



AN ACT AUTHORIZING ADMINISTRATIVE SUSPENSION BY A LICENSING BOARD OR THE DEPARTMENT OF LABOR AND INDUSTRY OF A PROFESSIONAL OR OCCUPATIONAL LICENSE IN ROUTINE MATTERS AS AN ALTERNATIVE TO DISCIPLINARY PROCEEDINGS; EXTENDING RULEMAKING AUTHORITY; AMENDING SECTIONS 37-1-131, 37-1-141, 37-1-306, 37-1-309, 37-1-313, 37-1-403, 37-1-407, AND 37-51-204, MCA; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1. Authority to administratively suspend license.** (1) A board, or the department if authorized by the board, or the department for programs without a board may administratively suspend a license when:

(a) an audit of continuing education, certification, or other qualifications necessary for continued licensure demonstrates that the licensee is noncompliant with requirements established by the board or by the department for a program;

(b) the licensee fails to respond to a board or department audit as provided in subsection (1)(a);

(c) the department receives notice of insufficient funds in the account used by the licensee to pay for an administrative fee or a board fee or fine;

(d) the department has reasonable grounds to believe the licensee did not possess the qualifications for initial issuance of the license; or

(e) a licensee fails to comply with the terms of a final order imposed pursuant to 37-1-312 or 37-1-405.

(2) Upon identifying one or more of the deficiencies listed in subsection (1), the department shall inform the licensee in writing and provide the licensee 60 days from the date of the correspondence to cure the deficiency.

(3) If the licensee fails to cure the deficiency as provided in subsection (2), a board, or the department if authorized by the board, or the department for programs without a board may administratively suspend the license without additional notice or opportunity for hearing.

(4) (a) The administrative suspension remains in effect until:

(i) a board, or the department if authorized by the board, or the department for programs without a board determines the licensee has cured the deficiency; or

(ii) the license terminates as provided in 37-1-141.

(b) An administratively suspended license that is not renewed lapses, expires, or terminates as provided in 37-1-141.

(5) A licensee may not use a protected title or practice the licensed profession or occupation while the license is administratively suspended.

(6) To reinstate the administratively suspended license, a licensee must pay an administrative fee established by the department by rule and submit information necessary to cure the deficiencies as determined in the discretion of the department.

(7) Instead of an administrative suspension, the department may refer the deficiencies demonstrated in subsection (1) for disciplinary proceedings as provided in 37-1-309 or 37-1-403, as applicable. A board or the department may not proceed against a licensee for the same act or failure to act under both an administrative suspension as provided in this section and a disciplinary proceeding as provided in 37-1-309 or 37-1-403.

**Section 2.** Section 37-1-131, MCA, is amended to read:

**"37-1-131. Duties of boards -- quorum required.** (1) A quorum of each board within the department shall:

(a) (i) set and enforce standards and adopt and enforce rules governing the licensing, certification, registration, and conduct of the members of the particular profession or occupation within the board's jurisdiction; and

(ii) apply the standards and rules referred to in subsection (1)(a)(i) in a manner that does not discriminate against any person licensed by the board with regard to how the standards and rules are applied to other persons licensed by the board and that does not restrain trade or competition unless necessary to protect public health and safety;

(b) except as provided in [section 1], sit in judgment in hearings for the suspension, revocation, or denial of a license of an actual or potential member of the particular profession or occupation within the board's jurisdiction. The hearings must be conducted by a hearings examiner when required under 37-1-121.

(c) suspend, revoke, or deny a license of a person who the board determines, after a hearing as provided

in subsection (1)(b), is guilty of knowingly defrauding, abusing, or aiding in the defrauding or abusing of the workers' compensation system in violation of the provisions of Title 39, chapter 71;

(d) take disciplinary action against the license of a person in a medical assistance program under chapter 3, 4, 7, or 8 if, in the period under contract, the licensee has on three separate occasions returned to the use of a prohibited or proscribed substance. The requirements of this subsection (1)(d) may not be construed as affecting the rights of an employer to evaluate, discipline, or discharge an employee.

(e) pay to the department the board's pro rata share of the assessed costs of the department under 37-1-101(6);

(f) consult with the department before the board initiates a program expansion, under existing legislation, to determine if the board has adequate money and appropriation authority to fully pay all costs associated with the proposed program expansion. The board may not expand a program if the board does not have adequate money and appropriation authority available.

(2) A board, board panel, or subcommittee convened to conduct board business must have a majority of its members, which constitutes a quorum, present to conduct business.

(3) A board that requires continuing education or continued state, regional, or national certification for licensees shall require licensees reactivating an expired license to submit proof of meeting the requirements of this subsection for the renewal cycle.

(4) The board or the department program may:

(a) establish the qualifications of applicants to take the licensure examination;

(b) determine the standards, content, type, and method of examination required for licensure or reinstatement of a license, the acceptable level of performance for each examination, and the standards and limitations for reexamination if an applicant fails an examination; and

(c) examine applicants for licensure at reasonable places and times as determined by the board or enter into contracts with third-party testing agencies to administer examinations; ~~and~~

~~(d) require continuing education for licensure, as provided in 37-1-306, or require continued state, regional, or national certification for licensure. Except as provided in subsection (3), if the board or department requires continuing education or continued state, regional, or national certification for continued licensure, the board or department may not audit or require proof of continuing education or continued state, regional, or national certification requirements as a precondition for renewing the license, certification, or registration. The~~

~~board or department may conduct random audits after the lapsed date of up to 50% of all licensees with renewed licenses for documentary verification of the continuing education requirement.~~

(5) A board may, at the board's discretion, request the applicant to make a personal appearance before the board for nonroutine license applications as defined by the board.

(6) A board shall adopt rules governing the provision of public notice as required by 37-1-311."

**Section 3.** Section 37-1-141, MCA, is amended to read:

**"37-1-141. License renewal -- lapse -- expiration -- termination.** (1) The renewal date for a license must be set by department rule. The department shall provide notice prior to the renewal date.

(2) To renew a license, a licensee shall submit a completed renewal form, comply with all certification and continuing education requirements as provided by 37-1-306 or [section 5], and remit renewal fees before the end of the renewal period.

(3) A licensee may reactivate a lapsed license within 45 days after the renewal date by following the process in subsection (5) and complying with all certification and educational requirements.

(4) A licensee may reactivate an expired license within 2 years after the renewal date by following the process in subsection (5) and complying with all certification and education requirements that have accrued since the license was last granted or renewed as prescribed by board or department rule.

(5) To reactivate a lapsed license or an expired license, in addition to the respective requirements in subsections (3) and (4), a licensee shall:

- (a) submit the completed renewal form;
  - (b) pay the late penalty fee provided for in subsection (7); and
  - (c) pay the current renewal fee as prescribed by the department or the board.
- (6) (a) A licensee who practices with a lapsed license is not considered to be practicing without a license.  
 (b) A licensee who practices after a license has expired is considered to be practicing without a license.
- (7) The department may assess a late penalty fee for each renewal period in which a license is not renewed. The late penalty fee need not be commensurate with the costs of assessing the fee.

(8) Unless otherwise provided by statute or rule, an occupational or professional license that is not renewed within 2 years of the most recent renewal date automatically terminates. The terminated license may not be reactivated, and a new original license must be obtained.

(9) The department or board responsible for licensing a licensee retains jurisdiction for disciplinary purposes over the licensee for a period of 2 years after the date on which the license lapsed.

(10) This section may not be interpreted to conflict with 37-1-138."

**Section 4.** Section 37-1-306, MCA, is amended to read:

**"37-1-306. Continuing education -- certification -- other qualifications for continued licensure -- audit.** (1) A board or, for programs without a board, the department may require licensees to participate in flexible, cost-efficient, effective, and geographically accessible continuing education or continued state, regional, or national certification for licensure.

(2) A board that requires continuing education or state, regional, or national certification may not audit or require proof of continuing education or certification as a precondition for license renewal. However, a licensee who reactivates a license after the license has expired, as provided in 37-1-141, is subject to a mandatory continuing education audit.

(3) After the lapsed date provided for in 37-1-141, the board or department may conduct a random audit of up to 50% of all licensees who have renewed their licenses to determine compliance with board or program continuing education requirements.

(4) The board or department may audit licensees for compliance with state, regional, or national certification or other board or department requirements.

(5) The board or department shall provide a licensee not in compliance with continuing education or certification requirements with an opportunity to cure the noncompliance as provided in [section 1]."

**Section 5. Continuing education -- certification -- other qualifications for continued licensure -- audit.** (1) The department on behalf of a program without a board may require licensees to participate in flexible, cost-efficient, effective, and geographically accessible continuing education.

(2) As a precondition of license renewal the department may not audit or require proof of continuing education or certification of a program that requires continuing education or state, regional, or national certification. However, a licensee who reactivates a license after the license has expired, as provided in 37-1-141, is subject to a mandatory continuing education audit.

(3) After the lapsed date provided for in 37-1-141, the department may conduct a random audit of up to

50% of all licensees who have renewed their licenses to determine compliance with a program's continuing education requirements.

(4) The department may audit licensees for compliance with state, regional, or national certification or other department requirements.

(5) The department shall provide a licensee not in compliance with continuing education or certification requirements with an opportunity to cure the noncompliance as provided in [section 1].

**Section 6.** Section 37-1-309, MCA, is amended to read:

**"37-1-309. Notice -- request for hearing.** (1) If a reasonable cause determination is made pursuant to 37-1-307 that a violation of this part has occurred and the provisions of [section 1] do not apply, a notice must be prepared by department legal staff and served on the alleged violator. The notice may be served by certified mail to the current address on file with the board or by other means authorized by the Montana Rules of Civil Procedure. The notice may not allege a violation of a particular statute, rule, or standard unless the board or the board's screening panel, if one has been established, has made a written determination that there are reasonable grounds to believe that the particular statute, rule, or standard has been violated.

(2) A licensee or license applicant shall give the board the licensee's or applicant's current address and any change of address within 30 days of the change.

(3) The notice must state that the licensee or license applicant may request a hearing to contest the charge or charges. A request for a hearing must be in writing and received in the offices of the department within 20 days after the licensee's receipt of the notice. Failure to request a hearing constitutes a default on the charge or charges, and the board may enter a decision on the basis of the facts available to it."

**Section 7.** Section 37-1-313, MCA, is amended to read:

**"37-1-313. Appeal.** (1) A person who is disciplined by a board under 37-1-308 through 37-1-312 or denied a license may appeal the decision to the district court as provided in Title 2, chapter 4.

(2) A person who disputes the department's deficiency determination made pursuant to [section 1] may appeal the decision to the board. Consideration of the dispute is not an adversarial or a contested case hearing. The board's decision may be appealed as provided in subsection (1)."

**Section 8.** Section 37-1-403, MCA, is amended to read:

**"37-1-403. Notice -- request for hearing.** (1) If the department determines that reasonable cause exists supporting the allegation made in a complaint and the provisions of [section 1] do not apply, the department legal staff shall prepare a notice and serve the alleged violator. The notice may be served by certified mail to the current address on file with the department or by other means authorized by the Montana Rules of Civil Procedure.

(2) A licensee or license applicant shall give the department the licensee's or applicant's current address and any change of address within 30 days of the change.

(3) The notice must state that the licensee or license applicant may request a hearing to contest the charge or charges. A request for a hearing must be in writing and must be received in the offices of the department within 20 days after the licensee's receipt of the notice. Failure to request a hearing constitutes a default on the charge or charges, and the department may enter a decision on the basis of the facts available to it."

**Section 9.** Section 37-1-407, MCA, is amended to read:

**"37-1-407. Appeal.** (1) A person who is disciplined by the department under 37-1-402 through 37-1-406 or denied a license may appeal the decision to the district court as provided in Title 2, chapter 4.

(2) A person who disputes the department's deficiency determination made pursuant to [section 1] may appeal the decision to the commissioner of labor and industry. Consideration of the dispute is not an adversarial or a contested case hearing. The commissioner's decision may be appealed as provided in subsection (1)."

**Section 10.** Section 37-51-204, MCA, is amended to read:

**"37-51-204. Educational programs.** (1) The board may, subject to 37-1-101, conduct, hold, or assist in conducting or holding real estate clinics, meetings, courses, or institutes and incur necessary expenses in this connection.

(2) Except as provided in 37-51-302 and subsection (3) of this section, the board may not require examinations of licensees.

(3) The board may require specified performance levels of a licensee with respect to the subject matter of a continuing education course required by the board when the licensee and the instructor of the course are

not physically present in the same facility at the time the licensee receives the instruction.

(4) Education information obtained electronically by the board or stored in the board's databases may be used to determine compliance with education requirements established by the board. The use of the information may not be considered an audit for purposes of compliance with ~~37-4-134~~ 37-1-306."

**Section 11. Codification instruction.** (1) [Section 1] is intended to be codified as an integral part of Title 37, chapter 1, part 3, and the provisions of Title 37, chapter 1, part 3, apply to [section 1].

(2) [Section 5] is intended to be codified as an integral part of Title 37, chapter 1, part 4, and the provisions of Title 37, chapter 1, part 4, apply to [section 5].

**Section 12. Saving clause.** [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

**Section 13. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

**Section 14. Effective date.** [This act] is effective July 1, 2015.

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I hereby certify that the within bill,  
SB 0076, originated in the Senate.

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Secretary of the Senate

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015.

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015.

SENATE BILL NO. 76  
INTRODUCED BY G. VUCKOVICH  
BY REQUEST OF THE DEPARTMENT OF LABOR AND INDUSTRY

AN ACT AUTHORIZING ADMINISTRATIVE SUSPENSION BY A LICENSING BOARD OR THE DEPARTMENT OF LABOR AND INDUSTRY OF A PROFESSIONAL OR OCCUPATIONAL LICENSE IN ROUTINE MATTERS AS AN ALTERNATIVE TO DISCIPLINARY PROCEEDINGS; EXTENDING RULEMAKING AUTHORITY; AMENDING SECTIONS 37-1-131, 37-1-141, 37-1-306, 37-1-309, 37-1-313, 37-1-403, 37-1-407, AND 37-51-204, MCA; AND PROVIDING AN EFFECTIVE DATE.