



March 2008

## Recent Changes to the Contractor Registration Law

### The new laws:

- **Require “property-owner developers” to be registered and bonded.**
- **Require notification of legal actions and judgment.**
- **Change misdemeanor to gross misdemeanor to allow prosecutors additional time to seek prosecution.**
- **Hold contractors liable for hiring unregistered subs**
- **Require a \$200 bond when an infraction is appealed.**
- **Increase the fee to \$50 for service upon a contractor and their bond.**
- **Require contractors to keep signed copies of “Notice to Customer” disclosure statements for three years.**
- **Specialty Contractors will now be allowed only one trade or craft.**

### Why did L&I propose these changes to the law?

These changes to the law better protect consumers by closing loopholes that leave consumers vulnerable, level the playing field for legal contractors and strengthening L&I’s ability to enforce current law.

### What does the new law do?

- **Requires residential property developers, consultants and some owners to register as contractors:** Owners that build and develop multiple structures, e.g., “spec” houses, construction consultants and residential property developers who make improvements to property for sale must now register as a general contractor.
- **Corrects recent court decisions:** Some recent court rulings conflicted with past practices on protecting consumers. For example, cabinet makers who install cabinets and tree removal services must now be registered as contractors.
- **Requires notification of legal actions and judgments:** The party who wins in court is required to notify L&I when a judgment is issued or a settlement is reached. Also, L&I must be notified when a contractor is served with a lawsuit.
- **Increases enforcement of the Contractor Registration Law:** Violations are now a “gross” misdemeanor; L&I can cite registered contractors who hire unregistered subcontractors; and a Superior Court judge can issue warrants to allow L&I to check for unregistered contractors and to subpoena supporting documentation when checking for unregistered contractors.
- **Appeal Bond:** Contractors who have been cited and wish to appeal an infraction must now provide detailed reasons for the appeal and post a \$200 Appeal Bond.

### How will these changes take place?

L&I has written rules, with extensive input and cooperation from the public, that explain the new laws and how they are enforced. In spring of 2008 public hearings were held to further improve the language.

Specialty contractors in good standings will not be impacted by the new requirement to choose one specialty until time to renew their contractor registration.

**Additional information** may be obtained by calling 1-800-647-0982 or on the web at [Contractors.LNI.WA.GOV](http://Contractors.LNI.WA.GOV)

## Frequently Asked Questions about changes to the Contractor Registration Law

1. **I have owned my home for three years and am fixing it up to sell. Do I have to register to be a contractor?** No, if you have owned your home for more than 12 months and you are not in the business of fixing up and selling homes, you are exempt from the contractor registration requirement.
2. **I am purchasing land and plan to construct on my own or hire a contractor to build a structure for the purpose of selling that improved property. Do I have to be registered as a general contractor?** Yes.
3. **I am purchasing a residential property that I am going to remodel or make improvements and then rent it out. Do I need to be a registered contractor?** No.
4. **I am purchasing a home to renovate and update with the purpose of selling it – also known as “flipping” it. Do I need to be registered as a general contractor?** Yes.
5. **I bought a piece of land and intend to build my “dream house” on it to live in as my primary residence. Do I need to be registered as a contractor?** No.
6. **I am a specialty painting contractor and perform pressure washing to prepare a surface to be painted. Because there is a painting and a pressure washing specialty and I do both, do I need to register as a general contractor?** No. Pressure washing is a normal part of preparation to paint a surface and is included in the specialty painting definition.
7. **I am a specialty contractor who is installing a countertop and need to have an electrical outlet moved. I can’t do the electrical work because I am not licensed. Do I have to make the homeowner contract to have that work done?** No. As a specialty contractor you can subcontract work that is incidental to your project. Another example would be a specialty flooring contractor who is replacing a floor in the bathroom – the contractor can subcontract to a plumbing contractor to remove and reinstall the toilet.
8. **I am a specialty cabinet installer and have a request to complete an entire kitchen remodel. Can I subcontract the electrical, plumbing, flooring and other required trades to complete this remodel?** No, because those trades are not incidental to the normal job of installing cabinets in a kitchen. If you want to work in kitchen remodeling, you will be required to register as a general contractor.
9. **I am a specialty roofing contractor and have bid a job to replace a roof. While tearing out the old material, I found that two of the trusses are rotted. Can I fix the trusses or subcontract to someone to fix the trusses.** No. The property owner will need to contract with a general contractor or specialty framing rough carpentry contractor to have the truss repairs made. The truss work would not be incidental to re-roofing a structure.