
Commerce & Labor Committee

HB 3349

Brief Description: Providing a review of the need for residential contractor licensing.

Sponsors: Representatives Ericks and Eddy.

Brief Summary of Bill

- Requires the Department of Licensing to conduct a sunrise review of the need for regulation of contractors involved in the repair, alteration, or construction of single-family homes.

Hearing Date: 2/7/08

Staff: Jill Reinmuth (786-7134).

Background:

Contractor Registration

The Contractor Registration Act (Act) requires contractors to register with the Department of Labor and Industries. "Contractor" is defined as including any person who undertakes to construct, alter, repair, add to, subtract from, improve, develop, move, wreck, or demolish any building or other structure.

An applicant for registration must submit a form that contains certain information, including the applicant's Unified Business Identifier (UBI) number. The applicant must also file a surety bond and furnish proof of liability insurance.

An applicant is not required to have work experience, take classes, pass an examination, or otherwise demonstrate competence in the construction trade or knowledge of the applicable laws to register. (Applicants seeking to register as electrical and plumbing contractors, however, must meet additional requirements.)

Sunrise Review

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Legislature may request the Department of Licensing (DOL) to conduct a sunrise review of proposals for regulation of professions not currently regulated. The sunrise review law states legislative intent that a business profession should be regulated only to protect the public interest. Further, a business profession should be regulated by the state only when:

- unregulated practice can clearly harm or endanger the health, safety, or welfare of the public, and the potential for the harm is easily recognizable and not remote or dependent upon tenuous argument;
- the public needs and can reasonably be expected to benefit from an assurance of initial and continuing professional ability; and
- the public cannot be effectively protected by other means in a more cost-beneficial manner.

Under the sunrise review law, a group proposing to be regulated or any other interested party which proposes that a profession be regulated ("applicant group") must address a list of factors to the extent requested by the Legislature. These factors include a definition of the problem, the efforts made to address the problem, the alternatives considered, the benefit to the public if regulation is granted, and the extent to which regulation might harm the public.

The DOL has adopted a sunrise process, which includes conducting a public hearing on the report submitted by the applicant group. The DOL then reports to the Legislature on the background of the proposal, the DOL's findings, and the DOL's advisory recommendations.

Summary of Bill:

The Department of Licensing (DOL) is required to conduct a sunrise review of the need for regulation of contractors involved in the repair, alteration, or construction of single-family homes. In conducting the review, the DOL must:

- consult with representatives of residential contractors, suppliers, and consumer protection organizations;
- examine regulatory and licensing schemes in neighboring states; and
- evaluate consumer complaints, including complaints filed with the Department of Labor and Industries and the Office of the Attorney General.

By October 1, 2008, the DOL must submit to appropriate legislative committees its recommendations regarding the need for regulation, and if regulation is recommended, the minimum qualifications that should be required.

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Requested on February 3, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.