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ROLL NUMBER

DESCRIPTION

1473

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Salvatore Richardson
Operator's Signature

10/6/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1473

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La Costa Richard
Operator's Signature

10/6/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1473

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 3, 2003

Tape Number	Side A	Side B	Meter #
3		X	3379-end
4	X		0-3347
Committee Clerk Signature <i>Elizabeth R. Fein</i>			

Minutes: **Chair Keiser** opened hearing on HB 1473

Rep. Potter: Described bill and why this is important as a Realtor. Handed out a sheet from HUD.

Rep. Klein: Where did the liability figures come from on page 3? Researchers. 24 or 25 states have something like this. The inspectors could answer better.

Rep. Keiser: How many inspectors do we have in ND? Rep. Potter deferred to the inspectors.

Bob Kramer (Home Sweet Home Inspections, GF): Supports with written testimony.

Rep. Klein: Describe the requirements to be an inspector. Kramer said there are numerous courses of study, some by correspondence. Rep. Klein asked if you need a certain number of hours. Kramer said no, but they went off of the National Association of Home Inspectors and their standards and practices for regulating. This parallels other states. Rep. Klein commented on that being part of the rules and not in the bill. Kramer said this represents the framework.

The Board would establish the nuts and bolts.

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10/16/03
Date

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Bill/Resolution Number 1473
Hearing Date February 3, 2003

Rep. Ekstrom asked if anyone can be an inspector. Kramer said yes. When asked what the background of a typical inspector is, he said engineers, construction, and others. He was a fire inspector, but does not want to speak for all inspectors.

Rep. Froseth: Do lending institutions require inspectors? Is that not what appraisers do? Kramer said that not all of them do. Some inspect for insurance purposes. Appraisers give values of the property. Inspectors look at the foundation, landscaping, and the structure itself.

Rep. Klein: What do you charge, typically? Kramer said he charges around \$250-\$300. Nationwide it varies. Some charge a flat rate, some go on square footage.

Rep. Klein asked if they collaborate with electricians or do they do the inspecting on their own. Kramer cautioned that they are not code inspectors. That is why all should have training. If they do have questions, they will call on an electrician.

Rep. Kasper: Do you have rules or guidelines from the National Assoc. that would be a guideline? Kramer said that he does not have that today, but they do have a code of ethics and guidelines.

Rep. Johnson: Asked who gets the report. Kramer said the report goes to the client, not necessarily the owner. The client can ask for it to be released. If it is a matter of safety, then yes, they tell the owner.

Rep. Severson: Have you talked to the Boards to see if any of them would allow the Home Inspectors to be part of their boards? Kramer said he talked to a few, but has not heard back.

Rep. Keiser asked how many inspectors are in ND. Kramer said between 20-24 that they know of. They had to go from the phone book. Keiser then asked why they are limiting liability in this bill since it is not something the legislature does. Kramer said the client can still pursue

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House Industry, Business and Labor Committee
Bill/Resolution Number 1473
Hearing Date February 3, 2003

litigation, but the inspectors are not warranty inspectors. Rep. Keiser then asked how many complaints they get a year. Kramer gave a personal story of how he had to litigate. Hopes the complaints do not exist and that this would weed out the unqualified. Kramer feels this bill would show that consumers are getting a certain minimum quality of an inspector.

Rep. Keiser wanted clarification on the exceptions on page 2, lines 26 & 27. Rep. Keiser feels that the current language says engineers, electricians, and other licensed professionals are exempted because of their license. Kramer said he would look at the language because that is not the intent.

Duane Luther (Preferred Home Inspection, Casselton): Supports with written testimony.

Rep. Ekstrom: Do you do radon testing? Luther said that most do. They offer the service if people ask for it.

Rep. Klein: Asked Luther for a his background. Luther went to the Home Inspection Institute in Sioux Falls, SD, which was 40 hours of classroom and practical application. He started inspecting May 1, 2002. He has done 12-15 inspections. Feels licensing would encourage continuing education of inspectors too.

Rep. Thorpe: How do you determine the fee? Luther said he called local inspectors and ran a cost analysis with his liability insurance.

Rep. Kasper: What percentage of home transactions use inspectors? Luther said he was guessing, but perhaps 20%. His reports are about 12-15 pages.

Rep. Zaiser: What portion of the 20% is done by contractors or engineers? Not sure

Claus Lembke (ND Assoc. of Realtors): Supports the bill because it would create a standard.

Realtors could offer an inspector to the client. Bill also allows for flexibility with rules and

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House Industry, Business and Labor Committee
Bill/Resolution Number 1473
Hearing Date February 3, 2003

regulations. Feels the make-up of the board should include Realtors, engineers, and other home professionals to give a broader perspective. However, there are logistic problems since the board will need money and staff. The Appraisal Board would look at staffing it, but not at being the actual board. There will be advertising fees, legal fees, and more. The cost will be over \$10,000. The average complaint, even if it is dismissed, is \$800. Lembke said he would like to work with the inspectors to get a better bill for the next session that would work out the logistics.

Rep. Keiser: How many complaints are from those who get inspected? Lembke says he does not see many. Inspectors themselves usually handle it right away.

Mike Donahue: His son is an inspector and is appearing on behalf of his son, who supports the bill. His main concern is that the customer is confident in what he or she is getting.

Rep. Keiser asked if his son is a member of a national association. Donahue said he is, but is not sure which one.

Dean Foell (Tri-State Inspection Service): Opposes. Would rather wait so that it is not a working bill. Wait for next session and get a good, solid bill.

Mike Schneider (NDSPE & NDCEC): Expresses concern with written testimony.

Gary Arman (Engineer): Concerned about overlapping with engineers. In this bill, it seems that without a license, you can't inspect.

Chair Keiser: Closed hearing on HB 1473

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1473

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 10, 2003

Tape Number	Side A	Side B	Meter #
1		X	4640-4900

Committee Clerk Signature *Elizabeth R. Green*

Minutes: **Chair Keiser:** Opened discussion on 1473.

Rep. Klein moved DNP. Second by Rep. Severson.

Rep. Zaiser: The credentials for a home inspector are "mushy."

Rep. Ekstrom: Would support if they come back next session with a proposal to be under another board.

Rep. Nottestad: The group has now looked at what they are asking for and perhaps they can come with a solid proposal next session.

Vote: 13 Yes 1 No 0 Absent and not voting

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Jo Costa Richardson
Operator's Signature

10/6/03
Date

FISCAL NOTE
 Requested by Legislative Council
 01/21/2003

Bill/Resolution No.: HB 1473

1A. **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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$5,000	\$0	\$5,000	\$5,000
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

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.

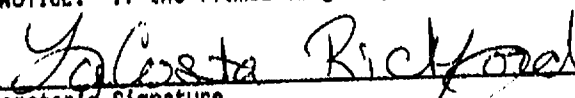
B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

A staff person in the Governor's Office would have to be assigned to establish the new board of home inspectors. The estimated costs include administrative salary, advertising costs for announcing the board and membership openings, possible travel costs for interviews, and costs related to a selection team.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

The Governor's Office is limited in staff and financial resources so new responsibilities required an additional appropriation of general fund dollars.

Name:	Sandy Paulson	Agency:	Governor's Office by OMB
Phone Number:	328-2148	Date Prepared:	01/27/2003


 Operator's Signature 10/16/03
Date

Date: 2/10/03
Roll Call Vote #: /

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1473

House INDUSTRY BUSINESS & LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DNP

Motion Made By Klein Seconded By Severson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Boe	✓	
Vice-Chair Severson	✓		Ekstrom		✓
Dosch	✓		Thorpe	✓	
Froseth	✓		Zaiser	✓	
Johnson	✓				
Kasper	✓				
Klein	✓				
Nottestad	✓				
Ruby	✓				
Tieman	✓				

Total (Yes) 13 No 1

Absent _____

Floor Assignment Kasper

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

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Jo Costa Rickford 10/10/03
Operator's Signature Date

