



October 2007

## Recent Changes to the Contractor Registration Law

### The new laws:

- **Require “property-owner developers” to be registered and bonded.**
- **Require notification of legal actions and judgment.**
- **Change misdemeanor to gross misdemeanor to allow prosecutors additional time to seek prosecution.**
- **Hold contractors liable for hiring unregistered subs**
- **Require a \$200 bond when an infraction is appealed.**
- **Increase the fee to \$50 for service upon a contractor and their bond.**
- **Require contractors to keep signed copies of “Notice to Customer” disclosure statements for three years.**
- **Specialty Contractors will now be allowed only one trade or craft.**

### Why did L&I propose these changes to the law?

These changes to the law better protect consumers by closing loopholes that leave consumers vulnerable and by strengthening L&I’s ability to enforce current law.

### What does the new law do?

- **Requires property developers, consultants and some owners to register as contractors:** Owners that build and develop multiple structures, e.g., “spec” houses, construction consultants and property developers who make improvements to property for sale must now register as a general contractor.
- **Corrects recent court decisions:** Some recent court rulings conflicted with past practices on protecting consumers. For example, cabinet makers who install cabinets and tree removal services must now be registered as contractors.
- **Requires notification of legal actions and judgments:** The party who wins in court is required to notify L&I when a judgment is issued or a settlement is reached. Also, L&I must be notified when a contractor is served with a lawsuit.
- **Increases enforcement of the Contractor Registration Law:** Violations are now a “gross” misdemeanor; L&I can cite registered contractors who hire unregistered subcontractors; and a Superior Court judge can issue warrants to allow L&I to check for unregistered contractors and to subpoena supporting documentation when checking for unregistered contractors.
- **Appeal Bond:** Contractors who have been cited and wish to appeal an infraction must now provide detailed reasons for the appeal and post a \$200 Appeal Bond.

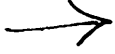

### How will these changes take place?

L&I will write rules that explain the new laws and how they are enforced. In January 2008, there will be public hearings and all concerned contractors and citizens may attend and comment. Additionally, the rules will be posted on the L&I web site for review and comment.

Specialty contractors in good standings will not be impacted by the new requirements until time to renew their contractor registration.

**Additional information** may be obtained by calling 1-800-647-0982 or on the web at [Contractors.LNI.WA.GOV](http://Contractors.LNI.WA.GOV)

## Frequently Asked Questions about changes to the Contractor Registration Law

- 1. I have owned my home for three years and am fixing it up to sell. Do I have to register to be a contractor?** No, if you have owned your home for more than 12 months, you are exempt from the contractor registration requirement.
- 2. I am purchasing land and plan to construct on my own or hire a contractor to build a structure for the purpose of selling that improved property. Do I have to be registered as a general contractor?** Yes.
-  **3. I am purchasing a residential property that I am going to remodel or make improvements and then rent it out. Do I need to be a registered contractor?** No.
-  **4. I am purchasing a home to renovate and update with the purpose of selling it – also known as “flipping” it. Do I need to be registered as a general contractor?** Yes.
- 5. I bought a piece of land and intend to build my “dream house” on it to live in as my primary residence. Do I need to be registered as a contractor?** No.
- 6. I am a specialty painting contractor and perform pressure washing to prepare a surface to be painted. Because there is a painting and a pressure washing specialty and I do both, do I need to register as a general contractor?** No. Pressure washing is a normal part of preparation to paint a surface and is included in the specialty painting definition.
- 7. I am a specialty contractor who is installing a countertop and need to have an electrical outlet moved. I can’t do the electrical work because I am not licensed. Do I have to make the homeowner contract to have that work done?** No. As a specialty contractor you can subcontract work that is incidental to your project. Another example would be a specialty flooring contractor who is replacing a floor in the bathroom – the contractor can subcontract to a plumbing contractor to remove and reinstall the toilet.
- 8. I am a specialty cabinet installer and have a request to complete an entire kitchen remodel. Can I subcontract the electrical, plumbing, flooring and other required trades to complete this remodel?** No, because those trades are not incidental to the normal job of installing cabinets in a kitchen. If you want to work in kitchen remodeling, you will be required to register as a general contractor.
- 9. I am a specialty roofing contractor and have bid a job to replace a roof. While tearing out the old material, I found that two of the trusses are rotted. Can I fix the trusses or subcontract to someone to fix the trusses.** No. The property owner will need to contract with a general contractor or specialty framing rough carpentry contractor to have the truss repairs made. The truss work would not be incidental to re-roofing a structure.

**RCW 18.27.020**

**Registration required — Prohibited acts — Criminal penalty —  
Monitoring program.**

MADISON AVENUE INSURANCE  
STACEY A SCOTT  
12900 NE 180th ST STE 130  
BOTHELL WA 98011  
425-481-1430

(1) Every contractor shall register with the department.

(2) It is a gross misdemeanor for any contractor to:

(a) Advertise, offer to do work, submit a bid, or perform any work as a contractor without being registered as required by this chapter;

(b) Advertise, offer to do work, submit a bid, or perform any work as a contractor when the contractor's registration is suspended or revoked;

(c) Use a false or expired registration number in purchasing or offering to purchase an advertisement for which a contractor registration number is required;

(d) Transfer a valid registration to an unregistered contractor or allow an unregistered contractor to work under a registration issued to another contractor; or

(e) Subcontract to or use an unregistered contractor.

(3) It is not unlawful for a registered contractor to employ an unregistered contractor who was registered at the time he or she entered into a contract with the registered contractor, unless the registered contractor or his or her representative has been notified in writing by the department of labor and industries that the contractor has become unregistered.

(4) All gross misdemeanor actions under this chapter shall be prosecuted in the county where the infraction occurs.

(5) A person is guilty of a separate gross misdemeanor for each day worked if, after the person receives a citation from the department, the person works while unregistered, or while his or her registration is suspended or revoked, or works under a registration issued to another contractor. A person is guilty of a separate gross misdemeanor for each worksite on which he or she violates subsection (2) of this section. Nothing in this subsection applies to a registered contractor.

(6) The director by rule shall establish a two-year audit and monitoring program for a contractor not registered under this chapter who becomes registered after receiving an infraction or conviction under this chapter as an unregistered contractor. The director shall notify the departments of revenue and employment security of the infractions or convictions and shall cooperate with these departments to determine whether any taxes or registration, license, or other fees or penalties are owed the state.

[2007 c 436 § 2; 1997 c 314 § 3; 1993 c 454 § 6; 1987 c 362 § 1; 1986 c 197 § 1; 1983 1st ex.s. c 2 § 17; 1973 1st ex.s. c 153 § 2; 1963 c 77 § 2.]

**Notes:**

**Finding -- 1993 c 454:** See note following RCW 18.27.010.

**Effective date -- 1983 1st ex.s. c 2:** See note following RCW 18.27.200.

Violations as infractions: RCW 18.27.200.