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**State of Vermont**  
**Office of the Secretary of State**  
**Office of Professional Regulation**  
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**Sarah Copeland Hanzas, Secretary of State**  
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**Jennifer B. Colin, Director**

**April 16, 2026**

**To: Hon. Anne Watson, Chair**  
**Senate Committee on Natural Resources and Energy**

**From: Lauren Hibbert, Deputy Secretary of State**  
**Jennifer B. Colin, Director, Office of Professional Regulation**

**Re: H.718, An act relating to building energy efficiency**

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Dear Committee Members:

Thank you for inviting us to testify on H.718. We appreciate having the opportunity to review the parts of the bill with you that relate to the Office of Professional Regulation and identify provisions we support, as well as concerns we have about this bill.

### **Overview of the Office of Professional Regulation**

The Office of Professional Regulation (OPR) is an umbrella agency that regulates occupations in Vermont. The agency is staffed by 40 people and organized under the Secretary of State. OPR oversees about 84,000 licensees in 53 diverse and wide-ranging professions and occupations, from health care professions like nursing, osteopaths, dentists, pharmacists and mental health professions, to accountants, architects, appraisers, real estate brokers, tattooists, barbers, cosmetologists, and others. OPR is a public protection agency that establishes minimum licensure qualifications and enforces professional conduct standards through its complaint and disciplinary processes. OPR operates at the forefront of the everchanging regulatory landscape, such as responding to emergency health initiatives during Covid, working to remove licensure barriers for military families and internationally trained professionals, and seeking to increase much-needed workforce through progressive policies like compacts and telehealth.

OPR is a special fund agency. Our operations are funded almost entirely by licensing fees. Each profession's fees are supposed to fund its respective regulatory program in

Board professions. With advisor professions, such as residential contractors, those licensing fees are pooled into the same fee silo. OPR does not receive general fund appropriations except for one-time appropriations for the occasional special project, to establish a new regulatory program (since there are not yet licensing fees), or for legislative reports. OPR is currently running a deficit, which is anticipated to reach \$600,000 by the end of the fiscal year. We are in the process of doing a study of OPR's funding structure, which began a couple of years ago. We released an interim report in January of 2025 and our final report, with options and recommendations for changes to our funding model, will be submitted before the next legislative session.

### **Regulation of Residential Contractors**

In 2022, Act 182 created a regulatory program for residential contractors at OPR for the purpose of protecting the public from contractor fraud. This program requires residential contractors who directly contract with homeowners for more than \$10,000 of construction labor and materials to register with OPR. In addition to the \$10,000 requirement, other regulatory thresholds include:

- Definition of “residential” – consists of four or fewer residential dwelling units;
- Definition of “construction” – includes interior and exterior construction, weatherization, renovation, repair, roofing, solar, heating, and other activities;
- Contract directly with the homeowner, meaning developers who build and then sell, as well as subcontractors, are not required to register.

Because “registration” is the form of regulation, there are no qualifications required for a residential contractor. When a residential contractor applies for a registration with OPR, they must:

- Apply for an individual registration if self-employed or for a business registration if they have employees;
- Pay a registration fee (\$100 for individual; \$250 for business);
- Provide documentation of a name/entity registered with the Business Services Division of the Secretary of State;
- Disclose criminal convictions, pending criminal charges, and any discipline against a professional credential in any jurisdiction;
- Provide proof of general liability insurance coverage of \$1,000,000 per occurrence and \$2,000,000 aggregate;
- Identify if they are licensed in another jurisdiction;
- Acknowledge that they are required to comply with Residential Building Energy Standards (RBES); and
- Affirm that they must execute a written contract before receiving a deposit or commencing with the construction.

The most unique features of the residential contractor regulatory program are: (1) OPR does not have jurisdiction over the quality of work performed by registrants or their failure to practice competently; and (2) individuals who engage in unauthorized practice (i.e. practicing residential construction without registering) may not be charged criminally, as in other professions.

Act 182 also required OPR to create specialty certifications which are available to registered contractors to signify special training and expertise in a particular subfield of residential construction. Specialty certifications are voluntary. Act 182 required OPR to offer specialty certifications in OSHA standards and energy efficient building methods.

### **Current Data/Information**

We are past the first renewal cycle for residential contractors, and the registration numbers are:

Individual:	565
Business:	835
Total:	1400 (decrease of aprx. 275 registrants from previous cycle).

Since 2022, OPR has received over 130 complaints regarding construction projects. Enforcement outcomes have been as follows (in approximate numbers):

- 30 Cases - Pending Investigation/Review
- 12 Cases – Public Disciplinary Charges filed (7 are pending; 4 concluded with discipline; 1 case dismissed)
- 40 Cases – Investigated and Closed – allegations of fraud unsubstantiated, quality of work claims, unauthorized practice that dated prior to enforcement authority
- 50 Cases – Screened Out (not investigated) for lack of jurisdiction over quality of work or lack of meeting threshold requirements

Specialty certifications have not yet been implemented. Given low registration numbers (i.e. low income from the program), and the high enforcement numbers (i.e. high cost), this program is running at a deficit. Also, the number of registrants who also want to obtain a specialty from OPR will be a fraction of the total number of registrants. The cost and resources required to go through the administrative rulemaking process and to implement the specialties will increase the financial deficit of the program. The primary challenge with implementing the energy efficiency specialty certification is the need for an examination. We have been working on a solution to this challenge.

## Review of H.718

### Sec. 1 Findings

(5) We agree that the Building Energy Code Working Group recommended that OPR's regulatory program for residential contractors could be used to provide market incentives to register. However, other than providing professional credentials to those who apply and meet the requirements, OPR's regulatory programs are not intended or designed to provide market incentives. We have 53 professions to regulate, and we do not incentivize people to follow the law. This mandatory program requires all residential contractors who meet the threshold requirements to register. If the law does not incentivize compliance, OPR's enforcement authority our tool to require compliance.

We also agree that homeowners would benefit from additional protections beyond the current regulations.

(6) We agree that this regulatory program has not produced sufficient revenue to adequately resource the substantial stakeholder engagement, outreach to the profession, policy work, and rulemaking that would be necessary to significantly improve upon the current regulatory framework.

### Sec. 3. Residential Contractor Registry Task Force; Reports

(a) We agree that a task force could help advise OPR on ways to improve the existing regulatory program and expedite the creation of voluntary specialty certifications.

(b) The task force membership should include one member appointed by the Vermont Department of State's Attorneys and Sheriff, and two homeowners.

(c) (1) (A) Because OPR is an umbrella agency regulating over 50 professions, we cannot and should not offer special marketing or website features to serve this profession. Operating a marketing program would be outside of our mandate. We would be happy to share data with a consumer-focused entity or organization. This should be revised to reflect that the task force can identify a consumer-focused entity or organization that OPR could provide data to.

(i) Given the three-year duration of the task force, we would request that language be added to this provision expressing the intention for the appropriation to be made yearly. Furthermore, in light of OPR's deficit and the substantial resources that will be required to run the task force, do the yearly report writing, and implement additional supports, we would request the Committee make a general fund allocation to OPR for this work.

#### Sec.4. 3 V.S.A. § 138. Required Education for Specified Licensees; State Energy Goals

Eight OPR professions are required to complete education regarding the state's energy goals for initial licensure, as well as for renewal every two years. Residential Contractors are not among the professions required to complete this course because the credential is a registration, which requires no education for the credential or continuing education for renewal. The added language in (1) is very profession specific and would be inapplicable to most, if not all, of the professions required to take the module. Pollution Abatement Facility Operators, Wastewater and Water System Designers, and Landscape Architects should be removed from this requirement.

For most of the other professions, like engineers and architects, the module does not teach them anything they don't already know. One option would be to replace the module with a one-hour continuing education course of their choice on energy efficiency. This should not be an added CE hour, but one included in their required hours.

If the module continues to be the requirement, it should include information on state incentive programs and contact information to find out how to access those incentive programs. Making energy efficient solutions affordable will drive professionals and consumers to choose them.

Finally, OPR does not design or create training programs for professionals. The module the agency was required under this section to create has not been updated or modified since implemented. OPR does not have expertise in the State's energy goals, utility incentives, or how those goals specifically intersect with the eight professions identified in the statute. OPR suggests a revision that would require another state entity, in collaboration with OPR, to design this module.

#### Sec. 9. Energy Professionals Regulation Report

In Section 9, we suggested revisions to the original draft of this bill and those were incorporated.

#### Sec. 13. Contingency of Funding

H.718 has a multiyear task force that will require extensive work by OPR and has an annual report for each of the three years. The current iteration includes only an appropriation for paying task force members who are not otherwise compensated by their employer a per diem for their participation. That appropriation for FY27 is \$5,500. We request a general fund allocation for the task force work and a contingency of funding for that work. Finally, we request that the language in Sec. 13 express the intention that the task force work for future years will also be contingent on general fund appropriations in those years.