



Director's Message

9/22/2014



Recent Rulemaking Reduces Regulation

A rulemaking that became effective July 1, 2014 reduced regulation by (1) reducing fees, (2) eliminating license classifications, and (3) establishing a process to waive licensing examinations. By reducing regulation, I have helped all qualified individuals have a better opportunity to obtain a contractor license.

(1) Reducing Fees:

This rulemaking reduced fees for all new applicants and many renewal applicants.

For new applicants (roughly 2,500 each year), the average fee decreased 22% (or \$230). For the 1,100 of these applicants paying the highest fees the decrease was a more dramatic 33% (or \$440).

For the 38,000 renewal applicants, fees decreased or stayed the same for 31,500 licensees.

- 14,500 licensees fees decreased an average of \$390.
- 3,000 licensees fees decreased by \$10.
- 14,000 licensees fees had no change.
- 6,500 licensees fees increased by an average of \$160. (However, as further described in the next section, these licensees were given an expanded scope. Prior to these changes this expanded scope would have required an additional license and cost much more than \$160.)

In summary, as a result of these changes agency revenue is anticipated to decrease by over \$2 million (or 20%) each year. More importantly, this money will stay with private business. Thousands of business owners will each have hundreds of more dollars. This significant reduction of revenue was only made possible through significant reductions to spending made during my time as director.



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(2) Reducing License Classifications:

When I became Director the ROC issued contractor licenses in 238 different classifications. In this unmanageably high count the scopes of these licenses had significant overlap. Consequently understanding the delineations between each different license caused much confusion.

The recent rulemaking reduced and consolidated the number of classifications to 136. This rulemaking also established that licenses will no longer be issued in 30 of these classifications. In other words, while a state agency can't easily remove a property right in an existing license, it can stop issuing new licenses for this work. Some of the licenses that will no longer be issued include those for mirror hanging; weather stripping; kitchen and bathroom fixture refinishing; nailing and stapling; swimming pool covers; reservoir linings and covers; and window treatments. Consequently, over the long run this rulemaking will reduce contractor licenses classifications from 238 to 106.

The consolidation of licenses enables contractors who were previously limited to working on only residential or only commercial property to be allowed to work on either property type. This change benefits contractors by expanding the available work opportunities. This change also benefits consumers by increasing competition for their construction projects.

In summary, I have simplified and streamlined government; removed regulation from contractors; and increased overall competition in the marketplace of construction projects.



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(3) Reducing Trade Examinations:

Pursuant to statute, passing a trade exam is one of the requirements necessary to be approved for an Arizona contractor license. Unfortunately, in situations where a qualified licensed contractor from another state seeks to get a license in Arizona this required trade exam functions more like an unnecessary hurdle.

This rulemaking establishes a process for the ROC to waive the trade exam for applicants who have taken a passed a comparable exam for a contractor license in another state.

In summary, by establishing a process to waive trade exams I have reduced unnecessary burdens to becoming a licensed contractor in Arizona.

Summary:

I am very happy to have reduced the regulatory burden on contractors by (1) reducing fees, (2) eliminating license classifications, and (3) establishing a process for applicants to waive licensing examinations. These regulatory reductions ensure that all contractors have the opportunity to operate their business without unnecessary government-imposed burdens.

Sincerely,

William A. Mundell