

**PRELIMINARY COST-BENEFIT ANALYSIS (CBA)  
CONTRACTOR REGISTRATION  
CHAPTER 296-200A WAC  
WASHINGTON STATE DEPARTMENT OF LABOR AND INDUSTRIES  
JUNE 16, 2008**

This cost benefit analysis, prepared in compliance with the Administrative Procedure Act (APA), chapter 34.05 WAC, spells out the assumed benefits and costs of the proposed rules set forth under proposed chapter 296-200A WAC.

**PROBABLE COSTS OF PROPOSED RULES**

Chapter 436, Laws of 2007 (Substitute House Bill 1843), passed during the 2007 session of the Washington State Legislature and made several changes to chapter 18.27 RCW. Some of these changes are listed below:

- Added included the term “develop” to the definition of a contractor
- Altered the definition of a general contractor to include a person whose business operations require the use of more than one building trade or craft upon a single job or project or under a single building permit.

The effective date of these changes was July 22<sup>nd</sup>, 2007. Previous to this date the law defined a general contractor as a contractor whose business operations required the use of more than two unrelated building trades of crafts.

The proposed new section WAC 296-200A-015 provides definitions, including a definition of “developer”. This definition serves only to clarify the application of the statutory inclusion of developers as contractors per the statute. Additionally it serves to limit the application of the term to include only residential development. As such, these rules impose no costs on the public.

The proposed new section WAC 296-200A-016 provides definitions for “specialty contractor” for the purpose of contractor registration. The department uses these definitions to classify businesses into the “building trades or crafts” governed by the statute described above. The department is publishing the proposed definitions only to help contractors identify their proper classification, but will not alter agency interpretation of the classifications. They will not alter the type of business a firm does or how they do that business, nor will they alter the agency’s compliance activities. As such, they impose no costs on the public.

The remaining proposed sections simply clarify the rule without altering its intent and provide mechanisms for citations, suspensions, and appeals, etc. As such, acting in compliance with the law imposes no new costs on the public.

### **PROBABLE BENEFITS OF PROPOSED RULES**

The department is publishing the proposed rule to help contractors identify their proper classification, but will not alter agency interpretation of the classifications. As such, the benefit of the rules is an increased ease of use to contractors as they work to better understand and comply with the law.

### **COST-BENEFIT DETERMINATION**

The preliminary cost benefit determination is that the benefits of the rule outweigh the costs, taking into account all of the qualitative and quantitative benefits and costs of the proposed rule. This analysis is preliminary and will be revised if further information becomes available.