

Top Secret Corporation

By, Joseph P. Guzzo

There's this Massachusetts General Law that seems to be hidden away and seldom enforced. It's not taught in most schools and is rarely mentioned at seminars, unless I feel like letting off some steam. It's like those secret meetings where we don't get the information until it's leaked, "pun intended." The problem is it's not a secret at all. In fact it is staring every Plumber and Inspector that fills out and checks a uniform permit application right in the face every day. It is the law requiring a certificate of a Plumbing/Gas Fitting Corporation and Partnership.

First let's talk about our permit application. According to my observations the permit application has been improved, that may be too kind, let's just say changed twice in fifty years. Maybe it's time to design a new one. For example take a look at the heading, "*Massachusetts Uniform Application for Permit to Do Plumbing.*" (For Permit) (To Do Plumbing) wonder what scholar wrote that. The fixture grid is OK except many Plumbers don't know what to write in the boxes. I have seen letters, numbers, check marks, x marks, and even question marks. And I'm willing to bet many don't even know what a laundry tray is? The insurance coverage box was the last change to the application and without a doubt the best. It was added in 1989 after a group of Inspectors lobbied for a change in M.G.L. 21A., concerning proof of insurance coverage. Prior to the check off box, Inspectors were required to confirm that all Plumbers and Gas Fitters had insurance coverage by collecting certificates of insurance. This proved to be very burdensome and time consuming. The law now states in part, "*The licensee shall check the appropriate block on the uniform application to perform plumbing and gas work.*" That's it and Plumbing Inspectors did not have to act as insurance agents anymore. If the Plumber or Gas Fitter does not have insurance the law states, "*In lieu of such insurance requirement, Plumbing and Gas Inspectors shall accept the signature of the owner or his agent on the uniform application to perform plumbing or gas work upon the property of said owner.*" The owner or agent must sign the waiver. Some would ask how we would know if plumbers actually have insurance just by checking off a box. That should not be a concern. Remember they are signing an official document under penalty of perjury. The insurance check off box works well and is backed up by Mass. General Law. However recently we have taken a step backwards. A new General Law now requires contractors including Plumbers and Gas Fitters to show proof of workers compensation insurance. This has come in direct conflict with our General Law 21a, the law makers must have missed it. Inspectors have been directed to collect certificates of insurance again this time just for workers comp. There is a simple solution to this problem. In our insurance check off box just add workers comp. to the types of coverage. There are three now, "*liability, other type, and bond,*" just add workers comp. And we will be back to what we have been doing for 17 years. However I'm sure this change will take an act of Congress... stay tuned.

Continuing with the application, we have our standard fine print. An approval box that some use, some don't. The signature line, there should also be a line added to print the name. Type of license and license number. I find the license number left blank many times because the Plumbers forget their number. Then they start looking for it. Let's see,

it's in the truck, I left it on the job, it must be in the wash, the dog ate it, and my favorite - my wife took my whole wallet. Wonder if they use the same excuses when the Cop is writing them a ticket for not having a driver's license on them. Then we have the back of the application, "*for office use only*," which for the most part is useless other than perhaps keeping records of inspections. Someone had the bright idea to fold the application in thirds, making it impossible to file with other regular documents. And it takes up three times the amount of space. Many have abandoned this primitive folding, and rewriting the same information that's on the front long ago.

Finally right in the middle of the application we have the subject of this article. The installing company name, address, phone number, and check offs for Corporation, Partnership, Firm/Company, with a space for a certificate number. Following are just a few of the names I have seen filed out in this space. Building Companies, Masonry Companies, General Contractors, Landscape Companies, Sprinkler Companies, the Home Owner, and the most popular H.V.A.C. Companies. **Attention, a startling announcement, Plumbing and Gas Permits are issued to licensed Plumbers and Gas Fitters only.** Installing company name is the licensed Plumber or Gas Fitter, or the Plumbing or Gas Fitting Company. Mass. General Law Chapter 142 section 3B states, "*a certificate of a plumbing corporation shall authorize a master plumber to conduct the plumbing and gas fitting business as a corporation, a certificate of a gas fitting corporation shall allow a master gas fitter to conduct the gas fitting business as a corporation, provided, that in a plumbing corporation the master plumber and in a gas fitting corporation the master gas fitter is an officer of the corporation organized under the laws of the Commonwealth.*" The language is the same for a certificate of a partnership except the provision clearly spelled out that, "*provided that all partners in a plumbing partnership are master plumbers, and in a gas fitting partnership all partners are master gas fitters.*" The certificate of a plumbing and gas fitting corporation and partnership are issued by The Plumbing Board. It looks just like your license and is renewed every two years at the same time. In order to obtain the certificate one must apply to the Board. With the application, you are required to send copies of your articles of organization. These are legal documents from the Secretary Of State, and therein lies one of the holes in the system. When time comes for a plumbing company to incorporate it's usually on the advice of your attorney or accountant. All the legal documents are drawn up, and when complete, your business is now a legal corporation, except you weren't told about the top secret corporation certificate issued by the Plumbing Board. Your accountant did not know, your lawyer did not know, you did not know, even the Secretary of State did not know. Many plumbers have operated their "*corporation*" for years with no knowledge that without the proper certificate from the Plumbing Board any and all permits had been issued in error. And that's the worst part of all, the Plumbing Inspectors did not even know.

There are three (3) boxes to check off with a space next to them to write in a certificate number. This is the certificate number issued by the Board for Corporations and Partnerships. The box for Firm/Co. does not have a certificate number and has no use that I know of and should be eliminated. The key to remember is that the only plumber or gas fitter allowed to legally file for a permit as a corporation is the Master Plumber or Gas Fitter holding the certificate of a plumbing or gas fitting corporation. In partnerships only,

the master plumbers or gas fitters hold the certificate of a partnership. There is one loop hole however for Gas Companies, in that they would fall under different guidelines in M.G.L. 164. This would exempt gas Companies from the Corporation certificate. One example would be Propane Companies where the L.P. installers file for permits under the company name.

The permit application itself and how Plumbers fill them out tells a story. Unfortunately it's a sad story. When blank, I see the past hasn't changed much. Mass. General Laws never taught insurance coverage that was fixed once and then broken again. When filled out, I see Plumbers that can't write or spell correctly, don't know the address where they are working, don't know the owners name, operate a corporation and partnership as a journeyman, sign the insurance waiver after they had checked off yes in the coverage box, and plumbers that have no clue what the most important number of their career is, their license number. Fortunately there will not be a new chapter to this story, for the old book is about to be burned. Our education system is about to undergo the most dramatic change in the history of plumbing education. Soon there will be no room in our trade for lifelong apprentices, and in order to be eligible to take the journeyman's or masters exam you will truly have to earn it. This will undoubtedly open opportunities for new employees at many fast food restaurants, where you won't have to worry about remembering a license number. Just one word of warning for the aspiring burger flipper, there will be an application to fill out.