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**SENATE BILL 6271**

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**State of Washington**

**53rd Legislature**

**1994 Regular Session**

**By** Senators Sutherland, Amondson, Moore, Erwin, Hargrove, Winsley and Quigley

Read first time 01/18/94. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to construction services; amending RCW 18.27.020,  
2 18.27.030, 18.27.040, 18.27.090, 18.27.100, 18.27.104, 18.27.114,  
3 18.27.117, 18.27.340, 43.22.434, 43.22.480, 43.22.500, and 84.36.400;  
4 adding new sections to chapter 18.27 RCW; creating a new section;  
5 prescribing penalties; and providing an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 18.27 RCW  
8 to read as follows:

9 The purposes of this chapter are to protect the health, safety, and  
10 general welfare of the residents of this state who purchase  
11 construction services, to promote proper conduct of the construction  
12 business, and to provide swift and meaningful remedies to those  
13 aggrieved by improper, negligent work and business practices of  
14 contractors, including failure to register as required under sections  
15 1 through 19 of this act.

16 This chapter shall be strictly enforced to accomplish these  
17 purposes. Therefore, the doctrine of substantial compliance has no  
18 place in the application and construction of this chapter. Anyone

1 engaged in the activities of a contractor is presumed to know the  
2 requirements of this chapter.

3 NEW SECTION. **Sec. 2.** The directors of the departments of revenue,  
4 licensing, and labor and industries, and the commissioner of employment  
5 security shall develop a plan for maximum coordination and cooperation  
6 of those departments in the effective enforcement of chapters 18.27,  
7 82.04, and 82.08 RCW and Titles 50 and 51 RCW. This plan shall be  
8 submitted to the legislature by December 30, 1994.

9 NEW SECTION. **Sec. 3.** A new section is added to chapter 18.27 RCW  
10 to read as follows:

11 The department shall establish and maintain a toll-free telephone  
12 number dedicated to receiving information regarding violations or  
13 suspected violations of this chapter. Information shall be received  
14 and promptly forwarded to compliance officers. Upon request, the  
15 identity of callers may be kept confidential, but the department must  
16 require callers to identify themselves in order for the information to  
17 be received and forwarded to compliance officers.

18 NEW SECTION. **Sec. 4.** A new section is added to chapter 18.27 RCW  
19 to read as follows:

20 All retail suppliers of building materials shall post in  
21 conspicuous locations around the retail display area a poster briefly  
22 describing the registration requirements of this chapter and that  
23 purchasers of construction services should demand proof of registration  
24 from contractors they employ, for their own protection.

25 NEW SECTION. **Sec. 5.** A new section is added to chapter 18.27 RCW  
26 to read as follows:

27 (1) The department shall prepare, with the assistance of the  
28 attorney general, a pamphlet on how to make a claim against the bond or  
29 deposit required by RCW 18.27.040. The pamphlet shall include sample  
30 forms of a summons and complaint and at least the following  
31 information:

32 (a) How the summons and complaint are to be served and filed;

33 (b) The requirement that a lawsuit must be commenced before a  
34 surety can make a payment to a claimant;

1 (c) That claims for under thirty-five thousand dollars are required  
2 to be determined by arbitration, with right of appeal, and not by a  
3 court trial;

4 (d) That arbitration is a less formal procedure than a courtroom  
5 trial, usually occurring in the arbitrator's office under somewhat  
6 relaxed rules of evidence, and that many cases are heard without either  
7 party being represented by lawyers; and

8 (e) That if they do retain a lawyer they may recover attorneys'  
9 fees up to the amount available under the bond or deposit.

10 (2) The pamphlet described in this section shall be offered by the  
11 department and any issuer of the surety bonds required by this chapter  
12 to anyone who requests information about making a claim against the  
13 bond.

14 NEW SECTION. **Sec. 6.** A new section is added to chapter 18.27 RCW  
15 to read as follows:

16 All advertising vendors who purvey advertising for contractors  
17 shall require the person purchasing the advertising to supply his or  
18 her name, address, telephone number and relationship to the contractor  
19 being advertised. The advertising vendor shall promptly make available  
20 to the department upon request the identity and all information  
21 obtained regarding the person purchasing advertising that the  
22 advertiser prints, publishes, or broadcasts.

23 **Sec. 7.** RCW 18.27.020 and 1993 c 454 s 6 are each amended to read  
24 as follows:

25 (1) Every contractor shall register with the department.

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

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

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

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

34 (d) Transfer a valid registration to an unregistered contractor or  
35 allow an unregistered contractor to work under a registration issued to  
36 another contractor.

1 (3) All gross misdemeanor actions under this chapter shall be  
2 prosecuted in the county where the (~~infraction~~) violation occurs.

3 **Sec. 8.** RCW 18.27.030 and 1992 c 217 s 1 are each amended to read  
4 as follows:

5 (1) An applicant for registration as a contractor shall submit an  
6 application under oath upon a form to be prescribed by the director and  
7 which shall include the following information pertaining to the  
8 applicant:

9 (a) Employer social security number.

10 (b) As applicable: (i) The industrial insurance account number  
11 covering employees domiciled in Washington; and (ii) evidence of  
12 workers' compensation coverage in the applicant's state of domicile for  
13 the applicant's employees working in Washington who are not domiciled  
14 in Washington.

15 (c) Employment security department number.

16 (d) State excise tax registration number.

17 (e) Unified business identifier (UBI) account number may be  
18 substituted for the information required by (b), (c), and (d) of this  
19 subsection.

20 (f) Type of contracting activity, whether a general or a specialty  
21 contractor and if the latter, the type of specialty.

22 (g) The name and address of each partner if the applicant be a firm  
23 or partnership, or the name and address of the owner if the applicant  
24 be an individual proprietorship, or the name and address of the  
25 corporate officers and statutory agent, if any, if the applicant be a  
26 corporation. The information contained in such application shall be a  
27 matter of public record and open to public inspection.

28 (h) That the applicant will meet and maintain his or her statutory  
29 obligations with respect to state and local taxes, fees, industrial  
30 insurance, employment security, and the requirements of this chapter.

31 (2) The department may verify the workers' compensation coverage  
32 information provided by the applicant under subsection (1)(b) of this  
33 section, including but not limited to information regarding the  
34 coverage of an individual employee of the applicant. If coverage is  
35 provided under the laws of another state, the department may notify the  
36 other state that the applicant is employing employees in Washington.

37 (3) Registration shall be denied if the applicant has been  
38 previously registered as a sole proprietor, partnership or corporation,

1 and was a principal or officer of the corporation, and if the applicant  
2 has an unsatisfied final judgment in an action based on RCW 18.27.040  
3 that incurred during a previous registration under this chapter or if  
4 the applicant has taxes or another outstanding obligation due and owing  
5 to the state of Washington or a local governmental entity.

6 **Sec. 9.** RCW 18.27.040 and 1988 c 139 s 1 are each amended to read  
7 as follows:

8 (1) Each applicant shall(~~(, at the time of applying for or renewing~~  
9 ~~a certificate of registration, file with the department a surety bond~~  
10 ~~issued by a surety insurer who meets the requirements of chapter 48.28~~  
11 ~~RCW in a form acceptable to the department running to the state of~~  
12 ~~Washington if a general contractor, in the sum of six thousand dollars;~~  
13 ~~if a specialty contractor, in the sum of four thousand dollars,))  
14 accompany the application for a certificate of registration with a  
15 surety bond or continuation certificate issued by a surety insurer who  
16 meets the requirements of chapter 48.28 RCW in the sum of ten thousand  
17 dollars if the applicant is a general contractor and six thousand five  
18 hundred dollars if the applicant is a specialty contractor, unless the  
19 estimated annual volume of work expected by the applicant is in excess  
20 of four hundred thousand dollars, then in the sum of fifteen thousand  
21 dollars if the applicant is a general contractor and ten thousand  
22 dollars if the applicant is a specialty contractor. If the applicant  
23 has been found guilty of a violation or infraction of this chapter by  
24 a court or an administrative law judge on two previous occasions,  
25 appeals therefrom either having been exhausted or the time for appeals  
26 having expired, the surety bonds required by this section shall be for  
27 double the applicable amounts set forth in this subsection. The bond  
28 shall have the state of Washington named as obligee with good and  
29 sufficient surety in a form to be approved by the department. The bond  
30 shall be continuous and may be canceled by the surety upon the surety  
31 giving written notice to the director of its intent to cancel the bond.  
32 A cancellation or revocation of the bond or withdrawal of the surety  
33 from the bond suspends the registration issued to the principal until  
34 a new bond or reinstatement notice has been filed and approved as  
35 provided in this section. Whether or not the bond is renewed,  
36 continued, reinstated, reissued, or otherwise extended, replaced, or  
37 modified, including increases or decreases in the penal sum, it shall  
38 be considered one continuous obligation, and the surety upon the bond~~

1 shall not be liable in an aggregate or cumulative amount exceeding the  
2 penal sum set forth on the face of the bond. In no event shall the  
3 penal sum, or a portion thereof, at two or more points in time be added  
4 together in determining the surety's liability. The bond shall be  
5 conditioned that the applicant will pay all persons performing labor,  
6 including employee benefits, for the contractor, will pay all taxes and  
7 contributions due to the state of Washington, and will pay all persons  
8 furnishing labor or material or renting or supplying equipment to the  
9 contractor and will pay all amounts that may be adjudged against the  
10 contractor by reason of (~~negligent or improper work or~~) breach of  
11 contract including negligent or improper work in the conduct of the  
12 contracting business. A change in the name of a business or a change  
13 in the type of business entity shall not impair a bond for the purposes  
14 of this section so long as one of the original applicants for such bond  
15 maintains partial ownership in the business covered by the bond.

16 (2) Any contractor registered as of (~~the effective date of this~~  
17 ~~1983 act~~) July 1, 1994, who maintains such registration in accordance  
18 with this chapter shall be in compliance with this chapter until the  
19 next annual renewal of the contractor's certificate of registration.  
20 At that time, the contractor shall provide a bond, cash deposit, or  
21 other security deposit as required by this chapter and comply with all  
22 of the other provisions of this chapter before the department shall  
23 renew the contractor's certificate of registration.

24 (3) Any person, firm, or corporation having a claim against the  
25 contractor for any of the items referred to in this section may bring  
26 suit upon (~~such~~) the bond or deposit in the superior court of the  
27 county in which the work was done or of any county in which  
28 jurisdiction of the contractor may be had. The surety issuing the bond  
29 shall be named as a party to any suit upon the bond. Action upon  
30 (~~such~~) the bond or deposit shall be commenced by filing the summons  
31 and complaint with the clerk of the appropriate superior court within  
32 one year from the date of expiration of the certificate of registration  
33 in force at the time the claimed labor was performed and benefits  
34 accrued, taxes and contributions owing the state of Washington became  
35 due, materials and equipment were furnished, or the claimed contract  
36 work was completed or abandoned. Actions based upon improper work that  
37 produced a defect not reasonably discoverable within one year from the  
38 time the work was completed shall be commenced as provided in this  
39 section within one year of the time the defect is discovered or with

1 the exercise of reasonable diligence and investigation should have been  
2 discovered. Service of process in an action against the contractor,  
3 the contractor's bond, or the deposit shall be exclusively by service  
4 upon the department. Three copies of the summons and complaint and a  
5 fee of ten dollars to cover the handling costs shall be served by  
6 registered or certified mail upon the department at the time suit is  
7 started and the department shall maintain a record, available for  
8 public inspection, of all suits so commenced. Service is not complete  
9 until the department receives the ten-dollar fee and three copies of  
10 the summons and complaint. ((Sueh)) The service shall constitute  
11 service on the registrant and the surety for suit upon the bond or  
12 deposit and the department shall transmit the summons and complaint or  
13 a copy thereof to the registrant at the address listed in his  
14 application and to the surety within forty-eight hours after it shall  
15 have been received.

16 (4) The surety upon the bond shall not be liable in an aggregate  
17 amount in excess of the amount named in the bond nor for any monetary  
18 penalty assessed pursuant to this chapter for an infraction. The  
19 liability of the surety shall not cumulate where the bond has been  
20 renewed, continued, reinstated, reissued or otherwise extended. The  
21 surety upon the bond may, upon notice to the department and the  
22 parties, tender to the clerk of the court having jurisdiction of the  
23 action an amount equal to the claims thereunder or the amount of the  
24 bond less the amount of judgments, if any, previously satisfied  
25 therefrom and to the extent of such tender the surety upon the bond  
26 shall be exonerated but if the actions commenced and pending at any one  
27 time exceed the amount of the bond then unimpaired, claims shall be  
28 satisfied from the bond in the following order:

- 29 (a) Labor, including employee benefits;  
30 (b) Claims for breach of contract by a party to the construction  
31 contract;  
32 (c) Material and equipment;  
33 (d) Taxes and contributions due the state of Washington;  
34 (e) Any court costs, interest, and attorney's fees plaintiff may be  
35 entitled to recover. A party who prevails in a claim against the bond  
36 required by this section for breach of a construction contract shall be  
37 entitled to costs and reasonable attorneys' fees. In no event,  
38 however, will the combined costs, interest, attorneys' fees, and bond  
39 loss exceed the penal limit of the bond.

1        The total amount paid from a bond or deposit to claimants other  
2 than those asserting a claim for breach of the construction contract  
3 shall not exceed in the aggregate six thousand dollars for a general  
4 contractor and four thousand dollars for a specialty contractor.

5        A payment made by the surety in good faith shall exonerate the bond  
6 to the extent of any payment made by the surety.

7        (5) In the event that any final judgment shall impair the liability  
8 of the surety upon the bond so furnished that there shall not be in  
9 effect a bond undertaking in the full amount prescribed in this  
10 section, the department shall suspend the registration of ((~~such~~)) the  
11 contractor until the bond liability in the required amount unimpaired  
12 by unsatisfied judgment claims shall have been furnished. If ((~~such~~))  
13 the bond becomes fully impaired, a new bond must be furnished at the  
14 increased rates prescribed by this section as now or hereafter amended.

15        (6) In lieu of the surety bond required by this section the  
16 contractor may file with the department a deposit consisting of cash or  
17 other security acceptable to the department.

18        (7) Any person having filed and served a summons and complaint as  
19 required by this section having an unsatisfied final judgment against  
20 the registrant for any items referred to in this section may execute  
21 upon the security held by the department by serving a certified copy of  
22 the unsatisfied final judgment by registered or certified mail upon the  
23 department within one year of the date of entry of such judgment. Upon  
24 the receipt of service of ((~~such~~)) the certified copy the department  
25 shall pay or order paid from the deposit, through the registry of the  
26 superior court which rendered judgment, towards the amount of the  
27 unsatisfied judgment. The priority of payment by the department shall  
28 be the order of receipt by the department, but the department shall  
29 have no liability for payment in excess of the amount of the deposit.

30        (8) The director may ((~~promulgate~~)) adopt rules necessary for the  
31 proper administration of the security.

32        NEW SECTION. Sec. 10. A new section is added to chapter 18.27 RCW  
33 to read as follows:

34        The construction industry administration account is created in the  
35 office of the treasurer. All receipts from fees collected under this  
36 chapter and RCW 43.22.340 through 43.22.505 shall be deposited into the  
37 account. Moneys in the account may be spent only after appropriation.

1 Expenditures from the account may be used only for the administration  
2 of this chapter and RCW 43.22.340 through 43.22.505.

3 **Sec. 11.** RCW 18.27.090 and 1987 c 313 s 1 are each amended to read  
4 as follows:

5 This chapter shall not apply to:

6 (1) An authorized representative of the United States government,  
7 the state of Washington, or any incorporated city, town, county,  
8 township, irrigation district, reclamation district, or other municipal  
9 or political corporation or subdivision of this state;

10 (2) Officers of a court when they are acting within the scope of  
11 their office;

12 (3) Public utilities operating under the regulations of the  
13 utilities and transportation commission in construction, maintenance,  
14 or development work incidental to their own business;

15 (4) Any construction, repair, or operation incidental to the  
16 discovering or producing of petroleum or gas, or the drilling, testing,  
17 abandoning, or other operation of any petroleum or gas well or any  
18 surface or underground mine or mineral deposit when performed by an  
19 owner or lessee;

20 (5) The sale or installation of any finished products, materials,  
21 or articles of merchandise which are not actually fabricated into and  
22 do not become a permanent fixed part of a structure;

23 (6) Any construction, alteration, improvement, or repair of  
24 personal property(~~(7)~~) except this chapter shall apply to all  
25 mobile/manufactured housing. A mobile/manufactured home may be  
26 installed, set up, or repaired by the registered or legal owner, by a  
27 contractor (~~(licensed)~~) registered under this chapter, or by a  
28 mobile/manufactured home retail dealer or manufacturer licensed under  
29 chapter 46.70 RCW who shall warranty service and repairs under chapter  
30 46.70 RCW;

31 (7) Any construction, alteration, improvement, or repair carried on  
32 within the limits and boundaries of any site or reservation under the  
33 legal jurisdiction of the federal government;

34 (8) Any person who only furnished materials, supplies, or equipment  
35 without fabricating them into, or consuming them in the performance of,  
36 the work of the contractor;

37 (9) Any work or operation on one undertaking or project by one or  
38 more contracts, the aggregate contract price of which for labor and

1 materials and all other items is less than five hundred dollars,  
2 ((such)) the work or operations being considered as of a casual, minor,  
3 or inconsequential nature. The exemption prescribed in this subsection  
4 does not apply in any instance wherein the work or construction is only  
5 a part of a larger or major operation, whether undertaken by the same  
6 or a different contractor, or in which a division of the operation is  
7 made into contracts of amounts less than five hundred dollars for the  
8 purpose of evasion of this chapter or otherwise. The exemption  
9 prescribed in this subsection does not apply to a person who advertises  
10 or puts out any sign or card or other device which might indicate to  
11 the public that he or she is a contractor, or that he or she is  
12 qualified to engage in the business of contractor;

13 (10) Any construction or operation incidental to the construction  
14 and repair of irrigation and drainage ditches of regularly constituted  
15 irrigation districts or reclamation districts; or to farming, dairying,  
16 agriculture, viticulture, horticulture, or stock or poultry raising; or  
17 to clearing or other work upon land in rural districts for fire  
18 prevention purposes; except when any of the above work is performed by  
19 a registered contractor;

20 (11) An owner who contracts for a project with a registered  
21 contractor;

22 (12) Any person working on his or her own property, whether  
23 occupied by him or her or not, and any person working on his or her  
24 residence, whether owned by him or her or not but this exemption shall  
25 not apply to any person otherwise covered by this chapter who  
26 constructs an improvement on his or her own property with the intention  
27 and for the purpose of selling the improved property. Sellers of  
28 residential real property shall make full disclosure to bona fide  
29 purchasers for value of any maintenance, repair, or alteration of the  
30 property that the seller performed, and that but for this exception  
31 would have to have been performed by a contractor registered under this  
32 chapter, commenced or completed within three years prior to entering  
33 into the purchase and sale agreement;

34 (13) Owners of commercial properties who use their own employees to  
35 do maintenance, repair, and alteration work in or upon their own  
36 properties;

37 (14) A licensed architect or civil or professional engineer acting  
38 solely in his or her professional capacity, an electrician licensed  
39 under the laws of the state of Washington, or a plumber licensed under

1 the laws of the state of Washington or licensed by a political  
2 subdivision of the state of Washington while operating within the  
3 boundaries of ~~((such))~~ the political subdivision. The exemption  
4 provided in this subsection is applicable only when the licensee is  
5 operating within the scope of his or her license;

6 (15) ~~((Any))~~ A person who engages in the activities herein  
7 regulated as an employee of a registered contractor with wages as his  
8 or her sole compensation or as an employee of a homeowner with wages  
9 totaling no more than five hundred dollars as his or her sole  
10 compensation;

11 (16) Contractors on highway projects who have been prequalified as  
12 required by chapter 13 of the Laws of 1961, RCW 47.28.070, with the  
13 department of transportation to perform highway construction,  
14 reconstruction, or maintenance work.

15 **Sec. 12.** RCW 18.27.100 and 1993 c 454 s 3 are each amended to read  
16 as follows:

17 (1) Except as provided in RCW 18.27.065 for partnerships and joint  
18 ventures, no person who has registered under one name as provided in  
19 this chapter shall engage in the business, or act in the capacity, of  
20 a contractor under any other name unless such name also is registered  
21 under this chapter.

22 (2) All advertising and all contracts, correspondence, cards,  
23 signs, posters, papers, and documents which show a contractor's name or  
24 address shall show the contractor's name or address as registered under  
25 this chapter.

26 (3)(a) ~~The ((alphabetized listing of contractors appearing in the))~~  
27 advertising section of telephone books or other directories and all  
28 advertising that shows the contractor's name or address shall show the  
29 contractor's current registration number ~~((:—PROVIDED, That))~~.  
30 However, signs on motor vehicles subject to RCW 46.16.010 and on-  
31 premise signs shall not constitute advertising as provided in this  
32 section. All materials used to directly solicit business from retail  
33 customers who are not businesses shall show the contractor's current  
34 registration number. A contractor shall not use a false or expired  
35 registration number in purchasing or offering to purchase an  
36 advertisement for which a contractor registration number is required.  
37 Advertising by airwave transmission shall not be subject to this

1 subsection if the person selling the advertisement obtains the  
2 contractor's current registration number from the contractor.

3 (b) A person selling advertising should not accept advertisements  
4 for which the contractor registration number is required under (a) of  
5 this subsection if the contractor fails to provide the contractor  
6 registration number.

7 (4) No contractor shall advertise that he or she is bonded and  
8 insured because of the bond required to be filed and sufficiency of  
9 insurance as provided in this chapter.

10 (5) No contractor shall advertise that he or she is licensed when  
11 he or she is only registered, as required by this chapter, unless he or  
12 she is licensed under chapter 19.28 RCW or has obtained a certificate  
13 of competency under chapter 18.106 RCW.

14 (6) A contractor shall not falsify a registration number and use it  
15 in connection with any solicitation or identification as a contractor.  
16 All individual contractors and all partners, associates, agents,  
17 salesmen, solicitors, officers, and employees of contractors shall use  
18 their true names and addresses at all times while engaged in the  
19 business or capacity of a contractor or activities related thereto.

20 ((+6)) (7)(a) The finding of a violation of this section by the  
21 director at a hearing held in accordance with the Administrative  
22 Procedure Act, chapter 34.05 RCW, shall subject the person committing  
23 the violation to a penalty of not more than five thousand dollars as  
24 determined by the director.

25 (b) Penalties under this section shall not apply to a violation  
26 determined to be an inadvertent error.

27 **Sec. 13.** RCW 18.27.104 and 1989 c 175 s 61 are each amended to  
28 read as follows:

29 (1) If, upon investigation, the director or the director's designee  
30 has probable cause to believe that a person holding a registration, an  
31 applicant for registration, or an unregistered person acting in the  
32 capacity of a contractor who is not otherwise exempted from this  
33 chapter, has violated RCW 18.27.100 by unlawfully advertising for work  
34 covered by this chapter in ((an alphabetical or)) a classified  
35 directory, the department may issue a citation containing an order of  
36 correction. Such order shall require the violator to cease the  
37 unlawful advertising.

1 (2) If the person to whom a citation is issued under subsection (1)  
2 of this section notifies the department in writing that he or she  
3 contests the citation, the department shall afford an opportunity for  
4 an adjudicative proceeding under chapter 34.05 RCW, the Administrative  
5 Procedure Act, within thirty days after receiving the notification.

6 **Sec. 14.** RCW 18.27.114 and 1988 c 182 s 1 are each amended to read  
7 as follows:

8 (1) Until July 1, (~~1989~~) 1994, any contractor agreeing to perform  
9 any contracting project: (a) For the repair, alteration, or  
10 construction of four or fewer residential units or accessory structures  
11 on such residential property when the bid or contract price totals one  
12 thousand dollars or more; or (b) for the repair, alteration, or  
13 construction of a commercial building when the bid or contract price  
14 totals one thousand dollars or more but less than sixty thousand  
15 dollars, must provide the customer with the following disclosure  
16 statement prior to starting work on the project:

17 "NOTICE TO CUSTOMER

18 This contractor is registered with the state of Washington,  
19 registration no. . . . ., as a general/specialty contractor and  
20 has posted with the state a bond or cash deposit of  
21 \$6,000/\$4,000 for the purpose of satisfying claims against the  
22 contractor for negligent or improper work or breach of contract  
23 in the conduct of the contractor's business. This bond or cash  
24 deposit may not be sufficient to cover a claim which might  
25 arise from the work done under your contract. If any supplier  
26 of materials used in your construction project or any employee  
27 of the contractor or subcontractor is not paid by the  
28 contractor or subcontractor on your job, your property may be  
29 liened to force payment. If you wish additional protection, you  
30 may request the contractor to provide you with original "lien  
31 release" documents from each supplier or subcontractor on your  
32 project. The contractor is required to provide you with  
33 further information about lien release documents if you request  
34 it. General information is also available from the department  
35 of labor and industries."

36 (2) On and after July 1, (~~1989~~) 1994, any contractor agreeing to  
37 perform any contracting project: (a) For the repair, alteration, or

1 construction of four or fewer residential units or accessory structures  
2 on such residential property when the bid or contract price totals one  
3 thousand dollars or more; or (b) for the repair, alteration, or  
4 construction of a commercial building when the bid or contract price  
5 totals one thousand dollars or more but less than sixty thousand  
6 dollars, must provide the customer with the following disclosure  
7 statement prior to starting work on the project:

8 "NOTICE TO CUSTOMER

9 This contractor is registered with the state of Washington,  
10 registration no. . . . ., as a general/specialty contractor and  
11 has posted with the state a bond or cash deposit of  
12 ((~~\$6,000/\$4,000~~) \$10,000/\$6,500 or \$15,000/\$10,000, if  
13 applicable for the purpose of satisfying claims against the  
14 contractor for negligent or improper work or breach of contract  
15 in the conduct of the contractor's business. The expiration  
16 date of this contractor's registration is . . . . . This  
17 bond or cash deposit may not be sufficient to cover a claim  
18 which might arise from the work done under your contract and  
19 other claimants may be entitled to a portion or all of the bond  
20 or cash deposit. You must file a lawsuit to recover any money  
21 from the bond or cash deposit. If any supplier of materials  
22 used in your construction project or any employee of the  
23 contractor or subcontractor is not paid by the contractor or  
24 subcontractor on your job, your property may be liened to force  
25 payment. If you wish additional protection, you may request  
26 the contractor to provide you with original "lien release"  
27 documents from each supplier or subcontractor on your project.  
28 The contractor is required to provide you with further  
29 information about lien release documents if you request it.  
30 General information is also available from the department of  
31 labor and industries."

32 (3) On and after July 1, ~~((1989))~~ 1994, a contractor subject to  
33 this section shall notify any consumer to whom notice is required under  
34 subsection (2) of this section if the contractor's registration has  
35 expired or is revoked or suspended by the department prior to  
36 completion or other termination of the contract with the consumer.

37 (4) No contractor subject to this section may bring or maintain any  
38 lien claim under chapter 60.04 RCW based on any contract to which this

1 section applies without alleging and proving that the contractor has  
2 provided the customer with a copy of the disclosure statement as  
3 required in subsection (1) or (2) of this section.

4 (5) This section does not apply to contracts authorized under  
5 chapter 39.04 RCW or to contractors contracting with other contractors.

6 (6) Failure to comply with this section shall constitute an  
7 infraction under the provisions of this chapter.

8 (7) The department shall produce model disclosure statements, and  
9 public service announcements detailing the information needed to assist  
10 contractors and contractors' customers to comply under this section.  
11 As necessary, the department shall periodically update these education  
12 materials.

13 **Sec. 15.** RCW 18.27.117 and 1987 c 313 s 2 are each amended to read  
14 as follows:

15 The legislature finds that setting up and siting mobile/  
16 manufactured homes must be done properly for the health, safety, and  
17 enjoyment of the occupants. Therefore, when any of the following cause  
18 a health and safety risk to the occupants of a mobile/manufactured  
19 home, or severely hinder the use and enjoyment of the mobile/  
20 manufactured home, a violation of RCW 19.86.020 shall have occurred:

21 (1) The mobile/manufactured home has been improperly installed by  
22 a contractor (~~(licensed)~~) registered under chapter 18.27 RCW, or a  
23 mobile/manufactured dealer or manufacturer licensed under chapter 46.70  
24 RCW;

25 (2) A warranty given under chapter 18.27 RCW or chapter 46.70 RCW  
26 has not been fulfilled by the person or business giving the warranty;  
27 and

28 (3) A bonding company that issues a bond under chapter 18.27 RCW or  
29 chapter 46.70 RCW does not reasonably and professionally investigate  
30 and resolve claims made by injured parties.

31 **Sec. 16.** RCW 18.27.340 and 1986 c 197 s 10 are each amended to  
32 read as follows:

33 (1) A contractor found to have committed an infraction under RCW  
34 18.27.200 shall be assessed a monetary penalty of not less than (~~(two)~~)  
35 five hundred dollars and not more than three thousand dollars.

36 (2) The (~~(administrative law judge)~~) director may waive, reduce, or  
37 suspend the monetary penalty imposed for the infraction only upon a

1 showing of good cause that the penalty would be unduly burdensome to  
2 the contractor.

3 (3) Monetary penalties collected under this chapter shall be  
4 deposited in the general fund.

5 **Sec. 17.** RCW 43.22.434 and 1977 ex.s. c 21 s 5 are each amended to  
6 read as follows:

7 (1) The director or the director's authorized representative may  
8 conduct (~~((such))~~) inspections and investigations as may be necessary to  
9 (~~((promulgate))~~) adopt or enforce mobile home, commercial coach,  
10 recreational vehicle, factory built housing, and factory built  
11 commercial structure rules adopted under the authority of this chapter  
12 or to carry out the director's duties under this chapter.

13 (2) For purposes of enforcement of this chapter, persons duly  
14 designated by the director upon presenting appropriate credentials to  
15 the owner, operator, or agent in charge may:

16 (a) At reasonable times and without advance notice enter any  
17 factory, warehouse, or establishment in which mobile homes, commercial  
18 coaches, recreational vehicles, factory built housing, and factory  
19 build commercial structures are manufactured, stored, or held for sale;  
20 and

21 (b) At reasonable times, within reasonable limits, and in a  
22 reasonable manner inspect any factory, warehouse, or establishment as  
23 required to comply with the standards adopted by the secretary of  
24 housing and urban development under the National Mobile Home  
25 Construction and Safety Standards Act of 1974. Each inspection shall  
26 be commenced and completed with reasonable promptness.

27 (3) In carrying out the inspections authorized by this section the  
28 director may establish, by rule, and impose on mobile home  
29 manufacturers, distributors, and dealers (~~((such))~~) reasonable fees as  
30 may be necessary to offset the expenses incurred by the director in  
31 conducting the inspections.

32 (4) All fees collected shall be deposited into the state treasury  
33 to the credit of the construction industry administration account and  
34 administered in accordance with section 10 of this act.

35 **Sec. 18.** RCW 43.22.480 and 1989 c 134 s 1 are each amended to read  
36 as follows:

1 The department shall adopt and enforce rules that protect the  
2 health, safety, and property of the people of this state by assuring  
3 that all factory built housing or factory built commercial structures  
4 are structurally sound and that the plumbing, heating, electrical, and  
5 other components thereof are reasonably safe. The rules shall be  
6 reasonably consistent with recognized and accepted principles of safety  
7 and structural soundness, and in adopting the rules the department  
8 shall consider, so far as practicable, the standards and specifications  
9 contained in the uniform building, plumbing, and mechanical codes,  
10 including the barrier free code and the Washington energy code as  
11 adopted by the state building code council pursuant to chapter 19.27A  
12 RCW, and the national electrical code, including the state rules as  
13 adopted pursuant to chapter 19.28 RCW and published by the national  
14 fire protection association.

15 The department shall set a schedule of fees which will cover the  
16 costs incurred by the department in the administration and enforcement  
17 of RCW 43.22.450 through 43.22.490. All fees collected shall be  
18 deposited into the state treasury to the credit of the construction  
19 industry administration account and administered in accordance with  
20 section 10 of this act.

21 **Sec. 19.** RCW 43.22.500 and 1979 ex.s. c 67 s 2 are each amended to  
22 read as follows:

23 The department of labor and industries, to defray the costs of  
24 printing, reprinting, or distributing printed matter issued by the  
25 department of labor and industries including, but not limited to, the  
26 matters listed in RCW 43.22.505, may charge a fee for ~~((such))~~ the  
27 publications in an amount which will reimburse the department for the  
28 costs of printing, reprinting, and distributing ~~((such))~~ the  
29 publications~~((:— PROVIDED, That))~~. However, every person subject to  
30 regulation by the department may upon request receive without charge  
31 one copy per year of any publication printed pursuant to RCW 43.22.505  
32 whenever such person is affected by any statute~~((7))~~ or rule ~~((or~~  
33 ~~regulation))~~ printed therein. All fees collected shall be deposited in  
34 the state treasury to the credit of the ~~((appropriate fund or))~~  
35 construction industry administration account and administered in  
36 accordance with section 10 of this act.

1       **Sec. 20.** RCW 84.36.400 and 1972 ex.s. c 125 s 3 are each amended  
2 to read as follows:

3       Any physical improvement to single family dwellings upon real  
4 property shall be exempt from taxation for the three assessment years  
5 subsequent to the completion of the improvement to the extent that the  
6 improvement represents thirty percent or less of the value of the  
7 original structure. A taxpayer desiring to obtain the exemption  
8 granted by this section must file notice of his or her intention to  
9 construct the improvement prior to the improvement being made on forms  
10 prescribed by the department of revenue and furnished to the taxpayer  
11 by the county assessor(~~(:—PROVIDED, That)~~). The notice must include  
12 the registration number, or license number if applicable, of the  
13 contractor or contractors the taxpayer has employed, or a notarized  
14 declaration under oath that the taxpayer is doing all the work of  
15 constructing the improvement under circumstances that meet the  
16 requirements of RCW 18.27.090(12). This taxation exemption may not be  
17 claimed if the taxpayer employs a person required to be registered  
18 under chapter 18.27 RCW, and who is not so registered. This exemption  
19 cannot be claimed more than once in a five-year period.

20       The department of revenue shall promulgate such rules and  
21 regulations as are necessary and convenient to properly administer the  
22 provisions of this section.

23       **NEW SECTION. Sec. 21.** A new section is added to chapter 18.27 RCW  
24 to read as follows:

25       (1) The director or the director's designee may revoke, suspend, or  
26 refuse to issue or renew a certificate of registration if he or she  
27 determines after notice and opportunity for hearing:

28       (a) That the registrant or applicant has failed to meet or has  
29 violated the oath or affirmation made under RCW 18.27.030(1)(h);

30       (b) That the insurance or surety bond requirements of this chapter  
31 is not currently in effect;

32       (c) That the registrant has knowingly assisted an unregistered  
33 person to act in violation of this chapter, which includes entering  
34 into a contract with an unregistered person to perform activities  
35 covered by this chapter;

36       (d) That a lien was filed on property under chapter 60.04 RCW  
37 because the registrant or applicant wrongfully failed to perform a  
38 contractual duty to pay money to the person claiming the lien, and the

1 contract was for labor, materials, or equipment used for an improvement  
2 to the property subject to the lien;

3 (e) That the registrant or applicant has failed to pay in full a  
4 final judgment against him or her entered by a court of competent  
5 jurisdiction in a claim arising out of activities covered by this  
6 chapter;

7 (f) That the registrant has performed work as a contractor without  
8 a construction permit where the permit was required, and the work  
9 resulted in damage to another, or created an unsafe condition. For the  
10 purposes of this section, "construction permit" includes a building  
11 permit, electrical permit, mechanical permit, or plumbing permit; or

12 (g) That the registrant has engaged in conduct as a contractor that  
13 is dishonest, fraudulent, or constitutes an unfair and deceptive act or  
14 practice and unfair method of competition in the conduct of trade or  
15 commerce under RCW 19.86.020.

16 (2) In addition to other remedies, the director or the director's  
17 designee, through the attorney general or county prosecutor may apply  
18 to superior court for an injunction restraining a person from violating  
19 the provisions of this chapter.

20 NEW SECTION. **Sec. 22.** This act shall take effect July 1, 1994.

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