

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2474

02/23/2012 Authored by Murray, Gunther and Mahoney

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to building codes; making changes to contractor recovery fund;
1.3 amending Minnesota Statutes 2010, sections 326B.092, subdivision 7; 326B.89,
1.4 subdivisions 3, 4, 7, 10; repealing Minnesota Statutes 2010, section 326B.89,
1.5 subdivision 16.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2010, section 326B.092, subdivision 7, is amended to
1.8 read:

1.9 Subd. 7. **License fees and license renewal fees.** (a) The license fee for each license
1.10 except a renewed license shall be the base license fee plus any applicable board fee, as
1.11 set forth in this subdivision. The license renewal fee for each renewed license is the
1.12 base license fee plus any applicable board fee, continuing education fee, and contractor
1.13 recovery fund fee and additional assessment, as set forth in this subdivision.

1.14 (b) For purposes of this section, "license duration" means the number of years for
1.15 which the license is issued except that:

1.16 (1) if the initial license is not issued for a whole number of years, the license duration
1.17 shall be rounded up to the next whole number; and

1.18 (2) if the department receives an application for license renewal after the renewal
1.19 deadline, license duration means the number of years for which the renewed license would
1.20 have been issued if the renewal application had been submitted on time and all other
1.21 requirements for renewal had been met.

1.22 (c) The base license fee shall depend on whether the license is classified as an entry
1.23 level, master, journeyman, or business license, and on the license duration. The base
1.24 license fee shall be:

2.1	License Classification	License Duration		
2.2		1 Year	2 Years	3 Years
2.3	Entry level	\$10	\$20	\$30
2.4	Journeyman	\$20	\$40	\$60
2.5	Master	\$40	\$80	\$120
2.6	Business	\$90	\$180	\$270

2.7 (d) If there is a continuing education requirement for renewal of the license, then
2.8 a continuing education fee must be included in the renewal license fee. The continuing
2.9 education fee for all license classifications shall be: \$10 if the renewal license duration is
2.10 one year; \$20 if the renewal license duration is two years; and \$30 if the renewal license
2.11 duration is three years.

2.12 (e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to
2.13 326B.93, then a board fee must be included in the license fee and the renewal license fee.
2.14 The board fee for all license classifications shall be: \$4 if the license duration is one year;
2.15 \$8 if the license duration is two years; and \$12 if the license duration is three years.

2.16 (f) If the application is for the renewal of a license issued under sections 326B.802
2.17 to 326B.885, then the contractor recovery fund fee required under section 326B.89,
2.18 subdivision 3,~~and any additional assessment required under section 326B.89, subdivision~~
2.19 ~~46~~, must be included in the license renewal fee.

2.20 Sec. 2. Minnesota Statutes 2010, section 326B.89, subdivision 3, is amended to read:

2.21 Subd. 3. **Fund fees.** In addition to any other fees, a person who applies for or
2.22 renews a license under sections 326B.802 to 326B.885 shall pay a fee to the fund. The
2.23 person shall pay, in addition to the appropriate application or renewal fee, the following
2.24 additional fee that shall be deposited in the fund. The amount of the fee shall be based on
2.25 the person's gross annual receipts for the person's most recent fiscal year preceding the
2.26 application or renewal, on the following scale:

2.27	Fee	Gross Annual Receipts
2.28	\$320	under \$1,000,000
2.29	\$420	\$1,000,000 to \$5,000,000
2.30	\$520	over \$5,000,000

2.31 The commissioner shall make an annual adjustment to the fee schedule in this
2.32 subdivision according to the Consumer Price Index-All Urban Consumers, published by
2.33 the United States Department of Labor and Industry.

2.34 Sec. 3. Minnesota Statutes 2010, section 326B.89, subdivision 4, is amended to read:

2.35 Subd. 4. **Purpose of fund.** The purpose of this fund is to:

(1) compensate owners or lessees of residential real estate who meet the requirements of this section; and

(2) reimburse the department for all legal and administrative expenses, disbursements, and costs, including staffing costs, incurred in administering and defending the fund;

~~(3) pay for educational or research projects in the field of residential contracting to further the purposes of sections 326B.801 to 326B.825; and~~

~~(4) provide information to the public on residential contracting issues.~~

Sec. 4. Minnesota Statutes 2010, section 326B.89, subdivision 7, is amended to read:

Subd. 7. **Commissioner review.** The commissioner shall within 120 days after receipt of the complete verified application:

(1) enter into an agreement with an owner or a lessee that resolves the verified application for compensation from the fund; or

(2) issue an order to the owner or the lessee accepting, modifying, or denying the verified application for compensation from the fund.

Upon receipt of an order issued under clause (2), the owner or the lessee shall have 30 days to serve upon the commissioner a written request for a hearing. If the owner or the lessee does not serve upon the commissioner a timely written request for hearing, the order issued under clause (2) shall become a final order of the commissioner that may not be reviewed by any court or agency. The commissioner shall order compensation from the fund only if the owner or the lessee has filed a verified application that complies with subdivision 6 and if the commissioner determines based on review of the application that compensation should be paid from the fund. The commissioner shall not be bound by any prior settlement, compromise, or stipulation between the owner or the lessee and the licensee. The commissioner may request a panel of one or more qualified experts to provide advice while reviewing and deciding claims.

Sec. 5. Minnesota Statutes 2010, section 326B.89, subdivision 10, is amended to read:

Subd. 10. **Right of subrogation.** Notwithstanding subdivisions 1 to 9 and 11 to 16, the commissioner shall not pay compensation from the fund to an owner or lessee unless and until the owner or lessee executes an assignment to the commissioner of all rights, title, and interest in the final judgment in the amount of the compensation to be paid under an agreement under subdivision 7, clause (1), or a final order issued under subdivision 7, clause (2), or subdivision 8. If the claimant has received or agreed to receive payment, work in kind, materials, or other form of remuneration or compensation for the loss, the

4.1 claimant must disclose all forms of remuneration or compensation to the commissioner,
4.2 and the value of the remuneration or compensation must be deducted from the final
4.3 compensation payable by the fund. If the commissioner pays compensation from the fund
4.4 to an owner or a lessee pursuant to an agreement under subdivision 7, clause (1), or a final
4.5 order issued under subdivision 7, clause (2), or subdivision 8, then the commissioner shall
4.6 be subrogated to all of the rights, title, and interest in the owner's or lessee's final judgment
4.7 in the amount of compensation paid from the fund. The commissioner shall deposit in the
4.8 fund money recovered under this subdivision.

4.9 Sec. 6. **REPEALER.**

4.10 Minnesota Statutes 2010, section 326B.89, subdivision 16, is repealed.

APPENDIX
Repealed Minnesota Statutes: 12-4377

326B.89 CONTRACTOR RECOVERY FUND.

Subd. 16. **Additional assessment.** If the balance in the fund is at any time less than the commissioner determines is necessary to carry out the purposes of this section, every licensee, when renewing a license, shall pay, in addition to the annual renewal fee and the fee set forth in subdivision 3, an assessment not to exceed \$200. The commissioner shall set the amount of assessment based on a reasonable determination of the amount that is necessary to restore a balance in the fund adequate to carry out the purposes of this section.