

OFFICE MEMORANDUM



**MINNESOTA DEPARTMENT OF
LABOR & INDUSTRY**

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DATE: September 29, 2010
Revised October 26, 2010

TO: Steve Sviggum
Commissioner

FROM: Cecelia C. Jackson
Chief Financial Officer

PHONE: 651-284-5528

SUBJECT: Request to Increase the Contractor Recovery Assessment

Note: Due to delayed implementation the dates have been adjusted to provide notice to the Residential Building Contractor licensees prior to implementation.

The Construction Codes and Licensing Division and Financial Services have evaluated the current Contractor Recovery Fund and determined that there are insufficient funds to cover the projected claims for 2011 and for subsequent years. The Contractor Recovery Assessment Rate will need to be increased by \$150.00 (\$75.00 per year) per license application to remain solvent. As a reminder the department is now renewing licenses on a 2-year cycle which means that the net increase is \$150.00 per license to cover the Contractor Recovery Fund projected deficiency. This request is based on Minnesota Statute 326B.89, Subdivision 16. The additional assessment provides the authority for the Labor and Industry Commissioner to ensure an adequate fund balance. This increase is within the \$200 statutory authority provided in the statute.

In order to ensure ample time to notify the construction industry, the Construction Codes and Licensing Division staff will update the agency website and the Residential Building Contractor license renewal forms by October 8, 2010. Revised to October 27, 2010

- Licensees renewing a license that has an expiration date after November 1, 2010 – Revised to November 22, 2010--will be required to pay the increased Contractor Recovery Assessment.
- Initial applications received after November 1, 2010—Revised to November 22, 2010--will be required to pay the increased Contractor Recovery Assessment.

Your signature below is the authorization to proceed with the recommended increase:

Commissioner, Steve Sviggum

10-26-10

Date