

ANNUAL REPORT 2022

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MESSAGE FROM THE EXECUTIVE DIRECTOR

As Executive Director of the Mississippi State Board of Contractors, it is my honor to submit the annual report in accordance with Mississippi Code Ann. §27-103-129. This report includes the financial summary as well as program performance measures and efficiencies for the agency.

Strategic Highlights

A core function of government is public protection. For 70 years, MSBOC has served to protect the safety and well-being of Mississippi's citizens and the public through advancement of properly licensed contractors. State-level regulation of construction is critical because the public deserves reasonable assurance that construction is performed with safety in mind and by qualified professionals.

MSBOC values the many positive contributions contractors make to the state. While regulatory agencies are often viewed as impediments to growth, MSBOC serves as a model regulatory agency, constantly working to strengthen expertise, improve the quality of the construction industry and its licensees, and establish greater trust and credibility with the public. During the strategic planning process, the agency considers the needs and expectations of contractors and consumers. Efficiency and simplification of the licensing and complaint process continue to be a top priority.

In a business as essential as construction, integrity and dependability are critical.

Financial Highlights

The Mississippi State Board of Contractors receives no general fund appropriations. Instead, the agency supports itself from fees associated

with licensure. 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. MSBOC was appropriated \$4,075,967 for fiscal year 2022. This amounts to a fraction of the overall budget for the State of Mississippi. Excess funds, if any, remain with the agency to be used to support agency goals and purposes as provided by statute. This provides incentive to operate as efficiently and effectively as possible.

Operating Highlights

MSBOC staff and I are proud to serve the people of Mississippi. The agency is committed to ensuring contractors are qualified to provide construction services and remain in compliance with state laws. MSBOC will continue to work with industry leaders to ensure the Board is meeting the needs of the citizens and the construction industry while continuing to strive for administrative efficiency and cost effectiveness. The agency is dedicated to being both a service and information agency; providing assistance and value to others.

You are invited to contact MSBOC if you have questions or need additional information.

Stephanie Sills Lee
Executive Director

EXECUTIVE SUMMARY

MSBOC was created by the legislature in 1952 to protect the public from irresponsible contractors. The agency is funded solely by fees and penalties associated with licensure. All areas of MSBOC operations are evaluated annually including Licensure, Enforcement, Education/Public Relations, and Disaster Response. Some highlights from each respective area are listed below.

Licensure: The Licensure Division is responsible for the timely screening and processing of applicants seeking a new license or renewal.

- MSBOC staff processed more than 10,000 applications for licensure and renewal in FY22.
- There were 10,602 licensed contractors in Mississippi at the end of FY22 representing just over a 1% increase from the prior year. Sixty-eight percent of licensees held a commercial license while thirty-two percent held a residential license.
- 56% of contractors licensed by MSBOC are from out of state. This represents a 4% increase from FY21 and is indicative of the efficient licensing process.
- Staff worked with surrounding states to address reciprocity issues and develop ways to reduce barriers to licensing.
- MSBOC successfully negotiated a reciprocity agreement with the State of Florida to waive the trade exam for commercial and residential builders. This significant achievement brings the total number of reciprocity agreements with other state licensing agencies to 13.
- Staff completed a triannual agency self-assessment and updated all processes, procedures and forms based on recommendations resulting from the assessment which helped to simplify and streamline the application, examination and renewal processes for applicants and licensed contractors.
- HB 1163 passed during the 2022 legislative session required six new classifications of licensure for residential contractors. The MSBOC website as well as all applications and licensing forms were updated to reflect changes enacted pursuant HB 1163. Additionally, MSBOC staff conducted more than a dozen workshops around the state to educate city and county officials as well as residential contractors and subcontractors about the changes and help them become compliant with the new requirements.

Enforcement: The Enforcement Division is the investigative and enforcement arm of MSBOC. 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 conducted 6,768 site visits around the state to ensure contractors working in Mississippi were properly licensed.
- Enforcement staff processed 295 complaints filed against both licensed and unlicensed contractors.
- The agency collected \$404,310.70 in fines and penalties associated with licensing law violations.
- Staff conducted outreach and communication efforts, including presentations to building officials, code enforcement officials, and industry trade associations concerning licensing laws and updates.

Education and Public Relations: The Education and Public Relations division serves to extend MSBOC services around the state and promote quality construction in Mississippi. Proactive regulation through marketing outreach helps prevent violations and protects the health, safety and welfare of the public.

- Investing in construction education and craft training helps ensure a quality workforce for Mississippi's future. Utilizing funds received from licensure and penalties, MSBOC distributed \$2,300,000 to provide construction education and craft training at various high schools, junior colleges and universities in Mississippi pursuant to statutory mandate.
- The Mississippi Housing Institute received \$67,075 collected from residential renewal fees to support qualified residential building programs and education pursuant to statutory mandate.
- MSBOC utilized various marketing methods aimed at protecting consumers from contractor fraud. The marketing campaigns are an effective tool in keeping the public informed about construction industry regulations.
- The agency utilized press releases, social media, public service announcements and advertisements, when appropriate, to educate consumers about contractors and contractor licensing laws.
- The agency's website was redesigned and improved to include interactive videos, instructions and online services, making it much more user friendly and beneficial for public users.
- MSBOC's newsletter subscription rate increased by 486 net new contacts.

Disaster Response: The MSBOC Disaster Response Team works to keep citizens from being victimized by unscrupulous contractors following natural disasters and assists 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 while simultaneously assisting consumers and contractors with the rebuilding process. Taking this proactive approach proves to be very beneficial for property owners and reduces the number of complaints against contractors.

- FY22 severe weather events spared much of Mississippi from widespread structural damage, despite the impacts of tornadoes, hurricanes, flooding and hail storms.

- MSBOC dispatched Disaster Response Team members to areas impacted by severe weather, flooding, hurricanes and tornados. Investigators worked with law enforcement and building officials in impacted areas to address unlawful and/or fraudulent activity.

ABOUT THE MISSISSIPPI STATE BOARD OF CONTRACTORS

Faulty or substandard construction can cause property damage, financial loss, injury and even death. To protect consumers, Mississippi law requires contractors to be licensed and the responsibility for licensing and regulating Mississippi's construction industry belongs to the Mississippi State Board of Contractors. The Mississippi State Board of Contractors is governed under Miss. Code Ann. § 31-3-1, *et. seq.* and Miss. Code Ann. §73-59-1, *et. seq.*

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.

MSBOC takes great pride in performing duties that ensure the protection of Mississippi residents and consumers. It is a comprehensive agency serving all construction professionals from commercial and residential builders to electrical and mechanical contractors, water and sewer contractors, road builders and roofers. This all-inclusive framework allows the agency to operate at optimal efficiency for contractors as well as the public. It also distinguishes Mississippi from surrounding states that have multiple licensing agencies.



Setting basic standards for all contractors ensures 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.

Through the Commercial Board and its Residential Subcommittee, MSBOC regulates commercial and residential contractors who bid or perform construction projects with the following thresholds, including materials and labor:

- \$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
- **Effective July 1, 2022:* Residential subcontractors performing the life safety trades of electrical, mechanical, hvac and plumbing work.

BOARD COMPOSITION

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. Each member is required to 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 - Fulton, MS - Mechanical Contractor (Plumbing, Heat & Air)

Madison H. Smith - Tupelo, MS - Electrical Contractor

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

Greg Smith - Gulfport, MS - Residential Contractor

Tim Allred - Meridian, MS - Residential Contractor

John Laws - Madison, MS - Building Contractor

Tyler Norman, Meridian, MS - Roofing Contractor

Lee Carson, Carthage, MS - Road Contractor

RESIDENTIAL STANDING COMMITTEE

The Residential Standing Committee is subordinate to the State Board of Contractors. The Standing Committee is 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:

Greg Smith - Gulfport, MS

Tim Allred - Meridian, MS

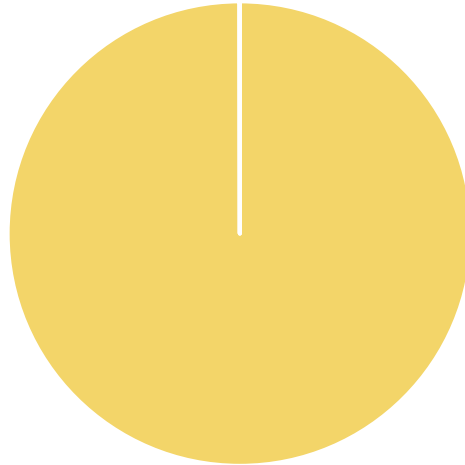
Kenneth Estes - Saltillo, MS

Bruce Kirkland- Ridgeland, MS

Trey Pace - Madison, MS

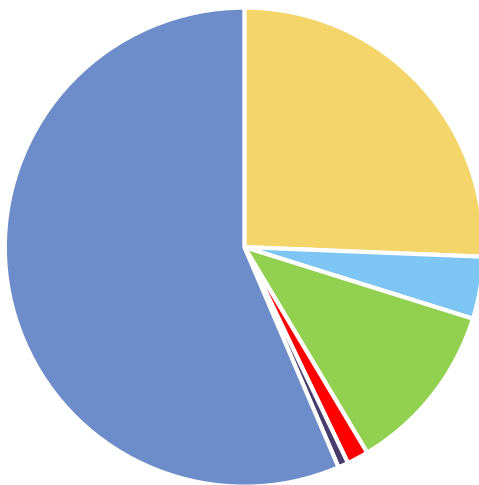
FINANCIAL SUMMARY

FY22 Budget Comparison



■ Total State Budget \$23,300,855,589 ■ MSBOC Budget \$4,075,967

FY22 MSBOC Budget \$4,075,967



- Salaries/Wages/Fringe Benefits \$1,045,027
- Travel \$171,000
- Contractual Services \$472,690
- Commodities \$59,250
- Capitol Outlay/Equipment \$28,000
- Subsidies, Loans & Grants \$2,300,000



PROGRAM PERFORMANCE AND EFFICIENCIES

Licensure - provide licensing services in a timely and professional manner.

- Effectively manage the application process to promote and preserve properly licensed contractors.
- Analyze methods and options to streamline and simplify the application process to better serve the public.
- Offer fillable forms online to expedite the licensure process.
- Ensure licensure exams are up to date and consistent with industry best practices.
- Utilize consumer satisfaction survey to improve services offered.

Enforcement - promote consumer protection through the regulatory enforcement process by ensuring construction contractors are properly licensed and qualified to provide construction services.

- Reduce and prevent unlicensed activity and unprofessional conduct that poses a threat to public safety and threatens legitimate business activity.
- Verify proper licensing credentials at construction sites.
- Respond to complaints from public in a timely manner.

Education and Public Relations - promote and encourage education of contractors, industry officials, consumers and agency employees.

- Expand the number of skilled workers.
- Utilize specially appropriated funds for construction education and craft training.
- Promote awareness of MSBOC services and the benefits of hiring a licensed contractor.

Disaster Response - support consumers and contractors with the rebuilding process following a disaster.

- Protect consumers from common scams that occur after a disaster and assist contractors with the licensure process.
- Utilize various forms of media to warn individuals about unlicensed and fraudulent contractors.
- Decrease the number of complaints against unlicensed and fraudulent contractors who prey on disaster victims.
- Evaluate protocols for a coordinated disaster response plan with various agencies.
- Conduct preparedness drills and exercises.
- Use public events as a platform to communicate disaster response themes and messages.

PROGRAM PERFORMANCE AND EFFICIENCIES

	2018	2019	2020	2021	2022
Number of New Commercial License Applications	634	668	642	647	628
Number of Commercial Licenses Renewed	6,152	6,365	6,423	6,493	6,599
Number of New Residential License Application	309	320	296	364	330
Number of Residential Licenses Renewed	2,647	2,735	2,671	2,678	2690
Number of Additional Classifications Granted	384	422	434	444	384
Revenue Generated from Licensure Fees	\$2,970,120	\$3,087,880	\$3,141,070	\$3,185,625	\$3,325,990
Revenue Generated from Other Fees	\$226,169	\$239,006	\$211,803	\$222,401	\$223,870.07
Number of Construction Sites Visited	7,600	7,839	8,234	7,033	6768
Number of Contractors Required to Pay Civil Penalties	199	213	120	163	142
Civil Penalties Collected	\$678,241	\$580,508	\$426,680	\$652,620	\$404,310.70
Grants provided for Construction Education and Craft Training	\$2,500,000	\$2,043,175	\$2,058,291	\$2,300,000	\$1,797,075
Disaster Response Drills/Training/Events	4	8	4	8	4

CONTACT INFORMATION



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