

The Case for Contractor Licensing

Advocacy Talking Points

Disclaimer: These talking points are templates that should be reviewed and modified as necessary to comport with the various states' statutes and administrative regulations as needed.

I. Consumer Protection

1. Licensing agencies **protect public health and safety** by ensuring that contractors meet minimum standards and are up to date on current code requirements.
2. Licensing agencies **protect public welfare** by requiring that contractors be properly insured to cover liability and worker's compensation.
3. Many licensing agencies offer additional financial protection for homeowners in the form of **recovery funds** that provide compensation in case a licensed contractor improperly performs or does not complete work on a project.
4. Licensing agencies are an **important resource for consumers**, maintaining databases that consumers can access to verify contractor credentials.
5. Licensing agencies allow for a more **efficient and cost-effective process** of resolving disputes by investigating and mediating disputes between consumers and licensed contractors, and helps keep many disputes out of the lengthy and costly court system.
6. A "buyer beware" approach does not provide **adequate deterrent** for misconduct on behalf of subpar contractors.
7. Licensing agencies **protect society's most vulnerable** citizens, such as elderly, disabled and dependent homeowners.
8. A recent study by BuildZoom.com analyzed licensing standards across all 50 states and compared them with over 60,000 consumer reviews of contractors. The results showed that the states with the **highest licensing standards** also have the **highest positive consumer reviews** of contractors. States with no licensing requirements at all have the lowest levels of customer satisfaction.

II. Industry Integrity

1. By setting common-sense standards, licensing agencies provide **consistency** and help the industry maintain **credibility** with consumers at minimal cost.
2. Minimum standards help ensure the **health and wellbeing of the workers** themselves.
3. Licensing agencies ensure the **continued quality of the profession** through testing and continuing education.
4. Licensing agencies provide **valuable educational opportunities** that allow licensed professionals to **build new skills**, gain experience and grow in their profession.
5. By applying consistent standards licensing agencies help create a **level playing field** for construction professionals.
6. Through dispute resolution, licensing agencies establish a more efficient process to **resolve issues** and reduce the need for court action.
7. Licensing agencies provide **enforcement services** by investigating and citing contractors practicing without a license—maintaining consistency in the industry.
8. Licensing agencies are a **valuable resource for the industry**, maintaining contractor databases, data on violations and mediation, and testing and educational materials.
9. Licensing agencies provide an **important voice** for the industry, advocating for benefits such as portability to allow contractors **greater opportunities**.

III. Market Benefits

1. Licensing agencies help create a **fair marketplace** by establishing **uniform standards** across the industry.
2. Licensing agencies support **market stability** through consistent and uniform policies and oversight.
3. Licensing agencies **fuel the economy** by ensuring that money stays in the legal market and out of the underground economy.
4. Licensing agencies help **keep costs down** through efficient investigation and resolution of disputes.
5. By supporting policies such as portability and reciprocity, licensing agencies support **market growth**.



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