



# The Florida Senate

*Interim Report 2010-129*

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Committee on Regulated Industries

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## REVIEW OF THE FLORIDA HOMEOWNERS' CONSTRUCTION INDUSTRY RECOVERY FUND

### Issue Description

The Florida Homeowners' Construction Industry Recovery Fund was established by the Legislature as a fund of last resort to compensate aggrieved homeowners who contracted for the construction or improvement of a residence located within the state and who have exhausted all other resources of payment. The Construction Industry Recovery Fund is funded by a one-half cent per square foot surcharge on building permits collected by local building departments. Eligibility for an award is determined by the Construction Industry Licensing Board. Historically, the board has met on a monthly basis to review claims but, due to a decrease in building activities in Florida, the fund has experienced a significant shortfall. The total money generated by the surcharge dropped by more than \$2.5 million in the past three years, compared to what would have been collected if the number of permits had remained at the 2005 level. As a result, the board has had to cut back on meeting and paying on claims. The most recent meeting to award claims was in June, 2009, but that meeting was ten months after the previous meeting, which was in August, 2008. As a result, some homeowners have been waiting for significant periods of time for a payout from the fund.

### Background

#### Overview

The regulation of the construction industry and the related construction recovery fund are governed by ch. 489, F.S. Regulation is administered by the Construction Industry Licensing Board (board or CILB) within the Department of Business and Professional Regulation (DBPR) to protect public health, safety, and welfare.<sup>1</sup> The CILB consists of 18 members who have been appointed by the Governor.<sup>2</sup> The CILB and the contractor classifications are further divided into two divisions: Division I and Division II.<sup>3</sup> Division I contractors consist of the following: (a) general; (b) building; and (c) residential contractors. Division II contractors consist of the following: (a) roofing; (b) sheet metal; (c) air conditioning; (d) mechanical; (e) pool; (f) plumbing; (g) underground utility and excavation; (h) solar; (i) pollutant storage; and (j) specialty contractors.

Following Hurricane Andrew in 1992, the Florida Legislature created the Construction Industries Recovery Fund in 1993 as a fund of last resort that is available to compensate an aggrieved homeowner who contracted for the construction or improvement of a residence located within the state, who has suffered monetary damages by the financial or other misconduct of a contractor, and who has exhausted all other resources of payment. The fund was renamed the Florida Homeowners' Construction Industry Recovery Fund (CIRF) in 2004.<sup>4</sup> Section 489.140, F.S., creates the CIRF as a separate account within the Professional Regulation Trust Fund. The recovery fund is funded through a one-half cent per square foot building permit surcharge on new construction, renovations, alterations, and additions. These funds are collected by local building departments and forwarded to DBPR on a quarterly basis pursuant to s. 468.631, F.S.<sup>5</sup>

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<sup>1</sup> Section 489.101, F.S.

<sup>2</sup> Section 489.107(2), F.S.

<sup>3</sup> Section 489.105(3), F.S.

<sup>4</sup> Chapter 2004-84 L.O.F.

<sup>5</sup> The unit of government responsible for collecting the permit fees is required to provide to the department a quarterly report to reflect the total number of permits for under-roof floor space, the square footage for those permits, and the calculation of the amount of funds being remitted to the department. The official in charge of collecting the permit fees is required to attest

After depositing funds required for the operation of the Florida Building Code Administrators and Inspectors Board (BCAIB), the balance is forwarded to the CIRF. Any money remaining after the CIRF is sufficiently funded is applied to the costs of the regulation of contractors.<sup>6</sup> The BCAIB generates revenue from fees, licenses, fines, and investment earnings. These revenues in total only generate approximately \$200,000 per year for the BCAIB.<sup>7</sup> However, over the past five years, the BCAIB operation expenses average approximately \$1.5 million dollars per year. In the fiscal year ending in June 2005, the building permit surcharge captured \$3,764,327 in revenue. In contrast, in the fiscal year ending June 2009, the building permit surcharge netted only \$1,091,890. As a result, the CIRF paid out on over \$2.2 million dollars in claims in the fiscal year ending in 2005 but only slightly more than \$800,000 in fiscal year ending in 2009.

To be eligible under the CIRF, a claimant must have received a final judgment, an award of arbitration, or a final order by the CILB directing restitution to the claimant. The violation must have been committed by a licensee, the judgment, award, or restitution must specify the actual damages suffered due to the violation, and the claim for recovery must be made within one year after the conclusion of any civil, criminal, or administrative action. Initially, the CIRF allowed recovery from homeowners who suffered monetary damages as a result of both Division I and Division II contractors. However, the Legislature amended ch. 489, F.S., in 2004 to limit recovery to persons who incurred damage resulting from Division I contractors only.<sup>8</sup> Homeowners who suffered damage as a result of Division II contractors are no longer eligible to make claims against the fund. This means that people who have contracts for a pool or re-roof are no longer eligible for reimbursement from the fund.

To be eligible for compensation from the fund, the Division I contractor must have committed one of the following violations:<sup>9</sup>

- Section 489.129(1)(g), F.S.: Committing mismanagement or misconduct in the practice of contracting that causes financial harm to a customer. Financial mismanagement or misconduct occurs when:
  1. Valid liens have been recorded against the property of a contractor's customer for supplies or services ordered by the contractor for the customer's job; the contractor has received funds from the customer to pay for the supplies or services; and the contractor has not had the liens removed from the property, by payment or by bond, within 75 days after the date of such liens;
  2. The contractor has abandoned a customer's job and the percentage of completion is less than the percentage of the total contract price paid to the contractor as of the time of abandonment, unless the contractor is entitled to retain such funds under the terms of the contract or refunds the excess funds within 30 days after the date the job is abandoned; or
  3. The contractor's job has been completed, and it is shown that the customer has had to pay more for the contracted job than the original contract price, as adjusted for subsequent change orders, unless such increase in cost was the result of circumstances beyond the control of the contractor, was the result of circumstances caused by the customer, or was otherwise permitted by the terms of the contract between the contractor and the customer.
- Section 489.129(1)(j), F.S.: Abandoning a construction project in which the contractor is engaged or under contract as a contractor. A project may be presumed abandoned after 90 days if the contractor terminates the project without just cause or without proper notification to the owner, including the reason for termination, or fails to perform work without just cause for 90 consecutive days.
- Section 489.129(1)(k), F.S.: Signing a statement with respect to a project or contract falsely indicating that the work is bonded; falsely indicating that payment has been made for all subcontracted work, labor,

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the report.

<sup>6</sup> Section 468.631, F.S.

<sup>7</sup> The BCAIB does not charge an application, examination, or renewal fee for government employees; however, a \$5 unlicensed activity fee is required per certification. Non-government employees must pay a \$25 application fee, a \$50 examination fee, a \$25 certification fee and a \$5 unlicensed activity fee. The reexamination fee is \$25. Chapter 61G19-10.001, F.A.C.

<sup>8</sup> Chapter 2004-84 L.O.F.

<sup>9</sup> Section 489.141(1)(b), F.S.

and materials which results in a financial loss to the owner, purchaser, or contractor; or falsely indicating that workers' compensation and public liability insurance are provided.

- Section 713.35, F.S.: Making or furnishing a false statement to another person, firm, or corporation an affidavit, a waiver or release of lien, or other document, whether or not under oath, containing false information about the payment status of subcontractors, sub-subcontractors, or suppliers in connection with the improvement of real property in this state, knowing that the one to whom it was furnished might rely on it, and the one to whom it was furnished will part with draw payments or final payment relying on the truth of such statement as an inducement to do so commits a felony of the third degree.

At the inception of the CIRF, individual claims were limited to \$25,000 and the aggregate amount that could be paid as a result of the actions of a single contractor was \$250,000. In 2004, the Legislature raised the caps to the current levels.<sup>10</sup> Now, individual claims to the recovery fund are limited to \$50,000 and the aggregate amount for claims against a single contractor is \$500,000.<sup>11</sup> A contractor's license is automatically suspended upon payment from the recovery fund.<sup>12</sup> Only actual damages directly caused by the contractor's mismanagement may be paid from the fund, which excludes payment for post-judgment interest, attorney's fees, court costs, medical and punitive damages.

In addition to the one-half cent per square foot surcharge on permits paid by Division I contractors, Division I contractors are also required to post a notice of the recovery fund on their contracts if the agreement exceeds \$2,500 for repair, restoration, improvement, or construction to residential real property.<sup>13</sup> Failure to put the notice in the contract can result in a disciplinary action against the contractor. The department may fine a contractor up to \$500 for the first violation and \$1,000 per violation thereafter.<sup>14</sup> The notice must be written substantially in the following form:

Payment may be available from the Florida Homeowners' Construction Recovery Fund if you lose money on a project performed under contract, where the loss results from specified violations of Florida law by a licensed contractor. For information about the Recovery Fund and filing a claim, contact the Florida Construction Industry Licensing Board at the following telephone number and address: Construction Industry Recovery Fund, 1940 North Monroe Street, Suite 42, Tallahassee, Florida 32399, telephone: (850) 921-6593.

## Filing a Claim

In general, an aggrieved homeowner has two ways to get a claim paid by the CIRF. First, they can access the CIRF if they have a civil judgment. Second, they can access the fund if they have a final judgment from the CILB. The CILB is the only entity regulated by the department that orders restitution. Once the homeowner has a civil judgment or a final judgment from the CILB, the homeowner must attempt to discover assets of the judgment debtor and execute on that judgment, e.g., conduct an asset search before the claim is eligible for compensation. In addition, the court or disciplinary board must have made a determination that the damages or losses suffered were a result of specific violations of the Florida Statutes. Because of the maximum payout limits, if a homeowner has a judgment for \$100,000 and the homeowner is eligible for payment from the fund, the homeowner can only be awarded up to the maximum amount allowed under the recovery fund statutes, i.e., \$50,000. If the homeowner satisfies those steps, the homeowner may be eligible for filing a claim with the CIRF.

## Processing the Claim

Each claim is reviewed in the order it is received. Before the claim can be processed, the claim has to be properly completed. Although it is not mandatory, a homeowner may come to the board presentation of their claim. On occasion, the board members may have questions for the homeowner. If the board hears the claim and denies the

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<sup>10</sup> Chapter 2004-84 L.O.F.

<sup>11</sup> According to the CILB, only one contractor has reached the maximum limits.

<sup>12</sup> Section 489.143, F.S.

<sup>13</sup> Section 489.1425(1), F.S.

<sup>14</sup> Section 489.1425(2), F.S.

claim with prejudice, the homeowner has the right to appeal and request an informal hearing before the full board.<sup>15</sup> Once a claim is heard and approved, the board counsel prepares an order within 90 days. Both the homeowner and the contractor receive copies of the order and either party may appeal the order within 21 days of filing. If there are no appeals, procedures for disbursement of the funds may not begin until 35 days from the filing of the order.<sup>16</sup>

## Findings and/or Conclusions

### Methodology

In preparation of this report, the committee staff met with or communicated with representatives of the Department of Business and Professional Regulation, the Construction Industry Licensing Board, the Construction Industry Recovery Fund, and members of the construction industry; reviewed and analyzed recovery fund provisions of ch. 489, F.S.; and reviewed recovery fund provisions and practices utilized in other states.

### Current Status of the Recovery Fund

Due to a shortfall in funding, the CIRF is no longer able to satisfy the claims it receives. The total money generated by the surcharge dropped by more than \$2.5 million in the past three years, compared to what would have been collected if the number of permits had remained at the 2005 level. The number of building permits issued is projected to decline even more, resulting in still lower levels of funding.<sup>17</sup> As a result of the shortage in funding, the processing of recovery fund claims has been temporarily suspended. Instead, the department is processing claims as they receive them until the claims are deemed complete and ready for review by the CILB. The claims are not presented to the board until funding is available. Completed claims are kept in a holding pattern. Claims are presented to the board in the order they are received once funds become available.

Although the claim process has been temporarily suspended, the CILB has processed and paid over 3,000 claims since the inception of the CIRF.

Year	Number of Claims Processed <sup>18</sup>	Number of Claims Rejected <sup>19</sup>
1995	125	
1996	207	
1997	215	
1998	225	
1999	228	
2000	270	
2001	153	
2002	231	
2003	285	
2004	149	82
2005	152	101
2006	193	171
2007	368	224
2008	413	351
2009	72	34

<sup>15</sup> Section 489.142(3), F.S.

<sup>16</sup> Chapter 61G4-21.005, F.A.C.

<sup>17</sup> Frequently Asked Questions, Construction Industry Licensing Board, Florida Homeowners' Construction Recovery Fund Shortfall, [http://www.myfloridalicense.com/dbpr/pro/cilb/documents/cilb\\_faq\\_recovery\\_fund\\_shortfall.pdf](http://www.myfloridalicense.com/dbpr/pro/cilb/documents/cilb_faq_recovery_fund_shortfall.pdf), (last visited September 18, 2009).

<sup>18</sup> Claims that were processed because they were eligible for recovery.

<sup>19</sup> Claims that were not processed because they were ineligible for recovery. The department did not collect the data of rejected claims prior to 2004.

Currently, only claims against Division I contractors are eligible for compensation from the fund. However, when the fund first started, both Division I and Division II contractor claims fell within the jurisdiction of the fund. Since the start of the fund, the CILB has paid the most claims against general contractors and building contractors. For Division II contractors, the most claims were paid out against certified pool contractors.

<b>Number of Accepted Claims by Licensee Type<sup>20</sup></b>	
CAC – Certified Air Conditioning Contractor	22
CBC – Certified Building Contractor	473
CCC – Certified Roofing Contractor	188
CFC – Certified Plumbing Contractor	10
CGC – Certified General Contractor	1158
CMC – Certified Mechanical Contractor	1
CPC – Certified Pool/Spa Contractor	387
CRC – Certified Residential Contractor	384
FRO – Financially Responsible Officer	37
QB – Qualified Business	106
RA – Registered Air Conditioning Contractor	1
RB – Registered Building Contractor	70
RC – Registered Roofing Contractor	90
RF – Registered Plumbing Contractor	2
RG – Registered General Contractor	73
RP – Registered Pool/Spa Contractor	45
RR – Registered Residential Contractor	154
RX – Registered Specialty Contractor	14
SCC – Specialty Structure Contractor	4

As of July, 2009, there were 259 claims that are complete and awaiting scheduling at a board meeting. There were 198 new claims awaiting initial review from the CILB. Additionally, there were 455 incomplete claims pending in the process, meaning they are deficient or awaiting additional information from the homeowner. The average wait time for hearing a claim once it is processed depends on multiple factors including when money is available in the fund and when the next CILB meeting takes place. However, the person next in line for payment from the fund if approved had their claim processed and completed on January 1, 2009. To compare, claims that were processed and completed in June during fiscal year 2006/2007, when funding was not at issue, were paid in November of that year.

### **The CIRF and the CILB**

Because one of the ways cases can get to the CIRF for review and possible payment is through the administrative process, the CILB handles many cases from homeowners whose primary incentive may be to get the case to the next step, e.g., they may have a financial incentive other than the regulation of the contractor.

Once a contractor has been disciplined by the CILB and has lost his or her license, the CILB can close the administrative action if no further discipline can be imposed. However, if the contractor is a Division I contractor, restitution is possible for the homeowner, and the charges fall within those that permit compensation from the CIRF, the CILB prosecutors will continue to prosecute the case; here, additional discipline can be imposed by obtaining a restitution order, which can assist the homeowner in gaining access to the CIRF. As of July, 2009, there were 247 cases open and being prosecuted solely for recovery fund purposes (CIRF only cases), representing 14.2 percent of the CILB's current caseload of 1,739 cases. This percentage was lower than it had been over the last six months because the CILB successfully closed out (with final orders) 185 cases that were prosecuted for CIRF purposes only since January, 2009. In January, 2009, the percentage of cases being

<sup>20</sup> Note: The department reported the following information but noted that some statistics may be slightly incorrect because the reporting was somewhat sporadic in the early years of the fund.

prosecuted for the Recovery Fund was 22.1 percent. Between January, 2008, and April, 2009, the department prosecuted approximately 454 cases for CIRF purposes (presented to the CILB and closed with a final order).

Approximately 90 percent of these CIRF only cases were prosecuted without any response from the contractor, so they usually take less time than the average disciplinary case because they can proceed to final action on a waiver, e.g., where the contractor fails to respond to the administrative complaint and waives his right for a formal hearing.<sup>21</sup> Attorneys for the CILB typically spend between three to five hours per case for prosecution, which includes initial case review, drafting of the charging document, and preparation for final action. However, the time that an attorney spends per case increases significantly to between six and nine hours per case if the case has to be sent to the Division of Administrative Hearings, which accounts for the remaining 10 percent of CIRF only cases.

The Construction Industry Licensing Board prosecutors have mixed goals: to discipline contractors and to help aggrieved homeowners gain access to the CIRF. Prosecution of these cases not only takes up time, but could possibly detract from better investigations and prosecution of other cases. Arguably, ending the CIRF or limiting access to the CIRF solely from the result of civil proceedings could protect homeowners by allowing CILB prosecutors to focus solely on disciplinary violations of ch. 489, F.S., and to concentrate their efforts on non-revoked licensees. After Division II was dropped from the recovery fund, prosecutors were able to quickly dismiss those cases if no additional discipline could be imposed.

The industry is concerned that restitution figures calculated in the administrative procedure can be calculated too generously. In some situations, consumers are compensated for the difference between what a project cost under the “bad” contractor and what it cost under the contractor hired to finish the project. Establishing that the scope of work in both contracts was exactly the same can be difficult, thus leaving potential vulnerabilities in the fund.

## **Other State Recovery Funds**

### ***Arizona<sup>22</sup>- Assessments at Initial Licensure & License Renewal***

In Arizona, homeowners can receive compensation from the Residential Contractors Recovery Fund by filing an administrative complaint or through a civil procedure. Individual homeowners injured by a residential contractor may be compensated up to \$30,000. The maximum payout per contractor from the fund is \$200,000. If the claimant pursues civil litigation, the claimant must also pursue the contractor’s license bond.

In Arizona, the fund is financed by assessments paid upon license application and renewal by residential contractors. If at any time the balance in the fund is less than two million dollars, every residential contractor who paid into the fund may be reassessed in an amount determined by the Arizona Registrar of Contractors.

### ***Hawaii<sup>23</sup> & Maryland<sup>24</sup> – Fee at Initial Licensure***

The Hawaii Contractors Recovery Fund began in 1974, making it the oldest construction related recovery fund in the country. The fund provides protection through compensation for homeowners who have a contractor default on a contract, violate some regulatory provision, or who does not perform the contracted work as promised. The homeowner may recover up to \$12,500 from the fund. The maximum payout per contractor from the fund is \$25,000.

In Hawaii, the fund is financed by a \$150 fee that is assessed when a contractor applies for and obtains a new license. If at any time the balance in the fund is less than \$250,000, the Hawaii Contractors License Board may assess every contractor a fee not to exceed \$500 annually for deposit into the fund.

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<sup>21</sup> It costs approximately \$218 per case to serve an administrative complaint by publication, and the same 90 percent of cases that are prosecuted without any response from the contractor and thereby end up as waivers are served via publication.

<sup>22</sup> See, s. 32-1132, Ariz. Rev. Stat.

<sup>23</sup> See, s. 444-26, Haw. Rev. Stat.

<sup>24</sup> See, MD. Code Ann., Bus. Reg. s. 8-403.

The Maryland Home Improvement and Guarantee Fund functions similarly to the Hawaii fund in that it covers actual loss, including restoration, repair, replacement, or completion that arise from an un-workmanlike, inadequate, or incomplete home improvement. The homeowner may recover up to \$20,000 from the fund. The maximum payout per contractor from the fund is \$100,000.

Like Hawaii, contractors are required to pay a \$100 fee to the fund before they can be issued a license. The Maryland Home Improvement Commission is required to keep the fund at a level of at least \$250,000. If the fund falls below that amount, the Commission will assess each contractor a fee of \$50, but no more than \$150 per contractor per calendar year in assessments.

### *North Carolina<sup>25</sup> – Building Permit Flat Fee*

The North Carolina Homeowners Recovery Fund protects homeowners against dishonest or incompetent general contractors. Owners of single family residences who suffered a loss can file a claim for the fund.

The North Carolina Homeowners Recovery Fund is funded by a ten dollar permit fee when a general contractor applies for a permit for the construction of any single-family residence. Payments from the fund shall not exceed 10 percent of the total amount in the fund at the time the application is approved. Any time the fund falls below \$250,000, payments from the fund stop until the fund has again reached the \$250,000 level.

<b>State Recovery Fund Comparison</b>				
<b>State</b>	<b>Contractors Supported by Fund</b>	<b>Maximum Payouts from Fund</b>	<b>Fees Paid by Contractors</b>	<b>Minimum Required in Fund</b>
Florida	Division I Contractors (General, Building, and Residential)	\$50,000 per homeowner; \$500,000 per contractor	½ cent per square foot surcharge on new building permits	No minimum
Arizona	Residential Contractors	\$30,000 per homeowner; \$200,000 per contractor	Assessments upon initial licensure and licensure renewal	\$2,000,000
Hawaii	All Contractors	\$12,500 per homeowner; \$25,000 per contractor	\$150 initial licensure fee; assessments as necessary	\$250,000
Maryland	All Contractors	\$20,000 per homeowner; \$100,000 per contractor	\$100 initial licensure fee; assessments as necessary	\$250,000
North Carolina	General Contractors	10% of total amount in fund	\$10 building permit fee	\$250,000

### **Bonds**

Another option that can be used in conjunction with or in the alternative of a recovery fund structure is a bond. There are two basic types of bonds: licensure bonds and performance bonds. Licensure bonds are required prior to the contractor obtaining a license. Performance bonds can be more specific to the work done or the work that is estimated to be completed during the bonding period.

The State of New Mexico requires every contractor to carry a licensure bond, put up a cash deposit, or provide annual audited financial reports to the New Mexico Construction Industries Division as “proof of responsibility.”<sup>26</sup> The majority of the contractors opt for the bond. In this situation, the licensure bond only pays administrative penalties to the Construction Industries Division. No money is paid to homeowners; the only beneficiary of the bond is the state.

<sup>25</sup> See, s. 87-15, N.C. Gen. Stat.

<sup>26</sup> See, s. 60-13, N.M. Stat. Ann.

In California, contractors are required to post some form of security deposit with the Contractors State License Board.<sup>27</sup> Surety bonds are commonly used for this purpose. The bond is a contract in which the surety company promises the state that the contractor will comply with the provisions of the state license law. California requires a licensure bond of \$12,500 for all classifications of contractors.<sup>28</sup> According to the American Contractors Indemnity Company, contractors pay an annual premium of \$100 to \$1,000 for the bond. The premium depends on many factors, including credit score. The licensure bond is a single bond paid prior to licensure. Homeowners may make a claim against this bond.

In Oregon, the amount of the required bond varies for which type of trade the contractor will be performing, i.e., the bond depends on the licensure type.<sup>29</sup> In Arizona, residential contractors are required to pay a license fee for the recovery fund structure and all contractors, including residential contractors, are required to maintain a bond. The bond is established based upon the gross volume of work contemplated by the licensee for the next fiscal year.<sup>30</sup> Homeowners can seek payment from the bond through the civil procedure.

In Florida, only Financially Responsible Officers<sup>31</sup> for construction business organizations are required to obtain a \$100,000 bond, which costs the contractor on average between two and five percent of the face value of the bond.<sup>32</sup> The bond must be made payable to the CIRF. No other contractor requires a bond for licensure. However, cities or counties may require licensees to obtain a bond prior to obtaining a permit.<sup>33</sup>

Some in the business community have expressed a concern over bonds. One fear is that, if bonds are required, it could preclude individuals or small businesses from entering the construction industry for lack of financial resources. Although licensing bonds are generally small, the bonds will not stretch far to compensate injured homeowners and the alternative of large bonds can financially cripple persons in the industry. Tying bonds to contractor's gross sales would appear to solve some of the financial issues by treating contractors differently based on the size of their companies; however, determining the bond amounts and monitoring those bond requirements could potentially slow down the administrative processing of licenses and licensure renewals.

## Options and/or Recommendations

Based upon the findings in this report, Senate professional staff recommends that the Legislature consider the following options:

- Maintain the status quo. Currently, the CIRF is processing claims and placing them on hold until funds become available. Although this may continue to take time and claims may back up, once funds are available, the claims would be processed in the order they are received. As of July, 2009, the oldest claim that has been processed has been waiting to be presented since January, 2009.
- Provide additional funding sources. Currently, the CIRF is tied to new permit fees, which are closely connected to the economy. Instead, the fund could be funded using a fee based structure, e.g., license fees paid by licensees into the fund.
- Implement a minimum threshold for the fund, e.g., assess additional fees when the funds available to the CIRF drop below a certain threshold value.
- Decrease the funding caps back to the initial levels, i.e., \$25,000 per homeowner and \$250,000 max per contractor.

<sup>27</sup> See, s. 7071.5, Cal. Bus. & Prof. Code.

<sup>28</sup> See, s. 7071.6, Cal. Bus. & Prof. Code.

<sup>29</sup> See, s. 701.068, Or. Rev. Stat.

<sup>30</sup> See, Ariz. Rev. Stat. s. 32-1152.

<sup>31</sup> Section 489.105(14), F.S., defines Financially Responsible Officers as "a person other than the primary qualifying agent who with the approval of the board assumes personal responsibility for all financial aspects of the business organization."

<sup>32</sup> Section 489.115(5)(b), F.S; Chapter 61G4-15.0021(3)(b), FAC.

<sup>33</sup> Section 489.131(3)(e), F.S.

- Allow Division II contractors access to the CIRF. In order to allow Division II contractors access to the fund, an additional method of funding is needed because Division II contractors do not pull new square footage permits and are not subject to the one-half cent permit surcharge.
- Require bonds for licensure or based upon performance. The bonds could be in addition to or in lieu of the one-half cent per square foot building permit surcharge.
- Increase money available for the CIRF by creating a separate funding source for the BCAIB and the CIRF. This could be accomplished by requiring the BCAIB to charge fees to government employees for licensure, making the BCAIB self-sufficient.
- Terminate the CIRF.