
SENATE BILL 6859

State of Washington

59th Legislature

2006 Regular Session

By Senators Haugen and Kohl-Welles

Read first time 01/27/2006. Referred to Committee on Labor, Commerce, Research & Development.

1 AN ACT Relating to prohibiting contractors and general contractors
2 from hiring unregistered contractors; amending RCW 18.27.010,
3 18.27.020, 18.27.200, and 18.27.340; and prescribing penalties.

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

5 **Sec. 1.** RCW 18.27.010 and 2001 c 159 s 1 are each amended to read
6 as follows:

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

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

3 (b) Solely for the purposes of RCW 18.27.200 (2) and (3) and
4 18.27.340(3)(b), "contractor" includes any party that retains the
5 services of a general contractor or specialty contractor to alter,
6 repair, or improve an existing residential homeowner owned and occupied
7 structure that has been damaged by an accident, fire, or weather-
8 related or other natural event.

9 (c) "Contractor" includes any person, firm, corporation, or other
10 entity covered by this subsection, whether or not registered as
11 required under this chapter.

12 (2) "Department" means the department of labor and industries.

13 (3) "Director" means the director of the department of labor and
14 industries or designated representative employed by the department.

15 (4) "General contractor" means a contractor whose business
16 operations require the use of more than two unrelated building trades
17 or crafts whose work the contractor shall superintend or do in whole or
18 in part. "General contractor" shall not include an individual who does
19 all work personally without employees or other "specialty contractors"
20 as defined in this section. The terms "general contractor" and
21 "builder" are synonymous.

22 (5) "Partnership" means a business formed under Title 25 RCW.

23 (6) "Registration cancellation" means a written notice from the
24 department that a contractor's action is in violation of this chapter
25 and that the contractor's registration has been revoked.

26 (7) "Registration suspension" means a written notice from the
27 department that a contractor's action is a violation of this chapter
28 and that the contractor's registration has been suspended for a
29 specified time, or until the contractor shows evidence of compliance
30 with this chapter.

31 (8) "Residential homeowner" means an individual person or persons
32 owning or leasing real property:

33 (a) Upon which one single-family residence is to be built and in
34 which the owner or lessee intends to reside upon completion of any
35 construction; or

36 (b) Upon which there is a single-family residence to which
37 improvements are to be made and in which the owner or lessee intends to
38 reside upon completion of any construction.

1 (9) "Specialty contractor" means a contractor whose operations do
2 not fall within the definition of "general contractor".

3 (10) "Unregistered contractor" means a person, firm, corporation,
4 or other entity doing work as a contractor without being registered in
5 compliance with this chapter. "Unregistered contractor" includes
6 contractors whose registration is expired, revoked, or suspended.
7 "Unregistered contractor" does not include a contractor who has
8 maintained a valid bond and the insurance or assigned account required
9 by RCW 18.27.050, and whose registration has lapsed for thirty or fewer
10 days.

11 (11) "Unsatisfied final judgment" means a judgment that has not
12 been satisfied either through payment, court approved settlement,
13 discharge in bankruptcy, or assignment under RCW 19.72.070.

14 (12) "Verification" means the receipt and duplication by the city,
15 town, or county of a contractor registration card that is current on
16 its face, checking the department's contractor registration data base,
17 or calling the department to confirm that the contractor is registered.

18 **Sec. 2.** RCW 18.27.020 and 1997 c 314 s 3 are each amended to read
19 as follows:

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

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

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

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

27 (c) Use a false or expired registration number in purchasing or
28 offering to purchase an advertisement for which a contractor
29 registration number is required; or

30 (d) Transfer a valid registration to an unregistered contractor or
31 allow an unregistered contractor to work under a registration issued to
32 another contractor.

33 (3) It is (a) unlawful for a general contractor to employ an
34 unregistered contractor; but (b) not unlawful for a general contractor
35 to employ an unregistered contractor who was registered at the time he
36 or she entered into a contract with the general contractor, unless the

1 general contractor or his or her representative has been notified in
2 writing by the department of labor and industries that the contractor
3 has become unregistered.

4 (4) All misdemeanor actions under this chapter shall be prosecuted
5 in the county where the infraction occurs.

6 (5) A person is guilty of a separate misdemeanor for each day
7 worked if, after the person receives a citation from the department,
8 the person works while unregistered, or while his or her registration
9 is suspended or revoked, or works under a registration issued to
10 another contractor. A person is guilty of a separate misdemeanor for
11 each worksite on which he or she violates subsection (2) of this
12 section. Nothing in this subsection applies to a registered
13 contractor.

14 (6) The director by rule shall establish a two-year audit and
15 monitoring program for a contractor not registered under this chapter
16 who becomes registered after receiving an infraction or conviction
17 under this chapter as an unregistered contractor. The director shall
18 notify the departments of revenue and employment security of the
19 infractions or convictions and shall cooperate with these departments
20 to determine whether any taxes or registration, license, or other fees
21 or penalties are owed the state.

22 **Sec. 3.** RCW 18.27.200 and 2002 c 82 s 6 are each amended to read
23 as follows:

24 (1) It is a violation of this chapter and an infraction for any
25 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) Transfer a valid registration to an unregistered contractor or
32 allow an unregistered contractor to work under a registration issued to
33 another contractor; or

34 (d) If the contractor is a contractor as defined in RCW 18.106.010,
35 violate RCW 18.106.320.

36 (2) It is a violation of this chapter and an infraction for any
37 contractor to employ an unregistered contractor. It is not a violation

1 for a contractor to employ an unregistered contractor who was
2 registered at the time he or she entered into a contract with the
3 general contractor, unless the contractor or his or her representative
4 has been notified in writing by the department of labor and industries
5 that the contractor has become unregistered.

6 (3) Each day that a contractor works without being registered as
7 required by this chapter, works while the contractor's registration is
8 suspended or revoked, employs an unregistered contractor, or works
9 under a registration issued to another contractor is a separate
10 infraction. Each worksite at which a contractor works without being
11 registered as required by this chapter, works while the contractor's
12 registration is suspended or revoked, or works under a registration
13 issued to another contractor is a separate infraction.

14 **Sec. 4.** RCW 18.27.340 and 1997 c 314 s 17 are each amended to read
15 as follows:

16 (1) Except as otherwise provided in subsection (3) of this section,
17 a contractor found to have committed an infraction under RCW 18.27.200
18 shall be assessed a monetary penalty of not less than two hundred
19 dollars and not more than five thousand dollars.

20 (2) The director may waive collection in favor of payment of
21 restitution to a consumer complainant.

22 (3) A contractor found to have committed an infraction under RCW
23 18.27.200 for:

24 (a) Failure to register; or

25 (b) Employing an unregistered contractor,

26 shall be assessed a fine of not less than one thousand dollars, nor
27 more than five thousand dollars. The director may reduce the penalty
28 for failure to register, but in no case below five hundred dollars, if
29 the person becomes registered within ten days of receiving a notice of
30 infraction and the notice of infraction is for a first offense. The
31 director may reduce the penalty for employing an unregistered
32 contractor, but in no case may reduce the penalty below seven hundred
33 fifty dollars, if the notice of infraction is for a first offense for
34 employing an unregistered contractor.

35 (4) Monetary penalties collected under this chapter shall be

1 deposited in the general fund.

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