

SENATE BILL REPORT

ESHB 1505

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, APRIL 1, 1993

Brief Description: Requiring verification of registration of contractors.

SPONSORS: House Committee on Commerce & Labor (originally sponsored by Representatives Heavey, Kremen, King, Lisk, G. Cole, Linville, Springer, Vance and R. Johnson)

HOUSE COMMITTEE ON COMMERCE & LABOR

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Barr, Cantu, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sutherland, Vognild, and Wojahn.

Staff: Erika Lim (786-7488)

Hearing Dates: March 30, 1993; April 1, 1993

BACKGROUND:

Construction contractors must register with the Department of Labor and Industries before they can advertise, offer to work, submit bids, or perform work.

It is a misdemeanor for contractors having knowledge of registration requirements to advertise, offer to work, bid, or perform work if they are not registered or if their registration is suspended. It is also a misdemeanor for contractors having knowledge of registration requirements to transfer a valid registration number to an unregistered contractor. Additionally, it is a civil infraction for an unregistered contractor to offer to work, to submit a bid, or to perform any work. Every day that an unregistered contractor works is a separate infraction.

Registration numbers must be listed in certain advertisements such as the yellow pages and direct solicitations to retail customers. A person found to have violated this provision will be fined up to \$5,000.

When counties, cities, or towns issue building permits, they are required to verify that the contractor is registered. There is, however, no process for verification, nor is there a penalty for failure to verify.

SUMMARY:

The Departments of Labor and Industries and Revenue are encouraged to work together to identify unregistered contractors.

The requirement that contractors have knowledge of registration requirements before they can be charged with a misdemeanor is deleted. Also, a new misdemeanor is created for persons using false or expired registration numbers to buy advertising. Civil infraction provisions are expanded to prohibit all of the same acts that constitute misdemeanors.

People selling advertising that requires the listing of a registration number are directed to not accept ad placements if a contractor fails to provide a registration number. Contractors who use false or expired registration numbers to buy advertising will be fined up to \$5,000.

Counties, cities and towns who issue building permits but who fail to verify a contractor's registration number may be fined up to \$5,000. Counties, cities, and towns must print registration numbers on building permits and must provide building permit applicants with information about contractor registration laws and the potential risk and monetary liability for using an unregistered contractor. If a person used false information to get an exemption from registration requirements and that person then gets a building permit, the permit is forfeited.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

This will help consumers find out whether or not contractors they use are licensed. Unlicensed contractors hurt the industry because the quality of their work is sometimes not as high as that of licensed contractors. Unlicensed contractors also do not pay B & O taxes or workers' compensation.

TESTIMONY AGAINST: None

TESTIFIED: Dale Laylon, contractor (pro); Linda Huck (pro); Blair Patrick, Washington Association of Building Officials (pro); Jack Tenhultzen, Bill Huyette, Building Industry Association of Washington (pro); Joe Brewer, L&I (pro)