
HOUSE BILL 2168

State of Washington

55th Legislature

1997 Regular Session

By Representatives McMorris, Clements and Conway; by request of Department of Labor & Industries

Read first time 02/25/97. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to registration of contractors; amending RCW
2 18.27.010, 18.27.020, 18.27.030, 18.27.040, 18.27.060, 18.27.090,
3 18.27.104, 18.27.114, 18.27.117, 18.27.200, 18.27.230, and 18.27.250;
4 and prescribing penalties.

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

6 **Sec. 1.** RCW 18.27.010 and 1993 c 454 s 2 are each amended to read
7 as follows:

8 Unless the context clearly requires otherwise, the definitions in
9 this section apply throughout this chapter.

10 (1) "Contractor" means any person, firm, or corporation who or
11 which, in the pursuit of an independent business undertakes to, or
12 offers to undertake, or submits a bid to, construct, alter, repair, add
13 to, subtract from, improve, move, wreck or demolish, for another, any
14 building, highway, road, railroad, excavation or other structure,
15 project, development, or improvement attached to real estate or to do
16 any part thereof including the installation of carpeting or other floor
17 covering, the erection of scaffolding or other structures or works in
18 connection therewith or who installs or repairs roofing or siding; or,
19 who, to do similar work upon his or her own property, employs members

1 of more than one trade upon a single job or project or under a single
2 building permit except as otherwise provided (~~herein~~) in this
3 chapter. "Contractor" includes any person, firm, or corporation
4 covered by this subsection, whether or not registered as required under
5 this chapter.

6 (2) "General contractor" means a contractor whose business
7 operations require the use of more than two unrelated building trades
8 or crafts whose work the contractor shall superintend or do in whole or
9 in part. "General contractor" shall not include an individual who does
10 all work personally without employees or other "specialty contractors"
11 as defined (~~herein~~) in this section. The terms "general contractor"
12 and "builder" are synonymous.

13 (3) "Specialty contractor" means a contractor whose operations (~~as~~
14 ~~such~~) do not fall within the foregoing definition of "general
15 contractor".

16 (4) "Department" means the department of labor and industries.

17 (5) "Director" means the director of the department of labor and
18 industries.

19 (6) "Verification" means the receipt and duplication by the city,
20 town, or county of a contractor registration card that is current on
21 its face.

22 **Sec. 2.** RCW 18.27.020 and 1993 c 454 s 6 are each amended to read
23 as follows:

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

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

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

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

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.

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

1 (4) A person is guilty of a separate misdemeanor for each day
2 worked if, after the person receives a citation from the department,
3 the person works while unregistered, or while his or her registration
4 is suspended or revoked, or works under a registration issued to
5 another contractor. A person is guilty of a separate misdemeanor for
6 each worksite on which he or she violates subsection (2) of this
7 section.

8 (5) The director shall adopt rules that establish a two-year audit
9 and monitoring program for a contractor not registered under this
10 chapter who becomes registered after receiving an infraction or
11 conviction under this chapter as an unregistered contractor. The
12 director shall notify the department of revenue and the employment
13 security department of the infractions or convictions and shall
14 cooperate with the departments in determining whether taxes or
15 registration, license, or other fees or penalties are owed the state.

16 **Sec. 3.** RCW 18.27.030 and 1996 c 147 s 1 are each amended to read
17 as follows:

18 (1) An applicant for registration as a contractor shall submit an
19 application under oath upon a form to be prescribed by the director and
20 which shall include the following information pertaining to the
21 applicant:

22 (a) Employer social security number.

23 (b) As applicable: (i) The industrial insurance account number
24 covering employees domiciled in Washington; and (ii) evidence of
25 workers' compensation coverage in the applicant's state of domicile for
26 the applicant's employees working in Washington who are not domiciled
27 in Washington.

28 (c) Employment security department number.

29 (d) State excise tax registration number.

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

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

35 (g) The name and address of each partner if the applicant be a firm
36 or partnership, or the name and address of the owner if the applicant
37 be an individual proprietorship, or the name and address of the
38 corporate officers and statutory agent, if any, if the applicant be a

1 corporation. The information contained in such application shall be a
2 matter of public record and open to public inspection.

3 (2) The department may verify the workers' compensation coverage
4 information provided by the applicant under subsection (1)(b) of this
5 section, including but not limited to information regarding the
6 coverage of an individual employee of the applicant. If coverage is
7 provided under the laws of another state, the department may notify the
8 other state that the applicant is employing employees in Washington.

9 (3) Registration shall be denied if the applicant has been
10 previously registered as a sole proprietor, partnership, or
11 corporation, and was a principal or officer of the corporation, and if
12 the applicant has an unsatisfied final judgment or penalties based on
13 this chapter that was incurred during a previous registration under
14 this chapter.

15 In addition, the department shall check for an applicant's past
16 noncompliance with this chapter, including checking for evidence of
17 violations of this chapter or suspended or revoked registrations. The
18 department may deny an application if the applicant has either two
19 final noncompliance infractions under RCW 18.27.200, or one misdemeanor
20 conviction under RCW 18.27.020, in the past five years.

21 **Sec. 4.** RCW 18.27.040 and 1988 c 139 s 1 are each amended to read
22 as follows:

23 (1) Each applicant shall, at the time of applying for or renewing
24 a certificate of registration, file with the department (~~(a surety bond~~
25 ~~issued by a surety insurer who meets the requirements of chapter 48.28~~
26 ~~RCW in a form acceptable to the department running to the state of~~
27 ~~Washington if a general contractor, in the sum of six thousand dollars;~~
28 ~~if a specialty contractor, in the sum of four thousand dollars,)) the
29 application for a certificate of registration with a surety bond or
30 continuation certificate issued by a surety insurer who meets the
31 requirements of chapter 48.28 RCW in the sum of six thousand dollars if
32 the applicant is a general contractor and four thousand dollars if the
33 applicant is a specialty contractor. The bond shall have the state of
34 Washington named as obligee with good and sufficient surety in a form
35 to be approved by the department. The bond shall be continuous and may
36 be canceled by the surety upon the surety giving written notice to the
37 director of its intent to cancel the bond. A cancellation or
38 revocation of the bond or withdrawal of the surety from the bond~~

1 suspends the registration issued to the registrant until a new bond or
2 reinstatement notice has been filed and approved as provided in this
3 section. Whether or not the bond is renewed, continued, reinstated,
4 reissued, or otherwise extended, replaced, or modified, including
5 increases or decreases in the penal sum, it shall be considered one
6 continuous obligation, and the surety upon the bond shall not be liable
7 in an aggregate or cumulative amount exceeding the penal sum set forth
8 on the face of the bond. In no event shall the penal sum, or a portion
9 thereof, at two or more points in time be added together in determining
10 the surety's liability. The bond shall be conditioned that the
11 applicant will pay all persons performing labor, including employee
12 benefits, for the contractor, will pay all taxes and contributions due
13 to the state of Washington, and will pay all persons furnishing labor
14 or material or renting or supplying equipment to the contractor and
15 will pay all amounts that may be adjudged against the contractor by
16 reason of ((~~negligent or improper work or~~)) breach of contract
17 including negligent or improper work in the conduct of the contracting
18 business. A change in the name of a business or a change in the type
19 of business entity shall not impair a bond for the purposes of this
20 section so long as one of the original applicants for such bond
21 maintains partial ownership in the business covered by the bond.

22 (2) Any contractor registered as of ((~~the effective date of this~~
23 ~~1983 act~~)) July 1, 1997, who maintains such registration in accordance
24 with this chapter shall be in compliance with this chapter until the
25 next annual renewal of the contractor's certificate of registration.
26 At that time, the contractor shall provide a bond, cash deposit, or
27 other security deposit as required by this chapter and comply with all
28 of the other provisions of this chapter before the department shall
29 renew the contractor's certificate of registration.

30 (3) Any person, firm, or corporation having a claim against the
31 contractor for any of the items referred to in this section may bring
32 suit upon ((~~such~~)) the bond or deposit in the superior court of the
33 county in which the work was done or of any county in which
34 jurisdiction of the contractor may be had. The surety issuing the bond
35 shall be named as a party to any suit upon the bond. Action upon
36 ((~~such~~)) the bond or deposit shall be commenced by filing the summons
37 and complaint with the clerk of the appropriate superior court within
38 one year from the date of expiration of the certificate of registration
39 in force at the time the claimed labor was performed and benefits

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

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

- 30 (a) Employee labor, including employee benefits;
31 (b) Claims for breach of contract by a party to the construction
32 contract;
33 (c) Material and equipment;
34 (d) Taxes and contributions due the state of Washington;
35 (e) Any court costs, interest, and attorney's fees plaintiff may be
36 entitled to recover. The prevailing party in a bond claim action
37 against the contractor and the contractor's bond, as required by this
38 section, for breach of a construction contract is entitled to costs,

1 interest, and reasonable attorneys' fees. However, the surety is not
2 liable for any amount in excess of the penal limit of its bond.

3 A payment made by the surety in good faith exonerates the bond to
4 the extent of any payment made by the surety.

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

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

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

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

31 **Sec. 5.** RCW 18.27.060 and 1983 1st ex.s. c 2 s 19 are each amended
32 to read as follows:

33 (1) A certificate of registration shall be valid for one year and
34 shall be renewed on or before the expiration date. The department
35 shall issue to the applicant a certificate of registration upon
36 compliance with the registration requirements of this chapter.

1 (2) If the department approves an application, it shall issue a
2 certificate of registration to the applicant. The certificate shall be
3 valid for:

4 (a) One year;

5 (b) Until the bond expires; or

6 (c) Until the insurance expires, whichever comes first. The
7 department shall place the expiration date on the certificate.

8 (3) A contractor may supply a short-term bond or insurance policy
9 to bring its registration period to the full one year.

10 (4) If a contractor's surety bond or other security has an
11 unsatisfied judgment against it or is canceled, or if the contractor's
12 insurance policy is canceled, the contractor's registration shall be
13 automatically suspended on the effective date of the impairment or
14 cancellation. The department shall ~~((give))~~ mail notice of the
15 suspension to the contractor by certified and by first class mail
16 within forty-eight hours after suspension.

17 (5) Renewal of registration is valid upon the date the department
18 receives the required fee and proof of bond and liability insurance, if
19 sent by certified mail or other means requiring proof of delivery. The
20 receipt or proof of delivery serves as the contractor's proof of
21 renewed registration until the contractor receives verification from
22 the department.

23 **Sec. 6.** RCW 18.27.090 and 1987 c 313 s 1 are each amended to read
24 as follows:

25 This chapter ~~((shall))~~ does not apply to:

26 (1) An authorized representative of the United States government,
27 the state of Washington, or any incorporated city, town, county,
28 township, irrigation district, reclamation district, or other municipal
29 or political corporation or subdivision of this state;

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

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

35 (4) Any construction, repair, or operation incidental to the
36 discovering or producing of petroleum or gas, or the drilling, testing,
37 abandoning, or other operation of any petroleum or gas well or any

1 surface or underground mine or mineral deposit when performed by an
2 owner or lessee;

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

6 (6) Any construction, alteration, improvement, or repair of
7 personal property, except this chapter shall apply to all
8 mobile/manufactured housing. A mobile/manufactured home may be
9 installed, set up, or repaired by the registered or legal owner, by a
10 contractor (~~licensed~~) registered under this chapter, or by a
11 mobile/manufactured home retail dealer or manufacturer licensed under
12 chapter 46.70 RCW who shall warranty service and repairs under chapter
13 46.70 RCW;

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

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

20 (9) Any work or operation on one undertaking or project by one or
21 more contracts, the aggregate contract price of which for labor and
22 materials and all other items is less than five hundred dollars, such
23 work or operations being considered as of a casual, minor, or
24 inconsequential nature. The exemption prescribed in this subsection
25 does not apply in any instance wherein the work or construction is only
26 a part of a larger or major operation, whether undertaken by the same
27 or a different contractor, or in which a division of the operation is
28 made into contracts of amounts less than five hundred dollars for the
29 purpose of evasion of this chapter or otherwise. The exemption
30 prescribed in this subsection does not apply to a person who advertises
31 or puts out any sign or card or other device which might indicate to
32 the public that (~~he~~) the person is a contractor, or that (~~he~~) the
33 person is qualified to engage in the business of contractor;

34 (10) Any construction or operation incidental to the construction
35 and repair of irrigation and drainage ditches of regularly constituted
36 irrigation districts or reclamation districts; or to farming, dairying,
37 agriculture, viticulture, horticulture, or stock or poultry raising; or
38 to clearing or other work upon land in rural districts for fire

1 prevention purposes; except when any of the above work is performed by
2 a registered contractor;

3 (11) ~~((An))~~ A home owner who contracts for a project on his or her
4 personal residence with a registered contractor;

5 (12) Any person working on his or her own property, whether
6 occupied by ~~((him))~~ the person or not, and any person working on his or
7 her residence, whether owned by ~~((him))~~ the person or not but this
8 exemption shall not apply to any person otherwise covered by this
9 chapter who constructs an improvement on ~~((his))~~ the person's own
10 property with the intention and for the purpose of selling the improved
11 property;

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

15 (14) A licensed architect or civil or professional engineer acting
16 solely in his or her professional capacity, an electrician licensed
17 under the laws of the state of Washington, or a plumber licensed under
18 the laws of the state of Washington or licensed by a political
19 subdivision of the state of Washington while operating within the
20 boundaries of such political subdivision. The exemption provided in
21 this subsection is applicable only when the licensee is operating
22 within the scope of ~~((his))~~ the licensee's license;

23 (15) Any person who engages in the activities ~~((herein))~~ regulated
24 under this chapter as an employee of a registered contractor with wages
25 as ~~((his))~~ the persons's sole compensation or as an employee with wages
26 as ~~((his))~~ the person's sole compensation;

27 (16) Contractors on highway projects who have been prequalified as
28 required by ~~((chapter 13 of the Laws of 1961,))~~ RCW 47.28.070~~((7))~~ with
29 the department of transportation to perform highway construction,
30 reconstruction, or maintenance work.

31 **Sec. 7.** RCW 18.27.104 and 1989 c 175 s 61 are each amended to read
32 as follows:

33 (1) If, upon investigation, the director or the director's designee
34 has probable cause to believe that a person holding a registration, an
35 applicant for registration, or ~~((an unregistered))~~ a person acting in
36 the capacity of a contractor who is not otherwise exempted from this
37 chapter, has violated RCW 18.27.100 by unlawfully advertising for work
38 covered by this chapter ~~((in an alphabetical or classified directory)),~~

1 the department may issue a citation containing an order of correction.
2 Such order shall require the violator to cease the unlawful
3 advertising.

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

10 **Sec. 8.** RCW 18.27.114 and 1988 c 182 s 1 are each amended to read
11 as follows:

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

21 ~~"NOTICE TO CUSTOMER~~

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

1 it. General information is also available from the department
2 of labor and industries."

3 ~~(2) On and after July 1, 1989,)~~ (2) Any contractor agreeing to perform
4 any contracting project:

5 (a) For the repair, alteration, or construction of four or fewer
6 residential units or accessory structures on such residential property
7 when the bid or contract price totals one thousand dollars or more; or

8 (b) For the repair, alteration, or construction of a commercial
9 building when the bid or contract price totals one thousand dollars or
10 more but less than sixty thousand dollars,
11 must provide the customer with the following disclosure statement prior
12 to starting work on the project:

13 "NOTICE TO CUSTOMER

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

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

1 contractor may not perform any work on this or any other contract
2 before becoming registered again.

3 ~~((4))~~ (3) No contractor subject to this section may bring or
4 maintain any lien claim under chapter 60.04 RCW based on any contract
5 to which this section applies without alleging and proving that the
6 contractor has provided the customer with a copy of the disclosure
7 statement as required in subsection (1) ~~((or (2)))~~ of this section.

8 ~~((5))~~ (4) This section does not apply to contracts authorized
9 under chapter 39.04 RCW or to contractors contracting with other
10 contractors.

11 ~~((6))~~ (5) Failure to comply with this section shall constitute an
12 infraction under the provisions of this chapter.

13 ~~((7))~~ (6) The department shall produce model disclosure
14 statements, and public service announcements detailing the information
15 needed to assist contractors and contractors' customers to comply under
16 this section. As necessary, the department shall periodically update
17 these education materials.

18 **Sec. 9.** RCW 18.27.117 and 1987 c 313 s 2 are each amended to read
19 as follows:

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

26 (1) The mobile/manufactured home has been improperly installed by
27 a contractor ~~((licensed))~~ registered under this chapter ~~((18.27 RCW))~~,
28 or a mobile/manufactured dealer or manufacturer licensed under chapter
29 46.70 RCW;

30 (2) A warranty given under this chapter ~~((18.27 RCW))~~ or chapter
31 46.70 RCW has not been fulfilled by the person or business giving the
32 warranty; and

33 (3) A bonding company that issues a bond under this chapter ~~((18.27~~
34 ~~RCW))~~ or chapter 46.70 RCW does not reasonably and professionally
35 investigate and resolve claims made by injured parties.

36 **Sec. 10.** RCW 18.27.200 and 1993 c 454 s 7 are each amended to read
37 as follows:

1 (1) It is a violation of this chapter and an infraction for any
2 contractor to:

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

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

8 (c) Transfer a valid registration to an unregistered contractor or
9 allow an unregistered contractor to work under a registration issued to
10 another contractor.

11 (2) Each day that a contractor works without being registered as
12 required by this chapter, works while the contractor's registration is
13 suspended or revoked, or works under a registration issued to another
14 contractor is a separate infraction. Each worksite at which a
15 contractor works without being registered as required by this chapter,
16 works while the contractor's registration is suspended, or works under
17 a registration issued to another contractor is a separate infraction.

18 **Sec. 11.** RCW 18.27.230 and 1993 c 454 s 9 are each amended to read
19 as follows:

20 The department may issue a notice of infraction if the department
21 reasonably believes that the contractor (~~((required to be registered by~~
22 ~~this chapter has failed to do so or))~~) has (~~((otherwise))~~) committed (~~((a~~
23 ~~violation under RCW 18.27.200))~~) an infraction under this chapter. A
24 notice of infraction issued under this section shall be personally
25 served on the contractor named in the notice by the department's
26 compliance inspectors or service can be made by certified mail directed
27 to the contractor named in the notice of infraction. If the contractor
28 named in the notice of infraction is a firm or corporation, the notice
29 may be personally served on any employee of the firm or corporation.
30 If a notice of infraction is personally served upon an employee of a
31 firm or corporation, the department shall within four days of service
32 send a copy of the notice by certified mail to the contractor if the
33 department is able to obtain the contractor's address.

34 **Sec. 12.** RCW 18.27.250 and 1986 c 197 s 5 are each amended to read
35 as follows:

36 A violation designated as an infraction under this chapter shall be
37 heard and determined by an administrative law judge of the office of

1 administrative hearings. If a party desires to contest the notice of
2 infraction, the party shall file a notice of appeal with the
3 department, within twenty days of issuance of the infraction. The
4 notice shall be accompanied by a certified check for two hundred
5 dollars, which shall be returned to the assessed party if the decision
6 of the department is not sustained by the office of administrative
7 hearings. If the office of administrative hearings sustains the
8 decision of the department, the two hundred dollars shall be applied by
9 the department to the payment of the expenses for the office of
10 administrative hearings incurred in the matter, and any balance
11 remaining after the payment of expenses shall be paid into the general
12 fund. The hearings and reviews shall be conducted in accordance with
13 chapter 34.05 RCW. The administrative law judge shall conduct hearings
14 in these cases at locations in the county where the infraction
15 occurred.

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