

HB418 INTRODUCED



1 HB418
2 5SV5M33-1
3 By Representatives Kirkland, Underwood
4 RFD: Commerce and Small Business
5 First Read: 04-Apr-24



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SYNOPSIS:

Under existing law, a person who, for a fixed price, commission, fee, or wager, undertakes to construct, superintend, or engage in the construction, alteration, maintenance, repair, rehabilitation, remediation, reclamation, or demolition of any building, highway, sewer, structure, site work, grading, or paving is deemed to have engaged in the business of general contracting if the cost of the undertaking is \$50,000 or more.

Also under existing law, a person who engages in the business of general contracting is required to be licensed by the State Licensing Board for General Contractors.

This bill would increase the threshold cost of the undertaking amount to \$100,000.

This bill would also exempt from the requirements of obtaining a license from the board a labor broker or other temporary labor provider that provides temporary workers to a licensed contractor to perform work under that licensed contractor.

A BILL
TO BE ENTITLED



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AN ACT

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30
31 Relating to the State Licensing Board for General
32 Contractors; to amend Sections 34-8-1 and 34-8-7, Code of
33 Alabama 1975, as last amended by Act 2023-99, 2023 Regular
34 Session, to increase the threshold cost of undertaking where
35 an individual is deemed to engage in the business of general
36 contracting; and to exempt labor brokers and other temporary
37 labor providers from certain licensing requirements.

38 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

39 Section 1. Sections 34-8-1 and 34-8-7, Code of Alabama
40 1975, as last amended by Act 2023-99, 2023 Regular Session,
41 are amended to read as follows:

42 "§34-8-1

43 (a) For the purpose of this chapter, a "general
44 contractor" is defined to be one who, for a fixed price,
45 commission, fee, or wage, undertakes to construct or
46 superintend or engage in the construction, alteration,
47 maintenance, repair, rehabilitation, remediation, reclamation,
48 or demolition of any building, highway, sewer, structure, site
49 work, grading, paving, or project or any improvement in the
50 State of Alabama where the cost of the undertaking is ~~fifty~~
51 ~~thousand dollars (\$50,000) one hundred thousand dollars~~
52 (\$100,000) or more. A person who does any of the activities
53 described in this subsection shall be deemed ~~and held~~ to have
54 engaged in the business of general contracting in the State of
55 Alabama.

56 (b) For the purpose of this chapter, a "general



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57 contractor" is defined to include one who, for a fixed price,
58 commission, fee, or wage exceeding five thousand dollars
59 (\$5,000), undertakes to construct, superintend the
60 construction of, repair, or renovate, any swimming pool, ~~and~~
61 ~~anyone.~~ Anyone who ~~shall engage~~ engages in the construction,
62 superintending of the construction, repair, or renovation of
63 any swimming pool in the State of Alabama, where the cost of
64 the undertaking exceeds five thousand dollars (\$5,000), shall
65 be deemed ~~and held~~ to have engaged in the business of general
66 contracting in the State of Alabama and shall be subject to
67 this chapter.

68 (c) For the purpose of this chapter, a "subcontractor"
69 is defined to be one who constructs, superintends, or engages
70 in the construction, alteration, maintenance, repair,
71 rehabilitation, remediation, reclamation, or demolition of any
72 building, highway, sewer, structure, site work, grading,
73 paving, or project or any improvement in the State of Alabama
74 where the cost of the undertaking is ~~fifty thousand dollars~~
75 ~~(\$50,000)~~ one hundred thousand dollars (\$100,000) or more
76 under contract to a general contractor, as defined in
77 subsection (a), or another subcontractor."

78 "§34-8-7

79 (a) The following shall be exempted from this chapter:

80 (1) The practice of general contracting, as defined in
81 Section 34-8-1, by an authorized representative ~~or~~
82 ~~representatives~~ of the United States Government, State of
83 Alabama, incorporated town, city, or county in this state,
84 which is under the supervision of a licensed architect or



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85 engineer, provided any work contracted out by the authorized
86 representative shall comply with the definition in this
87 chapter for general contractor.

88 (2) The construction of any residence or private
89 dwelling.

90 (3) A person, firm, or corporation constructing a
91 building or other improvements on his, her, or its own
92 property, provided that any of the work contracted out
93 complies with the definition in this chapter for general
94 contractor. A municipal governing body or municipal regulatory
95 body may not enact any ordinance or law restricting or
96 altering this exemption. Any municipal ordinance or regulation
97 that conflicts with this exemption is repealed effective June
98 11, 2015.

99 (4) The installation, repair, maintenance, or removal
100 of facilities, equipment, or systems used in or substantially
101 related to the generation, transmission, or distribution of
102 electric power, natural gas, or telecommunications in an
103 emergency by a utility regulated by the Public Service
104 Commission, or any entity engaged in the generation,
105 transmission, or distribution of electric power, natural gas,
106 or telecommunications, or any of their respective general
107 contractors or subcontractors, provided the work is performed
108 under the supervision of a licensed architect or engineer. For
109 purposes of this subdivision, the term "emergency" is defined
110 as a situation whereby service to the consumer has been
111 interrupted or may be interrupted if work to remedy the
112 emergency is not performed and completed within 60 days, and



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113 such other situations that are determined to be an emergency
114 in the discretion of the board.

115 (5) The repair, maintenance, replacement,
116 reinstallation, or removal of facilities, equipment, or
117 systems used in or substantially related to the generation,
118 transmission, or distribution of electric power, natural gas,
119 or telecommunications on a routine, regular, or recurring
120 basis by a utility regulated by the Public Service Commission
121 or any entity engaged in the generation, transmission, or
122 distribution of electric power, natural gas, or
123 telecommunications or any of their respective general
124 contractors or subcontractors, provided the work is performed
125 under the supervision of a licensed architect or engineer.

126 (6) Routine or regular maintenance, repair,
127 replacement, reinstallation, or removal of equipment,
128 specialized technological processes, or equipment facility
129 systems as determined by the board with regard to scope,
130 frequency, and specialty of the work to be performed.

131 (7) Routine landscape maintenance work that includes
132 cutting grass; trimming, replacing, and removal of bushes,
133 shrubs, and similar items; the placement and removal of pine
134 straw, mulch, bark, and similar ground covers; and other
135 routine ground maintenance.

136 (8) The provision of temporary labor by a labor broker
137 or other temporary labor provider that provides workers to a
138 general contractor to perform work under the supervision and
139 control of that general contractor. For the purposes of
140 licensing, temporary workers are deemed to fall under the



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141 license of the general contractor to whom they are provided.
142 This exemption does not allow labor brokers or other temporary
143 labor providers to act as subcontractors or to assume a scope
144 of work for a project as a subcontractor.

145 (b) The ~~aforementioned~~ exemptions provided in
146 subsection (a) shall exclude a swimming pool contractor.
147 Provided, however, a person, firm, or corporation constructing
148 a swimming pool on his, her, or its own property shall be
149 exempted from this chapter.

150 (c) A subcontractor, as defined in Section 34-8-1(c),
151 is subject to and shall comply with this chapter as specified
152 for a general contractor except as follows:

153 (1) A subcontractor shall pay one-half of the fees ~~as~~
154 required in this chapter for a general contractor.

155 (2) No bid limits shall be established for a
156 subcontractor.

157 (3) A subcontractor shall submit with license
158 application and renewals a statement of financial condition as
159 prescribed by the board.

160 (4) A subcontractor shall furnish three references from
161 any combination of the following: Licensed general
162 contractors, registered professional engineers, or registered
163 architects, or qualified person, as declared by the board, for
164 whom they have worked. If a subcontractor has only been
165 employed by one company, the subcontractor shall provide the
166 following: Three or more jobs he or she has worked on, the
167 amounts of the contracts, the time period of the contracts,
168 the location of the contracts, and a statement of experience.



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169 (5) A subcontractor is not required to be licensed at
170 the time a project is bid, but must be licensed with the board
171 prior to beginning work on the project.

172 (6) A general contractor license and license number
173 issued by the board to subcontractors shall denote
174 subcontractor status.

175 (7) A subcontractor is not required to sit for any
176 examination before being licensed."

177 Section 2. This act shall become effective on October
178 1, 2024.