Montana Department of LABOR & INDUSTRY

Licensing Reform Task Force

CONSTRUCTION SUBCOMMITTEE - RECOMMENDATION

ENHANCED CONSUMER PROTECTION REFERRALS IN CONSTRUCTION LICENSING

Recommendation

The **Construction Subcommittee** recommends that the full Licensing Reform Task Force direct the Department of Labor and Industry to develop and maintain a clear, consumer-facing referral process for construction-related inquiries and complaints that fall outside the Department's licensing, registration, code, inspection, or disciplinary authority.

The referral process should be available on the Department's construction licensing and complaint webpages and, where practicable, in complaint acknowledgements, licensing materials, and staff communications. It should help consumers identify the appropriate next resource based on the nature of the concern, including:

- DLI or the appropriate licensing board or program for alleged unlicensed practice, credential-status concerns, or conduct within DLI's jurisdiction;
- the Montana Department of Justice consumer-protection resources for potential deceptive or unfair business practices;
- the Office of the Montana State Auditor, Commission of Securities and Insurance for insurance-claim question or insurer-related concerns;
- the Commissioner of Banking and Financial Services or the appropriate financial-regulatory agency for concerns involving financing, lending, or credit connected to a construction project; and
- private legal counsel, mediation, small-claims procedures, or other available civil remedies when the concern is primarily a private contract, payment, workmanship, or damages dispute outside DLI's authority.

The Department should use plain-language screening questions and concise disclaimers to explain that a referral is informational only; it does not determine legal rights, establish a violation, guarantee insurance coverage or recovery, or constitute legal advice. The Department should not represent that it regulates construction workmanship generally when the complaint does not allege a violation within DLI's jurisdiction.

This recommendation responds to the Construction Subcommittee's discussion of consumer complaints involving incomplete projects, poor workmanship, deposits or payments, contractor insurance, project financing, and insurance-funded repairs. Members emphasized the need for consumers to know where to seek assistance without imposing a new reporting mandate on insurers, lenders, or other agencies or expanding DLI's regulatory jurisdiction.

Executive Order No. 1-2026 Report Elements Addressed

This recommendation addresses the following elements required for the Task Force's initial report under Executive Order No. 1-2026:

- **Public health, safety, or welfare hazard.** Timely and accurate referrals can help consumers identify the proper governmental or legal resource when a construction-related concern presents a potential safety, insurance, financial, or consumer-protection issue.
- **Public benefit provided by licensure or registration.** A clear referral process complements construction licensing and registration by helping the public distinguish between matters DLI can investigate and matters administered by another agency or resolved through civil process.
- **Cost of service to the public.** Providing plain-language, centralized referral information may reduce avoidable delay, repeated contacts, and the expense of pursuing the wrong complaint channel.
- **Unnecessary barriers to entry.** The recommendation improves consumer information and complaint navigation without adding a new credential, insurance-verification program, reporting mandate, or substantive licensing requirement for construction businesses.
- **Workforce shortages or access constraints in rural and frontier communities.** A web-based and staff-assisted resource can improve access to reliable information for consumers in rural and frontier areas, where legal, insurance, and agency resources may be less readily accessible.
- **Public support for continued licensure.** The recommendation responds to a public concern about consumer recourse while maintaining a measured approach that does not treat licensure or registration as a guarantee of workmanship, payment, or insurance coverage.
- **Proposed legislation for the 2027 Montana Legislative Session.** The recommendation is principally an administrative process improvement. Staff should identify whether any limited statutory or rule change is necessary; absent such a need, the referral process should be implemented administratively.

Policy Assessment

Benefits

DLI already receives and investigates complaints alleging illegal or unethical conduct within the jurisdiction of its boards and programs. 37-1-101, MCA. A structured referral tool would make that intake function more useful to consumers by promptly directing matters that DLI cannot resolve to the resource most likely to have relevant authority or information.

The referral process would also support realistic consumer expectations. construction disputes may involve several distinct issues: licensure or registration status, code compliance, insurance coverage, financing, contract performance, alleged deception, or private damages. No single agency necessarily has authority over all of those issues. Providing a concise pathway to the appropriate resource can improve consumer access without converting DLI into the regulator of all construction disputes.

The recommendation is consistent with Montana's consumer-protection framework, under which the Department of Justice may seek to restrain unlawful practices under the Montana consumer Protection Act and consumers may have individual civil remedies subject to applicable statutory limitations and construction-dispute provisions. SB 488, Ch. 199, Laws of Montana (2025)

Limitations and Safeguards

A referral directory is not a substitute for legal advice, insurer claims handling, financial regulation, or civil dispute resolution. Referral materials should clearly state that DLI does not determine contract rights, adjudicate private workmanship disputes outside its authority, guarantee that a contractor has insurance coverage applicable to a particular loss, or guarantee recovery from an insurer, lender, contractor, or other party.

The Department should coordinate periodically with the receiving agencies before publishing contact information or descriptions of services. The resource should be reviewed and updated as agency contact information, online intake options, and jurisdictional responsibilities change. Staff should also avoid collecting or sharing nonpublic consumer information unless authorized by law and necessary to make a referral.

Implementation and Staff Analysis

Staff should:

- inventory existing DLI construction complaint, licensing, registration, code, and inspection resources;
- consult with the Montana Department of Justice consumer-protection resources, the Office of the Montana State Auditor, and the appropriate financial-regulatory agency regarding accurate referral descriptions and current contact methods;
- develop a plain-language online resource and staff referral script that distinguishes DLI-jurisdiction matters from insurance, financing, consumer-protection, and private civil disputes;
- incorporate clear disclaimers that DLI does not guarantee contractor workmanship, insurance coverage, payment, or consumer recovery;
- consider whether the recourse can be linked from contractor lookup, complaint, registration, and consumer-education webpages; and
- report whether implementation can occur under existing administrative authority and resources or whether any rulemaking, funding, or legislation is necessary.

Motion

The Construction Subcommittee moves that the Licensing Reform Task Force advance this recommendation for administrative implementation and staff analysis. The Department should develop an enhanced consumer-protection referral process for construction-related complaints that clearly identifies DLI's jurisdiction, directs consumers to appropriate external resources when DLI cannot provide relief, preserves agency jurisdictional boundaries, and avoids any implication that DLI guarantees a consumer outcome.