

# HOUSE BILL REPORT

## SHB 2686

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*As Amended by the Senate*

**Title:** An act relating to contractor registration and licensing requirements.

**Brief Description:** Regulating contractor registration and licensing.

**Sponsor(s):** By House Committee on Commerce & Labor (originally sponsored by Representatives Kremen, Heavey and Fuhrman).

**Brief History:**

Reported by House Committee on:  
Commerce & Labor, January 30, 1992, DPS;  
Passed House, February 13, 1992, 93-0;  
Amended by Senate.

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**HOUSE COMMITTEE ON  
COMMERCE & LABOR**

**Majority Report:** *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 11 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; Vance; and Wilson.

**Staff:** Chris Cordes (786-7117).

**Background:** Construction contractors are required to register with the Department of Labor and Industries. To apply for registration, the contractor must submit his or her social security number, Employment Security Department number, industrial insurance number, and state excise tax registration number. Electrical contractors must be licensed by the department, but they are not required to provide information about the contractor's unemployment insurance or workers' compensation coverage in the application.

There is no requirement in the state industrial insurance law that employers domiciled in another state who have employment in Washington open an account with the Department of Labor and Industries before the employment begins in Washington. If a worker is injured on the job in Washington

and the worker's employer is domiciled in another state, the department may require the employer to file proof of worker's compensation insurance in the other state. If the employer has not provided coverage in another state, the worker is paid his or her benefits by the department and the employer is subject to a penalty.

**Summary of Bill:** Both construction and electrical contractors are required to provide information about their workers' compensation coverage to the Department of Labor and Industries when applying for registration or licensure.

As applicable, the contractor must provide his or her industrial insurance number covering employees domiciled in Washington, and must give evidence of coverage in the contractor's state of domicile for the contractor's employees working in Washington. The department is authorized to verify the information provided by the contractor. If the contractor has coverage in a state other than Washington, the department must notify the other state that the contractor is employing employees in Washington.

Requirements are added for electrical contractors applying for licensure. These contractors must also include on the application the employer social security number, the Employment Security Department number, and the state excise tax registration number, or use the unified business identifier account number.

**EFFECT OF SENATE AMENDMENT(S):** The Senate amendment changes the requirement for the Department of Labor and Industries to notify another state when a contractor has workers' compensation coverage in the other state. The notification is made discretionary, rather than mandatory.

**Fiscal Note:** Requested January 31, 1992.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** If contractors coming to Washington from out-of-state do not pay for workers' compensation coverage, Washington contractors suffer a competitive disadvantage. In addition, the state fund loses revenue that should be paid as premiums and workers may have their benefits denied or delayed. Note: This testimony was provided on HB 2372, which contains different provisions addressing the same issue.

**Testimony Against:** The bill should be reviewed for possible impacts on reciprocal agreements that the Washington State fund now has with other states. Provisions should not be

enacted that might impose a double payment on contractors.  
Note: This testimony was provided on HB 2372, which contains  
different provisions addressing the same issue.

***Witnesses:*** (In favor) Representative Pete Kremen, prime  
sponsor; Doug Connell, Department of Labor and Industries;  
Robert Dilger, Washington State Building and Construction  
Trades Council, Peter Guzman, Rebound; and Jeff Johnson,  
Washington State Labor Council. (With concerns) Duke  
Schaub, Associated General Contractors.

***VOTE ON FINAL PASSAGE:***

Yeas 93; Excused 5

Excused: Representatives Basich, Grant, Hine, Locke,  
Wineberry