

SENATE BILL REPORT

SB 5996

As of March 4, 1997

Title: An act relating to contractor registration bonds.

Brief Description: Regulating contractor registration bonds.

Sponsors: Senators Schow, Newhouse and Horn.

Brief History:

Committee Activity: Commerce & Labor: 3/4/97.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Aurora Almeda (786-7488)

Background: Under the current law governing contractor registration, a contractor must renew his or her registration, surety bond, and insurance each year.

Members in the industry have expressed concern about the requirement of renewing a bond and insurance each year.

Summary of Bill: A contractor's surety bond and insurance are continuous until canceled or a judgment has been filed against the bond. The bond amount for an applicant who is a general contractor is \$6,000, and the bond amount for a specialty contractor is \$4,000. The bond may be canceled by the surety upon written notice to the director of the Department of Labor and Industries. Registration of a contractor is suspended if there is a cancellation or revocation of the bond, or withdrawal of the surety from the bond.

The bond must be conditioned so that the contractor's payment obligations include amounts that may be adjudged against the contractor by reason of breach of contract.

The prevailing party in a claim for breach of contract, against a contractor and the contractor's bond claim, is entitled to costs, interest, and reasonable attorney's fees. The surety is not liable for any amount in excess of the penal limit of its bond.

Appropriation: None.

Fiscal Note: Not requested.

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