

# Plumbing and Mechanical Systems Examining Board Applications & Fees Committee Notes April 12, 2012

**Committee Members Present:** Jane Hagedorn, Chair, Mick Gage, Denny Molden and Ron Masters, Brita Van Horne.

**Staff Attending:** Cindy Houlson, Matt Oetker, September Lau, Susan Van Horn and Mary Swinehart

Susan VanHorn has been working with Iowa Interactive on Contractor Licensing. She composed a list of questions that were forwarded to the membership to allow them to time to review prior to the meeting.

1. A sole proprietorship is defined as a type of business entity that is owned and run by one individual and in which there is no legal distinction between the owner and the business. That individual must be the master of record.

*According to 105.10(2) Except as provided in section 105.11, a person shall not engage in the business of designing, installing, or repairing plumbing, HVAC, refrigeration, or hydronic systems unless at all times a licensed master, who shall be responsible for the proper designing, installing, and repairing of the HVAC, refrigeration, or hydronic system, is employed by the person and is actively in charge of the plumbing, HVAC, refrigeration, or hydronic work of the person. An individual who performs such work pursuant to a business operated as a sole proprietorship shall be a licensed master in the applicable discipline.*

September Lau: A sole proprietorship is not a separate legal entity like a partnership or a corporation. No legal formalities are necessary to create a sole proprietorship. Someone who incorporates or forms a partnership, anyone that is employed by that entity can be that master of record. Someone out there working on their own, responsible for their work, taxes, etc. that guy has to be the master of record.

Identify as a sole proprietor that person would also be the master of record.

Matt Oetker: We have in 105.10 that an *individual who performs such work pursuant to a business operated as a sole proprietorship shall be a licensed master in the applicable discipline.*

Following a discussion it was agreed there would be two separate contractor applications – one for sole proprietor and one for other business entities such as a partnership or corporation

## Official Name

There may be an official name of the business and “in business as” name which name should be put on documentation?

*September Lau: The registered Secretary of State name.*

*Matt Oetker: Part of the contractor requirements is to have insurance and bonding to protect the customers.*

*The true legal identity that holds that license would be used.*

## Address

Which address do we use on the identifying information that we send out, the permanent physical address or where they receive mail?

*Matt Oetker: By code that physical address is required. The contractor is required to hang the certificate in the primary place where the business practices.*

We would be asking for the business agent. Whoever has rights to act on behalf of the firm.

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## Iowa Workforce Development

Iowa Workforce states that having a branch in Iowa does not make you an in state contractor as business is principally conducted outside of Iowa – does that work into our program as well?

*Matt Oetker: If doing contractor work in Iowa, you would need an Iowa license. Our rules are structured as to IWD if applicable. A contractor doing work in the State of Iowa is required to have a contractor license, but they may not have to be registered with IWD.*

On application if they check they are exempt from IWD do we take their word or do we have to have verification. IWD registration is valid for one year do we need to verify for a three year license period?

*Jane Hagedorn: We are saying no.*

## Status Change of Company

If an individual moves from a sole proprietor to a firm entity does that need to be tracked?

*Matt Oetker: We do not need to track it but we do need to give the option to do it. The board would have to decide whether they would need to get a new license or maybe it can be prorated.*

*September Lau: Maybe if a sole proprietorship wants to change to an entity, mid-cycle there could be a nominal cost for paperwork involved. Otherwise it would not interrupt their licensing cycle or change their dates.*

Matt Oetker: The first license could be prorated to reduce the fee for the second.

Susie VanHorn: That is what is done with the apprentice and journey now.

## Insurance and Bonding

On IWD contractor registration section division of labor must be listed as holder on certificate of workers compensation insurance, is there a similar requirement for PMSB on the insurance and bond? *Jane Hagedorn: A contractor is going to have to turn in certificate of insurance that will have our department, our board as who it is being sent to. The insurance company will have to notify PMSB if insurance is lapsed or current. Each year PMSB will automatically get a certificate of insurance each time insurance is renewed. That insurance will be good for one year and certificate can be received any day of the year. Insurance company will not send notice for failure to renew.*

Is the bond in the name of the entity or the State of Iowa?

*Jane Hagedorn: I am the insured but it gives the state the right to get up to that bond amount should I default.*

*A bond is a piece of paper until something happens and the state says I need that bond money.*

*If insurance or bond is invalid the contractor can no longer do work.*

Does that change the status of the contractor license to inactive?

MATT Oetker: will have to check to see if in Chapter 23.

September Lau: we should look at what the real state industry does.

When we worked on bond form with ~~Bob Holtree, Jim Holter~~ he suggested that the state put out a sample bond for them, If we receive a bond from a company that chooses not to use the bond form what does staff do from processing the application or if the application comes in on-line?

*Matt Oetker: Chapter 29 has certain requirements that that bond form has to have the 15 day notice, the sole proprietor and the business name,*

When we were in discussions with ~~Bob, Jim~~ he wanted to put in there that there was a two year limit on the timeframe when a claim can be made and he said they had to be a written contract only. Is this something staff would have to read bond for information?

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*Matt Oetker: If the board is included to put more restrictions on the bond that what is set forth in Chapter 29, I think we need to revisit Chapter 29.*

Presently there are the two or three things listed in Chapter 29 to check for.

## Master of Record

A firm will have to identify what trades they are in and provide master of record for each trade. They would have to provide four names if they select four trades, so will need an equal number of master of record for each trade. We are moving forward with a one to one relationship. Is there any reason city inspectors or anyone else would need to have the ability to know more masters are connected with a contractor than the master of record?

*Denny Molden: the only ones to list are those that are going to take the responsibility to hold the master for that particular trade.*

*Mick Gage: They have asked us for and we have sent a list of all those working for us not just the masters.*

*Jane Hagedorn: I have more than one master in my business and any master in my business can sign for a permit in the city of Iowa City. The master pulls the permit not the name of the company. Most businesses do not want to pay multiple masters. I asked the inspector in Iowa City and he said all he wants is the master license holder of record.*

*Denny Molden: In Sioux City requests for permits are received by fax, by mail, dropped off, we then bill the contractor – we don't see the masters.*

## Invalid Master of Record

We should receive a six month notice of a deceased or disassociated master of record or an expiration of a master of record license. If the master initiates the disassociation rather than the contractor do we have to notify the contractor? Is there an automatic start to a six month grace period? What happens if the notice is given more than 10 days after the departure of the master of record?

*Ron Masters: generally speaking if a master disassociates from a contractor, the company is well aware of it. Chapter 23 states in the event a licensed master's employment with the contractor is terminated or the master of record otherwise discontinues relationship with the contractor, or the master of record's master license is lapsed, suspended or revoked, expired or otherwise invalidated the contractor may continue to provide plumbing, HVAC, refrigeration or hydronics services for a period of six months without identifying a new master.*

*Matt Oetker: I think you would want to notify the company to let them know their six months had started. The six months would start from the date of notice. When the company provides the notice the six months will start from the date of notice.*

Jane Hagedorn: Where is Chapter 23 in the process?

Cindy Houlson: Chapter 29 is with Barb Nervig (individual that sends rules over to the capital from IDPH) and she has multiple assignments. That group of rules has not gone for pre-clearance. She was ready to work on that group then we had to put thru Chapter 28 & 29.

Jane Hagedorn: The board has approved and it is going to the governor's office for preapproval then it will come back for notice of intent.

Cindy Houlson: the board has started the notice of intent.

If a master of record's license expires since they are in a 3 year period of the contractor license, does that affect the contractor's license? For just that trade or for the overall contractor license?

*Jane Hagedorn: I think the system needs to flag and staff send a letter saying you no longer have a master of record for the specific trade.*

September Lau: that appears the way the rules are written.

Susie VanHorn: We would need to adjust the status of a trade connected with a contractor license because they may be different individuals. Internally we would need to track the status of that trade under a contractor license. Is there any way they could be permanently suspended or not allowed to perform a specific trade?

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*Matt Oetker: if I pull up a contractor on the system will it list each master for each trade and whether that contractor can practice in that trade?*

Susie VanHorn: we are envisioning yes – pull up a contractor license, it would list the trade and the name of the master of record.

*Matt Oetker: in the system after the six months and they no longer of have a master of record is there a way the computer system could automatically strike that?*

Susie VanHorn: Next step is meeting with Iowa Interactive to go through what was discussed today.