

Report on the
Licensing Board for General Contractors

Montgomery, Alabama



**Department of
Examiners of Public Accounts**

50 North Ripley Street, Room 3201

P.O. Box 302251

Montgomery, Alabama 36130-2251

www.examiners.alabama.gov

Rachel Laurie Riddle, Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

Telephone (334) 242-9200
FAX (334) 242-1775

Rachel Laurie Riddle
Chief Examiner

Mailing Address:
P.O. Box 302251
Montgomery, AL 36130-2251

Location:
Gordon Persons Building
50 North Ripley Street, Room 3201
Montgomery, AL 36104-3833

June 20, 2018

Representative Howard Sanderford
Chairman, Sunset Committee
Alabama State House
Montgomery, AL 36130

Dear Representative Sanderford,

This report was prepared to provide information for use by the Sunset Committee in conducting its review and evaluation of the operations of the Alabama Licensing Board for General Contractors in accordance with the *Code of Alabama 1975*, Section 41-20-9.

The report contains unaudited information obtained from the management, staff, and records of the Alabama Licensing Board for General Contractors, in addition to information obtained from other sources.

Please contact me if you have any questions concerning this report.

Sincerely,



Rachel Laurie Riddle
Chief Examiner

Examiners
Rodney Wagstaff
Charles Bass

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PROFILE

Purpose/Authority

The Alabama Licensing Board for General Contractors was established by Act No. 297, Acts of Alabama 1935 to license and regulate the practice of contracting for commercial and industrial construction costing in excess of \$50,000.00 as well as the construction, repair, or renovation of any swimming pool, in the State of Alabama, costing in excess of five thousand dollars (\$5,000.00). The Board operates under the authority of the *Code of Alabama 1975*, Sections 34-8-1 through 34-8-28.

Residential construction other than swimming pools costing more than \$5,000.00 is regulated by the Alabama Home Builders Licensure Board.

The following legislation passed since the last Sunset Review of this Board:

Act No. 190, Acts of Alabama 2015 – Sponsored by Senator Paul Bussman, required at least one member of the Board as a larger part of his or her business to be a subcontractor. This Act is included in the codification within the appendix of this report.

Act No. 480, Acts of Alabama 2015 – Sponsored by Senator Del Marsh, to amend *Code of Alabama 1975*, Section 34-8-7 relating to the licensing and regulation of general contractors, and exemptions from the application of *Code of Alabama 1975*, Title 34 Chapter 8; to clarify that the exemption for owners of property improving the property may not be altered or restricted by a municipal governing or regulatory body; and to repeal any conflicting municipal ordinance or regulation. This Act is included in the codification within the appendix of this report.

<u>Characteristics</u>	
Members and Selection	Five members appointed by the Governor. <i>Code of Alabama 1975</i> , Section 34-8-20
Term	Five-year, staggered terms expiring on December 31. <i>Code of Alabama 1975</i> , Section 34-8-20
Qualifications	<ul style="list-style-type: none">• Resident of Alabama• Ten years' experience in the field as a contractor• At least one member shall have as a larger part of his or her business the construction of highways• At least one member shall have as a larger part of his or her business the construction of public utilities

	<ul style="list-style-type: none"> • At least one member shall have as a larger part of his or her business the construction of buildings • At least one member shall have as a larger part of his or her business the performance of construction work as a subcontractor <p><i>Code of Alabama 1975</i>, Section 34-8-20</p>
Racial Representation	No statutory requirement. No racial minority member serving.
Geographical Representation	No statutory requirement.
Consumer Representation	No statutory requirement.
Other Representation	In appointing members to the Board, the Governor shall select those persons whose appointments, to the extent possible, ensure that the membership of the Board is inclusive and reflects the racial, gender, urban/rural, and economic diversity of the state. <i>Code of Alabama 1975</i> , Section 34-8-20
Compensation	Members receive \$200 per day for attending sessions of the Board or its committees, and for time actually spent in necessary travel in attending meetings of the Board or its committees. Members are reimbursed necessary travel expenses at the same rates provided for state employees <i>Code of Alabama 1975</i> , Section 34-8-22
<u>Operations</u>	
Administrator	Joseph C. Rogers, Jr., Executive Secretary Unclassified Merit System Employee Appointed and salary set by the Board Annual Salary - \$105,403.20
Location	2525 Fairlane Drive Montgomery, AL 36116 Office Hours: M-F 8:00 – 5:00

<p>Examinations</p>	<p>Examination of contractors and subcontractors is, by law, at the discretion of the Board. All applicants for a general contractor’s licenses are required to successfully complete an examination before a license is issued.</p> <p>There are various types of examinations depending on the nature of the contracting work for which a license is sought.</p> <p>Examinations are computerized and are administered and scored by PSI Examination Services. Each applicant is charged an examination fee per examination which is paid directly to the examination provider. Payment of the fee allows applicants a one year window in which to schedule an examination. Applicants are allowed unlimited testing attempts within the one-year window.</p> <p>Examinations are given at four testing sites in Alabama:</p> <ul style="list-style-type: none"> • Birmingham • Mobile • Montgomery • Huntsville <p>The Board does not have access to examination pass/fail rates based on educational institutions attended.</p> <p><i>Code of Alabama 1975</i>, Section 34-8-3 <i>Administrative Rule</i> 230-X-1-.34 <i>Administrative Rule</i> 230-X-1-.35</p> <p>Subcontractors are not required to take an examination.</p> <p><i>Code of Alabama 1975</i>, Section 34-8-7(c)(7)</p> <p>Pass/fail rates are based on type of examination are included in the appendix.</p>						
<p>Licensees</p>	<p>Licensees as of March 30, 2018</p> <table border="1" data-bbox="743 1602 1318 1717"> <tr> <td>General Contractors</td> <td>6,095</td> </tr> <tr> <td>Subcontractors</td> <td>3,386</td> </tr> <tr> <td>Total</td> <td>9,481</td> </tr> </table> <p><i>Source:</i> Board Staff</p>	General Contractors	6,095	Subcontractors	3,386	Total	9,481
General Contractors	6,095						
Subcontractors	3,386						
Total	9,481						

Licensee Demographics	Board does not collect data <i>Source:</i> Board Staff
Reciprocity	The Board has no specific statutory requirement to provide reciprocal licenses, however, it does have reciprocal license agreements with Arkansas, Louisiana, Mississippi, and Tennessee. The Board also has a reciprocal license agreement with the North Carolina State Board Examiners of Electrical Contractors. If an applicant has been licensed in good standing for 3 or more years, the trade-related portion of the examination may be waived upon written certification from that state in which the applicant is licensed. Reciprocal states may require a separate business law portion of the examination to be taken. <i>Administrative Rule</i> 230-X-1-.34(10)(a) <i>Administrative Rule</i> 230-X-1-.40 <i>Source:</i> Board Staff
Renewals	Licenses are renewed annually, based on a monthly schedule determined by the first letter of the surname or company name of the renewing licensee. The license to engage in the business of general contracting expires during the month designated as each licensee’s renewal month and is invalid after the last day of that month. All renewal applications are due thirty days prior to expiration of license. If a licensee fails to renew his or her license within 90 days following expiration of the license, a late penalty of \$50.00 is due upon renewal, in addition to the regular renewal fee. On-line renewals are not available. <i>Code of Alabama 1975</i> , Section 34-8-2 <i>Administrative Rule</i> 230-X-1-.38 and .39 <i>Source:</i> Board Staff
Continuing Education	No specific statutory requirement
Employees	Fifteen
Immigration	E-Verify: Fully compliant SAVE: Fully compliant

Legal Counsel	Mary Goldthwaite, an employee of the Attorney General's Office, provides legal services to the Board.
Subpoena Power	None except as provided by the Administrative Procedure Act, <i>Code of Alabama 1975</i> , Section 41-22-12 for hearings and contested cases.
Internet Presence	www.genconbd.alabama.gov <ul style="list-style-type: none"> • Contact Information • Initial Licensure Information • Renewal Information • Reciprocity • Forms • Testing • License Roster • Law/Rules & Regulations • Frequently Asked Questions • Related Links • Consumer Information
Attended Board Member Training	Attended the last Board Member Training held in 2014: <ul style="list-style-type: none"> • Executive Secretary
<i>Financial</i>	
Source of Funds	Licensing fees and fines.
State Treasury	Yes. Special Revenue Fund 0368 <i>Code of Alabama 1975</i> , Section 34-8-25
Required Distributions	<p>Any funds remaining at the end of the fiscal year in excess of 33% of the Board's budget for the previous fiscal year must be transferred to the General Fund.</p> <p><i>Code of Alabama 1975</i>, Section 34-8-25</p> <p>The Board distributes a portion of application and renewal fees (\$100.00 for general contractors and \$50.00 for subcontractors), less 5% for administrative expenses, at the end of each fiscal year to all accredited Alabama public institutions of higher education offering qualified engineering or building science curriculum.</p> <p><i>Code of Alabama 1975</i>, Section 34-8-28</p>

Unused Funds	Unused funds remaining after required distributions are retained at fiscal year-end. <i>Code of Alabama 1975</i> , Section 34-8-25
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SIGNIFICANT ISSUES

Significant Issues 2018-01 - The Board has consistently overstated its accounts payables and encumbrances to the Comptroller’s Office at the end of each fiscal year of the examination period. The overstatements decreased the Board’s cash balance at the end of the year and resulted in the Board transferring less money to the General Fund, and the Board is retaining a sum in excess of 33 percent of its budget of the previous year.

The *Code of Alabama 1975*, Section 34-8-25 states, "Any funds remaining in the State Treasury to the credit of the State Licensing Board for General Contractors at the end of each year shall be paid into the General Fund of the state on or before January 15 in each succeeding year. The Board has the right, however, at all times to retain a sum ***not in excess of 33 percent*** of its budget of the previous year to meet any emergency that may arise which may affect its efficient operation." (Emphasis added)

Attorney General’s Opinion 82-00572 states, “*Code of Alabama 1975*, Section 41-4-93, provides that, ‘All unencumbered balances of all appropriations shall revert to the State... The implication of this section is that funds can be encumbered so they will not revert to the State. Of course, that implication does not defeat the overall purpose of the law. The purpose of the law is to forbid state departments and agency from carrying forward unspent or unencumbered appropriations. **An agency cannot “creatively” encumber all of its unspent funds for next year’s normal operational expenses** (Emphasis added).”

The accounts payables and encumbrances reported to the Comptroller at year-end and the actual amounts spent in the next fiscal year are shown in the table below:

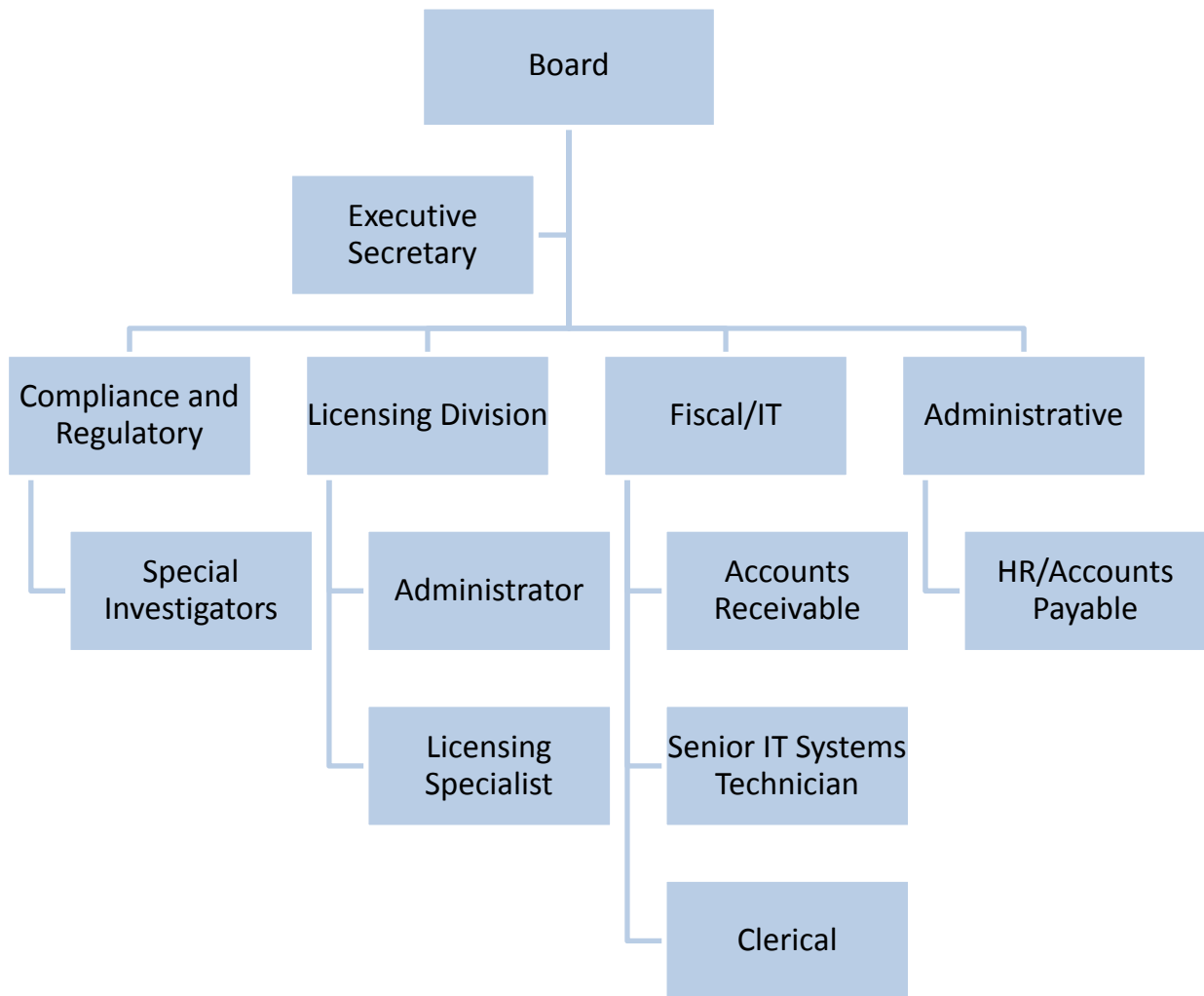
	FY 2014	FY 2015	FY 2016	FY 2017
Reserved for Year End Obligations	\$116,068.51	\$125,741.53	\$135,920.52	\$85,556.48
Actual Amount Spent in the next fiscal year	(39,682.48)	(25,252.10)	(64,496.54)	(19,323.02)
Difference	\$ 76,386.03	\$100,489.43	\$71,423.98	\$66,233.46

Board's Response – During the year-end process the Board's staff calculated the year-end obligations to account for billings not yet received. The goal was to ensure that the Board had enough money encumbered to fulfill its commitments to all entities, especially those owed to other State agencies. Unintentionally, the Board has previously reserved too much for its year-end obligations. When this information was brought to our attention on May 9, 2018, the staff took a closer look at the year-end encumbrances to find the root cause. Furthermore, the Board plans to overhaul the process with which it calculates year-end encumbrances by working with the Examiners of Public Accounts and the Comptroller's Office. It was never the intention of the Board to make "creative" calculations that would allow the Board to keep more than 33 percent of its budget of the previous year. In FY 2016 and FY 2017 the Board transferred \$109,158.56 and \$194,574.99 to the General Fund and disbursed \$796,690.42 and \$798,578.08 to institutions of higher education, respectively. The Board and its staff are working diligently to correct its error in the calculations of year-end encumbrances.

STATUS OF PRIOR FINDINGS/SIGNIFICANT ISSUES

All prior findings/significant issues were resolved.

ORGANIZATION



PERSONNEL

Schedule of Employees By Classification/Race/Sex						
Classification	#	W/M	B/F	W/F	Salary	Vehicles Assigned¹
Executive Secretary	1	1			\$105,403.20	3
Special Investigator	2	2			\$56,685.80	2
Account Clerk	1			1	\$35,589.60	
Senior IT Systems Technician	1			1	\$41,258.40	1
ASA I	1			1	\$23,419.20	
ASA II	8		3	5	\$23,419.20 - \$36,489.60	
ASA III	1			1	\$33,086.40	
Total	15	3	3	9		6

W/M = white male, B/F = black female, W/F = white female

¹Special Investigators, Senior IT Systems Technician, and the Executive Secretary are assigned vehicles in the performance of duties and responsibilities as required by the Board. The two extra vehicles assigned to Executive Secretary is from one Special Investigator retiring and one is a spare vehicle for office use.

Legal Counsel

Mary Goldthwaite, an employee of the Attorney General's Office, provides legal counsel to the Board.

PERFORMANCE CHARACTERISTICS

Number of Licensees per Employee as of March 30, 2018 – 632

Number of Persons per Licensee in Alabama and Surrounding States

	Population (estimate)*	Number of Licensees	Persons Per Licensee
Alabama	4,878,747	9,481	515
Florida	20,984,400	25,183	833
Georgia	10,429,379	6,276	1,662
Mississippi	2,984,100	6,537	456
Tennessee	6,715,984	15,366	437
*Source: U.S. Census Bureau, July 1, 2017 Population Estimates			

Operating Disbursements per Licensee (FY 2017) – \$142.93

Fines/Penalties as a Percentage of Operating Receipts (FY 2017) – 32.17%

Notification of Board decisions to Amend Administrative Rules

The Board complied with notification procedures prescribed in the Administrative Procedure Act, which includes publication of proposed rules in the Administrative Monthly, and public hearings on proposed rules. Licensees are not specifically notified of proposed changes.

Inspections

There is no specific statutory requirement for performing inspections. However, the Board conducts site visits to ensure general contractors and subcontractors are licensed and classified to perform the required contracting duties. They also ensure general contractors did not exceed maximum bid limit as it relates to their classification. If a violation is discovered when conducting a site visit, the investigator submits the violation report to the Board as a complaint.

Schedule of Inspections FY 2014 through FY 2017					
	2014	2015	2016	2017	2018 ¹
Pass	603	612	455	442	192
Fail	47	59	43	47	18
Total	650	671	498	489	210
Source: Board Staff					

¹As of April 2, 2018

COMPLAINT HANDLING

The *Code of Alabama 1975*, Section 34-8-4 authorizes the Board to enforce the laws of Alabama general contracting.

Initial Contact/Documentation	Complaints are accepted by telephone, mail, email, or fax. Complaints can be brought by Board members and staff. The Board has an official complaint form on its website, but accepts complaints submitted in any form as long as there is sufficient information to proceed. If a request for revocation of license (complaints concerning fraud, deceit, negligence, or misconduct) is received, the complaint has to be written and sworn to by the complainant before submission to the Board. The investigator, upon receipt of the
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	complaint, notifies the complainant by telephone that the complaint was received.
Anonymous Complaints Accepted	Yes
Negotiated Settlements	Yes
Investigative Process / Probable Cause Determination	<p>The complaint is given to an investigator, who obtains statements and documents to determine if the complaint is founded or unfounded.</p> <p>If there is a founded determination, the complaint, along with the report, is presented to the Board at a regularly scheduled meeting.</p> <p>In the case of a request for revocation of license, the investigator submits a report to the Investigative Committee consisting of the investigator, the Executive Secretary, and a Board member. The Investigative Committee reviews the report and determines whether there is cause to move forward with the request.</p>
Notification of Resolution to the Complainant	Complainants are not notified of the Board's resolution of the complaint.

Source: Board Staff

Schedule of Complaint Resolution FY 2014 through FY 2017						
Year/Number Received	Year/Number Resolved					Pending
	2014	2015	2016	2017	2018	
2014 / #148	132	16				-
2015 / #152		127	25			-
2016 / #152			131	21		-
2017 / #129				112	17	-
2018 / #53 ¹					46	7

¹As of March 29, 2018

Average Time to Resolve Complaints – 32 days

Disposition of Resolved Complaints

# of Complaints	Complaint Type	Resolution
448	Licensure	Fines or Administrative Warnings
67	Bid Limits	Fines or Administrative Warnings
25	Classification	Fines or Administrative Warnings
87	Unfounded/No Violation	N/A

REGULATION IN CONJUNCTION WITH OTHER ENTITIES

The following state entities may also regulate the practice of licensed contractors: Alabama Department of Environmental Management, Alabama Onsite Wastewater Board, Alabama Department of Labor (Elevator Safety Board & Boilers and Pressure Vessels Board), Alabama Department of Agriculture and Industries, Alabama Department of Transportation, Alabama Homebuilders Licensure Board, Alabama Plumbers and Gas Fitters Examining Board, Alabama Electrical Contractors Board, Alabama Department of Insurance (State Fire Marshal's Office), and Alabama Board of Heating, Air Conditioning, and Refrigeration Contractors.

FINANCIAL INFORMATION

Source of Funds

The Board's operating funds consist of licensing fees and fines.

Fund

The Board operates from Special Revenue Fund 0368 in the State Treasury, authorized by the *Code of Alabama 1975*, Section 34-8-25.

Required Distributions

General Fund Required Distribution

The *Code of Alabama 1975*, Section 34-8-25 requires that any funds remaining in the State Treasury to the credit of the State Licensing Board for General Contractors in excess of 33% of the Board's budget for the previous fiscal year must be transferred to the General Fund. (See financial schedule for transfers to the General Fund)

Institutions of Higher Education Distributions

The *Code of Alabama 1975*, Section 34-8-28(a) requires that one hundred dollars from the fees required for application and renewal for certification and registration of general contractors and fifty dollars from the fees required for application and renewal of the license of subcontractors be distributed by the State Licensing Board for General Contractors at the end of each fiscal year to the following:

- 1) All accredited public institutions of higher education offering American Council for Construction Education accredited courses in building science
- 2) All accredited public institutions of higher education offering courses in building science which are in the candidate status of the American Council for Construction Education
- 3) Institutions of higher education offering courses leading to a bachelor of civil engineering degree which offers courses in highway engineering and construction at the undergraduate and graduate levels and whose civil engineering program is accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (ABET).

The *Code of Alabama 1975*, Sections 34-8-28(b) and 34-8-28(c) provides that contractors may choose to support either building science (general construction) or civil engineering (highway engineering or construction, or both) programs. If contractors do not specifically designate which program to support, the additional fees will be distributed between the programs defined in subsection (a) in a pro-rata manner based on the number of full-time equivalent students enrolled in each program at each institution.

The *Code of Alabama 1975*, Section 34-8-28(g) provides that the Board shall retain five percent of the amount to be distributed as a fee for administrative expenses associated with the collection and distribution of the funds.

The Board transferred the following amounts to public institutions of higher education that met the criteria stated in the *Code of Alabama 1975*, Section 34-8-28(a):

Schedule of Distributions to Institutions of Higher Education FY 2014 through FY 2018					
College/University	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Jefferson State Community College	\$ 31,798.01	\$ 30,627.96	\$ 24,043.52	\$ 27,729.58	\$ 28,019.93
Auburn University	502,699.55	507,692.16	508,979.25	500,838.15	496,410.80
U of A Birmingham	46,117.58	51,350.92	42,792.66	37,247.25	41,973.21
U of A Huntsville	27,498.82	28,550.37	23,585.11	24,262.04	24,705.94
U of A Tuscaloosa	117,395.50	133,634.99	144,475.01	146,765.64	143,745.26
University of South Alabama	36,741.66	37,619.85	39,778.67	48,728.76	64,560.52
Alabama A&M University	14,548.68	15,168.53	13,036.20	13,006.66	14,141.54
Total	\$776,799.80	\$804,644.78	\$796,690.42	\$798,578.08	\$813,557.20

The schedules of distributions to institutions of higher education based on designation of licensees for the fiscal years can be found in the Appendices of the report.

Schedule of Fees

Fees	Statutory Authority	Administrative Rule	Amount Authorized	Amount Charged
General Contractor - Initial	34-8-2(a)	N/A	\$300.00	\$300.00
Subcontractor - Initial	34-8-7(c)(1)	N/A	\$150.00 ¹	\$150.00
General Contractor - Renewal	34-8-2(2)(a)	230-X-1-.38(12)	\$200.00	\$200.00
Subcontractor - Renewal	34-8-7(c)(1)	230-X-1-.39(12)	\$100.00 ¹	\$100.00
General Contractor - Inactive Status	34-8-2(b)	230-X-1-.42(2)	\$200.00	\$200.00
Late Fee	34-8-2(a)	230-X-1-.01(3)	\$50.00	\$50.00
Administrative Fine	34-8-4(a)	N/A	\$500.00 - \$5,000.00	Varies
Suit for an Injunction	34-8-6(c)	N/A	≤ \$5,000.00 ²	Varies
Increase Bid Limit	34-8-2(b)	230-X-1-.43(1)	≤ \$75.00	\$50.00
Verify Out of State License	34-8-2(b)	230-X-1-.43(2)	≤ \$75.00	\$50.00
Change/Add Classification	34-8-2(b)	230-X-1-.43(3)	≤ \$75.00	\$75.00 - initial \$50.00 - additional

¹One-half the fees as required for general contractors

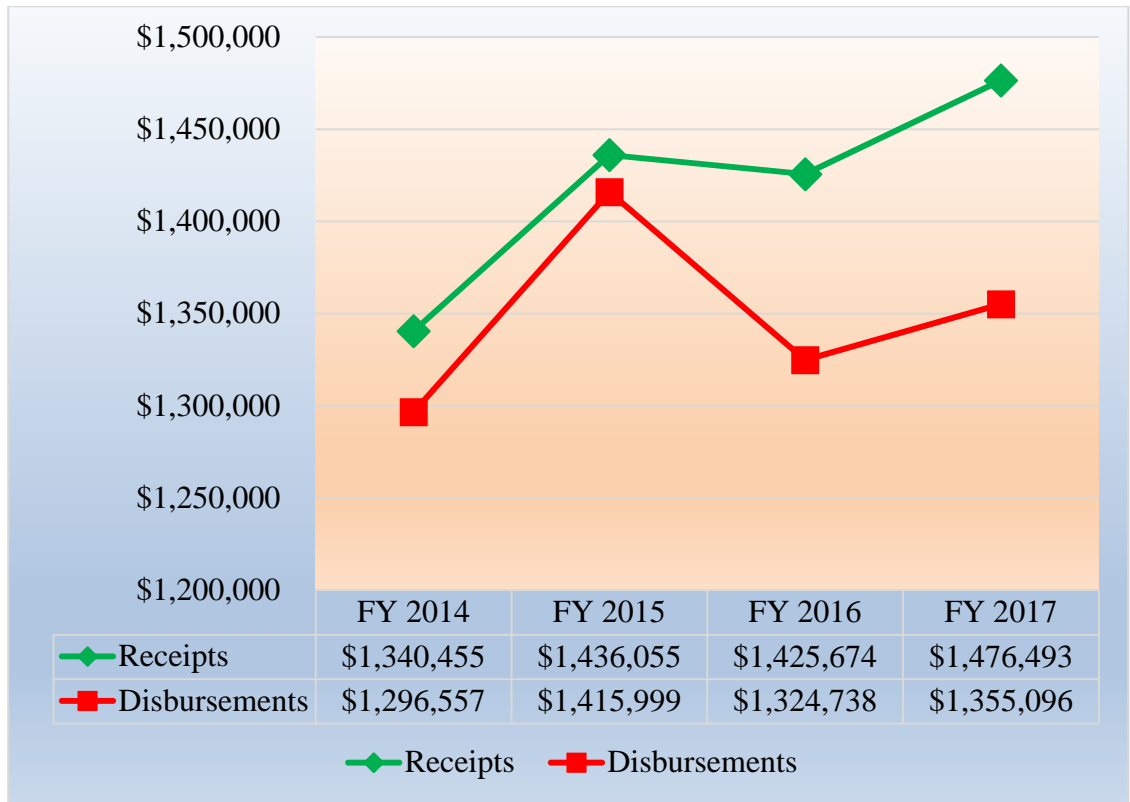
² Plus costs and attorney fees for each offense

Schedule of Receipts, Disbursements and Balances

October 1, 2013 through September 30, 2017

	2016-17	2015-16	2014-15	2013-14
<u>Receipts</u>				
General Contractor License Fees	\$ 966,670.41	\$ 946,570.29	\$ 941,492.50	\$ 952,005.85
Additional Fees - Higher Education	856,376.00	840,608.50	838,621.50	846,994.50
Legal Violations	475,000.00	416,000.00	494,500.00	385,000.00
Insurance Recoveries	34,820.42	-	-	-
Prior Year Refunds	-	104.08	-	-
Salvage Equipment or Other Property	2.58	-	62.16	3,449.29
Sale of Fixed Assets	-	63,000.00	-	-
Total	2,332,869.41	2,266,282.87	2,274,676.16	2,187,449.64
<u>Disbursements</u>				
Personnel Costs	650,787.50	674,072.44	698,324.90	661,114.10
Employee Benefits	296,282.06	298,914.00	314,534.70	295,863.16
Travel, In-State	11,833.69	15,028.51	12,971.72	14,978.95
Travel, Out-of-State	3,085.32	4,680.79	2,373.47	7,495.09
Repairs & Maintenance	1,265.95	1,722.21	5,018.77	3,533.72
Rentals & Leases	86,094.09	80,423.04	80,423.04	80,423.04
Utilities & Communications	49,015.71	50,319.22	51,135.58	49,649.89
Professional Services	90,549.47	102,542.02	74,386.04	73,201.43
Supplies, Materials, & Operating Expenses	73,373.37	84,315.48	55,987.18	79,074.71
Transportation Equipment Operations	13,330.27	11,747.96	16,179.31	21,064.14
Transportation Equipment Purchases	77,171.20	-	92,838.60	-
Other Equipment Purchases	2,307.40	972.22	11,825.53	10,158.72
Transfer to the General Fund	109,158.56	37,477.41	125,801.55	144,719.42
Distributions to Institutions of Higher Ed.	798,578.08	796,690.42	804,644.78	776,799.80
Total	2,262,832.67	2,158,905.72	2,346,445.17	2,218,076.17
Excess (Deficiency) of Receipts over Disbursements	70,036.74	107,377.15	(71,769.01)	(30,626.53)
Cash Balances at Beginning of Year	1,799,167.77	1,691,790.62	1,763,559.63	1,794,186.16
Cash Balances at End of Year	1,869,204.51	1,799,167.77	1,691,790.62	1,763,559.63
Less Cash Balance Reserved for:				
Unpaid Obligations	(85,556.48)	(136,455.48)	(125,741.53)	(116,068.51)
Transfer to Institutions of Higher Ed.	(813,557.20)	(798,578.08)	(796,690.42)	(804,644.78)
Transfer to General Fund	(194,574.99)	(109,158.56)	(37,477.41)	(125,801.55)
Unreserved Cash Balances at End of Year	\$ 775,515.84	\$ 754,975.65	\$ 731,881.26	\$ 717,044.79

Operating Receipts vs. Operating Disbursements (Chart)

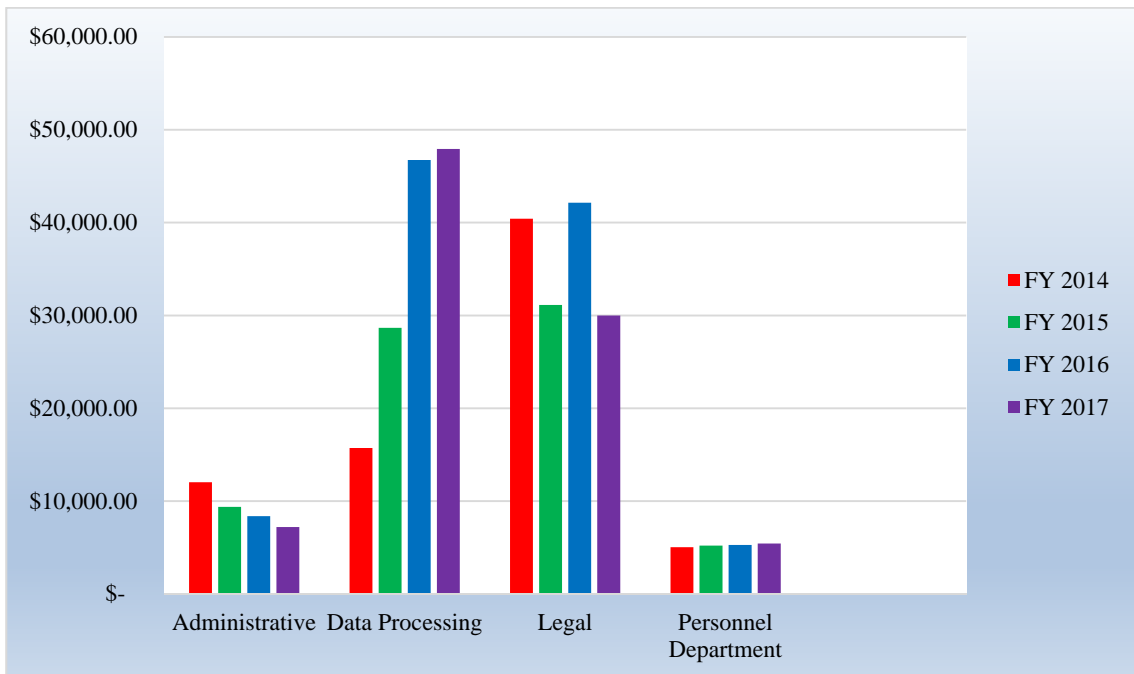


The chart does not include amounts collected as additional fees, or the distribution thereof, to Alabama public institutions of higher education pursuant to the *Code of Alabama 1975*, Section 34-8-28. The chart also does not include any amounts transferred to the General Fund pursuant to the *Code of Alabama 1975*, Section 34-8-25.

SUMMARY SCHEDULE OF PROFESSIONAL SERVICE DISBURSEMENTS*				
As of September 30 th				
Type of Service	FY 2014	FY 2015	FY 2016	FY 2017
Administrative	\$ 12,034.04	\$ 9,380.08	\$ 8,372.13	\$ 7,203.66
Data Processing	15,725.79	28,664.44	46,745.38	47,931.81
Legal	40,414.60	31,133.52	42,144.51	29,985.00
Personnel Department	5,027.00	5,208.00	5,280.00	5,429.00
Total	\$ 73,201.43	\$ 74,386.04	\$102,542.02	\$ 90,549.47

*Detailed Schedule of Professional Services Disbursements by Vendor presented in the appendices of this report.

Professional Service Disbursements Chart



QUESTIONNAIRES

Board Member Questionnaire

A letter was sent to five members of the Alabama Licensing Board for General Contractors requesting participation in our survey. All five participated in the survey.

1. What are the most significant issues currently facing the Alabama Licensing Board for General Contractors and how is the Board addressing these issues?

Board Member #1 - "I do not feel that there are significant issues, only issues that can be addressed during the course of the Board's meetings along with the Board's Council."

Board Member #2 - "We are presently upgrading processes to make the agency more user friendly. Our purpose is to insure the safety of the public by licensing only qualified applicants. With changing construction delivery methods, the certification process is becoming less clear. It is difficult to tell who has actually delivered projects from those who have only watched it happened. We are striving to educate our staff to tell the difference."

Board Member #3 - "Adapting to the license needs of specialty Contractor's working in the state on large projects."

Board Member #4 - "Simplifying the renewal process."

Board Member #5 - "Our senior investigator has just retired. A replacement that is familiar with our contracting laws will be difficult to find."

2. What, if any, changes to the Board's laws are needed?

Board Member #1 - "there are a few statutory language issues that need to be tweaked. overall, no major legal revisions"

Board Member #2 - "Increase and restructure the fine structure to match the offense. At present the fine for clerical violations is the same as major violations. ie. allowing others to use licensee number"

Board Member #3 - "none"

Board Member #4 - "We need to work on simplifying the renewal process"

Board Member #5 - "I don't know of any significant changes needed. A few administrative changes are being discussed."

3. Is the Board adequately funded?

Yes	5	100%
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Board Member #2 - "Marginally so"

Board Member Questionnaire

4. Is the Board adequately staffed?

Yes	4	80%
Unknown	1	20%

Board Member #1 - “there seems to be some delay in response time to applicants. I'm not sure if this is a "staffing" problem or not?”

Board Member #2 - “In the coming years we will need to plan for management succession.”

Board Member #5 - “We will be short on staff until the investigator is replaced.”

5. Does the Board receive regular reports on its operations from the Executive Director?

Yes	5	100%
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Board Member #1 - “with the load of license applicants both new and amendments plus the list of violations it would be difficult to review very much in the limited amount of time and meeting days we have.”

6. Are you satisfied with the reports the Board receives from the Executive Director?

Yes	4	80%
No Opinion	1	20%

Board Member #1 - “we receive financial reports. we discuss all licensing issues at the regular Board meetings. staff issues are usually discussed with the Chairmen and Vice Chairmen outside of regular meetings”

7. What is the purpose of the Board’s fiscal year-end balance of unobligated funds?

Board Member #1 - “I'm not sure I understand the term, unobligated?”

Board Member #2 - “Sub staining agency operations”

Board Member #3 - “Operational reserve fund.”

Board Member #4 - “It sends funds to colleges that enhance construction education.”

Board Member #5 - “The funds are used to sustain operations.”

8. Has the Board experienced any significant changes to its operations?

Yes	2	40%
No	3	60%

Board Member #2 - “Improving antiquated processes”

Board Member Questionnaire

Board Member #5 - “Contractor's License Specialists are assigned in a different manner now. This should prevent the problems we had with two of the previous specialist.”

9. Does the Board plan any significant changes in its operations?

No	3	60%
Unknown	2	40%

Board Member #1 - “none of a significant nature.”

10. Do you have any other comments you would like to make?

Board Member #1 - “I have served on the Licensing Board for a total of 16 years. I believe the current Board Members function as a very harmonious group. everyone has strong areas of expertise that benefit the group as a whole.”

Board Member #2 - “We are very pleased with the improvements made in recent years”

Board Member #3 - “The functions of the license board appear to be operating smoothly.”

Board Member #4 - “no”

Board Member #5 - “The Executive Director and his staff are very professional. Our Board operates efficiently and is responsive to the construction industry.”

General Contractor Questionnaire

A letter was sent to one hundred licensees requesting participation in our survey. Thirty-seven participated in the survey. The percentages, where shown, are based on the number who responded to the question.

1. Do you think regulation of your profession by the Alabama Licensing Board for General Contractors is necessary to protect public welfare?

Yes	27	73.0%
No	5	13.5%
Unknown	1	2.7%
No Opinion	4	10.8%

Respondent #20 - "The "profession" categories need updating."

2. Do you think any of the Board's laws, rules, and policies are an unnecessary restriction on the practice of your profession?

Yes	5	13.5%
No	21	56.8%
Unknown	2	5.4%
No Opinion	9	24.3%

Respondent #6 - "I think it's unnecessary to require a certified check for the fee. Tennessee accepts corporate checks,"

Respondent #7 - "Financial Statements requirement for renewal are too much. It costs me \$400 per year to have my CPA fill out and provide original signatures. Not taking company checks is ridiculous. Having to pay \$25/\$28 to provide proof of SOS good standing is ridiculous. AL DEPT should be able to internally verify."

Respondent #20 - "To some degree. As the industry develops new applications and procedure are developed that broadens a particular profession. These"

3. Do you think any of the Board's requirements are irrelevant to the competent practice of your profession?

Yes	4	10.8%
No	23	62.2%
Unknown	2	5.4%
No Opinion	8	21.6%

Respondent #7 - "Their renewal process is too time-consuming and wastes too much money. AL DEPT should allow online renewals using a portal where we can upload documents."

Respondent #25 - "Supplying reviewed financial statements and Independent Auditor's Report for licensing is useless unless the State wishes to establish a

General Contractor Questionnaire

revenue floor all licensees must exceed to be considered for licensing. Financials do not provide direct evidence of competency. Continuing Education requirements are a more useful tool. Also, I would encourage licensed businesses to have a web address. I would keep the requirement to have the annual renewal paperwork notarized. Finally, I encourage the State of Alabama to pursue online filing. The notarized pages can be mailed to the State as confirmation of intent by the licensee.”

4. Are you adequately informed by the Board of changes to and interpretations of the Board’s positions, policies, rules and laws?

Yes	18	48.7%
No	9	24.3%
Unknown	4	10.8%
No Opinion	6	16.2%

5. Has the Board performed your licensing and renewal in a timely manner?

Yes	36	97.3%
No	1	2.7%

Respondent #3 - “in the past we have submitted company renewals as a whole by Nov. 1st and have waited until well into January for the paper copies. Now they have online renewal and printing except for new applications Which is crazy because if someone starts on the job they are supposed to have certification. we have to have time to get a certification processed. I think they need at least a week or a month to get the employee apprentice certified. We can't always drive to the office to process it in one day and have to utilize the US postal service. On some occasions we have drove to the office and been sent away because they couldn't get to it immediately.”

Respondent #10 - “They have always been competent and very helpful.”

6. What do you think is the most significant issue(s) currently facing your profession in Alabama and what is the Board doing to address the issue(s)?

Respondent #1 - “No opinion”

Respondent #2 - “HAVE NO OPINION”

Respondent #3 - “na”

Respondent #4 - “I am not aware of any issues.”

Respondent #5 - “Unlicensed Two Men and A Truck Operations and Yes to the best of their abilities”

Respondent #6 - “We are not currently working in Alabama.”

Respondent #7 - “I haven't worked in Alabama for several years. I don't have any issues currently.”

Respondent #8 - “no comment”

Respondent #9 - “People that are working without license”

General Contractor Questionnaire

Respondent #10 - "JMHO, setting an unlimited bid limit on Working Capital is absurd. As long as it is positive (without the aid of a line of credit), the metric should be Net Worth."

Respondent #11 - "No Opinion"

Respondent #12 - "UNKNOWN"

Respondent #13 - "N/A"

Respondent #14 - "no opinion"

Respondent #15 - "NA we are located in Kansas rarely do business in Alabama anymore"

Respondent #16 - "None"

Respondent #17 - "Keeping qualified employees."

Respondent #18 - "We think the Board is doing a good job on stopping unlicensed contractors."

Respondent #19 - "?"

Respondent #20 - "N/A"

Respondent #21 - "Local and municipal laws and ordinances"

Respondent #22 - "I am not sure at this point."

Respondent #23 - "no problems"

Respondent #24 - "NO OPINION AT THIS TIME"

Respondent #25 - "No issues"

Respondent #26 - "No Opinion"

Respondent #27 - "Shortage of competent labor."

Respondent #28 - "As an out of state contractor I believe there are too many license to be held and renewed even if you're only there for one week out of the month and you're still required to hold a license and file certain reports"

Respondent #29 - "We are an out-of-state contractor and aren't currently working in Alabama."

Respondent #30 - "We rubber line pipe for energy/chemical plants. Wish we had more work but I don't know what the Board can do about that."

Respondent #31 - "I would like to expand and streamline Alabama Contractors License reciprocity to more states or to even a national level."

Respondent #32 - "n/a"

Respondent #33 - "The need for more skilled and unskilled labor. Constant code changes. Especially energy codes."

Respondent #34 - "Finding competent workers who want to work and learn the trade, have a valid driver's license and can pass a drug screen ."

Respondent #35 - "taxes N/A"

Respondent #36 - "Not sure anything the Alabama Contractors Licensing Board does improves the business climate for our company. We compete in a highly specialized area, so mom and pop operations do not impact our business activities in the state."

Respondent #37 - "making sure all who apply for licensing in our state have to meet the same requirements and that the board properly checks and reviews information provided rather than assuming this information is correct, to my knowledge they are, but someone needs to constantly be checking that they are and that exceptions are not being made for certain applicants."

General Contractor Questionnaire

7. Do you think the Board and its' staff are satisfactorily performing their duties?

Yes	29	78.4%
Unknown	3	8.1%
No Opinion	5	13.5%

Respondent #37 - “somewhat, but there are some that are not very knowledgeable of the laws/rules and in pass have had considerable difficulty getting good clear answers and interpretation of them, has happened more than once, not very outgoing at all to help”

8. Has any member of the Board or its' staff asked for money (other than normal fees), services, or any other thing of value in return for performing a Board service for you?

No	37	100.0%
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Respondent #37 - “but have heard and known this went on and parties were caught, or at least some”

Subcontractor Questionnaire

A letter was sent to one hundred licensees requesting participation in our survey. Seventeen participated in the survey. The percentages, where shown, are based on the number who responded to the question.

1. Do you think regulation of your profession by the Alabama Licensing Board for General Contractors is necessary to protect public welfare?

Yes	11	64.7%
No	3	17.6%
Unknown	1	5.9%
No Opinion	2	11.8%

Respondent #6 - “I am a sub-contractor to the G C I have to have a license when doing large projects in your state. For me this has nothing to do with the public welfare and just a situation that forces me be licensed and pay Alabama income tax on my work done in your state. I do not have to file this in other states such as Georgia where I am located.”

2. Do you think any of the Board’s laws, rules, and policies are an unnecessary restriction on the practice of your profession?

Yes	2	11.8%
No	7	41.2%
Unknown	3	17.6%
No Opinion	5	29.4%

Respondent #4 - “They have no laws, rules and policies for my profession”

Respondent #5 - “As an Audio Visual Integrator with a sub-contractor license we are restricted to jobs under \$50,000.00. As some of our equipment is expensive this limits what we can do.”

Respondent #6 - “Never been governed or had an issue.”

Respondent #10 - “The financial review that is required at each renewal is costly for smaller companies that do minimal work thru the year.”

Respondent #16 - “I have been self-employed for 27 years and have worked on many commercial and residential projects, ranging from framing schools, churches doctors’ offices, Etc.. On these projects I was responsible for reading and understanding the complete set of plans. I have a great wealth of experience in looking at what to do in lots of situations ranging from plumbing, electrical, foundation, steel, HV/AC and allowing the dimensions for items to go into place properly and knowing how these aspects of building, schedule and work. I have also built and sold many Spec homes as well as custom pre sold homes where I handled all financing, planning and development. My company builds the entire home from the ground up. I am also a licensed home builder with the state of Alabama. I feel like this wealth of knowledge, my God given talent and my desire to build with the

Subcontractor Questionnaire

up most quality along with plenty of trustworthy references should make me able to become a licensed General Contractor, with a humble bid limit. I was told by a representative of the Licensing Board, in there office, that absolutely none of my experience that I have written in this comment can be used to obtain a General Contracting License. I have talked with them on several occasions and was told about how I had to do a percentage of the work with my own employees, I do not agree with this rule. Thank you for reading my comment.”

3. Do you think any of the Board’s requirements are irrelevant to the competent practice of your profession?

Yes	2	11.8%
No	5	29.4%
Unknown	5	29.4%
No Opinion	5	29.4%

Respondent #4 - “They have no requirements for my profession”

Respondent #6 - “As a subcontractor this has nothing to do with my profession I just this whole thing was part of the cost of doing business with the state of Alabama and as such forcing me to file a personal income tax in a state that I do not reside in.”

Respondent #16 - “The fact that I was told I would have to have full time employees to do Plumbing ,electrical Etc. in order to do a certain percentage of the work with my own employees. When other General Subcontract all work performed.”

4. Are you adequately informed by the Board of changes to and interpretations of the Board’s positions, policies, rules and laws?

Yes	7	41.2%
No	5	29.4%
Unknown	1	5.9%
No Opinion	4	23.5%

Respondent #6 - “Never heard or seen a thing from them.”

Respondent #16 - “I receive no Information from The Board”

5. Has the Board performed your licensing and renewal in a timely manner?

Yes	17	100.0%
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Respondent #6 - “They are always quick to accept my money”

6. What do you think is the most significant issue(s) currently facing your profession in Alabama and what is the Board doing to address the issue(s)?

Respondent #1 - “no opinion”

Subcontractor Questionnaire

- Respondent #2** - “NO OPINION”
- Respondent #3** - “Consolidation of Engineering firms into Construction companies”
- Respondent #4** - “unknown”
- Respondent #5** - “Companies can buy an unlimited amount of product online without restriction. Where we are limited because of our 50,000.00 limit.”
- Respondent #6** - “Have no issues. They do not affect me.”
- Respondent #7** - “NONE”
- Respondent #8** - “unnecessary regulations”
- Respondent #9** - “N/A”
- Respondent #10** - “again the amount of work that is performed within the year has in the past not even paid for the cost of the accounting review needed to renew the license.”
- Respondent #11** - “Notification of Bidding Opportunities”
- Respondent #12** - “NO ISSUES FACED TO DATE”
- Respondent #13** - “Unreasonable, rigid schedules. Don't think this is being addressed by the Board.”
- Respondent #14** - “n”
- Respondent #15** - “Unknown”
- Respondent #16** - “Stopping people from getting the license that they are qualified for. And the labor force. I don't feel as though they are doing anything to help with these issues.”
- Respondent #17** - “No issues at the present moment”

7. Do you think the Board and its’ staff are satisfactorily performing their duties?

Yes	6	35.3%
No	1	5.9%
Unknown	3	17.6%
No Opinion	7	41.2%

- Respondent #6** - “I do not know what duties they perform”
- Respondent #16** - “I believe they could of better explained how for me to obtain a General Contractor License. Instead they told me to " go to another state, do a commercial job, the come back and they would give me a license".”

8. Has any member of the Board or its’ staff asked for money (other than normal fees), services, or any other thing of value in return for performing a Board service for you?

No	17	100%
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- Respondent #6** - “I have no idea who they are. I am a subcontractor not a G C !”

Complainant Questionnaire

A letter was sent to eight complainants requesting participation in our survey. Six participated in the survey. The percentages, where shown, are based on the number who responded to the question.

1. Was your complaint filed with the Alabama Licensing Board for General Contractors by:

Email	2	33.3%
Phone	4	66.7%

2. Was receipt of your complaint acknowledged?

Yes	6	100.0%
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3. If you answered ‘yes’ to Question 2, approximately how long after you filed your complaint were you contacted by the Board?

Immediately	3	50.0%
Within 10 days	2	33.3%
Unknown	1	16.7%

Respondent #6 - “I work for a local municipality so I called the state investigator directly.”

4. Was the person who responded to your complaint knowledgeable and courteous?

Both knowledgeable and courteous	6	100.0%
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5. Did the Board communicate the results of investigating your complaint to you?

Yes	5	83.3%
No	1	16.7%

6. Do you think the Board did everything it could to resolve your complaint?

Yes	5	83.3%
Unknown	1	16.7%

Respondent #2 - “Yes, however the law needs to be reviewed. Allowing a 50k limit before you need a General Contractors license is too large.”

Respondent #5 - “Since I never received a report on the complaint I am not sure.”

Complainant Questionnaire

7. Were you satisfied with your dealings with the Board?

Yes	5	83.3%
No	1	16.7%

Respondent #5 - "Due to the fact I do not know the ending results I have to say no."

Respondent #6 - "Always a pleasure and always most helpful."

APPENDICES

Applicable Statutes

Section 34-8-1 Definitions.

(a) For the purpose of this chapter, a "general contractor" is defined to be one who, for a fixed price, commission, fee, or wage undertakes to construct or superintend or engage in the construction, alteration, maintenance, repair, rehabilitation, remediation, reclamation, or demolition of any building, highway, sewer, structure, site work, grading, paving or project or any improvement in the State of Alabama where the cost of the undertaking is fifty thousand dollars (\$50,000) or more, shall be deemed and held to have engaged in the business of general contracting in the State of Alabama.

(b) For the purpose of this chapter, a "general contractor" is defined to include one who, for a fixed price, commission, fee, or wage exceeding five thousand dollars (\$5,000), undertakes to construct, superintend the construction of, repair, or renovate, any swimming pool, and anyone who shall engage in the construction, superintending of the construction, repair, or renovation of any swimming pool in the State of Alabama, where the cost of the undertaking exceeds five thousand dollars (\$5,000), shall be deemed and held to have engaged in the business of general contracting in the State of Alabama and shall be subject to this chapter.

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

(Acts 1935, No. 297, p. 721, §1; Code 1940, T. 46, §65; Acts 1959, No. 571, p. 1429, §1; Acts 1989, No. 89-648, p. 1278, §1; Acts 1996, No. 96-640, p. 1013, §1; Acts 1997, No. 97-270, p. 486, §1; Act 2003-142, p. 441, §3; Act 2009-725, p. 2168, §1.)

Section 34-8-2 Licensure and classification of contractors.

(a) Any person desiring to be licensed or desiring a renewal of an existing license as a general contractor in this state shall be a citizen of the United States or, if not a citizen of the United States, a person who is legally present in the United States with appropriate documentation from the federal government, and shall make and file with the board, not less than 30 days prior to any regular meeting thereof, a written application on a form as prescribed for examination by the board and the application shall be accompanied by three hundred dollars (\$300) for a new application or two hundred dollars (\$200) in case of a renewal. If a licensee fails to renew his or her license within 90 days following expiration of the previous license, a late penalty of fifty dollars (\$50) shall be collected, upon renewal, in addition to the renewal fee. The applicant shall apply for a license covering the type or types of contracts on which he or she wishes to perform, and shall provide proof of liability insurance. The board shall classify contractors according to the type or types of contracts on which they may perform, within maximum bid limits, on the following basis: The applicant's request, his or her last annual financial statement prepared by a certified public accountant (C.P.A.)

or by any independent licensed public accountant approved by the Licensing Board for General Contractors, his or her previous experience, equipment, and the facts in each case. An applicant shall not be so classified as to permit him or her to bid on or to perform a type of work not included in his or her request for a license. If the application is satisfactory to the board, then the applicant may be required to take an examination to determine his or her qualifications. If the result of the examination of the applicant is satisfactory to the board, the board shall then issue to the applicant a certificate to engage in general contracting in the State of Alabama, stipulating in each license issued the type or types of work the contractor is permitted to bid on or to perform under his or her license and also setting out a letter symbol indicating the maximum limits on which he or she is permitted to bid or to perform in a single contract. The maximum bid limits shall be set by the formula of not more than 10 times either the net worth or working capital, whichever is the lesser amount, as shown by the applicant's latest financial statement and designated in the classification set out herein that is the closest to this amount. Should the financial statement of the applicant fail to substantiate the limits requested, further consideration may be given to either of the following: (1) the present market value in lieu of book value of listed assets when properly supported with substantiating evidence, including a combined statement of the applicant that includes other wholly owned or substantially owned interests, or (2) the applicant may furnish a bond acceptable to the board equal in the amount of the applicant's negative working capital or net worth plus the amount of such net worth and working capital to satisfy the requested bid limit. When an applicant's statement qualifies for an amount in excess of classification "E", the limits shall then be set as classification Unlimited or "U". The following letter symbols indicate the maximum amount bid limits allowed a licensee on any one single contract undertaking:

A - Not to exceed \$100,000.00

B - Not to exceed 250,000.00

C - Not to exceed 500,000.00

D - Not to exceed 1,000,000.00

E - Not to exceed 3,000,000.00

U - Unlimited

(b) Any person failing to pass the examination may be reexamined at any regular or called meeting of the board. The certificate of authority to engage in the business of general contracting in the State of Alabama shall expire 12 months following its issuance or renewal and shall become invalid on that date unless renewed. The board may provide for a transitional period following May 19, 1999, during which licenses may be renewed for less than 12 months, or more than 12 months, in order to implement a staggered license renewal schedule in which licenses would be renewed each month throughout the year. Once the transitional period is completed, each license shall be renewed for a 12-month period. The board may promulgate rules and regulations relating to the procedures for renewal of licenses. Upon the renewal of a license, the board shall reclassify or confirm the license both as to the types of work and bid limits

as specified in this section. A licensee may apply for and, on proof satisfactory to the board, may receive an increase in the amount of his or her bid limit, change his or her classification, or verify his or her license with a reciprocating state for fees not greater than seventy-five dollars (\$75) as set by the board. Application for renewal of a license, together with the payment of a fee of two hundred dollars (\$200), received by the board at least 30 days prior to expiration, shall serve to extend the current license until the board either renews the license or denies the application. A licensee may apply for inactive status by notifying the board in writing at least 30 days before the expiration of his or her license. The fee for inactive status is two hundred dollars (\$200). The board shall provide by rule for the activities that may be engaged in by an inactive status licensee and for a procedure for reinstatement as an active license holder. At the discretion of the board, a limited license may be issued for a particular project.

(c) The sum or fee of three hundred dollars (\$300) accompanying original applications and sum or fee of two hundred dollars (\$200) accompanying applications for renewals under this section are for the administration and enforcement of this chapter and shall not be refunded to the applicant.

(Acts 1935, No. 297, p. 721, §9; Code 1940, T. 46, §73; Acts 1959, No. 571, p. 1429, §1; Acts 1961, Ex. Sess., No. 150, p. 2093, §1; Acts 1975, No. 485, p. 1115, §1; Acts 1982, No. 82-400, p. 603, §4; Acts 1986, No. 86-557, p. 1133, §3; Acts 1991, No. 91-197, p. 361, §3; Acts 1996, No. 96-640, p. 1013, §1; Act 99-199, p. 251, §3; Act 2008-134, p. 199, §3; Act 2009-725, p. 2168, §1; Act 2011-165, p. 308, §3.)

Section 34-8-3 Method of examination.

When the board conducts an examination of an applicant for a license, as much as three days may be devoted to written or oral examination, within the discretion of the board, to ascertain the ability of the applicant to make a practical application of his or her knowledge of the profession of general contracting; and the board shall investigate thoroughly the financial responsibility and past record of all applicants, which will include an effort towards ascertaining the qualifications of an applicant in reading plans and specifications, estimating costs, construction ethics, and other similar matters. The board shall take all applicants under consideration after having examined them and go thoroughly into the records, oral, and written examinations prior to granting any certificate of license. If an applicant is an individual, examination may be taken by his or her personal appearance for examination, or by the appearance for examination of one or more of his or her responsible managing employees, and if a copartnership or corporation, or any other combination or organization, by the examination of one or more of the responsible managing officers or members of the executive staff of the applicant's firm according to its own designation.

(Acts 1935, No. 297, p. 721, §9 1/2; Code 1940, T. 46, §74; Acts 1959, No. 571, p. 1429, §1.)

Section 34-8-4 Fines; revocation of licenses.

(a) The board may levy and collect an administrative fine of not less than five hundred dollars (\$500) nor more than five thousand dollars (\$5,000) for any violation of any provision of this chapter or the rules and regulations of the board.

(b) The board may also revoke the certificate of license of any general contractor licensed hereunder who is found guilty of any fraud or deceit in obtaining a license or gross negligence, incompetence or misconduct in the conduct of business. Any person may prefer charges of the fraud, deceit, negligence, or misconduct against any general contractor licensed hereunder. The charges shall be in writing and sworn to by the complainant and submitted to the board. The charges, unless dismissed without hearing by the board as unfounded or trivial, shall be heard and determined by the board within 90 days after the date on which they were preferred. The hearing shall be held at the office of the State Licensing Board for General Contractors in Montgomery, Alabama. A copy of the charges, together with the notice of the time and place of hearing, shall be legally served on the accused by the secretary of the board, any sheriff in the state or by registered or certified mail, at least 10 days before the fixed date for the hearing. In the event that the service cannot be effected 10 days before the hearing, then the date of hearing and determination shall be postponed as may be necessary to permit the carrying out of the aforementioned condition. At the hearing the accused shall have the right to appear personally and by counsel and to cross-examine witnesses against him, her, or them and to produce evidence of witnesses in his, her, or their defense. If, after the hearing, the board votes in favor of finding the accused guilty, the board shall revoke the license of the accused. The board may reissue a license to any person, firm, or corporation whose license has been revoked. The board shall immediately notify the Secretary of State and the clerk of each incorporated city, town, or county in the state of its findings in the case of the revocation or of the reissuance of a revoked license. A certificate of license to replace any certificate lost, destroyed, or mutilated may be issued subject to the rules and regulations of the board.

(Acts 1935, No. 297, p. 721, §10; Code 1940, T. 46, §75; Acts 1959, No. 571, p. 1429, §1; Acts 1982, No. 82-400, p. 603, §4; Acts 1991, No. 91-197, p. 361, §3; Acts 1996, No. 96-640, p. 1013, §1; Act 99-199, p. 251, §3.)

Section 34-8-5 Effect of issuance of certificate of license.

The issuance of a certificate by the board shall be evidence that the person, firm, or corporation named therein is entitled to all the rights and privileges of a licensed general contractor to perform work of the types and amounts specified in the license issued to him, her, or it while the license remains unrevoked or unexpired.

(Acts 1935, No. 297, p. 721, §11; Code 1940, T. 46, §76; Acts 1959, No. 571, p. 1429, §1.)

Section 34-8-6 Prohibited acts; penalties; cease and desist orders.

(a) Any person, firm, or corporation not being duly authorized who shall engage in the business of general contracting in this state, except as provided for in this chapter, and any person, firm, or corporation presenting or attempting to file as its own the license certificate of another, or who shall give false or forged evidence of any kind to the board, or to any member thereof, in obtaining a certificate of license, or who falsely shall impersonate another, or who shall use an expired or revoked certificate of license

shall be deemed guilty of a Class A misdemeanor and for each offense for which he or she is convicted shall be punished as provided by law. Furthermore, any person including an owner, architect, engineer, construction manager, or private awarding authority who considers a bid from anyone not properly licensed under this chapter shall be deemed guilty of a Class B misdemeanor and shall for each offense of which he or she is convicted be punished as provided by law.

(b) Every person, firm, or corporation licensed pursuant to this chapter shall include his or her license number in all construction contracts, subcontracts, bids, and proposals. Any person, firm, or corporation violating this provision shall be guilty of a Class B misdemeanor and shall for each offense of which he or she is convicted be punished as provided by law.

(c) In addition to or in lieu of the criminal penalties and administrative sanctions provided in this chapter, the board may issue an order to any person, firm, or corporation engaged in any activity, conduct, or practice constituting a violation of this chapter, directing the person, firm, or corporation to forthwith cease and desist from the activity, conduct, practice, or the performance of any work then being done or about to be commenced. The order shall be issued in the name of the State of Alabama under the official seal of the board. If the person, firm, or corporation to whom the board directs a cease and desist order does not cease or desist the proscribed activity, conduct, practice, or performance of work immediately, the board shall cause to issue in any court of competent jurisdiction and proper venue, a writ of injunction enjoining the person, firm, or corporation from engaging in any activity, conduct, practice, or performance of work as prohibited by this chapter. Upon showing by the board that the person, firm, or corporation has engaged or is engaged in any activity, conduct, practice, or performance of work prohibited by this chapter, the courts shall issue a temporary restraining order restraining the person, firm, or corporation from engaging in such unlawful activity, conduct, practice, or performance of work pending the hearing on a preliminary injunction, and in due course a permanent injunction shall issue after the hearing, commanding the cessation of the unlawful activity, conduct, practice, or performance of work complained of, all without the necessity of the board having to give bond. A temporary restraining order, preliminary injunction, or permanent injunction issued pursuant to this subsection shall not be subject to being released on bond. In the suit for an injunction, the board may demand of the defendant a fine of up to five thousand dollars (\$5,000) plus costs and attorney fees for each offense. A judgment for penalty, attorney fees, and costs may be rendered in the same judgment in which the injunction is made absolute. The trial of the proceeding by injunction shall be summary and by the trial judge without jury. Anyone violating this chapter who fails to cease work, after a hearing and notification from the board, shall not be eligible to apply for a contractor's license for a period not to exceed one year from the date of official notification to cease work. It shall be within the power of the board to withhold approval, for up to six months, of any application from anyone who prior to the application has been found in violation of this chapter.

(d) The submission of the contractor's current license number before considering the bid shall be sufficient evidence to relieve the owner, architect, engineer, construction manager, or awarding authority of any liability under this chapter.

(Acts 1935, No. 297, p. 721, §12; Code 1940, T. 46, §77; Acts 1959, No. 571, p. 1429, §1; Acts 1996, No. 96-640, p. 1013, §1; Act 99-199, p. 251, §3; Act 2009-725, p. 2168, §1.)

Section 34-8-7 Exemptions from chapter; subcontractor requirements.

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

(1) The practice of general contracting, as defined in Section 34-8-1, by an authorized representative or representatives of the United States Government, State of Alabama, incorporated town, city, or county in this state, which is under the supervision of a licensed architect or engineer provided any work contracted out by the representative shall comply with the provisions of this chapter for general contractor.

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

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

(4) The installation, repair, maintenance, or removal of facilities, equipment, or systems used in or substantially related to the generation, transmission, or distribution of electric power, natural gas, or telecommunications in an emergency by a utility regulated by the Public Service Commission, or any entity engaged in the generation, transmission, or distribution of electric power, natural gas, or telecommunications, or any of their respective general contractors or subcontractors, provided the work is performed under the supervision of a licensed architect or engineer. For purposes of this subdivision, the term emergency is defined as a situation whereby service to the consumer has been interrupted or may be interrupted if work to remedy the emergency is not performed and completed within 60 days, and such other situations that are determined to be an emergency in the discretion of the board.

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

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

(b) The aforementioned exemptions shall exclude a swimming pool contractor. Provided, however, a person, firm, or corporation constructing a swimming pool on his, her, or its own property shall be exempted from this chapter.

(c) A subcontractor, as defined in subsection (c) of Section 34-8-1, is subject to and shall comply with all the provisions of this chapter as specified for general contractor except as follows:

- (1) A subcontractor shall pay one-half the fees as required in this chapter for general contractor.
- (2) No bid limits shall be established for a subcontractor.
- (3) A subcontractor shall submit with license application and renewals a statement of financial condition as prescribed by the board.
- (4) A subcontractor shall furnish three references from any combination of the following: Licensed general contractors, registered professional engineers, or registered architects, or qualified person, as declared by the board, for whom they have worked. If a subcontractor has only been employed by one company, the subcontractor shall provide the following: Three or more jobs he or she has worked on, the amounts of the contracts, the time period of the contracts, the location of the contracts, and a statement of experience.
- (5) A subcontractor is not required to be licensed at the time a project is bid, but must be licensed with the board prior to beginning work on the project.
- (6) A general contractor license and license number issued by the board to subcontractors shall denote subcontractor status.
- (7) A subcontractor is not required to sit for any examination before being licensed. (*Acts 1935, No. 297, p. 721, §13; Code 1940, T. 46, §78; Acts 1959, No. 571, p. 1429, §1; Acts 1989, No. 89-648, p. 1278, §2; Acts 1996, No. 96-640, p. 1013, §1; Acts 1997, No. 97-270, p. 486, §1; Act 99-199, p. 251, §3; Act 2009-725, p. 2168, §1; Act 2011-165, p. 308, §3; Act 2015-480, §1.*)

Section 34-8-8 Copy of chapter to be included in plans of owners, architects, and engineers; inclusion of license number on bid.

(a) All owners, architects, engineers, construction managers, and private awarding authorities preparing plans and specifications for work to be contracted in Alabama pursuant to this chapter shall include in their invitations to bidders, including but not limited to all public and private advertisements, and their specifications a copy of the portions of this chapter as are deemed necessary to convey to the invited bidder, whether he or she is a resident or nonresident of this state and whether a license has been issued to him or her or not, the information that it will be necessary for him or her to show evidence of license before his or her bid is considered. Any person including an owner, architect, engineer, construction manager, or private awarding authority who violates this section shall be guilty of a Class B misdemeanor and shall for each offense of which he or she is convicted be punished, fined, or both, in accordance with Sections 13A-5-7 and 13A-5-12.

(b) All owners, architects, engineers, construction manager, or private awarding authority receiving bids pursuant to this chapter shall require the person, firm, or corporation to include his or her current license number on the bid. The owner, architect, engineer, construction manager, or private awarding authority shall reject all bids that do not contain the current license number of the general contractor submitting the bid. All persons who violate this subsection shall be guilty of a Class C misdemeanor and shall for each offense for which he or she is convicted be punished, fined, or both, in accordance with Sections 13A-5-7 and 13A-5-12.

(*Acts 1935, No. 297, p. 721, §14; Code 1940, T. 46, §79; Acts 1959, No. 571, p. 1429, §1; Acts 1996, No. 96-640, p. 1013, §1; Act 2009-725, p. 2168, §1.*)

Section 34-8-9 Issuance of building permits.

Any person, firm, or corporation, upon making application to the building inspector or such other authority of any incorporated city, town, village, or county in Alabama charged with the duty of issuing building or other permits for the construction, alteration, maintenance, repair, rehabilitation, remediation, reclamation, or demolition of any building, highway, sewer, structure site work, grading, paving or project or any improvement where the cost of the undertaking is fifty thousand dollars (\$50,000) or more, shall, before he or she shall be entitled to the issuance of permits, furnish satisfactory proof to the inspector or authority that he or she is duly licensed under this chapter. It shall be unlawful for the building inspector or other authority to issue or allow the issuance of the building permit unless and until the applicant has furnished evidence that he or she is either exempt from this chapter or is duly licensed under this chapter to carry out or superintend the work for which the permit has been applied. The building inspector, or other authority, violating the terms of this section shall be guilty of a Class C misdemeanor and shall for each offense of which he or she is convicted be punished in accordance with Sections 13A-5-7 and 13A-5-12.

(Acts 1935, No. 297, p. 721, §15; Code 1940, T. 46, §80; Acts 1947, No. 402, p. 293, §1; Acts 1959, No. 571, p. 1429, §1; Acts 1987, No. 87-175, p. 236, §3; Acts 1996, No. 96-640, p. 1013, §1; Acts 1997, No. 97-270, p. 486, §1.)

Section 34-8-10 Indictment or complaint.

In all prosecutions for the violation of the provisions of Section 34-8-6 for engaging in the business of general contracting without a certificate of authority, it shall be sufficient to allege in the indictment, affidavit, or complaint that "A. B. unlawfully engaged in business as a general contractor, without authority from the licensing board for contractors so to do."

(Acts 1935, No. 297, p. 721, §16; Code 1940, T. 46, §81; Acts 1959, No. 571, p. 1429, §1.)

Section 34-8-20 Creation; composition; appointment and removal of members.

In order to safeguard life, health, and property and to promote the general public welfare by requiring that only properly qualified persons be permitted to engage in general contracting, there shall be a State Licensing Board for General Contractors, consisting of five members, who shall be citizens of this state and appointed by the Governor. Each of the members shall be a general contractor, within the meaning of this chapter, with at least 10 years' experience in the field as a contractor. At least one member of the board shall have as a larger part of his or her business the construction of highways. At least one member of the board shall have as a larger part of his or her business the construction of public utilities. At least one member shall have as a larger part of his or her business the construction of buildings. At least one member of the board shall have as a larger part of his or her business the performance of construction work as a subcontractor. The members of the board shall be appointed for one, two, three, four, and five years respectively, their terms of office expiring on December 31 of those years. Thereafter, on the thirty-first day of December in each year the Governor shall appoint to fill the vacancies caused by the expiration of the term of office a member for a term of five years. In appointing members to the board, the Governor shall select those persons whose appointments, to the extent possible, ensure that the

membership of the board is inclusive and reflects the racial, gender, urban/rural, and economic diversity of the state. Each member shall hold over after the expiration of his or her term until his or her successor shall be duly appointed and qualified. If a vacancy shall occur on the board for any cause, the vacancy shall be filled by the appointment of the Governor, and the Governor may remove any member of the board at any time, with or without cause.

(Acts 1935, No. 297, p. 721, §2; Code 1940, T. 46, §66; Acts 1959, No. 571, p. 1429, §1; Acts 1996, No. 96-640, p. 1013, §1; Act 99-199, p. 251, §§2, 3; Act 2003-142, p. 441, §3; Act 2008-134, p. 199, §3; Act 2015-190, §1.)

Section 34-8-21 Oath of board.

Each member of the board shall before entering upon the discharge of the duties of his or her office take and file with the Secretary of State the oath required by Section 279 of the Constitution of Alabama.

(Acts 1935, No. 297, p. 721, §3; Code 1940, T. 46, §67; Acts 1959, No. 571, p. 1429, §1.)

Section 34-8-22 Officers; bonds; compensation and expenses; rules and regulations.

When the Governor appoints the board, he or she shall designate and commission one member as the chairperson, another as vice-chairperson, and another as secretary-treasurer. The board may make the bylaws, rules, and regulations as it shall deem best, provided the same shall not conflict with the laws of the State of Alabama. The secretary-treasurer shall give bond in the sum as the board shall determine with the surety as shall be approved. The bond shall be conditioned upon the faithful performance of the duties of the office and for the faithful accounting of all moneys and other properties as shall come into his or her hands. Each member of the board shall receive two hundred dollars (\$200) per day for attending sessions of the board or its committees, and for time actually spent in necessary travel in attending meetings of the board or its committees and in addition shall be reimbursed for necessary travel expenses as are paid to state employees incurred in carrying out this chapter. All expenses certified by the board as properly and necessarily incurred in the discharge of its duties, including authorized compensations, office rent, and supplies shall be paid out of the State Licensing Board for the General Contractors' Fund in the State Treasury in the manner provided in Section 34-8-25, provided, that no funds shall be withdrawn or expended except as budgeted and allotted according to the provisions of Article 4 of Chapter 4 of Title 41, and only in the amounts as stipulated in the general appropriation bill.

(Acts 1935, No. 297, p. 721, §4; Code 1940, T. 46, §68; Acts 1951, No. 835, p. 1466, §1; Acts 1959, No. 571, p. 1429, §1; Acts 1980, No. 80-698, p. 1404, §1; Acts 1996, No. 96-640, p. 1013, §1.)

Section 34-8-23 Seal.

The board shall adopt a seal for its own use. Such seal shall have the words "License Board for Contractors, State of Alabama," and the secretary shall have the charge, care, and custody thereof.

(Acts 1935, No. 297, p. 721, §5; Code 1940, T. 46, §69; Acts 1959, No. 571, p. 1429, §1.)

Section 34-8-24 Meetings; quorum.

The board shall have four regular meetings in each year, one in January, one in April, one in July, and one in October, for the purpose of transacting business which may properly come before it, and as many special or adjourned meetings as the board may deem necessary, on call of the chair of the board. Special or adjourned meetings may be held at the time the board provides in the bylaws or at a time the board may provide by reasonable resolution. Due notice of each regular meeting and the time and place thereof shall be given to each member by mail at least one week prior to the meeting. Three members of the board shall constitute a quorum.

(Acts 1935, No. 297, p. 721, §6; Code 1940, T. 46, §70; Acts 1959, No. 571, p. 1429, §1; Acts 1986, No. 86-557, p. 1133, §3; Acts 1996, No. 96-640, p. 1013, §1.)

Section 34-8-25 Records and accounts.

The secretary-treasurer shall keep a record of the proceedings of the board, shall receive and account for all the moneys derived from the operation of this chapter and shall deposit, or cause to be deposited, all such moneys in the State Treasury to the credit of the State Licensing Board for General Contractors; and the funds shall be subject to withdrawal only upon warrant of the state Comptroller to be issued upon certificate or voucher certified by the secretary-treasurer of the board. Any funds remaining in the State Treasury to the credit of the State Licensing Board for General Contractors at the end of each year shall be paid into the General Fund of the state on or before January 15 in each succeeding year. The board has the right, however, at all times to retain a sum not in excess of 33 percent of its budget of the previous year to meet any emergency that may arise which may affect its efficient operation.

(Acts 1935, No. 297, p. 721, §7; Code 1940, T. 46, §71; Acts 1951, No. 835, p. 1466, §2; Acts 1975, No. 485, p. 1115, §1; Acts 1991, No. 91-197, p. 361, §3; Act 2008-134, p. 199, §3.)

Section 34-8-26 Register of applicants; roster of contractors; annual report; investigation and report of complaints.

The secretary-treasurer shall keep a record of the proceedings of the board and a register of the applicants for license, showing for each the date of application, name, qualifications, place of business, and whether the license was granted or refused. The books and register of this board shall be prima facie evidence of all matters recorded therein, and a certified copy of such books or register, under the seal of the board, attested by its secretary, shall be received in evidence in all courts in this state in lieu of the original.

A roster showing the names and places of business of all licensed general contractors shall be prepared by the secretary of the board as soon as convenient after the board first meets each year. Such roster, which shall include a copy of the licensing law, shall be

printed by the board out of funds of the board, as provided in Section 34-8-25, and a copy mailed to and placed on file by the clerk of each incorporated city and town in the state and to and by the probate judge of each county in the state.

On or before March 1 of each year, the board shall submit to the Governor a report of its transactions for the preceding year and shall file with the Secretary of State a copy of such report, together with a complete statement of receipts and expenditures of the board, attested by the affidavit of the chairman and secretary and a copy of the roster of licensed general contractors.

It shall be the duty of the secretary-treasurer to investigate and report to the board each complaint filed relative to violation of this chapter.

(Acts 1935, No. 297, p. 721, §8; Code 1940, T. 46, §72; Acts 1959, No. 571, p. 1429, §1.)

Section 34-8-27 Appeals.

Any party aggrieved by any decision of the State Licensing Board, either in denying an application for license as a general contractor or in revoking a license, may appeal to the Circuit Court of Montgomery County by filing a bond with the clerk of the court, conditioned to pay all costs of the appeal. Upon notice of the appeal being served upon the Licensing Board, an issue shall be made up by the court between the appellant and the Licensing Board, in which the appellant shall allege in what respect the action of the Licensing Board was erroneous and prejudicial to him or her; whereupon the court shall hear the evidence and, without regard to the decision of the Licensing Board, shall render such decision as the court is of the opinion the Licensing Board should have rendered in the first instance.

(Acts 1935, No. 297, p. 721, §17; Code 1940, T. 46, §82; Acts 1959, No. 571, p. 1429, §1.)

Section 34-8-28 Distribution of funds; annual report.

(a) An amount of one hundred dollars (\$100) from the fees required for application and renewal for certification and registration of general contractors in Section 34-8-2, and an amount of fifty dollars (\$50) from the fees required for application and renewal of the license of a subcontractor pursuant to Section 34-8-7, shall be distributed by the State Licensing Board for General Contractors to all accredited public institutions of higher education offering American Council for Construction Education accredited courses in building science, and to all accredited public institutions of higher education offering courses in building science which are in the candidate status of the American Council for Construction Education and to institutions of higher education offering courses leading to a bachelor of civil engineering degree which offers courses in highway engineering and construction at the undergraduate and graduate levels and whose civil engineering program is accredited by the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (ABET). Funds identified by the general contractors and subcontractors for building science shall be distributed pro rata among institutions based upon the number of full-time equivalent students enrolled in the department of building science at the institution. Funds identified by the general contractors and subcontractors for civil engineering shall be distributed pro rata among institutions based upon the number of full-time equivalent civil and pre-civil engineering students enrolled at the institution. These funds shall be

distributed 30 days after certifications of enrollment packages have been received from all eligible public institutions of higher education.

(b) Revenue derived from the additional fees for all licenses shall be distributed for (1) building science (general construction) purposes and (2) civil engineering (highway engineering or construction, or both) purposes. Contractors shall be given an opportunity to select which program they want to support.

(c) Revenues derived from the additional fees for all licenses that are not specifically designated by contractors for one of the purposes above, shall be distributed between the programs defined in subsection (a) in a pro rata manner based on the number of full-time equivalent students enrolled in each program at each institution.

(d) Each institution receiving funds pursuant to this article for building science purposes shall utilize the funds for research projects relating to the construction industry, for faculty development, for program enhancement, and for continuing education programs related to construction. The funds shall be administered by a committee appointed by the dean responsible for the building science program, and shall include the head of the department of building science, or comparable position, faculty representatives, and representatives of the building science industry advisory committee of the institution.

(e) Each institution receiving funds pursuant to this article for civil engineering purposes shall utilize the funds to enhance activities in the highway engineering or construction area, or both. This includes, but is not limited to, scholarships, fellowships, research, faculty development, and continuing education. Funds received pursuant to this article shall be administered by a committee appointed by the dean of engineering. The committee should undertake, as part of its mission, to work with the public and private sectors of the highway industry to encourage student participation in co-op and summer industry employment programs as well as to lead students toward career employment in the highway industry upon graduation.

(f) Each institution receiving funds pursuant to this article shall provide to the board an annual report on or before January 31 for the preceding fiscal year during which the institution received the funds. This report shall disclose the total amount of funds received by the institution pursuant to this article and shall provide an accurate accounting for the utilization of the funds. The report shall disclose sufficient detail to demonstrate compliance with the utilization specifications prescribed in subsections (d) and (e). Responsibility for the reports shall be retained by the administrative committees formed pursuant to subsections (d) and (e) and the dean appointing the committee.

(g) The board shall retain an amount of five percent of the amount to be distributed pursuant to subsection (a) as a fee for administrative expenses associated with the collection and distribution of the funds.

(h) The provisions of this amendatory section are remedial and curative and shall be retroactive to January 1, 1998.

(Acts 1991, No. 91-473, p. 857, §§1-4; Acts 1993, No. 93-614, p. 1006, §1(11); Acts 1996, No. 96-640, p. 1013, §1; Act 2003-142, p. 441, §3; Act 2011-165, p. 308, §3.)

Professional Services by Vendor

	FY 2014	FY 2015	FY 2016	FY 2017
Administrative Services				
Access Information Management	\$ 3,492.00	\$ 1,308.02	\$ -	\$ -
Alabama Association of Regulatory Boards	525.00	1,700.00	1,450.00	1,300.00
Alabama Association of Plumbing, Gas, & Mechanical Inspectors	150.00	400.00	150.00	-
Alabama Legislative Reading & Research Service, LLC	1,460.00	1,950.00	1,989.00	1,499.00
Business Systems & Consultants	2,092.08	1,917.74	2,440.76	1,917.74
Code Officials Association of Alabama	210.00	210.00	250.00	-
Department of Finance	3,315.96	1,236.32	1,099.37	2,278.92
Furlong's Security	209.00	208.00	208.00	208.00
Legislative Reference Service	130.00	-	260.00	-
The National Construction Investigators Association	450.00	450.00	525.00	-
Total Administrative Services	12,034.04	9,380.08	8,372.13	7,203.66
Data Processing Services				
Business Systems & Consultants	-	9,150.00	-	7,200.00
Department of Finance	15,725.79	17,764.96	44,745.38	40,731.81
Key Asset Lifecycle Management Service	-	1,500.00	2,000.00	-
Verizon Wireless	-	249.48	-	-
Total Data Processing Services	15,725.79	28,664.44	46,745.38	47,931.81
Legal Services				
Arden Reed Pathak, Esq, LLC	8,810.16	-	-	-
Attorney General's Office	31,604.44	31,133.52	42,144.51	29,985.00
Total Legal Services	40,414.60	31,133.52	42,144.51	29,985.00
Total State Personnel Department	5,027.00	5,208.00	5,280.00	5,429.00
Total Professional Services	\$ 73,201.43	\$ 74,386.04	\$ 102,542.02	\$ 90,549.47

Examination Statistics

Fiscal Year 2014	1 st Time				Repeat			
	Pass	Fail	Total	% Pass	Pass	Fail	Total	% Pass
AL Business & Law	418	52	470	88.94%	48	15	63	76.19%
AL Building Construction (Commercial)	12	2	14	85.71%	2	5	7	28.57%
Building Construction Under Four Stories	12	20	32	37.50%	15	19	34	44.12%
AL Carpentry and Framing Contractor	1	0	1	100.00%	0	0	0	0.00%
Commercial Swimming Pool Contractor	4	5	9	44.44%	4	1	5	80.00%
Concrete Contractor	2	7	9	22.22%	3	8	11	27.27%
AL Concrete Pavement Contractor	0	1	1	0.00%	1	0	1	100.00%
Doors/Windows/Glass w/ Specialty Hardware	1	0	1	100.00%	0	0	0	0.00%
Drainage & Culvert Contractor	6	6	12	50.00%	2	0	2	100.00%
Heavy Railroad Construction Contractor	2	1	3	66.67%	1	0	1	100.00%
Highways & Streets Contractor	1	0	1	100.00%	0	1	1	0.00%
Low Voltage Special Systems (Under 50 Volts)	2	5	7	28.57%	4	1	5	0.00%
Marine Construction Contractor	0	0	0	0.00%	2	0	2	100.00%
Metal Building Erection Contractor	0	4	4	0.00%	1	1	2	50.00%
Municipal & Utility Contractor	4	4	8	50.00%	1	0	1	100.00%
Oil & Gas Field Projects Contractor	3	2	5	60.00%	1	2	3	33.33%
Painting & Wall Covering Contractor	2	0	2	100.00%	0	0	0	0.00%
Pipelines Contractor	1	0	1	100.00%	0	0	0	0.00%
AL Power Projects and Plants Contractor	1	0	1	100.00%	0	0	0	0.00%
Remodeling, Alteration, & Maintenance Repair	0	18	18	0.00%	7	14	21	33.33%
Roofing & Sheet Metal Contractor	9	5	14	64.29%	4	4	8	50.00%
Sitework Contractor	2	0	2	100.00%	0	0	0	0.00%
Special Coatings & Waterproofing Contractor	2	0	2	100.00%	0	0	0	0.00%
Structural & Miscellaneous Steel Contractor	0	1	1	0.00%	0	0	0	0.00%
Telecommunication Projects Contractor	2	7	9	22.22%	5	3	8	62.50%
Total All Exams - FY 2014	487	140	627	77.67%	101	74	175	57.71%

Fiscal Year 2015	1 st Time				Repeat			
	Pass	Fail	Total	% Pass	Pass	Fail	Total	% Pass
AL Business & Law	407	44	451	90.24%	40	20	60	66.67%
Al Building Construction (Commercial)	11	2	13	84.62%	2	3	5	0.00%
Building Contractor Under Four Stories	8	10	18	44.44%	7	5	12	58.33%
Commercial Swimming Pool Contractor	4	4	8	50.00%	3	4	7	42.86%
Concrete Contractor	5	3	8	62.50%	2	2	4	50.00%
Drainage & Culvert Contractor	1	3	4	25.00%	2	3	5	40.00%
Gas & Oil Projects Contractor	1	2	3	33.33%	2	0	2	100.00%
Heavy Railroad Construction Contractor	6	0	6	100.00%	0	0	0	0.00%
Highways & Streets Contractor	3	2	5	60.00%	0	4	4	0.00%
Low Voltage Special Systems (Under 50 Volts)	0	4	4	0.00%	3	3	6	50.00%
AL Metal Building Erection Contractor	1	3	4	25.00%	4	6	10	40.00%
Metal Stud & Drywall Contractor	1	0	1	100.00%	0	0	0	0.00%
Municipal & Utility Contractor	3	5	8	37.50%	1	3	4	25.00%
AL Oil and Gas Field Projects Contractor	2	1	3	66.67%	1	0	1	100.00%
AL Pipelines Contractor	0	1	1	0.00%	1	1	2	50.00%
AL Precast and Prestressed Concrete	1	0	1	100.00%	0	0	0	0.00%
Remodeling, Alteration, & Maintenance Repair	4	20	24	16.67%	14	30	44	31.82%
Roofing & Sheet Metal Contractor	11	2	13	84.62%	1	0	1	100.00%
Sitework Contractor	1	0	1	100.00%	0	0	0	0.00%
Telecommunication Projects Contractor	1	2	3	33.33%	2	1	3	66.67%
Water Projects Contractor	1	0	1	100.00%	0	0	0	0.00%
Total All Exams - FY 2015	472	108	580	81.38%	85	85	170	50.00%

Fiscal Year 2016	1 st Time				Repeat			
	Pass	Fail	Total	% Pass	Pass	Fail	Total	% Pass
AL Business & Law	449	36	485	92.58%	57	15	72	79.17%
AL Building Construction (Commercial)	13	5	18	72.22%	2	0	2	100.00%
Building Contractor Under Four Stories	6	10	16	37.50%	7	15	22	31.82%
Commercial Swimming Pool Contractor	5	6	11	45.45%	6	9	15	40.00%
Concrete Contractor	2	7	9	22.22%	3	7	10	30.00%
Drainage & Culvert Contractor	4	2	6	66.67%	0	0	0	0.00%
Gas & Oil Projects Contractor	1	0	1	100.00%	0	0	0	0.00%
Hard Tile and Stone Contractor	1	0	1	100.00%	0	0	0	0.00%
Heavy Railroad Construction Contractor	4	0	4	100.00%	0	0	0	0.00%
Highways & Streets Contractor	2	6	8	25.00%	4	3	7	57.14%
Low Voltage Special Systems (Under 50 Volts)	3	3	6	50.00%	1	2	3	33.33%
Marine Construction Contractor	0	2	2	0.00%	1	2	3	33.33%
Masonry Contractor	2	0	2	100.00%	0	0	0	0.00%
Metal Building Erection Contractor	1	1	2	50.00%	0	1	1	0.00%
Metal Stud & Drywall Contractor	1	0	1	100.00%	0	0	0	0.00%
Oil & Gas Field Projects Contractor	0	1	1	0.00%	0	0	0	0.00%
Painting & Wall Covering Contractor	1	0	1	100.00%	0	0	0	0.00%
Remodeling, Alteration, & Maintenance Repair	3	19	22	13.64%	14	42	56	25.00%
Roofing & Sheet Metal Contractor	12	2	14	85.71%	1	0	1	0.00%
Sitework Contractor	2	0	2	100.00%	0	0	0	0.00%
Structural & Miscellaneous Steel Contractor	1	1	2	50.00%	0	0	0	0.00%
Total All Exams - FY 2016	513	101	614	83.55%	96	96	192	50.00%

Fiscal Year 2017	1 st Time				Repeat			
	Pass	Fail	Total	% Pass	Pass	Fail	Total	% Pass
AL Business & Law	431	44	475	90.74%	44	13	57	77.19%
AL Building Construction (Commercial)	10	5	15	66.67%	2	1	3	66.67%
Building Contractor Under Four Stories	10	15	25	40.00%	10	8	18	55.56%
Commercial Swimming Pool Contractor	3	4	7	42.86%	4	1	5	80.00%
Concrete Contractor	5	5	10	50.00%	4	2	6	66.67%
Drainage & Culvert Contractor	2	2	4	50.00%	1	1	2	50.00%
Gas & Oil Projects Contractor	2	1	3	66.67%	1	0	1	0.00%
Heavy Railroad Construction Contractor	3	1	4	75.00%	0	0	0	0.00%
Highways & Streets Contractor	3	3	6	50.00%	1	2	3	33.33%
Low Voltage Special Systems (Under 50 Volts)	0	7	7	0.00%	7	4	11	63.64%
Metal Building Erection Contractor	0	3	3	0.00%	2	0	2	100.00%
Municipal & Utility Contractor	3	8	11	27.27%	4	13	17	23.53%
Oil & Gas Field Projects Contractor	4	1	5	80.00%	0	0	0	0.00%
Painting & Wall Covering Contractor	2	0	2	100.00%	0	0	0	0.00%
Remodeling, Alteration, & Maintenance Rep.	2	14	16	12.50%	7	28	35	20.00%
Roofing & Sheet Metal Contractor	6	6	12	50.00%	4	1	5	80.00%
Runway Contractor	1	1	2	50.00%	1	0	1	0.00%
Sewer Projects Contractor	1	0	1	100.00%	0	0	0	0.00%
Sitework Contractor	4	1	5	80.00%	0	0	0	0.00%
Special Coatings and Waterproofing Contract	2	0	2	100.00%	0	0	0	0.00%
Structural & Miscellaneous Contractor	1	0	1	100.00%	0	0	0	0.00%
Telecommunication Projects Contractor	5	3	8	62.50%	2	1	3	66.67%
Water Projects Contractor	1	0	1	100.00%	0	0	0	0.00%
Total All Exams - FY 2017	501	124	625	80.16%	94	75	169	55.62%

Distributions to Institutions of Higher Education

FY 2013 Designations Disbursed in FY 2014				
Colleges and Universities	Building Science	Civil Engineering	Undesignated	Totals
Jefferson State Community College	\$30,183.56	-	\$1,614.45	\$31,798.01
Auburn University	\$382,160.14	\$69,372.66	\$51,166.75	\$502,699.55
University of Alabama Birmingham		\$31,968.86	\$14,148.72	\$46,117.58
The University of Alabama in Huntsville		\$19,057.90	\$8,440.92	\$27,498.82
University of Alabama at Tuscaloosa		\$81,381.74	\$36,013.76	\$117,395.50
University of South Alabama		\$25,465.91	\$11,275.75	\$36,741.66
Civil Engineering Foundation – Alabama A&M University		\$10,086.68	\$4,462.00	\$14,548.68
Totals	\$412,343.70	\$237,333.75	\$127,122.35	\$776,799.80

FY 2014 Designations Disbursed in FY 2015				
Colleges and Universities	Building Science	Civil Engineering	Undesignated	Totals
Jefferson State Community College	\$28,588.34	-	\$2,039.62	\$30,627.96
Auburn University	\$378,652.91	\$65,618.16	\$63,421.09	\$507,692.16
University of Alabama Birmingham		\$33,010.36	\$18,340.56	\$51,350.92
The University of Alabama in Huntsville		\$18,352.25	\$10,198.12	\$28,550.37
University of Alabama at Tuscaloosa		\$85,888.51	\$47,746.48	\$133,634.99
University of South Alabama		\$24,177.60	\$13,442.25	\$37,619.85
Civil Engineering Foundation – Alabama A&M University		\$9,756.29	\$5,412.24	\$15,168.53
Totals	\$407,241.25	\$236,803.17	\$160,600.36	\$804,644.78

FY 2015 Designations Disbursed in FY 2016				
Colleges and Universities	Building Science	Civil Engineering	Undesignated	Totals
Jefferson State Community College	\$22,223.87		\$1,819.65	\$24,043.52
Auburn University	\$374,631.03	\$66,127.77	\$68,220.45	\$508,979.25
University of Alabama Birmingham		\$27,309.06	\$15,483.60	\$42,792.66
The University of Alabama in Huntsville		\$15,049.28	\$8,535.83	\$23,585.11
University of Alabama at Tuscaloosa		\$92,217.88	\$52,257.13	\$144,475.01
University of South Alabama		\$25,386.87	\$14,391.80	\$39,778.67
Civil Engineering Foundation – Alabama A&M University		\$8,321.64	\$4,714.56	\$13,036.20
Totals	\$396,854.90	\$234,412.50	\$165,423.02	\$796,690.42

FY 2016 Designations Disbursed in FY 2017				
Colleges and Universities	Building Science	Civil Engineering	Undesignated	Totals
Jefferson State Community College	\$25,438.79		\$2,290.79	\$27,729.58
Auburn University	\$367,718.71	\$62,187.49	\$70,931.95	\$500,838.15
University of Alabama Birmingham		\$23,161.73	\$14,085.52	\$37,247.25
The University of Alabama in Huntsville		\$15,087.04	\$9,175.00	\$24,262.04
University of Alabama at Tuscaloosa		\$91,264.35	\$55,501.29	\$146,765.64
University of South Alabama		\$30,301.36	\$18,427.40	\$48,728.76
Civil Engineering Foundation – Alabama A&M University		\$8,088.03	\$4,918.63	\$13,006.66
Totals	\$393,157.50	\$230,090.00	\$175,330.58	\$798,578.08

Schedule of Distributions to Institutions of Higher Education by Designation FY 2017 Disbursed in FY 2018				
Colleges and Universities	Building Science	Civil Engineering	Undesignated	Totals
Jefferson State Community College	\$25,627.83		\$2,392.10	\$28,019.93
Auburn University	\$370,474.67	\$56,364.45	\$69,571.68	\$496,410.80
University of Alabama Birmingham		\$25,904.16	\$16,069.05	\$41,973.21
The University of Alabama in Huntsville		\$15,265.37	\$9,440.57	\$24,705.94
University of Alabama at Tuscaloosa		\$88,727.04	\$55,018.22	\$143,745.26
University of South Alabama		\$39,854.36	\$24,706.16	\$64,560.52
Civil Engineering Foundation – Alabama A&M University		\$8,736.50	\$5,405.04	\$14,141.54
Totals	\$396,102.50	\$234,851.88	\$182,602.82	\$813,557.20

Board Members

WAYNE GORDON
Chairman
BIRMINGHAM

KEITH ANDREWS
Vice Chairman
TUSCALOOSA

ALEX WHALEY, SR.
Secretary-Treasurer
TROY

CHIP GRIZZLE
Member
BIRMINGHAM

MARC DEMPSEY
Member
FLORENCE



ALABAMA LICENSING BOARD FOR GENERAL CONTRACTORS

(www.genconbd.alabama.gov)

JOSEPH C. ROGERS, JR.
EXECUTIVE SECRETARY

2525 FAIRLANE DRIVE
MONTGOMERY, ALABAMA 36116

TELEPHONE NO. 334-272-5030
FAX NO. 334-395-5336

April 6, 2018

Mr. Rodney Wagstaff
Department of Examiners of Public Accounts
P O Box 302251
Montgomery, AL 36130-2251

Dear Mr. Wagstaff,

Listed below are the current members of the Alabama Licensing Board for General Contractors:

Current Members:

Board Member Name	City/State	Term Expires
Hon. Alex Whaley Sr. Chairman	Troy, AL	12/31/2019
Hon. Chip Grizzle Vice-Chairman	Birmingham, AL	12/31/2020
Hon. Marc Dempsey Secretary-Treasurer	Florence, AL	12/31/2022
Hon. Mike Tew Member	Mobile, AL	12/31/2018
Hon. Keith Andrews Member	Tuscaloosa, AL	12/31/2021

Respectfully,

A handwritten signature in black ink that reads "Joseph C. Rogers, Jr." in a cursive style.

Joseph C. Rogers, Jr.
Executive Secretary

JCR/vj

Board's Response to Significant Issues

ALEX WHALEY, SR.
Chairman
TROY

CHIP GRIZZLE
Vice Chairman
BIRMINGHAM

MARC DEMPSEY
Secretary-Treasurer
FLORENCE

MIKE TEW
Member
MOBILE

KEITH ANDREWS
Member
TUSCALOOSA



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EXECUTIVE SECRETARY

2525 FAIRLANE DRIVE
MONTGOMERY, ALABAMA 36116

TELEPHONE NO. 334-272-5030
FAX NO. 334-395-5336

May 23, 2018

Maria L. Catledge, CPA
Director, Operational Division
Examiners of Public Accounts
Gordon Persons Building
50 North Ripley Street, Room 3201
Montgomery, AL 36104

Dear Ms. Catledge,

Per your request in your May 9, 2018 letter, the response to the significant issue to be presented to the Sunset Committee June 21, 2018, is attached. If you have any questions please contact Tiffany Loveless (tiffany.loveless@genconbd.alabama.gov) or myself (joseph.rogers@genconbd.alabama.gov). Thank you for your help in this matter.

Respectfully,

Joseph C. Rogers, Jr.
Executive Secretary

Alabama Licensing Board for General Contractors
Answers to Significant Issues

Significant Issues 2018-01 - The Board has consistently overstated its accounts payables and encumbrances to the Comptroller's Office at the end of each fiscal year of the examination period. The overstatements decreased the Board's cash balance at the end of the year and resulted in the Board transferring less money to the General Fund, and the Board is retaining a sum in excess of 33 percent of its budget of the previous year.

The *Code of Alabama 1975*, Section 34-8-25 states, "Any funds remaining in the State Treasury to the credit of the State Licensing Board for General Contractors at the end of each year shall be paid into the General Fund of the state on or before January 15 in each succeeding year. The Board has the right, however, at all times to retain a sum *not in excess of 33 percent* of its budget of the previous year to meet any emergency that may arise which may affect its efficient operation " (Emphasis added).

Attorney General's Opinion 82-00572 states, "*Code of Alabama 1975*, Section 41-4-93, provides that, 'All unencumbered balances of all appropriations shall revert to the State... The implication of this section is that funds can be encumbered so they will not revert to the State. Of course, that implication does not defeat the overall purpose of the law. The purpose of the law is to forbid state departments and agency from carrying forward unspent or unencumbered appropriations. An agency cannot "creatively" encumber all of its unspent funds for next year's normal operational expenses."

The accounts payables and encumbrances reported to the Comptroller at year-end and the actual amounts spent in the next fiscal year are shown in the table below:

	FY 2014	FY 2015	FY 2016	FY 2017
Reserved for Year End Obligations	\$116,068.51	\$125,741.53	\$135,920.52	\$85,556.48
Actual Amount Spent in the next fiscal year	(39,682.48)	(25,252.10)	(64,496.54)	(19,323.02)
Difference	\$ 76,386.03	\$100,489.43	\$71,423.98	\$66,233.46

Response – During the year-end process the Board's staff calculated the year-end obligations to account for billings not yet received. The goal was to ensure that the Board had enough money encumbered to fulfill its commitments to all entities, especially those owed to other State agencies. Unintentionally, the Board has previously reserved too much for its year-end obligations. When this information was brought to our attention on May 9, 2018, the staff took a closer look at the year-end encumbrances to find the root cause. Furthermore, the Board plans to overhaul the process with which it calculates

Alabama Licensing Board for General Contractors
Answers to Significant Issues

year-end encumbrances by working with the Examiners of Public Accounts and the Comptroller's Office. It was never the intention of the Board to make "creative" calculations that would allow the Board to keep more than 33 percent of its budget of the previous year. In FY 2016 and FY 2017 the Board transferred \$109,158.56 and \$194,574.99 to the General Fund and disbursed \$796,690.42 and \$798,578.08 to institutions of higher education, respectively. The Board and its staff are working diligently to correct its error in the calculations of year-end encumbrances.