



Department of Business Regulation
Office of the Director

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March 13, 2025

The Honorable Joseph Solomon
Chair, House Committee on Corporations
Rhode Island State House
Providence, Rhode Island 02903

RE: H 5828 -- AN ACT RELATING TO BUSINESSES AND PROFESSIONS -- RESIDENTIAL
CONTRACTOR LICENSING

Dear Chair Solomon:

I write on behalf of the Department of Business Regulation with regard to House Bill 5828.

The bill before you today would create a new licensure program within the Contractors' Registration and Licensing Board. Specifically, it would introduce a new requirement for the licensure of contractors supervising structural remodeling or building new residential structures with between one and four family dwelling units. This licensure requirement would encompass, among other things, demonstration of "...skills, training, and expertise sufficient to ensure public safety, health, and welfare..." and would require licensees to pass an examination approved or administered by the Contractors' Registration and Licensing Board.

The Department strongly agrees with and supports this legislation's intent relating to public health, safety, and welfare relative to the residential contractor sector. At present, the CRLB program within the DBR registers approximately 11,000 contractors doing business in our state; takes in and investigates approximately 30 consumer complaints a month; and during calendar year 2024, concluded dozens of enforcement actions resulting in \$248,000 ordered returned to homeowners and \$442,000 collected in administrative fines. We agree, in addition, that contractors supervising residential construction projects ought to have public health and safety as an utmost priority on the jobsite. We are aware that a number of other states, including Massachusetts, have adopted tiered-licensing frameworks with a higher licensure threshold for residential contractors and agree that such a framework could have substantial benefit to Rhode Island consumers by ensuring the core competency of contractors engaging in or supervising complex residential construction projects.

However, the Department has several concerns with the legislation as currently proposed:

1. Potential impact on related housing policy goals. As drafted, the legislation could either a.) add a new licensure requirement for builders seeking to engage in residential construction in our state; or b.) reduce the number of builders engaging in residential construction in our state who are unwilling or unable to comply with the new license requirement. Either outcome could make it more expensive and more difficult to develop residential housing in Rhode Island. The Department is honored to work closely with stakeholders inside and outside of government on a number of projects and policy initiatives related to the complex challenge of housing affordability in our state. As we continue this hard and important work, the legislation's potential effect of *adding* bureaucratic requirements to the overall housing development process in Rhode Island could work against other ongoing priority initiatives of the General Assembly.
2. Duplicative licensure requirements. As drafted, the bill would require licensure for residential contractors *in addition to* the existing registration requirement under R.I.G.L. 5-65 *et seq.* At present, Rhode Island law requires every contractor or subcontractor engaged in residential construction to be registered with the CRLB, and to renew this registration on an annual basis. Registered contractors are legally required comply with all

applicable Rhode Island requirements, including but not limited to the requirement that every contractor obtains permits from local building offices prior to obtaining any work on a project. Contractors already have a continuing education requirement (5 hours upon registration, and 2.5 hours upon annual renewal) and a requirement to demonstrate proof of liability and workers' compensation insurance coverages. To be sure, as stated above, this new tier of licensure could have long-run benefits to Rhode Island consumers. However, as a near-term practical matter, the new licensure requirement could add a duplicative and burdensome requirement to the industry on top of a registration framework that already verifies contractors' ability to comply with applicable law and regulations upon both registration and renewal.

3. Timeline and resource constraints. The current draft would require DBR to promulgate regulations effectuating this new program by January 1, 2026. This is an extremely aggressive target that would almost certainly be impossible to meet within the agency rulemaking parameters of the Administrative Procedures Act. In addition, the Department would likely require an additional 2-3 FTE to administer the programmatic and examination requirements of the new residential contractor licensure. (At present, the unit comprises 7.0 FTE charged with registering and regulating 11,000 registered contractors in Rhode Island.) Moreover, the bill would require the Department to develop a process to transition some number of the approximately 11,000 registered contractors who are engaged in qualifying residential construction into compliance with this new licensing framework; it is unknown at this time what a realistic timeline for that transition would be.

Thank you for your consideration of our testimony. As stated above, we agree with and strongly support the long-run aims of this legislation relating to consumer protection and high industry standards and would be eager to participate in ongoing planning and policy development conversations. We are happy to answer any questions you may have at your convenience.

Sincerely,



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Director
Department of Business Regulation
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cc : Honorable Members of the House Committee on Corporations
 The Honorable Charlene Lima
 Nicole McCarty, Executive Counsel to the Speaker of the House
 Lynne Urbani, Director of Policy
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 Carol O'Donnell, Vice Chair, RI Contractors' Registration and Licensing Board
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