board~~"

Page 1, line 22, after "~~board~~" insert "shall use any money remaining in the special fund"

Page 1, line 22, remove the overstrike over "~~to inform and educate electricians~~"

Page 1, line 23, remove the overstrike over the overstruck period

Page 1, line 23, overstrike "for the"

Page 1, line 23, remove "bond"

Page 2, replace lines 1 through 29 with:

"SECTION 4. REPEAL. Section 43-09-14 of the North Dakota Century Code is repealed.

SECTION 5. EFFECTIVE DATE. Section 4 of this Act becomes effective on August 1, 2017."

Renumber accordingly

Apr 15, 2015

Sixty-fourth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1229

Introduced by

Representatives B. Koppelman, Froseth, Karls, Kasper, Keiser, Rohr

Senators Campbell, Dever, Klein, Poolman

1 A BILL for an Act to amend and reenact sections 43-09-09.2 and 43-09-14 ~~and 43-09-15~~ of the
2 North Dakota Century Code, relating to ~~bonds~~ contracting for electrical services and undertaking
3 for electricians contracting for electrical installations; to repeal section 43-09-14 of the North
4 Dakota Century Code, relating to the electricians special fund; to provide a penalty; and to
5 provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

7 **SECTION 1. AMENDMENT.** Section 43-09-09.2 of the North Dakota Century Code is
8 amended and reenacted as follows:

43-09-09.2. Advertising prohibited - Exceptions - Liability - Penalty.

- 10 1. Except as provided in this section, if an electrical license is required under section
11 43-09-09 or by local ordinance, ~~no~~ a person may not advertise to contract for electrical
12 services without being licensed as or being associated with a class B or master
13 electrician unless that person intends to contract the electrical services with a licensed
14 electrical contractor.
- 15 2. If a person associates with a class B or master electrician under subsection 1, that
16 person is jointly and severally liable for any electrical services contracts entered under
17 that association.
- 18 3. a. A person violating this section is guilty of a class B misdemeanor for a first
19 conviction, but no fine in excess of one hundred dollars and no term of
20 imprisonment may be imposed.
- 21 b. A person violating this section is guilty of a class A misdemeanor for a second or
22 subsequent conviction, but the penalties are as follows:
 - 23 (1) For a second conviction, no fine in excess of one thousand dollars and no
24 term of imprisonment may be imposed.

(2) For a third or subsequent conviction, a fine not to exceed one thousand dollars, or imprisonment not to exceed thirty days, or both, may be imposed.

SECTION 2. AMENDMENT. Section 43-09-14 of the North Dakota Century Code is amended and reenacted as follows:

43-09-14. Master electrician and class B electrician - Undertaking - FundBond.

~~Before entering into a contract agreement or undertaking with another for the installation of electrical wiring or installation of electrical parts of other apparatus, a master electrician or a class B electrician shall execute and deposit with the board an undertaking a bond, unless such a bond has already been deposited, in the sum of five~~thirty five thousand dollars ~~for a master electrician or four thousand dollars for a class B electrician conditioned on the faithful performance of all electrical work undertaken by the electrician, on strict compliance with the provisions of this chapter, and on the requirements of the board. In addition, a deposit must be made with the board in the amount of fifty dollars by a master electrician and in the amount of forty dollars by a class B electrician, in lieu of a surety bond. The deposit so made must be accumulated by the board in~~The board shall administer a special fund to be used for the completion of installations abandoned by master electricians referred to in this section and class B electricians, not to exceed the amount of five~~twenty-five thousand dollars for a master electrician and four thousand dollars for a class B electrician. The board shall waive the deposit for a renewal of license by electricians who have made an initial deposit under this section if at the beginning of the renewal year the fund exceeds fifty thousand dollars. Funds in excess of fifty thousand dollars at the end of each year may be committed and used at the direction of~~Effective July 1, 2016, the board shall use any money remaining in the special fund to inform and educate electricians~~concerning the requirements of the electrical code. The board may prescribe forms for the undertaking bond and make rules it deems necessary to carry out the intent of this section.~~

~~**SECTION 3. AMENDMENT.** Section 43-09-15 of the North Dakota Century Code is amended and reenacted as follows:~~

~~**43-09-15. Renewal of license - Denial, suspension, or revocation of licenses.**~~

~~An electrician's license may be issued for a term of only one year, but may be renewed without examination upon the payment of the proper fee. If the licensee fails to renew the license for a period of three consecutive years or more, the licensee is required to appear for~~

1 ~~reexamination. The state electrical board may deny, suspend, revoke, or refuse to renew any~~
2 ~~license issued or applied for under the provisions of this chapter for any of the following~~
3 ~~reasons:~~

4 ~~— 1. Failure or refusal to maintain or adhere to the minimum standards set forth in the~~
5 ~~electrical code referred to in section 43-09-21.~~

6 ~~— 2. Any cause for which the issuance of the license could have been refused had it then~~
7 ~~existed and been known to the board.~~

8 ~~— 3. Commitment of any act of gross negligence, incompetency, or misconduct in the~~
9 ~~practice of a master or journeyman electrician or the business of an electrical~~
10 ~~contractor.~~

11 ~~— 4. Material misstatement, misrepresentation, or fraud in obtaining the license.~~

12 ~~— 5. After due notice, failed or refused to correct, within the specified time, any electrical~~
13 ~~installation not in compliance with the provisions of this chapter.~~

14 ~~— 6. Failure or refusal to make deposit a bond or acquire public liability insurance as~~
15 ~~required by sections 43-09-14 and 43-09-20.~~

16 ~~— 7. Failure to repay or enter into a written contract for repayment, under a payment~~
17 ~~schedule acceptable to the board, of money disbursed from the fund as provided~~
18 ~~under section 43-09-14, or failure to make timely payments under a payment contract~~
19 ~~entered into under the board's policy for administering the undertaking fund.~~

20 ~~— 8. Failure to furnish certification of completion of continuing education as required under~~
21 ~~section 43-09-15.1.~~

22 ~~Any person whose license is denied or whose license is suspended or revoked by the board, or~~
23 ~~who is refused a license by the board, may appeal to the appropriate court.~~

24 **SECTION 3. REPEAL.** Section 43-09-14 of the North Dakota Century Code is repealed.

25 **SECTION 4. EFFECTIVE DATE.** Section 3 of this Act becomes effective on August 1, 2017.