

# HOUSE BILL REPORT

## HB 2378

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### As Reported By House Committee On:

Agriculture & Ecology

**Title:** An act relating to structural pest inspections.

**Brief Description:** Regulating structural pest inspections.

**Sponsors:** Representatives Linville, G. Chandler and Haigh; by request of Department of Agriculture.

### Brief History:

#### Committee Activity:

Agriculture & Ecology: 1/28/00 [DPS].

#### Brief Summary of Substitute Bill

- Makes it unlawful for a person to advertise himself or herself as being a licensed structural pest inspector if he or she is not or for such a licensee to issue certain inspection reports without attaching unique inspection control numbers.
- Requires evidence of financial responsibility for persons licensed as structural pest inspectors and requires this evidence to be in the form of certain specified surety bonds or insurance.

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### HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives G. Chandler, Republican Co-Chair; Linville, Democratic Co-Chair; Cooper, Democratic Vice Chair; Koster, Republican Vice Chair; Anderson; B. Chandler; Delvin; Fortunato; Grant; Reardon; Schoesler; Stensen; Sump and Wood.

**Staff:** Kenneth Hirst (786-7105).

### Background:

The Washington Pesticide Control Act is administered by the Department of Agriculture. Under the act and with certain exceptions, a person is prohibited from acting as a structural pest control inspector without obtaining a license from the department as a pest control consultant in the special category of structural pest control inspector. A structural pest control inspector is a person who inspects a building for wood destroying organisms, their damage, or conditions conducive to infestation by such organisms.

Commercial pesticide applicators are licensed under the Washington Pesticide Application Act. To secure and maintain such a license, the applicators must provide certain evidence of financial responsibility in the form of a surety bond or certain insurance. The amount of the bond or insurance policy must be not less than \$50,000 for both property damage and public liability insurance. The property damage portion may be waived in certain circumstances.

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### **Summary of Substitute Bill:**

The Washington Pesticide Control Act is amended. Structural pest control inspectors are now referred to as "structural pest inspectors" under the act.

Crimes. It is unlawful for a person to advertise that the person is a licensed structural pest inspector without having a valid pest control consultant's license in the category of structural pest inspector. It is unlawful for a person to issue a wood destroying organism inspection report in conjunction with the transfer, exchange, or refinancing of any structure without recording a unique inspection control number on the report. Such a report is a written document that reports or comments on the presence or absence of wood destroying organisms, damage by such organisms, or conditions conducive to establishing such organisms.

Financial Responsibility. The Director of Agriculture cannot issue a license to a person who intends to act as a structural pest inspector until the person has furnished evidence of financial responsibility. The evidence must consist of either a surety bond or an errors and omissions insurance policy or certification of it that protects persons who may suffer legal damages as a result of actions by the structural pest inspector. Such a bond or policy must be from an authorized insurer in this state.

The amount of the bond or policy must be not less than \$25,000 and \$50,000 respectively and the bond or policy cannot have a deductible of more than \$5,000. A deductible is not allowed if the applicant has not satisfied the amount of the deductible in a prior claim unless the deductible is itself covered by a bond or policy. An insurance policy must have a minimum three-year occurrence clause. The bond or policy must be maintained during the licensing period. The director must be notified before a reduction of policy coverage requested by the applicant and before

cancellation of the bond or policy. If a licensee does not maintain these financial responsibility requirements, the director must immediately suspend the license until the requirements are again met.

**Substitute Bill Compared to Original Bill:** 1) The duty to record inspection control numbers on reports associated with a transaction applies in the substitute bill only to recording the number on the wood destroying organism inspection report itself, rather than on all reports associated with the transaction as in the original bill. The substitute bill clarifies that this responsibility lies solely with the person issuing the wood destroying organism inspection report. 2) The substitute bill clarifies that the advertising that is prohibited is an advertisement that a person is a licensed inspector if the person does not have a valid license.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect on July 1, 2000.

**Testimony For:** (Original Bill) (1) The goal of the bill is to ensure that when a person makes the substantial investment involved in buying a home, the home is free of wood destroying pests. The department receives many more complaints regarding inspections for wood destroying pests than it receives for any other part of its pesticide program. Many of the complaints are about inspectors who do not have insurance for claims against them. (2) The bill is the portion of the recommendations made by an advisory committee to the department that require statutory rather than administrative changes. (3) The federal government has strengthened its guidelines for these inspections and the department is enforcing them, but this bill is needed to reduce consumer fraud and costs to consumers. (4) A very large percentage of the people who are conducting these inspections are not licensed as required by law. (5) The bonding or insurance requirements are needed because the inspections are for buildings costing hundreds of thousands of dollars. (6) The "control number" requirement is a simple and efficient way to provide enforcement. It can be verified by calling a toll free telephone number. (7) Inspections of this kind must be for more than just bugs in the crawl space; they must be for the conditions that are conducive to infestations and wood destruction wherever they may occur, including in the attic. (8) Puget Sound is in a subtropic rain forest climate, which makes these inspections even more important. (9) Tax paid inspectors cannot be sued for anything. (10) The department's field investigations of complaints have declined; it handles an increasing number over the phone.

**Testimony Against:** (Original Bill) (1) Although it is popularly believed that wide-scale fraud is occurring in this area, complaints filed with the department recently

have declined dramatically. (2) The bill represents an incremental means of seeking increased funding for personnel in the department. This program should be conducted within existing resources.

**Testified:** (In favor) (Original Bill): Mary Beth Lang and Dan Suomi, Department of Agriculture; Renee LaMarche, Carrenden Enterprises; Cory Chantry, All Season's Pest Control; Tom Knox, HouseMaster Home Inspectors; and Dave Roundy, AAA Home Inspection and AAA Pest Control, Inc.

(Against) (Original Bill): Gene Chafe, Senske Pest Control.