



AGC MAINE

THE CONSTRUCTION ASSOCIATION

Testimony of Matthew Marks on LD 1929
“An Act to Protect Consumers by Licensing Home Building Contractors”
Joint Standing Committee on Innovation, Development,
Economic Advancement and Business
May 23, 2023

Senator Curry, Representative Roberts, and distinguished members of the Joint Standing Committee on Innovation, Development, Economic Advancement, and Business my name is Matthew Marks, I am a Principal at Cornerstone Government Affairs, and here today to speak on behalf of my client The Associated General Contractors of Maine. AGC Maine is a statewide commercial construction trade association and a Chapter of AGC America.

AGC Maine has members that provide limited home construction services, sometimes as the prime contractor, and as subcontractors such as excavation or paving. The concept of creating a pathway outside of the existing guidance and laws existing today has been presented in several bills in recent years. The complexities of licensing various homebuilding trades have barriers from an administrative function. A few of the potential challenges we’ve highlighted below:

- **Education requirements-** The Board will have broad discretion, but the inclusion of education requirements could be a legitimate barrier for many experienced craft workers who have the skills but learned on the job. It seems difficult on what resources and pathways would be developed for flooring or drywall for example.
- **National certification-** While the bill doesn’t recognize a particular national standard or certification like those adopted by other agencies, it’s likely the Board will consider the adoption of such requirements. With many homebuilders outside of a statewide association, unlike commercial construction, the support structure for meeting any adopted provisions will be difficult. AGC Maine trains more than 800 skilled workers annually with industry certifications like soil and erosion control, and crane operators. We are not aware of existing opportunities for homebuilders.
- **Independent contractors-** The bill recognizes that some percentage of the workforce operates as independent contractors. We assume that will be a higher percentage in the case of drywall workers, and that will require additional outreach and education on the process. It will also place added pressure on the prime who will need to coordinate to ensure compliance.

The cost of this bill and accompanying license management will be expensive. Creating a licensing process for each craft is extensive. AGC Maine recommends that some crafts be added to exemptions, including excavation, paving, flooring, cabinet makers, granite workers, and perhaps others.

Unlike commercial construction non-traditional alternatives, such as apprenticeship, are rare, meaning any education requirements will be solely on the skilled worker with few support mechanisms. The outcome of this bill or any future versions should consider the demand on the housing market and the potential outcomes. Seasoned builders without classroom education, especially those who have the capacity to retire, may opt out of the market, while others adverse to a new process could exit their craft as well. That could add to the shortage of existing good skilled workers. Today it's difficult to find a contractor to repair existing homes.

AGC Maine recommends the bill consider an exemption for new subdivisions and increase the threshold for triggering compliance. The Committee should weigh this bill and its results with the current housing needs. Again, one way to view this initiative is by limiting the required components or crafts that are covered.

One additional idea to explore would be the adoption of surety bonds for payment and performance. While that would be best suited for a much higher project cost than proposed in this bill, it would provide the consumer with protection and recourse. The prime contractor could require the major divisions of a project to also purchase a bond. Some states have used this method for consumer protection.

AGC Maine is willing to participate in continued discussions on homebuilder licensing and offers our resources as the Committee works through this bill. Thank you for your time, I am happy to answer any questions.