



Business & Professions Subcommittee

**Tuesday, February 10, 2015
8:00 AM
12 HOB**

MEETING PACKET

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Business & Professions Subcommittee

Start Date and Time: Tuesday, February 10, 2015 08:00 am
End Date and Time: Tuesday, February 10, 2015 10:00 am
Location: 12 HOB
Duration: 2.00 hrs

Consideration of the following bill(s):

HB 217 Engineers by Van Zant
HB 373 Public Accountancy by Raulerson
HB 413 Low-Voltage Alarm Systems by Cortes, B.

Pursuant to rule 7.12, the filing deadline for amendments to bills on the agenda by a member who is not a member of the committee or subcommittee considering the bill is 6:00 p.m., Monday, February 9, 2015.

By request of the Chair, all Business & Professions Subcommittee members are asked to have amendments to bills on the agenda submitted to staff by 6:00 p.m., Monday, February 9, 2015.

NOTICE FINALIZED on 02/03/2015 16:12 by Ellinor.Martha



The Florida House of Representatives

Regulatory Affairs Committee

Business & Professions Subcommittee

Steve Crisafulli
Speaker

Halsey Beshears
Chair

AGENDA

February 10, 2015
12 House Office Building
8:00 AM – 10:00 AM

- I. **Call to Order & Roll Call**
- II. HB 413 by *Rep. B. Cortes*
Low-Voltage Alarm Systems
- III. HB 217 by *Rep. Van Zant*
Engineers
- IV. HB 373 by *Rep. Raulerson*
Public Accountancy
- V. **Adjournment**

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 217 Engineers
SPONSOR(S): Van Zant and others
TIED BILLS: IDEN./SIM. BILLS: SB 338

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Professions Subcommittee		Anstead <i>JA</i>	Luczynski <i>RL</i>
2) Government Operations Appropriations Subcommittee			
3) Regulatory Affairs Committee			

SUMMARY ANALYSIS

The bill amends current engineering law to create a license type for "structural engineers."

The bill prohibits anyone, other than a duly licensed engineer, from using the name or title of "registered engineer," "licensed structural engineer," "professional structural engineer," "registered structural engineer," "structural engineer," or any other title or designation that tends to indicate that such person holds an active license as an engineer in this state.

The bill defines "licensed structural engineer" and "structural engineer" and other similar titles to mean a person who is licensed to engage in the practice of structural engineering under ch. 471, F.S.

The bill defines "structural engineering" as a service or creative work that includes the analysis and design of significant structures as defined by the board by rule.

The bill creates a separate license type for "structural engineers" and provides qualifications to obtain a "structural engineer license," including four years of structural engineering experience and passing the National Council of Examiners for Engineering and Surveying Structural Examination. Structural engineers will be licensed and regulated in almost the same manner as engineers.

The bill provides a "grandfather" period up to February 28, 2020, which provides applicants with an exemption from taking the National Council of Examiners for Engineering and Surveying Structural Examination to currently licensed engineers who have four years of experience in structural engineering as defined by the board.

The bill provides for the simultaneous application for both an engineer and a structural engineer license.

The bill does not appear to have a fiscal impact on state or local government.

The bill has an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Current law requires certain qualifications for the practice of engineering. Only licensed engineers can practice engineering and only licensed engineers can use the name or title of "licensed engineer," or any related title indicating active licensure in this state.

Florida Board of Professional Engineers

The Florida Legislature created the Florida Board of Professional Engineers in the interest of public health and safety to regulate the practice of engineering in the State of Florida, creating ch. 471, F. S., making the board responsible for reviewing applications, administering exams, licensing qualified applicants, and regulating and enforcing the proper practice of engineering in the state. The board is comprised of 11 members appointed by the Governor and meets six times a year.¹ Administrative, investigative and prosecutorial services are provided to the Florida Board of Professional Engineers by the Florida Engineers Management Corporation (FEMC).² FEMC is a non-profit, single purpose corporation that operates through a contract with the Department of Business and Professional Regulation.

Licensure

Current law requires that applicants have certain qualifications in order to become licensed as an engineer, including passing a fundamentals examination and a principles and practice examination, having good moral character, obtaining a degree from a 4 year engineering curriculum, and having 4 years of engineering experience.³

Reasons for additional licensure type for structural engineers

The Florida Board of Professional Engineers, the Florida Engineering Society, the Florida Institute of Consulting Engineers, and the Florida Structural Engineers Association all support the creation of an additional licensure type for structural engineers in Florida due to the technical nature of the profession, evolving technology, increased consumer expectations and other emerging issues, including state hurricane wind-force requirements.⁴

These organizations have called attention to how important the adequate practice of engineering is to the general public health and safety and the maintenance of the integrity of the design of buildings. They believe it is imperative to ensure that engineers are adequately educated and trained in the specific area of structural engineering. In addition, Structural Engineers International, the Council of American Structural Engineers, the National Council of Structural Engineers Associations, and the National Council of Examiners for Engineering and Surveying all support separate licensure for structural engineers.⁵

¹ The Florida Board of Professional Engineers, <http://www.fbpe.org/about-fbpe> (last visited February 2, 2015).

² The Florida Board of Professional Engineers, *The Florida Engineers Management Corporation*, <http://www.fbpe.org/about-femc> (last visited February 2, 2015).

³ s. 471.015, F.S.

⁴ Florida Structural Engineering Association, <http://www.flsea.com/> (last visited February 6, 2015).

⁵ Id.

Effect of the Bill

The bill adds the titles "registered engineer," "licensed structural engineer," "professional structural engineer," "registered structural engineer," and "structural engineer" to the current list of titles prohibited from being used by anyone other than a licensed engineer. This appears to have the unintended consequence that licensed engineers can use the term licensed structural engineer and conflicts with other portions of the bill.

The bill defines "licensed structural engineer," "structural engineer" and other similar titles to mean a person who is licensed to engage in the practice of structural engineering under ch. 471, F.S.

The bill defines "structural engineering" as a service or creative work that includes the analysis and design of significant structures as defined by the board and includes "engineering" as defined in the chapter and may be further defined by the board by rule. "Significant structures" is not a defined term.

The bill does not specifically incorporate "structural engineers" into every section in ch. 471, F.S., related to the licensing and regulation of engineers. However, the current law for engineers uses generic terms like "applicant," "application," "person," "license," and "licensee" throughout the chapter related to the licensing and regulation of engineers. Thus, by creating the license type of "structural engineer" it appears that all applicants and licensees will be treated almost the same way, including, but not limited to, exemptions, qualifications, fees, examinations, licensure, reactivation of licensure, use of seals, prohibitions, disciplinary proceedings, and other general provisions.

The bill requires structural engineers to be licensed in a similar way as an engineer is licensed. An applicant must have good moral character, must be certified by the board as qualified to practice structural engineering and meet the following criteria:

1. Licensed under this chapter as an engineer or qualified for licensure as an engineer;
2. Submits an application in the format prescribed by the board;
3. Pays a fee established by the board under s. 471.011, F.S.;
4. Provides satisfactory evidence of good moral character, as defined by the board;
5. Provides a record of 4 years of active structural engineering experience, as defined by the board, under the supervision of a licensed professional engineer; and
6. Has successfully passed the National Council of Examiners for Engineering and Surveying Structural Examination.

The bill provides for an exception to the examination requirement to certain applicants who apply before February 28, 2020. An exception will be given to applicants who satisfy requirements 1-5 above and submit a signed affidavit in the format prescribed by the board that states that the applicant is currently a licensed engineer in the state and has been engaged in the practice of structural engineering with a record of at least 4 years of active structural engineering experience. It also requires the applicant to attest that they are willing to meet with the board or a representative of the board, upon its request, for the purpose of evaluating the applicant's qualifications for licensure.

The bill allows for simultaneous application for both an engineer license and a structural engineer license. An applicant who is qualified for licensure as an engineer under the chapters licensing and qualifications provisions may simultaneously apply for licensure as a structural engineer if all requirements of s. 471.013, F.S., are met.

The bill modifies the section that exempts certain persons working for certain corporations that manufacture products and certain defense and aerospace companies from the prohibition related to the use of the title "engineer." The bill would allow those persons to use the title engineer but prohibits those persons from using titles that would indicate licensure as an engineer or structural engineer. Those added titles include: "licensed engineer," "licensed professional engineer," "licensed structural engineer," "professional structural engineer," "registered structural engineer," and "structural engineer."

B. SECTION DIRECTORY:

Section 1 amends s. 471.003, F.S., by adding “registered engineer,” “structural engineer” and other titles to the list of titles prohibited from use by an unlicensed person;

Section 2 amends s. 471.0035, F.S., to conform a cross-reference.

Section 3 amends s. 471.0005, F.S., creating a definition for “licensed structural engineer,” and creating a definition for “structural engineering.”

Section 4 amends s. 471.015, F.S., to create requirements for obtaining licensure by an applicant seeking a structural engineer license.

Section 5 amends s. 471.031, F.S., prohibiting specified persons from using the titles “licensed engineer,” “licensed structural engineer,” “registered structural engineer,” or “structural engineer.”

Section 6 provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Minimal. The Florida Board of Professional Engineers does not expect the number of applications to dramatically increase.⁶

2. Expenditures:

Minimal. The Florida Board of Professional Engineers has indicated that no additional manpower will be required.⁷

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

⁶ Email from Thomas Grogan, Licensure Committee Chairman, the Florida Structural Engineering Association, FW: FW: SE Licensure discussions with Business and Professions Subcommittee (January 27, 2015).

⁷ Email from Thomas Grogan, Licensure Committee Chairman, the Florida Structural Engineering Association, FW: FW: SE Licensure discussions with Business and Professions Subcommittee (January 27, 2015).

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

B. RULE-MAKING AUTHORITY:

The bill gives rule making authority to the Florida Board of Professional Engineers to implement licensing and regulatory provisions.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Section 1 of the bill appears to create a separate license type for structural engineers but the section allows engineers to hold themselves out as structural engineers without being licensed as a structural engineer. The sponsor has agreed to correct this issue.

Section 2 of the bill replaces a cross-reference to s. 471.005(7), F.S., the definition of "engineering", with a cross-reference to s. 471.005(8), the definition of "license." This appears to be an error. The sponsor has agreed to keep the original reference.

Section 3 defines "structural engineering" using the term "significant structures" which is not a defined term in Florida statutes and leaves this term to be defined by the board. The board may require more guidance as to how to define this term. Thus, the sponsor has agreed to replace the phrase with a defined term.

The bill does not specifically incorporate "structural engineer" or "structural engineering" throughout ch. 471, F.S., related to the licensing and regulation of engineers, which does not appear to be necessary in every section based on the use of general terms such as "applicant," "license," and "licensee." However, the sponsor has agreed to incorporate "structural engineer" and "structural engineering" when necessary to make it clear that all of the engineering law contained in ch. 471, F.S., applies to structural engineers.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
 2 An act relating to engineers; amending s. 471.003,
 3 F.S.; prohibiting a person who is not licensed as an
 4 engineer from using specified names and titles;
 5 amending s. 471.0035, F.S.; conforming a cross-
 6 reference; amending s. 471.005, F.S.; providing
 7 definitions; amending s. 471.015, F.S.; providing
 8 licensure and application requirements for a
 9 structural engineer license; amending s. 471.031,
 10 F.S.; prohibiting specified persons from using the
 11 titles of "licensed structural engineer,"
 12 "professional structural engineer," "registered
 13 structural engineer," or "structural engineer";
 14 providing an effective date.

15
 16 Be It Enacted by the Legislature of the State of Florida:

17
 18 Section 1. Subsection (1) of section 471.003, Florida
 19 Statutes, is amended to read:

20 471.003 Qualifications for practice; exemptions.—

21 (1) No person other than a duly licensed engineer shall
 22 practice engineering or use the name or title of "licensed
 23 engineer," "professional engineer," "registered engineer,"
 24 "licensed structural engineer," "professional structural
 25 "engineer," "registered structural engineer," "structural
 26 "engineer," or any other title, designation, words, letters,

27 abbreviations, or device tending to indicate that such person
 28 holds an active license as an engineer in this state.

29 Section 2. Section 471.0035, Florida Statutes, is amended
 30 to read:

31 471.0035 Instructors in postsecondary educational
 32 institutions; exemption from licensure requirement.—For the sole
 33 purpose of teaching the principles and methods of engineering
 34 design, notwithstanding the provisions of s. 471.005(8) ~~s.~~
 35 ~~471.005(7)~~, a person employed by a public postsecondary
 36 educational institution, or by an independent postsecondary
 37 educational institution licensed or exempt from licensure
 38 pursuant to the provisions of chapter 1005, is not required to
 39 be licensed under the provisions of this chapter as a
 40 professional engineer.

41 Section 3. Subsections (4) through (12) of section
 42 471.005, Florida Statutes, are renumbered as subsections (5)
 43 through (13), respectively, present subsection (13) is reordered
 44 and renumbered as subsection (4), and subsections (14) and (15)
 45 are added to that section to read:

46 471.005 Definitions.—As used in this chapter, the term:

47 (14) "Licensed structural engineer," "professional
 48 structural engineer," "registered structural engineer," or
 49 "structural engineer" means a person who is licensed to engage
 50 in the practice of structural engineering under this chapter.

51 (15) "Structural engineering" means a service or creative
 52 work that includes the analysis and design of significant

53 structures as defined by the board. The term includes
 54 "engineering" as defined in subsection (8) and may be further
 55 defined by the board by rule.

56 Section 4. Subsections (3) through (7) of section 471.015,
 57 Florida Statutes, are renumbered as subsections (4) through (8),
 58 respectively, and a new subsection (3) is added to that section
 59 to read:

60 471.015 Licensure.—

61 (3) (a) The management corporation shall issue a structural
 62 engineer license to any applicant who the board certifies as
 63 qualified to practice structural engineering and who:

64 1. Is licensed under this chapter as an engineer or is
 65 qualified for licensure as an engineer;

66 2. Submits an application in the format prescribed by the
 67 board;

68 3. Pays a fee established by the board under s. 471.011;

69 4. Provides satisfactory evidence of good moral character,
 70 as defined by the board;

71 5. Provides a record of 4 years of active structural
 72 engineering experience, as defined by the board, under the
 73 supervision of a licensed professional engineer; and

74 6. Has successfully passed the National Council of
 75 Examiners for Engineering and Surveying structural examination.

76 (b) Before February 28, 2020, an applicant who satisfies
 77 subparagraphs 1.-5. may satisfy subparagraph 6. by submitting a
 78 signed affidavit in the format prescribed by the board that

79 states:

80 1. The applicant is currently a licensed engineer in the
 81 state and has been engaged in the practice of structural
 82 engineering with a record of at least 4 years of active
 83 structural engineering experience; and

84 2. The applicant is willing to meet with the board or a
 85 representative of the board, upon its request, for the purpose
 86 of evaluating the applicant's qualifications for licensure.

87 (c) An applicant who is qualified for licensure as an
 88 engineer under s. 471.013 may simultaneously apply for licensure
 89 as a structural engineer if all requirements of s. 471.013 and
 90 this subsection are met.

91 Section 5. Paragraph (b) of subsection (1) of section
 92 471.031, Florida Statutes, is amended to read:

93 471.031 Prohibitions; penalties.—

94 (1) A person may not:

95 (b)1. Except as provided in subparagraph 2. or
 96 subparagraph 3., use the name or title "professional engineer"
 97 or any other title, designation, words, letters, abbreviations,
 98 or device tending to indicate that such person holds an active
 99 license as an engineer when the person is not licensed under
 100 this chapter, including, but not limited to, the following
 101 titles: "agricultural engineer," "air-conditioning engineer,"
 102 "architectural engineer," "building engineer," "chemical
 103 engineer," "civil engineer," "control systems engineer,"
 104 "electrical engineer," "environmental engineer," "fire

105 protection engineer," "industrial engineer," "manufacturing
 106 engineer," "mechanical engineer," "metallurgical engineer,"
 107 "mining engineer," "minerals engineer," "marine engineer,"
 108 "nuclear engineer," "petroleum engineer," "plumbing engineer,"
 109 "structural engineer," "transportation engineer," "software
 110 engineer," "computer hardware engineer," or "systems engineer."

111 2. Any person who is exempt from licensure under s.
 112 471.003(2)(j) may use the title or personnel classification of
 113 "engineer" in the scope of his or her work under that exemption
 114 if the title does not include or connote the term "licensed
 115 engineer," "professional engineer," "registered engineer,"
 116 "licensed professional engineer," "~~licensed engineer~~,"
 117 "registered professional engineer," "licensed structural
 118 engineer," "professional structural engineer," "registered
 119 structural engineer," or "structural engineer ~~or "licensed~~
 120 ~~professional engineer~~."

121 3. Any person who is exempt from licensure under s.
 122 471.003(2)(c) or (e) may use the title or personnel
 123 classification of "engineer" in the scope of his or her work
 124 under that exemption if the title does not include or connote
 125 the term "licensed engineer," "professional engineer,"
 126 "registered engineer," "licensed professional engineer,"
 127 "~~licensed engineer~~," "registered professional engineer,"
 128 "licensed structural engineer," "professional structural
 129 engineer," "registered structural engineer," or "structural
 130 engineer ~~or "licensed professional engineer~~," and if that person

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131 | is a graduate from an approved engineering curriculum of 4 years
132 | or more in a school, college, or university which has been
133 | approved by the board.

134 | Section 6. This act shall take effect July 1, 2015.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 373 Public Accountancy
SPONSOR(S): Raulerson
TIED BILLS: **IDEN./SIM. BILLS:** SB 636

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Professions Subcommittee		Butler <i>BSB</i>	Luczynski <i>ML</i>
2) Government Operations Appropriations Subcommittee			
3) Regulatory Affairs Committee			

SUMMARY ANALYSIS

Certified Public Accountants (CPA) and firms who perform accounting services are licensed in Florida and regulated by the Board of Accountancy within the Department of Business and Professional Regulation.

The bill amends the definitions of "licensed audit firm" and "public accounting firm" to clarify that these firms are licensed to perform the type of public accounting services described in s. 473.302(8)(a), F.S. The bill further clarifies that a firm that uses a title or other means to indicate that it performs the type of public accounting services described in s. 473.302(8)(a), F.S., must be licensed.

The bill also amends the definition of "quality review" to clearly reference and include a "peer review," which is defined in s. 473.3125, F.S.

The bill is not anticipated to have a fiscal impact.

The bill provides an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

The Board of Accountancy (Board) within the Department of Business and Professional Regulation (Department) is the agency charged with regulating the practice of public accountancy. The Division of Certified Public Accounting (Division) performs for the Board all services concerning the enforcement of ch. 473, F.S., including, but not limited to, recordkeeping services, examination services, legal services, investigative services, and those services in ch. 455, F.S., necessary to perform the Board's duties under the chapter. The offices of the Division are located in Gainesville pursuant to statute.

Public Accounting Licensure

Section 473.302(8)(a), F.S., describes several of the services offered by certified public accountants (CPA) in Florida, and defines the practice of public accounting to mean:

Offering to perform or performing for the public one or more types of services involving the expression of an opinion on financial statements, the attestation as an expert in accountancy to the reliability or fairness of presentation of financial information, the utilization of any form of opinion or financial statements that provide a level of assurance, the utilization of any form of disclaimer of opinion which conveys an assurance of reliability as to matters not specifically disclaimed, or the expression of an opinion on the reliability of an assertion by one party for the use by a third party;

To engage in the practice of public accounting, as defined by s. 473.302(8)(a), F.S., each individual, corporation, or firm in Florida must obtain a license, provided by s. 473.3101, F.S.

For a firm in Florida to use a title such as "CPA" or "CPA Firm" or "any other title, designation, words, letters, abbreviations, or device tending to indicate that the firm practices public accounting," such firms are required to obtain a license under s. 473.3101, F.S.¹ Further, Florida law explicitly defines both a "licensed audit firm" and a "public accounting firm" as firms that are licensed under s. 473.3101, F.S.²

Quality Review

A quality review is defined by s. 473.316, F.S., as a:

[S]tudy, appraisal, or review of one or more aspects of the professional work of an accountant in the practice of public accountancy which is conducted by a professional organization for the purpose of evaluating quality assurance required by professional standards, including a quality assurance or peer review.

Effect of the Bill

The bill clarifies that the definitions of "licensed audit firm" or "public accounting firm" in s. 473.302, F.S., describes a firm that is both licensed under s. 473.3101, F.S., and performs services as described in s. 473.302(8)(a), F.S.

¹ Section 473.3101(1)(b), F.S.

² Section 473.302(7), F.S.

The bill amends a provision related to a requirement for a firm to hold a license because it uses titles or other words that tend to indicate the “firm practices public accounting” to clarify that a license is required if those titles or other words tend to indicate the “firm practices public accounting services described in s. 473.302(8)(a).”

The bill clarifies that when s. 473.3101(1)(a)1., F.S., refers to when a firm “practices public accounting,” it means when a firm “practices public accounting services described in s. 473.302(8)(a).”

The bill clarifies that the definition of “quality review” includes a “peer review,” which is defined in s. 473.3125, F.S., as “the study, appraisal, or review by one or more independent certified public accountants of one or more aspects of the professional work of a licensee.”

B. SECTION DIRECTORY:

Section 1 amends s. 473.302, F.S., to clarify the definitions of “licensed audit firm” and “public accounting firm.”

Section 2 amends s. 473.3101, F.S., to clarify that firms that use certain titles must be licensed.

Section 3 amends s. 473.316, F.S., to clarify that a “quality review” includes a “peer review.”

Section 4 provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

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A bill to be entitled
 An act relating to public accountancy; amending s.
 473.302, F.S.; revising the definition of the term
 "licensed audit firm"; amending s. 473.3101, F.S.;
 revising which firms are required to hold a public
 accounting license; amending s. 473.316, F.S.;
 revising the definition of the term "quality review"
 to include a peer review; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (7) of section 473.302, Florida
 Statutes, is amended to read:

473.302 Definitions.—As used in this chapter, the term:

(7) "Licensed audit firm" or "public accounting firm"
 means a firm licensed under s. 473.3101 that performs services
described in paragraph (8) (a).

However, these terms shall not include services provided by the
 American Institute of Certified Public Accountants or the
 Florida Institute of Certified Public Accountants, or any full
 service association of certified public accounting firms whose
 plans of administration have been approved by the board, to
 their members or services performed by these entities in
 reviewing the services provided to the public by members of
 these entities.

27 Section 2. Paragraph (a) of subsection (1) of section
 28 473.3101, Florida Statutes, is amended to read:

29 473.3101 Licensure of sole proprietors, partnerships,
 30 corporations, limited liability companies, and other legal
 31 entities.—

32 (1) Each sole proprietor, partnership, corporation,
 33 limited liability company, or any other firm seeking to engage
 34 in the practice of public accounting, as defined in s.
 35 473.302(8)(a), in this state must file an application for
 36 licensure with the department and supply the information the
 37 board requires. An application must be made upon the affidavit
 38 of a sole proprietor, general partner, shareholder, or member
 39 who is a certified public accountant.

40 (a) The following must hold a license issued under this
 41 section:

42 1. Any firm with an office in this state which uses the
 43 title "CPA," "CPA firm," or any other title, designation, words,
 44 letters, abbreviations, or device tending to indicate that the
 45 firm practices public accounting services described in s.
 46 473.302(8)(a).

47 2. Any firm that does not have an office in this state but
 48 performs the services described in s. 473.3141(4) for a client
 49 having its home office in this state. The board shall define by
 50 rule what constitutes an office.

51 Section 3. Paragraph (d) of subsection (1) of section
 52 473.316, Florida Statutes, is amended to read:

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53 473.316 Communications between the accountant and client
 54 privileged.-

55 (1) For purposes of this section:

56 (d) A "quality review" is a study, appraisal, or review of
 57 one or more aspects of the professional work of an accountant in
 58 the practice of public accountancy which is conducted by a
 59 professional organization for the purpose of evaluating quality
 60 assurance required by professional standards, including a
 61 quality assurance ~~or peer~~ review. The term includes a peer
 62 review as defined in s. 473.3125.

63 Section 4. This act shall take effect July 1, 2015.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 413 Low-Voltage Alarm Systems
SPONSOR(S): Cortes, B. and others
TIED BILLS: IDEN./SIM. BILLS: SB 466

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Professions Subcommittee		Anstead <i>Ja</i>	Luczynski <i>MJ</i>
2) Local Government Affairs Subcommittee			
3) Regulatory Affairs Committee			

SUMMARY ANALYSIS

The bill amends current law related to permits required for low-voltage alarm system installation.

The bill clarifies that current law applies to "all" low-voltage alarm system projects for which a permit is required by local government or "local enforcement agencies," including both residential and commercial low-voltage alarm systems.

The bill clarifies that a permit is not required to install or service a "wireless alarm system," and defines "wireless alarm system" as a burglar alarm system or smoke detector that is not hardwired.

The bill lowers the permitting fee from \$55 to \$40 per permit label and removes the exception from the statute that expired on January 1, 2015, which allowed some local governments to charge a fee up to \$175 per permit label.

The bill clarifies that local enforcement agencies may coordinate directly with the owner or customer to inspect a low-voltage alarm system project to ensure compliance with applicable codes and standards and also clarifies the contractor may not be required to submit "any" information other than identification and proof of licensure as a contractor when purchasing the permit label.

The bill clarifies that local governments may not have "any" rule regarding low-voltage alarm system projects that conflict with state law.

The bill provides for an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Florida currently has a uniform system for alarm system permitting. A local government agency may not adopt an ordinance or rule regarding a low-voltage alarm system that conflicts with state law.¹ In order to install a low-voltage alarm system in Florida, current law requires contractors to obtain a permit label from a local government agency when such permit is required by local ordinance or rule. Current law also caps the fee for such permits.

The Florida Building Code, local enforcement agencies, and electrical and alarm system contractors

The Florida Building Code applies statewide to all construction.² The intent of the Florida Building Code is to create a single source of uniform standards for all aspects of construction. The Florida Building Commission is responsible for its general administration. With certain exceptions, state and local agencies can enforce the Florida Building Code.

A “local enforcement agency” is an agency of local government, a local school board, a community college board of trustees, or a university board of trustees in the State University System with jurisdiction to make inspections of buildings and to enforce the codes which establish standards for design, construction, erection, alteration, repair, modification, or demolition of public or private buildings, structures, or facilities.³

The Electrical Contractor’s Licensing Board within the Department of Business and Professional Regulation (DBPR) generally handles the licensing and regulation of electrical and alarm system contractors.

Low-voltage alarm systems

Uniform state law controls the installation of low-voltage alarm system projects, including, home-automation equipment, thermostats, and video cameras. An alarm system is any electrical device, signaling device, or combination of electrical devices used to signal or detect a burglary, fire, robbery, or medical emergency.

Uniform state law applies to low-voltage alarm system projects for which a permit is required by a local enforcement agency. Local enforcement agencies determine whether to require permitting for low-voltage alarm systems. If a local building department requires that a permit be obtained by an alarm system contractor for a low-voltage alarm system project in the jurisdiction, then the local government cannot charge more than \$55 for the permit label. Those labels are valid for one year from the date of purchase and may only be used in the jurisdiction that issued it.

History of permit labels

In 2013, an industry report⁴ concluded that 40 percent of local Florida jurisdictions did not require permits for low-voltage alarm systems while 60 percent did (or 182 required permits out of 304 local jurisdictions that address residential permit requirements for basic hardwire installation). In March 2013,

¹ s. 553.793(9), F.S.

² See ch. 553, Part IV, F.S.

³ s. 553.71(5), F.S.

⁴ Email from ADT representative, regarding permitting data for the State of Florida (March 22, 2013).

residential permit prices ranged from \$0 to \$300. Since 2013, some jurisdictions have stopped requiring the permit for low-voltage systems.

Effect of Proposed Changes

The bill amends current Florida law related to the permitting and installation of low-voltage alarm systems.

Applicability

The bill clarifies that current Florida law applies statewide to “all” low-voltage alarm system projects for which a permit is required by local enforcement agencies. This would include both residential and commercial systems.

Clarification of what “low-voltage alarm system” means and exclusion of “wireless alarm system”

The bill modifies the definition of “low-voltage alarm system project” to limit it to “hardwired” alarm systems. The bill clarifies that a permit is not required to install, maintain, inspect, replace, or service a “wireless alarm system,” including any ancillary components or equipment attached to the system. The bill defines “wireless alarm system” as a burglar alarm system or smoke detector that is not hardwired.

Local permit label requirement and local enforcement agencies

The bill requires local enforcement agencies that require permits to provide permit labels to the contractor for a fee that may not exceed \$40. The bill lowers the permitted fee from \$55 to \$40 per permit label and deletes the exception which expired on January 1, 2015, which allowed some local governments to charge a fee up to \$175 per permit label.

The bill clarifies that local enforcement agencies may coordinate directly with the owner or customer to inspect a low-voltage alarm system project to ensure compliance with applicable codes and standards. It also clarifies that in order to purchase the permit label, the contractor may not be asked to submit any information other than identification and proof of licensure as a contractor.

B. SECTION DIRECTORY:

Section 1: Amends s. 553.793(1) and (2), F.S.:

- clarifies applicability to residential and commercial systems;
- clarifies that only “hardwired” systems require conformity;
- clarifies that permits are not required for wireless alarm systems; and
- defines “wireless alarm system.”

Amends s. 553.793(4), F.S.:

- lowers the permit label fee from \$55 to \$40; and
- removes the expired exception related to the fee cap.

Amends s. 553.793(8), F.S.:

- clarifies that local enforcement agencies may coordinate with the owner or customer for inspections.

Amends s. 553.793(9), F.S.:

- clarifies that the contractor purchasing the permit label may not be asked for any information other than identification and proof of licensure.

Section 2: Provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill would reduce the ability of certain local jurisdictions to raise revenue, specifically reducing the ability of certain jurisdictions to charge more than \$40 per permit for low-voltage alarm system projects.

There has been no Revenue Estimating Conference on this bill. See Fiscal Comments, D., below.

2. Expenditures:

Local enforcement agencies that require permitting would be required to continue to make permit labels available for purchase which may require local expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

See Fiscal Comments, D., below.

D. FISCAL COMMENTS:

The bill requires those local enforcement agencies that require permitting for low-voltage alarm systems to issue a permit label to a contractor for a fee of not more than \$40. It is anticipated the bill would lower fees currently imposed by certain local jurisdictions and may encourage other local jurisdictions to raise fees resulting in an indeterminate fiscal impact.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, section 18, of the Florida Constitution may apply because this bill may reduce the authority that counties or municipalities have to raise revenues in the aggregate; however, the insignificant fiscal impact exemption may apply.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
 2 An act relating to low-voltage alarm systems; amending
 3 s. 553.793, F.S.; revising and adding definitions
 4 related to alarm systems; providing that a permit is
 5 not required to install, inspect, repair, or replace a
 6 wireless alarm system and its ancillary components;
 7 revising the maximum price for permit labels for alarm
 8 systems; authorizing a local law enforcement agency to
 9 coordinate the inspection of certain alarm system
 10 projects; providing an effective date.

11
 12 Be It Enacted by the Legislature of the State of Florida:

13
 14 Section 1. Subsections (1), (2), (4), (8), and (9) of
 15 section 553.793, Florida Statutes, are amended to read:

16 553.793 Streamlined low-voltage alarm system installation
 17 permitting.—

18 (1) As used in this section, the term:

19 (a) "Contractor" means a person who is qualified to engage
 20 in the business of electrical or alarm system contracting
 21 pursuant to a certificate or registration issued by the
 22 department under part II of chapter 489.

23 (b) "Low-voltage alarm system project" means a project
 24 related to the installation, maintenance, inspection,
 25 replacement, or service of a new or existing alarm system, as
 26 defined in s. 489.505, that is hardwired and operating at low

27 voltage, as defined in the National Electrical Code Standard 70,
 28 Current Edition, and ancillary components or equipment attached
 29 to such a system, including, but not limited to, home-automation
 30 equipment, thermostats, and video cameras.

31 (c) "Wireless alarm system" means a burglar alarm system
 32 or smoke detector that is not hardwired.

33 (2) Notwithstanding any provision of law, this section
 34 applies to all low-voltage alarm system projects for which a
 35 permit is required by a local enforcement agency. However, a
 36 permit is not required to install, maintain, inspect, replace,
 37 or service a wireless alarm system, including any ancillary
 38 components or equipment attached to the system.

39 (4) A local enforcement agency shall make uniform basic
 40 permit labels available for purchase by a contractor to be used
 41 for the installation or replacement of a new or existing alarm
 42 system at a cost of not more than \$40 ~~\$55~~ per label per project
 43 per unit. ~~However, a local enforcement agency charging more than~~
 44 ~~\$55, but less than \$175, for such a permit as of January 1,~~
 45 ~~2013, may continue to charge the same amount for a uniform basic~~
 46 ~~permit label until January 1, 2015. A local enforcement agency~~
 47 ~~charging more than \$175 for such a permit as of January 1, 2013,~~
 48 ~~may charge a maximum of \$175 for a uniform basic permit label~~
 49 ~~until January 1, 2015.~~

50 (a) A local enforcement agency may not require a
 51 contractor, as a condition of purchasing a label, to submit any
 52 information other than identification information of the

53 | licensee and proof of registration or certification as a
 54 | contractor.

55 | (b) A label is valid for 1 year after the date of purchase
 56 | and may only be used within the jurisdiction of the local
 57 | enforcement agency that issued the label. A contractor may
 58 | purchase labels in bulk for one or more unspecified current or
 59 | future projects.

60 | (8) The local law enforcement agency may coordinate
 61 | directly with the owner or customer to inspect a low-voltage
 62 | alarm system project ~~may be inspected by the local enforcement~~
 63 | ~~agency~~ to ensure compliance with applicable codes and standards.
 64 | If a low-voltage alarm system project fails an inspection, the
 65 | contractor must take corrective action as necessary to pass
 66 | inspection.

67 | (9) A municipality, county, district, or other entity of
 68 | local government may not adopt or maintain in effect any ~~an~~
 69 | ordinance or rule regarding a low-voltage alarm system project
 70 | that is inconsistent with this section.

71 | Section 2. This act shall take effect July 1, 2015.