



LICENSING REFORM TASK FORCE

Construction Subcommittee **Draft Final Report**

Construction Subcommittee Work Summary

Purpose and overall approach

The Construction Subcommittee organized its work around the Licensing Reform Task Force's charge to identify construction-licensing requirements that protect public health, safety, and welfare, while removing burdens that are not necessary for those purposes and improving access to qualified services in rural and frontier Montana. From the beginning, the Subcommittee treated construction licensing as a public-safety and consumer-protection system rather than as a choice between blanket deregulation and blanket expansion of regulation. Its work therefore asked whether individual requirements were justified, proportionate to risk, portable, and capable of being administered efficiently.

The Subcommittee's initial priorities were workforce availability and apprenticeships; enforcement; construction-contractor and independent-contractor programs; and the justification for licensing qualifications. It committed to examine public benefit and safety, cost, qualification requirements, rural access, portability and reciprocity, and public support for continuing licensure.

The Subcommittee used a structured, evidence-based process. It reviewed licensing and apprenticeship data, program information, legal and legislative history, peer-state comparisons, public comments, surveys, and input from DLI staff and affected boards. It also kept public comment available throughout its work. The available April 10 meeting record illustrates this method: members ranked and sequenced topics, identified information needed before acting, asked staff to distinguish statutory, rule-based, and administrative issues, and emphasized that recommendations could include procedure or rule changes as well as legislation.

Identifying barriers without sacrificing safety

A principal body of work was a broad review of construction-related licensing qualifications. The Subcommittee considered credentials across construction contractors, electricians, plumbers, crane and hoist operators, elevator personnel, boiler operators, fire-protection licensees, construction blasters, home inspectors, and related programs. It identified recurring potential barriers: inflexible experience-hour requirements, limited access to supervised work or apprenticeships, examination location and timing, duplicative business and individual credentials, inconsistent treatment of out-of-state experience, national-certification overlap, fees and renewal cycles, and the particular travel and access burdens experienced by rural applicants.

The Subcommittee did not assume that every identified requirement should be removed. In the April discussion, members examined minimum age, education, reference, and good-moral-character requirements, but recognized that requirements must be evaluated occupation by occupation and may reflect federal law, compact obligations, or profession-specific safety concerns. Members focused staff research on the history, present use, and legal constraints associated with subjective good-moral-character requirements, while cautioning against broad changes to other requirements without a profession-specific record. The discussion also considered whether national certifying entities could reduce duplicative review while retaining a state role for verification, enforcement, and Montana-specific safety requirements.

Workforce pathways, portability, and administrative access

The Subcommittee's workforce work centered on making it easier for demonstrably qualified people to enter or continue in the trades without weakening competency standards. It examined endorsement and reciprocity, recognition of prior apprenticeship and work experience, temporary or provisional authority, national certification, exam administration, online systems, and renewal-cycle consolidation. This work was particularly directed to the practical realities of rural Montana, where travel to testing sites, limited apprenticeship sponsors, paper documentation, and fragmented renewal obligations may impose costs and delays not evident in the statutory text.

For electricians and plumbers, the Subcommittee reviewed side-by-side requirements in surrounding states and the states from which Montana receives significant numbers of applicants. The comparison showed that electrical journeyman requirements are broadly similar across nearby states but highlighted differing routes

to examination, lower-level residential or specialty credentials, and the need to examine substantial equivalency and credential recognition. The plumbing review likewise identified differences in experience and apprenticeship pathways and noted the Board of Plumbers' work to move toward a clearer, documented 8,000-hour model and a more consistent approach to equivalency.

The Subcommittee also developed a broader administrative-reform recommendation. It recommended that DLI and affected boards evaluate accepting substantially equivalent national certifications in place of duplicative technical requirements, while retaining a Montana registration or other mechanism where needed for credential verification, enforcement, inspections, public information, or program administration. It paired that recommendation with accessible online applications, electronic document submission, remote or vendor-based testing, online continuing education where appropriate, plain-language checklists, assisted and regional access for applicants without dependable broadband, and aligned renewal dates or shared filings for related credentials. The recommendation expressly rejected automatic credential elimination merely because a national certification exists; equivalency, public-safety need, and a practicable compliance mechanism remain necessary safeguards.

Electrical and plumbing issues

Electrical licensing was a recurring focus of public comment and Subcommittee review. The Subcommittee considered workforce-entry proposals, limited electrical contractor scope, apprenticeship-hour verification, the 4,000-hour commercial-experience requirement for master electricians, examination reference materials, and reciprocity with Oregon and Washington. Its survey and prioritization work showed support for practical exam-reference reforms and expanded reciprocity, but also showed that more consequential changes to scope, supervision, and experience verification required additional information and safeguards. The Subcommittee's general approach was to refer technical questions to the State Electrical Board for equivalency analysis, safety review, and rule or policy options rather than recommend immediate statutory changes without that record.

The Subcommittee's plumbing work matured into support for the Board of Plumbers' proposed 2027 legislation. The proposal would clarify practical-experience standards, replace an unclear five-year experience formulation with a four-year, 8,000-hour documented pathway, authorize Board evaluation of related instruction and substantially equivalent out-of-state experience, clarify master-plumber qualifications, and convert medical-gas piping from a separate endorsement to a registration based on national certification. In doing so, the Subcommittee supported clearer and more portable pathways while retaining examination, documentation, Board oversight, job-site proof of licensure, supervision, and code-compliance safeguards.

Contractor regulation, compliance, and consumer protection

The Subcommittee undertook an extensive review of the construction-contractor licensing system following the 2025 conversion from contractor registration to Title 37 licensure. It distinguished carefully among contractor licensure, independent-contractor exemption certificates, workers' compensation status, unemployment-insurance status, wage-and-hour compliance, and general consumer disputes. That distinction was central to the Subcommittee's work: an ICEC concerns a worker's independent-contractor status and does not itself perform the public-facing licensing and accountability functions of a construction-contractor license.

On contractor exemptions, the Subcommittee developed a detailed analysis of the exemptions in § 37-45-104, MCA. Its principal recommendation was to repeal the categorical exemption for independent contractors with no employees. The analysis concluded that the exemption turns on business size rather than risk or the nature of the work, creates an accountability gap for solo contractors performing the same public-facing work as licensed contractors, and is difficult to reconcile with the general licensure requirement. It otherwise recommended retaining most exemptions, with targeted review or clarification of selected provisions and technical cleanup of legacy terminology.

The Subcommittee also examined ICEC denial trends to determine whether the program itself was creating a substantial barrier to construction work. The data showed that roughly 98% to 99% of denials from 2023 through 2025 were attributable to routine application-completion issues, rather than substantive findings of control or the absence of an independently established business. The Subcommittee therefore identified clearer instructions, targeted reminders, examples of acceptable documentation, and education for hiring agents as more useful reforms than wholesale changes to the substantive eligibility test, while preserving the Department's ability to address genuine misclassification or control concerns.

Public comment also raised concerns about unlicensed practice, contractor registration, worker classification, insurance, employer work authorization, and damage or incomplete-work complaints. The Subcommittee separated these distinct issues rather than treating them as a single issue of immigration status. It recommended a focused enforcement mapping exercise addressing complaint intake and routing, coordination with local building officials, licensing-board jurisdiction, worker-classification enforcement, workers' compensation compliance, and the LEGAL Act. The objective is to identify practical compliance gaps within state authority, improve referrals and coordination, and avoid an overbroad enforcement response that could create unnecessary barriers for lawful contractors.

The Subcommittee also considered the historical role of contractor bonds and concluded that Montana deliberately moved away from a general bond requirement after the original 1995 registration program, subsequent litigation, and 1997 legislative revisions. That history informed a measured consumer-protection approach: rather than recommend a new general bonding regime, the Subcommittee focused on feasible accountability and information improvements. It recommended staff analysis of a contractor insurance attestation on licensure or registration forms, accompanied by documentation, enforcement consequences for false statements where authorized, consumer education, and explicit disclaimers that DLI does not guarantee coverage. The Subcommittee also supported a clear consumer-referral process for construction matters outside DLI's jurisdiction, directing consumers to the appropriate DLI program, the Department of Justice, insurance or financial regulators, or civil remedies as appropriate.

Crane and hoist operator reform

Crane and hoist operator licensing provided the clearest example of the Subcommittee's balanced method. The Subcommittee examined Montana licensure, federal OSHA requirements, the role of nationally recognized credentialing bodies, available discipline processes, complaint and revocation history, and the costs and access implications of retaining a separate state technical credential. It recognized that crane operation is safety-sensitive and that OSHA qualification requirements continue regardless of state law. At the same time, it found reason to examine whether Montana's separate credential duplicates technical competency already demonstrated through a substantially equivalent national certification.

The resulting recommendation was not simple repeal. The Subcommittee supported modernization that could convert the state credential for nationally certified operators into a streamlined registration or comparable compliance mechanism, while preserving credential verification, enforcement, inspection, and any Montana-specific safety functions that remain necessary. It also required a viable, lower-cost state examination and experience pathway for qualified operators who do not hold national certification, so that an effort to reduce duplication does not make national certification the sole and potentially inaccessible gateway into the occupation.

Public participation, prioritization, and present posture

Public participation informed the Subcommittee's work throughout. Staff compiled comments from electricians, plumbers, contractors, crane operators, tile installers, directional-boring and fiber-optic contractors, water-well drillers, engineers, and consumers. Those comments did not point in one direction. They supported both reduction of unnecessary barriers to workforce entry and mobility and preservation or strengthening of safeguards where electrical work, plumbing, water systems, structural construction, or other high-risk work is involved. The Subcommittee converted the comments into recommendation options, identified information necessary for a responsible decision, surveyed members, and prioritized recommendations by support.

The strongest survey support was for targeted reforms: modernization of crane credentialing where national certification already applies; clarification of plumbing apprenticeship and experience requirements; practical electrical-exam reference reforms; expanded electrical reciprocity; a plumbing pre-apprenticeship pathway; and a contractor insurance attestation. Proposals involving new classifications, expanded licensure, broad scope changes, or unverified experience pathways received less support and were generally retained for further research, narrowed review, or referral to the appropriate board or agency. In addition, the full Task Force advanced staff analysis of the contractor insurance attestation and the enforcement-mapping recommendation, while declining to advance the proposal for direct insurer-provided proof of liability coverage.

Conclusion

Taken as a whole, the Construction Subcommittee has produced a practical reform record rather than a single deregulatory agenda. It has identified opportunities to improve workforce entry, portability, rural access, examination administration, online services, and renewal efficiency; supported targeted statutory modernization in plumbing and contractor regulation; developed a measured crane-credentialing model; and strengthened the focus on contractor compliance, consumer information, and interagency coordination. At each stage, the Subcommittee has preserved the central question required by its charge: whether a particular credential or requirement supplies a real public-protection benefit, and, if so, whether that benefit can be achieved through the least burdensome and most administrable means.