

HOUSE BILL ANALYSIS

2SSB 5802

Brief Description: Regulating telecommunications contractors and installations.

Sponsors: Senators Fairley and Hochstatter

**Brief Summary of Second Substitute Bill
(as of March 9, 2000)**

- Establishes regulatory requirements, including contractor licensing by the Department of Labor and Industries, for persons performing telecommunications installations.

BACKGROUND:

The Department of Labor and Industries regulates the installation, repair, and maintenance of electrical wires, equipment, and services. This regulatory process includes permitting and inspection of electrical work, certification of electrical administrators and journeyman electricians, and licensing of electrical contractors. The department inspects all electrical wiring, appliances, devices, and equipment regulated by the electricians and electrical installations statute, unless inspection authority has been assumed by a qualified city or town. The statute exempts from inspection telephone, telegraph, radio, television wires and equipment, television antenna installations, signal strength amplifiers, and coaxial installations.

In 1998 the Governor vetoed a bill that would have exempted noncomposite fiber optic cables and persons engaged in the installation, repair, or maintenance of structured communications cabling from the electricians and electrical installations statute's licensing and installation requirements. In vetoing EHB 3003, the Governor expressed concerns about safety and about the scope of the exemptions, and directed the Department of Labor and Industries to convene a task force to study the issues.

During 1998 the department convened the EHB 3003 Task Force on Telecommunications Installations. The task force met and, although there was not full consensus, recommended legislation that was introduced during the 1999 session but not enacted. The task force

continued to meet in 1999 to develop further recommendations.

SUMMARY OF BILL:

New provisions addressing telecommunications installations are added to the code governing electrical installations. The existing electrical installations code is divided into subchapters, with a separate subchapter for existing provisions that apply only to electrical installations, another subchapter that includes existing provisions applying to both electrical and telecommunications installations, and a new subchapter that applies only to telecommunications installations.

TELECOMMUNICATION INSTALLATIONS

Legislative intent. The Legislature declares its purpose to maintain public safety while ensuring that telecommunication businesses do not face unnecessary obstacles in performing their business activities. The authority delegated to the Department of Labor and Industries and the Electrical Board to administer and enforce the telecommunication installation requirements is strictly limited to the minimum necessary to administer the clear and unambiguous directives of the law and must be in strict compliance with Initiative 695.

Requirements for telecommunications installations. All installation of telecommunications systems must conform with safety standards approved by the department, including the National Electrical Code, and approved standards of the telecommunications industries association and other entities.

Permits and inspections are required for installations on the customer side of the network demarcation point for projects greater than ten outlets, for all projects penetrating fire barriers or passing through hazardous locations, and all backbone installations. However, permits and inspections are not required for single family and duplex residences, or horizontal cabling in apartment units.

A building owner or licensed electrical or telecommunications contractor may apply for annual permitting and regularly scheduled inspections in large commercial or industrial installations if the owner or contractor has a full-time telecommunications maintenance staff or maintenance contract.

Telecommunications contractor licensure. It is unlawful to advertise for, submit bids for, or do work installing or maintaining telecommunications systems without having a telecommunications contractor license issued by the department. This requirement does not apply to electrical contractors or to persons making installations or performing maintenance

on their own property, or for employees working on their employer's premises, unless the work is on a new building intended for rent or sale.

Individual telecommunications workers are not required to be certified.

Among other requirements, an applicant for a telecommunications contractor license must submit a surety bond, or a cash deposit, of \$4,000 to pay costs of labor, materials, state taxes, and damages for failure to make installations in accordance with law. Claims against the bond must be brought within one year from the completion of the relevant work.

The applicant must also furnish insurance, or financial responsibility in an assigned account, of \$20,000 for damage to property, \$50,000 for injury to one person, and \$100,000 for injury to more than one person.

Telecommunication contractors do not have to be registered as construction contractors.

Telecommunications administrators' certificates. An applicant for a telecommunications contractor license must designate an individual who possesses a telecommunications administrator's certificate. After July 1, 2001, this person must pass an examination. Before July 1, 2001, registered construction contractors engaged in telecommunications installations may name specified persons as administrators without a required examination. Administrators are responsible for ensuring that all telecommunications installation work complies with applicable law and that proper permits are obtained and inspections made.

The board establishes and administers the written examination for telecommunication administrators' certificates. The board may contract with a professional testing agency to develop, administer, and score the examination. The examination fee must cover, but not exceed, the costs of the examination.

Enforcement. The department is responsible for adopting rules, after consulting with the board, and for enforcing the telecommunication installation requirements. However, cities and towns with electrical inspection jurisdiction may also enforce these requirements, as long as the jurisdiction adopts ordinances that are at least equal to the standards required by state law. Disputes over whether an ordinance is at least equal to the state standard will be resolved by arbitration. Cities and towns may not issue installation permits to a person or entity who does not hold the appropriate license.

The director, through the electrical inspector, is authorized to enter premises during reasonable hours to discharge official duties related to inspecting installations. Telecommunication cabling may not be concealed until it has been approved by an inspector.

If an installation does not meet required standards, the entity operating the system must be notified and must make repairs within 15 days. The director may order disconnection of a system if it is found to be in a dangerous or unsafe condition.

The board is responsible for resolving disputes involving interpretation or application of the telecommunications standards. Any person or entity violating these standards is subject to a penalty ranging from \$100 to \$10,000 per violation. The department, after consulting with the board, must set a schedule of penalties. Penalties assessed against a violator may be reviewed on appeal to the board.

The department may revoke or suspend telecommunication contractor licenses or administrators' certificates for serious noncompliance, subject to review by the board.

A person or entity engaging in the telecommunications installation business must be able to prove that the person or entity held a current license at the time of performing the work before commencing or maintaining an action in court pertaining to such work.

CHANGES TO THE ELECTRICAL BOARD

Telecommunication installations are explicitly included in the Electrical Board's jurisdiction. The board's membership is amended to include one member who is an employee or officer of a facilities-based telecommunications service provider regulated by the Utilities and Transportation Commission, one member who is a licensed telecommunications contractor, one member who is a telecommunications worker, and one nonvoting member who is a building official from a city or town with an electrical inspection program. The board member who is a licensed electrical engineer must be designated as a registered communications distribution designer.

RULES AUTHORITY: The bill gives rule-making authority to the Department of Labor and Industries.

APPROPRIATION: \$1,408,000 from the electrical license account to the Department of Labor and Industries.

FISCAL NOTE: Available on SSB 5802.

EFFECTIVE DATE: Ninety days after adjournment of a session in which bill is passed.