

SENATE BILL REPORT

SB 6859

As of February 01, 2006

Title: An act relating to prohibiting contractors and general contractors from hiring unregistered contractors.

Brief Description: Prohibiting the hiring of unregistered contractors.

Sponsors: Senators Haugen and Kohl-Welles.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 1/30/06.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Staff: John Dziejczak (786-7784)

Background: Contractors are persons and entities in the business of improving property for others. A "general" contractor is a contractor that uses more than two unrelated building trades or crafts in performing work. All other contractors are called contractors or "specialty" contractors. All contractors must register with the Department of Labor and Industries (L&I).

It is a misdemeanor for a general contractor to employ a contractor that is not properly registered with L&I, unless the contractor was registered when the contractor was first hired.

It is a violation of the contractor registration statutes for a person who is not properly registered as a contractor with L&I to advertise for, submit a bid to, or perform any work as a contractor, or to transfer a valid registration to an unregistered contractor, or to allow an unregistered contractor to work under the contractor's registration. The penalty for failing to register is a fine of between \$1000 and \$5000 per day, but L&I may reduce the penalty to \$750 for a first offense.

Summary of Bill: Contractors are prohibited from hiring unregistered contractors. For the limited purposes of this prohibition, a party is considered to be a contractor if the party is hired by a homeowner and retains the services of a general contractor or specialty contractor to repair the homeowner's existing, owner-occupied home that has been damaged by an accident, fire, or weather-related or other natural event.

The L&I may impose a fine of between \$1000 and \$5000 per day on any contractor that retains an unregistered contractor, including third parties hired to help homeowners repair their damaged homes. If the violation is a first offense, L&I may reduce the penalty to \$750.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: It is difficult for law-abiding contractors to compete with contractors who ignore the costs and obligations of contractor registration statutes and other regulations. Current enforcement efforts to address this issue are not effective. Those who are in the market for contracting services, including individual homeowners, should be discouraged from hiring unregistered contractors. This is a good step in that direction.

Testimony Against: None.

Testimony Other: L&I has the systems in place to administer the bill as drafted.

Who Testified: PRO: Amy Brackenbury, Building Industry Association of WA; John Bratton, John Bratton, LLC.

OTHER: Pete Schmidt, Labor & Industries.