



Tim Schaffer
20th District

Ohio Senate
Senate Building
Room 128, First Floor
Columbus, Ohio 43215
(614) 466-8076
sd20@ohiosenate.gov

Committees:
Agriculture & Natural Resources, Chair
Government Oversight and Reform
Insurance
Transportation

Senate Small Business and Economic Opportunity Committee
Senate Bill 142 — Sponsor Testimony
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Chairman Rulli , Vice Chair Lang, Ranking Member Sykes, and members of the Senate Small Business and Economic Opportunity Committee, thank you for the opportunity to present sponsor testimony on Senate Bill 142.

Senate Bill 142 addresses an important issue that impacts the health, safety and welfare of the public. Nothing more, nothing less.

This bill serves the following purposes:

- **Requires a state-issued license for the businesses that perform HVAC, refrigeration, electrical, plumbing or hydronics trades only in residential buildings;**
- **Provides protections for consumers by requiring liability insurance and permits, as well as demonstration of minimum levels of competence;**
- **Prohibits political subdivisions, districts, or state agencies from requiring additional eligibility requirements for registration;**
- **Allows individual homeowners to do work on the home in which they reside without being licensed; and**
- **Allows licensed contractors to use unlicensed subcontractors, known as “direct labor subcontractors”, on residential construction projects.**

Currently, only those contractors performing a licensed trade on a commercial construction project are required to be licensed by the Ohio Construction Industry Licensing Board (OCILB). These licensing aspects have never pertained to contractors working on residential construction projects.

An unlicensed, untrained person performing residential plumbing, HVAC or electrical work can blow up, burn down, flood or cause a cross connection that can put their clients and community they live in at risk of injury, sickness, disease--even death, all resulting in potential criminal or civil proceedings against them.

In short, a bad plumbing job or poor electrical work or improperly installed furnace can kill.

How many winters do we hear news reports of a person or entire family getting deathly sick or dying from carbon monoxide poisoning? It's every winter. And most of the time, we just attribute it to fate. "Oh those poor souls," we say. I suggest to you that many of these cases are very preventable through responsible residential licensing. We should never be satisfied with chalking other people's fatal conditions to just chance or fate. These tragedies are preventable.

Without any residential standards, we'll never know if those deaths were the result of faulty design or installation. Professionals in the business tell us that. What these guys can tell you is that when they do repairs they see the shoddy work and think how did this family survive?

It's important to note that contractors that already have the required commercial license are exempt from this bill, and the vast majority of them are competent, ethical contractors. This bill only applies to those contractors who do only residential work. As such, the bill would designate the work that contractors perform with an indicator

displayed on each license. Those conducting work for commercial and residential construction projects will be given a “universal license”. Contractors who conduct residential construction projects only will be given a “residential only license”.

According to the OCILB, 8 out of 10 complaint calls received are from homeowners who have problems with residential contractors.

So, we may ask ourselves if this legislation is really needed? Let me give you some examples that are not satisfied by the simple retort that I have often said about regulatory bills, “Let the free-market dictate.”

One complaint that was brought to my attention was about faulty HVAC system work. In summary, an out of town owner had a water heater installed in a rental house in Columbus. That plumber pulled a permit, and the city inspector--thankfully--questioned the furnace installation. Nearly everything was done incorrectly. The gas piping, venting, ducts, electric, and airflow were all inadequate or illegally installed. Fortunately for this resident a potentially fatal problem was identified and rectified early.

Ladies and gentlemen, these errors can kill.

An example, which unfortunately had more severe consequences, occurred from the installation of a water heater. An incompetent or unethical residential contractor used flexible drier vent as a chimney liner and connected that to the water heater. To fix the problem the homeowner called a licensed, competent contractor. The licensed contractor immediately measured the home for carbon monoxide. It registered 300 ppm--a very dangerous level. Concerned, he asked the homeowner where his family was. The homeowner responded that they were all at the doctor to be treated for flu-like symptoms. Instead, they were treated for carbon monoxide poisoning. One more night in that house might have been their last.

We have some checks and balances in place, such as local jurisdiction permit requirements and their inspectors. But they are not able to catch everything that could go wrong; they are not onsite all the time. It's not the job of local communities to police residential installers' work for everything that can go wrong. So, our constituents are at risk.

When licensing is administered by the State it provides an unbiased, unquestionable foundation based on health and safety for all. Licenses assure consumers that the business and their employees are qualified and accountable for the work performed. Therefore, it is crucial to obtain a license showing proficiency of installation and compliance with the appropriate enforcement code. According to the National Association of State Contractors Licensing Agencies, 35 other states administer residential licensure.

To be clear, this legislation will **not** put any bona fide contractor out of business. My bill would issue new, valid licenses for:

- Contractors who can prove they have been working in the trade for the three years preceding application, which must be filed within six months of the passage of the law; and
- Contractors holding a valid and unexpired registration or license issued by any Ohio municipality, county, or health department, prior to the effective date of this act.

Senate Bill 142 ensures that the published standards are upheld and that consumers are protected.

Thank you once again, Chairman Rulli, and the members of the committee, for the opportunity to present this issue to you today. I will be glad to answer any questions at this time.