



# MISSISSIPPI STATE BOARD OF CONTRACTORS

## 2020 Annual Report

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## Message from the Executive Director

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In compliance with Miss. Code Ann. §27-101-1, I am pleased to present MSBOC's 2020 Annual Report. This report details MSBOC operations and licensing trends for fiscal year 2020. Given the unique challenges the COVID-19 public health crisis presented for all business and consumers across the state, this year's report features information tracing the agency's activities in relation to the novel coronavirus pandemic and its impact on operations.

Under Executive Order 1463 issued by Governor Tate Reeves on March 24, 2020, construction and construction related services were deemed essential businesses. MSBOC staff was proactive, resourceful and able to keep daily operations moving without interruption during the COVID-19 pandemic. MSBOC offices and boardroom were promptly altered and retrofitted to allow employees to safely continue serving the public and conduct business.

When COVID-19 shut down all travel, trade shows and conventions, MSBOC used available funds to create a new marketing campaign aimed at protecting consumers from contractor fraud. This proved to be especially important during 2020 when so many property owners considered construction and remodeling projects as a result of spending more time at home due to stay-at-home and safer-at-home executive orders. Increased awareness results in a decrease in contractor fraud and abuse throughout the state. MSBOC's goal is safe construction, protection of the public and proactive regulation to prevent violations.

MSBOC enforcement staff utilized available technology to conduct zoom meetings with local building officials throughout the state to keep them informed and answer common licensing and regulatory questions. These zoom sessions helped strengthen communication and build cooperative relationships with both regulatory groups.

MSBOC understands the impact regulatory burdens have on contractors. The agency was the first occupational regulatory agency to meet with and discuss "Tackle the Tape" initiatives with the Mississippi Secretary of State's office. To increase licensure mobility and portability, MSBOC approved revising all reciprocity agreements to waive trade exams for applicants who have held a license for one year in a reciprocating state. Previously, reciprocity agreements required applicants to have held a license for three years. Reducing the required time limit increases economic opportunities for all Mississippians by promoting competition and encouraging innovation and job growth without sacrificing the safety and well-being of citizens.

Overall, contractor licensure remained steady during FY20 despite pandemic challenges. The agency saw slight increases in the number of commercial license renewals and additional classifications granted, but a decrease in the number of new licenses issued. MSBOC attributes the decrease to the closing of testing centers during the final quarter of FY20, which prevented some applicants from completing the exam requirement for licensure. Conversely, the agency saw an increase in the number of construction sites visited by investigators. Enforcement staff made a record 8,234 stops to perform compliance checks. However, national and state health care guidelines and gubernatorial executive orders forced the cancellation of board meetings and disciplinary hearings during the third quarter of FY20 and reduced the

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number of scheduled matters during the final quarter of FY20. The decreased number of disciplinary hearings impacted the amount of civil penalties assessed against unlicensed contractors and contractors that committed violations. The FY20 decreases should be offset by increases in FY21, assuming the agency will be able to resume regularly scheduled board meetings and disciplinary hearings without further interruptions.

These are just a few of the highlights from the year. More detailed accomplishments are outlined in the pages to follow. 2020 has been a challenging, but successful 12 months. Moving forward I have strong confidence in the agency's strategic plan, which is designed to enhance operational processes and keep the agency well positioned for future disruptions and new growth opportunities. The agency will continue to serve the citizens of Mississippi to ensure safe construction while practicing accountability and transparency.

Stephanie Sills Lee  
Executive Director

## Summary of Achievements

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All areas of MSBOC operations are evaluated annually including Licensing, Enforcement, Education/Public Relations, and Disaster Response. Some highlights from each respective area are listed below:

**Licensure:** The Licensure Division oversees the processing and issuance of new applications, licenses and renewals for Mississippi's 10,000+ commercial and residential contractors. Efficiency and simplification of the licensing process is a top priority. Online renewal and applications for licensure have been provided for convenience and savings for the construction industry. Applicants must demonstrate financial stability through the submission of financial documents and meet the statutory minimum net worth requirements. The Division also processes all name or corporate structural changes to licenses and provides assistance to already licensed contractors with the addition of classifications to their existing licenses. MSBOC staff processed more than 10,000 applications for licensure and renewal. Staff continued working with surrounding states to address reciprocity issues contractors face in obtaining a license and developing ways to make the licensing process more efficient. To increase licensure mobility and portability for applicants, MSBOC approved revising all reciprocity agreements to waive trade exams for applicants who have held a license for one year in participating reciprocity states. Currently, MSBOC has reciprocity agreements with 11 states. License applications and renewals were sporadic during the last quarter of the year as a result of the impact of COVID-19. However, overall license numbers remained steady in comparison to FY2019. A detailed, 5-year comparison is provided on page 11 of this report.

**Enforcement:** The Enforcement Divisions is the investigative and compliance arm of the agency. This division works to ensure that construction projects throughout the state are conducted in accordance with the contractor licensing laws of Mississippi. Investigators make routine construction site visits, handle complaints and allegations of unlicensed activities, monitor permit offices and partner with various law enforcement agencies to protect the general public. Maintaining a presence throughout the state, affords the agency an opportunity to inform contractors and the general public of the licensing laws. MSBOC investigators inspected construction sites around the state to ensure contractors working in Mississippi were properly licensed. The agency conducted 395 more site visits than the previous year. The increased visits, along with penalties levied by the board, resulted in the collection of \$426,680 in fines and civil penalties. Due to Covid-19 and the inability to hold regularly scheduled hearings in person during the third and fourth quarters of fiscal year 2020, penalties and fines levied against contractors were impacted; however, disciplinary hearings will resume during FY21 as restrictions are lifted.

**Education and Public Relations:** MSBOC utilized funds received from licensure and penalties to distribute \$2,058,291 to provide construction education and craft training at various high schools, junior colleges and universities. The Mississippi Housing Institute received \$69,678.00 collected from residential renewal fees to support qualified residential building programs and education. Investing in construction education and craft training helps ensure a quality workforce for Mississippi's future. During FY20, MSBOC developed a new marketing campaign aimed at protecting consumers from contractor fraud. The marketing campaign is an effective tool in keeping the public informed about construction industry regulations. Proactive regulation through marketing outreach helps prevent violations and protects the health, safety and welfare of the public.

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**Disaster Response:** In addition to the challenges presented by the COVID-19 pandemic, MS also experienced a number of severe weather disasters in FY20 including multiple tornadoes and hurricanes. MSBOC disaster response team members participated in disaster relief efforts in areas affected by the severe weather. The disaster response team worked to keep citizens from being victimized by unscrupulous contractors following the disasters and assisted contractors with the licensing process. The agency's hands-on response in affected areas aids in protecting the public by deterring fraudulent contractors from perpetrating scams that commonly occur after a disaster. Additionally, it allows the agency to assist consumers and contractors with the rebuilding process. The agency utilized social media, public service announcements and advertisements, when appropriate, to educate consumers about contractors and contractor licensing laws.

## Overview

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Faulty or substandard construction can cause property damage, financial loss, injury and even death. While most contractors are trustworthy, there are an unfortunate few who are not. To protect consumers, Mississippi law requires that contractors be licensed.

The responsibility for licensing and regulating Mississippi's construction industry belongs to the Mississippi State Board of Contractors. The agency was created by the Legislature in 1952 to serve and protect the public from irresponsible contractors and is funded solely by fees and penalties associated with licensure.

MSBOC takes great pride in performing duties that ensure the protection of residents of Mississippi. In addition to educating consumers about the benefits of hiring licensed contractors, MSBOC activities include establishing minimum standards for obtaining a license, setting general criteria including financial and insurance requirements, maintaining a searchable database of licensed contractors, developing and administering examinations to test prospective licensees, processing license applications, issuing licenses, investigating complaints against licensed and unlicensed contractors, and taking disciplinary action against contractors who violate standards.

Setting basic standards for all contractors helps ensure that the industry as a whole has integrity. In a business as essential as construction, integrity and dependability are critical. As a licensing agency, MSBOC helps maintain consistency throughout the industry – giving consumers greater confidence. By establishing common-sense regulations for contractors, and providing valuable resources for property owners, contractor licensing builds the reputation of the construction industry as reliable and trustworthy.

MSBOC regulates both commercial and residential contractors who bid or perform construction projects when the value is:

- \$50,000 or more for commercial projects;
- \$5,000 or more for public fire sprinkler work;
- \$10,000 or more for private fire sprinkler work;
- \$10,000 or more for improvements to an existing residence;
- \$50,000 or more for new residential construction

There are more than 10,000 licensed contractors in the state, with multiple licensing classifications.

### Board Composition

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The Mississippi State Board of Contractors is comprised of ten (10) members appointed to staggered terms by the Governor. Two (2) road contractors; two (2) building contractors; two (2) residential builders; one (1) plumbing or heating and air conditioning contractor; one (1) electrical contractor; one (1) water and sewer contractor and one (1) roofing contractor shall compose the board. Each member shall be a resident of the State of Mississippi and must have been actually engaged in the contracting business for a period of not less than ten (10) years before appointment.

The following are members of the board:

Tony Carroll, Chairman – Amory, MS – Building Contractor

Hunter L. Fordice, Vice Chairman - Vicksburg, MS – Road Contractor

Thomas H. Kline, Chairman – Fulton, MS – Mechanical Contractor (Plumbing, Heat & Air)

Madison H. Smith – Tupelo, MS – Electrical Contractor

O. L. Sims – Hattiesburg, MS – Water and Sewer Contractor

David Smith – Ridgeland, MS – Residential Contractor

Greg Smith – Gulfport, MS – Residential Contractor

John Laws - Madison, MS – Building Contractor

Tyler Norman, Meridian, MS – Roofing Contractor

Norris L. Carson, Jr., Carthage, MS – Road Contractor



### **Residential Standing Committee**

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The Residential Standing Committee is subordinate to the State Board of Contractors. The standing committee shall be composed of two (2) residential builders who serve as members of the State board of Contractors and three (3) additional residential builders.

The following are members of the Residential Standing Committee:

#### **RESIDENTIAL STANDING COMMITTEE**

David Smith, Chairman – Ridgeland, MS

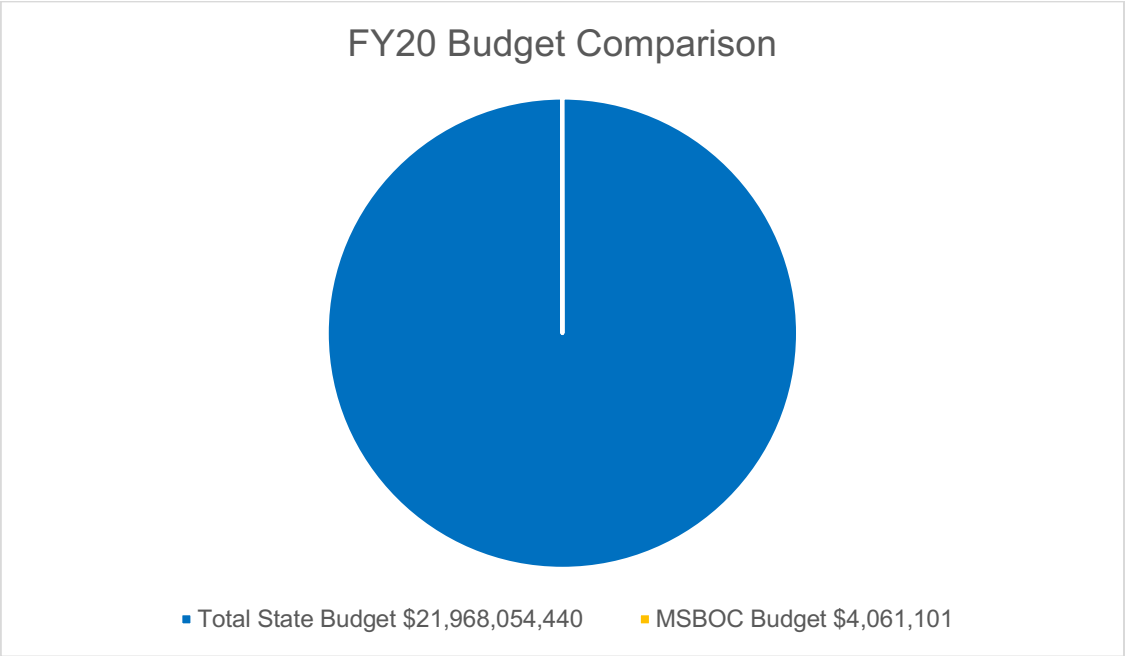
Diane Neyland – Madison, MS

Greg Smith – Gulfport, MS

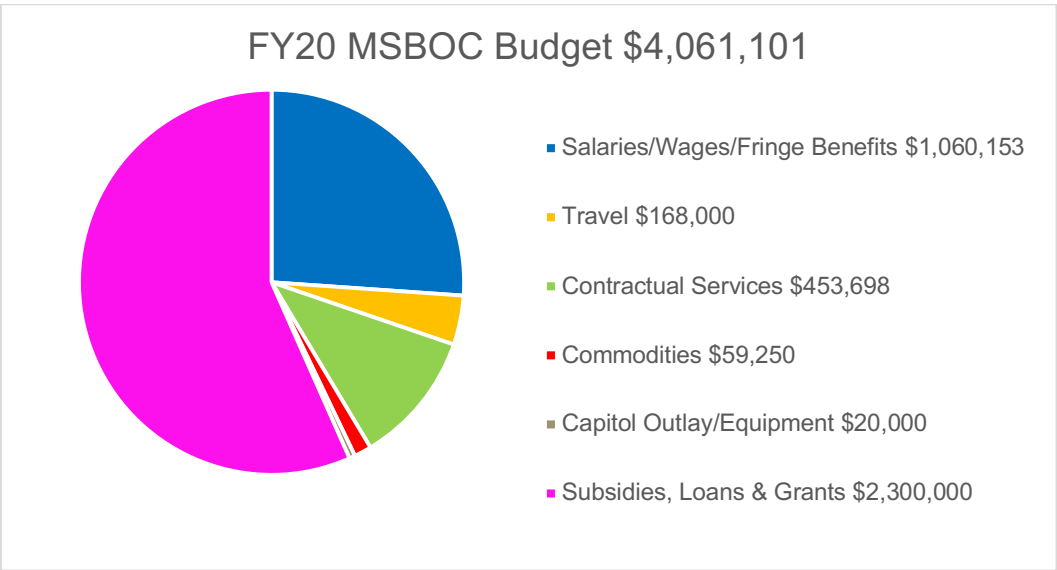
Kenneth Estes – Saltillo, MS

Tim Allred – Meridian, MS

Budget



The Mississippi State Board of Contractors was appropriated \$4,061,101 for fiscal year 2020. This amounts to significantly less than one percent of the overall budget for the State of Mississippi. As a fiscally responsible agency, MSBOC recognizes that all funds, whether special fund or general fund, belong to the taxpayers of the State of Mississippi. However, as a special fund agency, MSBOC is required to operate within the limits of the funds generated by the licensure process. Excess funds, if any, remain with the agency to be used to support agency goals and purposes as allowed by statute. This provides incentive to operate as efficiently and effectively as possible.



## Program Performance

	2016	2017	2018	2019	2020
Number of New Commercial Licenses	477	686	634	668	642
Number of Commercial Licenses Renewed	6,177	6,156	6,152	6,365	6,423
Number of New Residential Licenses	276	285	309	320	296
Number of Residential Licenses Renewed	2,744	2,720	2,647	2,735	2,671
Number of Additional Classifications Granted	325	414	384	422	434
Number of Construction Sites Visited	6,511	7,411	7,600	7,839	8,234
Number of Contractors Required to Pay Civil Penalties	90	80	199	213	120
Revenue Generated from Licensure Fees	\$2,514,105	\$3,069,724	\$2,970,120	\$3,087,880	\$3,141,070
Revenue Generated from Other Fees	\$215,455	\$125,439	\$226,169	\$239,006	\$211,803
Civil Penalties Collected	\$91,374	\$271,971	\$678,241	\$580,508	\$426,680
Grants provided for Construction Education and Craft Training	\$1,177,000	\$1,436,400	\$2,500,000	\$2,043,175	\$2,058,291

## Contact Information

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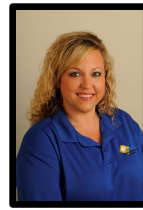
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## Agency Information

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