
SENATE BILL 6614

State of Washington

54th Legislature

1996 Regular Session

By Senators Pelz, Sutherland and Heavey

Read first time 01/19/96. Referred to Committee on Labor, Commerce & Trade.

1 AN ACT Relating to the construction trades; amending RCW 60.04.031,
2 18.27.140, 18.27.010, 18.27.020, 18.27.030, 18.27.040, 18.27.060,
3 18.27.090, 18.27.100, 18.27.104, 18.27.110, 18.27.114, 18.27.117,
4 18.27.200, 18.27.230, and 18.27.340; reenacting and amending RCW
5 51.12.020; adding a new chapter to Title 60 RCW; creating a new
6 section; prescribing penalties; and providing an effective date.

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

8 NEW SECTION. **Sec. 1.** (1) "Professional services" means surveying,
9 establishing, or marking the boundaries of, preparing maps, plans, or
10 specifications for, or inspecting, testing, or otherwise performing
11 other architectural or engineering services for the improvement of real
12 property.

13 (2) "Retainage" means a portion of a payment that is due a retainee
14 but is being withheld or retained by an owner, contractor, or
15 subcontractor as security for, until, or conditioned upon completion
16 of the work of improvement. The retainage is considered conditionally
17 earned by and owed to the retainee and is held in trust by the
18 retainor.

1 (3) "Retainee" means a contractor, subcontractor, material
2 supplier, equipment, or professional services provider who has
3 performed all or part of a work of improvement and who has had some
4 portion of sums due under a contract withheld by the retainor.

5 (4) "Retainor" means a person or entity, excluding those persons
6 loaning or advancing funds under interim or construction financing as
7 defined in RCW 60.04.011, that withholds retainage.

8 (5) (a) "Substantial completion" means the date upon which the work
9 of improvement has been completed as specified under the contract, the
10 date upon which the improvement becomes usable or fit for the purposes
11 for which it was intended, the date of issuance of a certificate of
12 occupancy, or the date of occupation or use of the improvement by the
13 owner or an agent of the owner.

14 (b) "Substantial completion" occurs on the earliest occurrence of
15 any of the events under (a) of this subsection.

16 (6) "Work of improvement" means work performed or provided,
17 including labor, materials, equipment, and professional services, that
18 has led to the improvement of real property for a private owner. Work
19 of improvement includes incremental improvements that are in themselves
20 complete but do not necessarily bring a property improvement to a state
21 of substantial completion.

22 NEW SECTION. **Sec. 2.** (1) Any moneys released to or obtained by an
23 owner, developer, prime contractor, subcontractor, or person in charge
24 of a construction project in connection with a work of improvement,
25 must be regarded and held in trust for the benefit of those persons
26 making the payment and those who provided the labor or furnished
27 materials, equipment, or professional services in connection with the
28 work of improvement giving rise to the receipt of the moneys.

29 (2) Nothing contained in this section may be construed as requiring
30 moneys held in trust by an owner, contractor, or subcontractor under
31 subsection (1) of this section to be placed in a separate account. If
32 an owner, contractor, or subcontractor commingles moneys held in trust
33 under this section with other moneys, the mere commingling of the
34 moneys does not constitute a violation of sections 1 through 6 of this
35 act.

36 (3) (a) The use of trust moneys for a purpose other than to first
37 pay when due those persons for whom the funds are held in trust is

1 prima facie evidence of a trust violation and an intent to defraud in
2 a civil action.

3 (b) The mishandling of work of improvement trust moneys is a matter
4 affecting the public interest for the purpose of applying chapter 19.86
5 RCW. The failure to use the money as intended is not reasonable in
6 relation to the development and preservation of business. A violation
7 of this section constitutes an unfair or deceptive act or practice in
8 trade or commerce for the purpose of applying chapter 19.86 RCW.

9 NEW SECTION. **Sec. 3.** (1) The owner must pay amounts due the prime
10 contractor for a work of improvement no later than ten days after
11 receipt of draws or loan disbursements, or receipt, possession, or
12 availability, regardless of source, of construction funds. The prime
13 contractor must pay amounts due subcontractors and suppliers for a work
14 of improvement, and the subcontractor must pay amounts due their
15 suppliers and lower tier subcontractors for a work of improvement, no
16 later than ten days after receipt of draws, progress payments, or final
17 payment for that work of improvement.

18 (2) In the event that there is a good faith dispute over all or any
19 portion of the amount due from the owner to the prime contractor, prime
20 contractor to a subcontractor, subcontractor to a subcontractor, or
21 contractor to a supplier, then the owner, prime contractor, or
22 subcontractor may withhold no more than one hundred fifty percent of
23 the disputed amount.

24 NEW SECTION. **Sec. 4.** (1) Except for improvements made on an
25 existing owner-occupied single-family residential property, retainage
26 is regarded as held in trust by the retainor and is treated as the
27 property of the retainee.

28 (2) Except as permitted in subsection (3) of this section,
29 retainage must be released no later than sixty days from the date of
30 substantial completion of the work of improvement.

31 (3) In the event there is a good faith dispute over the release of
32 all or any portion of the retainage, the retainor may not withhold an
33 amount in excess of one hundred fifty percent of the estimated value of
34 the issue in dispute. Others not party to a dispute are entitled to
35 full and prompt payment of their portion of the retained amount.

1 NEW SECTION. **Sec. 5.** In addition to all other remedies either
2 civil, administrative, or criminal, a person from whom funds have been
3 withheld in violation of sections 1 through 6 of this act is entitled
4 to receive from the person wrongfully withholding the funds, for every
5 month and portion thereof that payment including retainage is not made,
6 interest of twelve percent per annum or as established under RCW
7 19.52.025, whichever is greater, plus an additional charge of one and
8 one-half percent per month. In an action for the collection of funds
9 withheld, the prevailing party is entitled to costs of suit and his or
10 her reasonable attorneys' fees.

11 NEW SECTION. **Sec. 6.** (1) It is against public policy for any party
12 to require any other party to waive a provision of sections 1 through
13 5 of this act.

14 (2) Sections 1 through 5 of this act must be liberally construed to
15 provide security for all parties intended to be protected by its
16 provisions.

17 **Sec. 7.** RCW 60.04.031 and 1992 c 126 s 2 are each amended to read
18 as follows:

19 (1) Except as otherwise provided in this section, every person
20 furnishing professional services, materials, or equipment for the
21 improvement of real property shall give the owner or reputed owner
22 notice in writing of the right to claim a lien. If the prime
23 contractor is in compliance with the requirements of RCW 19.27.095,
24 60.04.230, and 60.04.261, this notice shall also be given to the prime
25 contractor as described in this subsection unless the potential lien
26 claimant has contracted directly with the prime contractor. The notice
27 may be given at any time but only protects the right to claim a lien
28 for professional services, materials, or equipment supplied after the
29 date which is sixty days before:

30 (a) Mailing the notice by certified or registered mail to the owner
31 or reputed owner; or

32 (b) Delivering or serving the notice personally upon the owner or
33 reputed owner and obtaining evidence of delivery in the form of a
34 receipt or other acknowledgment signed by the owner or reputed owner or
35 an affidavit of service.

36 In the case of new construction of a single-family residence, the
37 notice of a right to claim a lien may be given at any time but only

1 protects the right to claim a lien for professional services,
2 materials, or equipment supplied after a date which is ten days before
3 the notice is given as described in this subsection.

4 (2) Notices of a right to claim a lien shall not be required of:

5 (a) Persons who contract directly with the owner or the owner's
6 common law agent;

7 (b) Laborers whose claim of lien is based solely on performing
8 labor; or

9 (c) Subcontractors who contract for the improvement of real
10 property directly with the prime contractor, except as provided in
11 subsection (3)(b) of this section.

12 (3) Persons who furnish professional services, materials, or
13 equipment in connection with the repair, alteration, ~~((or))~~ remodel, or
14 new construction of an ~~((existing))~~ owner-occupied single-family
15 residence or appurtenant garage:

16 (a) Who contract directly with the owner-occupier or their common
17 law agent shall not be required to send a written notice of the right
18 to claim a lien and shall have a lien for the full amount due under
19 their contract, as provided in RCW 60.04.021; or

20 (b) Who do not contract directly with the ~~((owner-occupier))~~ owner
21 or ~~((their))~~ the owner's common law agent shall give notice of the
22 right to claim a lien to the ~~((owner-occupier))~~ owner. Liens of
23 persons furnishing professional services, materials, or equipment who
24 do not contract directly with the ~~((owner-occupier))~~ owner or ~~((their))~~
25 the owner's common law agent may only be satisfied from amounts not yet
26 paid to the prime contractor by the owner at the time the notice
27 described in this section is received, regardless of whether amounts
28 not yet paid to the prime contractor are due. For the purposes of this
29 subsection "received" means actual receipt of notice by personal
30 service, or registered or certified mail, or three days after mailing
31 by registered or certified mail, excluding Saturdays, Sundays, or legal
32 holidays.

33 (4) The notice of right to claim a lien described in subsection (1)
34 of this section, shall include but not be limited to the following
35 information and shall substantially be in the following form, using
36 lower-case and upper-case ten-point type where appropriate.

37 NOTICE TO OWNER

38 IMPORTANT: READ BOTH SIDES OF THIS NOTICE

CAREFULLY.

PROTECT YOURSELF FROM PAYING TWICE

To: Date:

Re: _____ (description of property: Street address or general location.)

From:

AT THE REQUEST OF: _____ (Name of person ordering the professional services, materials, or equipment)

THIS IS NOT A LIEN: This notice is sent to you to tell you who is providing professional services, materials, or equipment for the improvement of your property and to advise you of the rights of these persons and your responsibilities. Also take note that laborers on your project may claim a lien without sending you a notice.

OWNER/OCCUPIER OF EXISTING RESIDENTIAL PROPERTY

Under Washington law, those who furnish labor, professional services, materials, or equipment for the repair, remodel, or alteration of your owner-occupied principal residence and who are not paid, have a right to enforce their claim for payment against your property. This claim is known as a construction lien.

The law limits the amount that a lien claimant can claim against your property. Claims may only be made against that portion of the contract price you have not yet paid to your prime contractor as of the time this notice was given to you or three days after this notice was mailed to you. Review the back of this notice for more information and ways to avoid lien claims.

COMMERCIAL AND/OR NEW RESIDENTIAL PROPERTY

We have or will be providing professional services, materials, or equipment for the improvement of your commercial or new residential project. In the event you or your contractor fail to pay us, we may file a lien against your property. A lien may be claimed for all professional services, materials, or equipment furnished after a date that is sixty days before this notice was given to you or mailed to

1 you, unless the improvement to your property is the construction of a
2 new single-family residence, then ten days before this notice was given
3 to you or mailed to you.

4 Sender:
5 Address:
6 Telephone:

7 Brief description of professional services, materials, or equipment
8 provided or to be provided:

9 IMPORTANT INFORMATION
10 ON REVERSE SIDE

11 IMPORTANT INFORMATION
12 FOR YOUR PROTECTION

13 This notice is sent to inform you that we have or will provide
14 professional services, materials, or equipment for the improvement of
15 your property. We expect to be paid by the person who ordered our
16 services, but if we are not paid, we have the right to enforce our
17 claim by filing a construction lien against your property.

18 LEARN more about the lien laws and the meaning of this notice by
19 discussing them with your contractor, suppliers, Department of Labor
20 and Industries, the firm sending you this notice, your lender, or your
21 attorney.

22 COMMON METHODS TO AVOID CONSTRUCTION LIENS: There are several methods
23 available to protect your property from construction liens. The
24 following are two of the more commonly used methods.

25 DUAL PAYCHECKS (Joint Checks): When paying your contractor for
26 services or materials, you may make checks payable jointly to
27 the contractor and the firms furnishing you this notice.

28 LIEN RELEASES: You may require your contractor to provide lien
29 releases signed by all the suppliers and subcontractors from
30 whom you have received this notice. If they cannot obtain lien
31 releases because you have not paid them, you may use the dual
32 payee check method to protect yourself.

33 YOU SHOULD TAKE APPROPRIATE STEPS TO PROTECT YOUR PROPERTY FROM LIENS.

1 YOUR PRIME CONTRACTOR AND YOUR CONSTRUCTION LENDER ARE REQUIRED BY LAW
2 TO GIVE YOU WRITTEN INFORMATION ABOUT LIEN CLAIMS. IF YOU HAVE NOT
3 RECEIVED IT, ASK THEM FOR IT.

4 * * * * *

5 (5) Every potential lien claimant providing professional services
6 where no improvement as defined in RCW 60.04.011(5) (a) or (b) has been
7 commenced, and the professional services provided are not visible from
8 an inspection of the real property may record in the real property
9 records of the county where the property is located a notice which
10 shall contain the professional service provider's name, address,
11 telephone number, legal description of the property, the owner or
12 reputed owner's name, and the general nature of the professional
13 services provided. If such notice is not recorded, the lien claimed
14 shall be subordinate to the interest of any subsequent mortgagee and
15 invalid as to the interest of any subsequent purchaser if the mortgagee
16 or purchaser acts in good faith and for a valuable consideration
17 acquires an interest in the property prior to the commencement of an
18 improvement as defined in RCW 60.04.011(5) (a) or (b) without notice of
19 the professional services being provided. The notice described in this
20 subsection shall be substantially in the following form:

21 NOTICE OF FURNISHING
22 PROFESSIONAL SERVICES

23 That on the (day) day of (month and year) , (name of
24 provider) began providing professional services upon or for the
25 improvement of real property legally described as follows:

26 [Legal Description
27 is mandatory]

28 The general nature of the professional services provided is . . .
29
30 The owner or reputed owner of the real property is
31

32
33 (Signature)

34
35 (Name of Claimant)

1
2 (Street Address)
3
4 (City, State, Zip Code)
5
6 (Phone Number)

7 (6) A lien authorized by this chapter shall not be enforced unless
8 the lien claimant has complied with the applicable provisions of this
9 section.

10 **Sec. 8.** RCW 18.27.140 and 1983 1st ex.s. c 2 s 21 are each amended
11 to read as follows:

12 It is the purpose of this chapter to afford protection to the
13 public including all persons, firms, and corporations furnishing labor,
14 materials, or equipment to a contractor from unreliable, fraudulent,
15 financially irresponsible, or incompetent contractors.

16 This chapter must be strictly enforced to accomplish these
17 purposes. The doctrine of substantial compliance may not be used by
18 the department in the application and construction of this chapter.
19 Anyone engaged in the activities of a contractor is presumed to know
20 the requirements of this chapter.

21 **Sec. 9.** RCW 18.27.010 and 1993 c 454 s 2 are each amended to read
22 as follows:

23 Unless the context clearly requires otherwise, the definitions in
24 this section apply throughout this chapter.

25 (1) "Contractor" means any person, firm, or corporation who or
26 which, in the pursuit of an independent business undertakes to, or
27 offers to undertake, or submits a bid to, construct, alter, repair, add
28 to, subtract from, improve, move, wreck or demolish, for another, any
29 building, highway, road, railroad, excavation or other structure,
30 project, development, or improvement attached to real estate or to do
31 any part thereof including the installation of carpeting or other floor
32 covering, the erection of scaffolding or other structures or works in
33 connection therewith or who installs or repairs roofing or siding; or,
34 who, to do similar work upon his or her own property, employs members
35 of more than one trade upon a single job or project or under a single

1 building permit except as otherwise provided herein. "Contractor"
2 includes any person, firm, or corporation covered by this subsection,
3 whether or not registered as required under this chapter.

4 (2) "General contractor" means a contractor whose business
5 operations require the use of more than two unrelated building trades
6 or crafts whose work the contractor shall superintend or do in whole or
7 in part. "General contractor" shall not include an individual who does
8 all work personally without employees or other "specialty contractors"
9 as defined (~~herein~~) in this section. The terms "general contractor"
10 and "builder" are synonymous.

11 (3) "Specialty contractor" means a contractor whose operations (~~as~~
12 ~~such~~) do not fall within the foregoing definition of "general
13 contractor."

14 (4) "Department" means the department of labor and industries.

15 (5) "Director" means the director of the department of labor and
16 industries.

17 (6) "Verification" means the receipt and duplication by the city,
18 town, or county of a contractor registration card that is current on
19 its face.

20 **Sec. 10.** RCW 18.27.020 and 1993 c 454 s 6 are each amended to read
21 as follows:

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

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

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

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

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

32 (d) Transfer a valid registration to an unregistered contractor or
33 allow an unregistered contractor to work under a registration issued to
34 another contractor; or

35 (e) Knowingly subcontract work to a person, firm, or corporation
36 not registered as required under this chapter. However, a contractor
37 does not commit a misdemeanor under this section if a subcontractor

1 becomes unregistered during the course of its work without the
2 knowledge of the contractor.

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

5 (4) Each day beyond the date of citation that a person works
6 without being registered as required by this chapter, works while his
7 or her contractor's registration is suspended or revoked, or works
8 under a registration issued to another contractor is a separate
9 misdemeanor. Each worksite at which a person works without being
10 registered as required by this chapter, works while his or her
11 contractor's registration is suspended or revoked, or works under a
12 registration issued to another contractor is a separate misdemeanor.

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

21 **Sec. 11.** RCW 18.27.030 and 1992 c 217 s 1 are each amended to read
22 as follows:

23 (1) An applicant for registration as a contractor shall submit an
24 application under oath upon a form to be prescribed by the director and
25 which shall include the following information pertaining to the
26 applicant:

27 (a) Employer social security number.

28 (b) As applicable: (i) The industrial insurance account number
29 covering employees domiciled in Washington; and (ii) evidence of
30 workers' compensation coverage in the applicant's state of domicile for
31 the applicant's employees working in Washington who are not domiciled
32 in Washington.

33 (c) Employment security department number.

34 (d) State excise tax registration number.

35 (e) Unified business identifier (UBI) account number may be
36 substituted for the information required by (b), (c), and (d) of this
37 subsection.

1 (f) Type of contracting activity, whether a general or a specialty
2 contractor and if the latter, the type of specialty.

3 (g) The name and address of each partner if the applicant be a firm
4 or partnership, or the name and address of the owner if the applicant
5 be an individual proprietorship, or the name and address of the
6 corporate officers and statutory agent, if any, if the applicant be a
7 corporation. The information contained in such application shall be a
8 matter of public record and open to public inspection.

9 (2) The department may verify the workers' compensation coverage
10 information provided by the applicant under subsection (1)(b) of this
11 section, including but not limited to information regarding the
12 coverage of an individual employee of the applicant. If coverage is
13 provided under the laws of another state, the department may notify the
14 other state that the applicant is employing employees in Washington.

15 (3) The department shall deny an application for registration
16 ~~((shall be denied))~~ if the applicant has been previously registered as
17 a sole proprietor, partnership, or corporation ~~((, and was a principal~~
18 ~~or officer of the corporation,))~~ and ~~((if))~~ the applicant has an
19 unsatisfied final judgment against him or her in an action based on RCW
20 18.27.040 ~~((,))~~ that was incurred during a previous registration under
21 this chapter.

22 In addition, the department must check for an applicant's past
23 noncompliance with this chapter, including checking for evidence of
24 violations of this chapter, suspended or revoked registrations, or
25 misdemeanors or infractions under this chapter relating to the
26 construction industry. Multiple instances of past noncompliance may be
27 grounds for application denial.

28 **Sec. 12.** RCW 18.27.040 and 1988 c 139 s 1 are each amended to read
29 as follows:

30 (1) Each applicant shall ~~((, at the time of applying for or renewing~~
31 ~~a certificate of registration, file with the department a surety bond~~
32 ~~issued by a surety insurer who meets the requirements of chapter 48.28~~
33 ~~RCW in a form acceptable to the department running to the state of~~
34 ~~Washington if a general contractor, in the sum of six thousand dollars,~~
35 ~~if a specialty contractor, in the sum of four thousand dollars,))~~
36 accompany the application for a certificate of registration with a
37 surety bond or continuation certificate issued by a surety insurer who
38 meets the requirements of chapter 48.28 RCW in the sum of six thousand

1 dollars if the applicant is a general contractor and four thousand
2 dollars if the applicant is a specialty contractor. The bond shall
3 have the state of Washington named as obligee with good and sufficient
4 surety in a form to be approved by the department. The bond shall be
5 continuous and may be canceled by the surety upon the surety giving
6 written notice to the director of its intent to cancel the bond. A
7 cancellation or revocation of the bond or withdrawal of the surety from
8 the bond suspends the registration issued to the registrant until a new
9 bond or reinstatement notice has been filed and approved as provided in
10 this section. Whether or not the bond is renewed, continued,
11 reinstated, reissued, or otherwise extended, replaced, or modified,
12 including increases or decreases in the penal sum, it shall be
13 considered one continuous obligation, and the surety upon the bond
14 shall not be liable in an aggregate or cumulative amount exceeding the
15 penal sum set forth on the face of the bond. In no event shall the
16 penal sum, or a portion thereof, at two or more points in time be added
17 together in determining the surety's liability. The bond shall be
18 conditioned that the applicant will pay all persons performing labor,
19 including employee benefits, for the contractor, will pay all taxes and
20 contributions due to the state of Washington, and will pay all persons
21 furnishing labor or material or renting or supplying equipment to the
22 contractor and will pay all amounts that may be adjudged against the
23 contractor by reason of ((negligent or improper work or)) breach of
24 contract including negligent or improper work in the conduct of the
25 contracting business. A change in the name of a business or a change
26 in the type of business entity shall not impair a bond for the purposes
27 of this section so long as one of the original applicants for such bond
28 maintains partial ownership in the business covered by the bond.

29 (2) Any contractor registered as of ((~~the effective date of this~~
30 ~~1983 act~~)) July 1, 1996, who maintains such registration in accordance
31 with this chapter shall be in compliance with this chapter until the
32 next annual renewal of the contractor's certificate of registration.
33 At that time, the contractor shall provide a bond, cash deposit, or
34 other security deposit as required by this chapter and comply with all
35 of the other provisions of this chapter before the department shall
36 renew the contractor's certificate of registration.

37 (3) Any person, firm, or corporation having a claim against the
38 contractor for any of the items referred to in this section may bring
39 suit upon ((~~such~~)) the bond or deposit in the superior court of the

1 county in which the work was done or of any county in which
2 jurisdiction of the contractor may be had. The surety issuing the bond
3 shall be named as a party to any suit upon the bond. Action upon
4 (~~such~~) the bond or deposit shall be commenced by filing the summons
5 and complaint with the clerk of the appropriate superior court within
6 one year from the date of expiration of the certificate of registration
7 in force at the time the claimed labor was performed and benefits
8 accrued, taxes and contributions owing the state of Washington became
9 due, materials and equipment were furnished, or the claimed contract
10 work was completed or abandoned. Service of process in an action
11 against the contractor, the contractor's bond, or the deposit shall be
12 exclusively by service upon the department. Three copies of the
13 summons and complaint and a fee of ten dollars to cover the handling
14 costs shall be served by registered or certified mail upon the
15 department at the time suit is started and the department shall
16 maintain a record, available for public inspection, of all suits so
17 commenced. Service is not complete until the department receives the
18 ten-dollar fee and three copies of the summons and complaint. (~~Such~~)
19 The service shall constitute service on the registrant and the surety
20 for suit upon the bond or deposit and the department shall transmit the
21 summons and complaint or a copy thereof to the registrant at the
22 address listed in his or her application and to the surety within
23 forty-eight hours after it shall have been received.

24 (4) The surety upon the bond shall not be liable in an aggregate
25 amount in excess of the amount named in the bond nor for any monetary
26 penalty assessed pursuant to this chapter for an infraction. The
27 liability of the surety shall not cumulate where the bond has been
28 renewed, continued, reinstated, reissued or otherwise extended. The
29 surety upon the bond may, upon notice to the department and the
30 parties, tender to the clerk of the court having jurisdiction of the
31 action an amount equal to the claims thereunder or the amount of the
32 bond less the amount of judgments, if any, previously satisfied
33 therefrom and to the extent of such tender the surety upon the bond
34 shall be exonerated but if the actions commenced and pending at any one
35 time exceed the amount of the bond then unimpaired, claims shall be
36 satisfied from the bond in the following order:

- 37 (a) Employee labor, including employee benefits;
38 (b) Claims for breach of contract by a party to the construction
39 contract;

1 (c) Material and equipment;

2 (d) Taxes and contributions due the state of Washington;

3 (e) Any court costs, interest, and attorney's fees plaintiff may be
4 entitled to recover. The prevailing party in a bond claim action
5 against the contractor and the contractor's bond, as required by this
6 section, for breach of a construction contract is entitled to costs,
7 interest, and reasonable attorneys' fees. In no event, however, may
8 the combined costs, interest, attorneys' fees, and bond loss exceed the
9 penal limit of the bond.

10 A payment made by the surety in good faith shall exonerate the bond
11 to extent of any payment made by the surety.

12 (5) (~~In the event that any~~) If a final judgment (~~shall~~) impairs
13 the liability of the surety upon the bond so furnished that there shall
14 not be in effect a bond undertaking in the full amount prescribed in
15 this section, the department shall suspend the registration of (~~such~~)
16 the contractor until the bond liability in the required amount
17 unimpaired by unsatisfied judgment claims (~~shall have been~~) is
18 furnished. If (~~such~~) the bond becomes fully impaired, a new bond
19 must be furnished at the (~~increased~~) rates prescribed by this section
20 (~~as now or hereafter amended~~).

21 (6) In lieu of the surety bond required by this section the
22 contractor may file with the department a deposit consisting of cash or
23 other security acceptable to the department.

24 (7) Any person having filed and served a summons and complaint as
25 required by this section having an unsatisfied final judgment against
26 the registrant for any items referred to in this section may execute
27 upon the security held by the department by serving a certified copy of
28 the unsatisfied final judgment by registered or certified mail upon the
29 department within one year of the date of entry of such judgment. Upon
30 the receipt of service of (~~such~~) the certified copy the department
31 shall pay or order paid from the deposit, through the registry of the
32 superior court which rendered judgment, towards the amount of the
33 unsatisfied judgment. The priority of payment by the department shall
34 be the order of receipt by the department, but the department shall
35 have no liability for payment in excess of the amount of the deposit.

36 (8) The director may (~~promulgate~~) adopt rules necessary for the
37 proper administration of the security.

1 **Sec. 13.** RCW 18.27.060 and 1983 1st ex.s. c 2 s 19 are each
2 amended to read as follows:

3 (1) A certificate of registration shall be valid for one year and
4 shall be renewed on or before the expiration date. The department
5 shall issue to the applicant a certificate of registration upon
6 compliance with the registration requirements of this chapter.

7 (2) If the department approves an application, it shall issue a
8 certificate of registration to the applicant. The certificate shall be
9 valid for:

10 (a) One year;

11 (b) Until the bond expires; or

12 (c) Until the insurance expires, whichever comes first. The
13 department shall place the expiration date on the certificate.

14 (3) A contractor may supply a short-term bond or insurance policy
15 to bring its registration period to the full one year.

16 (4) If a contractor's surety bond or other security has an
17 unsatisfied judgment against it or is canceled, or if the contractor's
18 insurance policy is canceled, the contractor's registration shall be
19 automatically suspended on the effective date of the impairment or
20 cancellation. The department shall give notice of the suspension to
21 the contractor by certified and by first class mail within forty-eight
22 hours after suspension.

23 (5) Renewal of registration shall be considered valid upon the date
24 the department receives the required fee and proof of bond and
25 liability insurance, if sent by certified mail or other means requiring
26 proof of delivery. The receipt or proof of delivery shall serve as the
27 contractor's proof of renewed registration until he or she receives
28 verification from the department.

29 **Sec. 14.** RCW 18.27.090 and 1987 c 313 s 1 are each amended to read
30 as follows:

31 This chapter (~~shall~~) does not apply to:

32 (1) An authorized representative of the United States government,
33 the state of Washington, or any incorporated city, town, county,
34 township, irrigation district, reclamation district, or other municipal
35 or political corporation or subdivision of this state;

36 (2) Officers of a court when they are acting within the scope of
37 their office;

1 (3) Public utilities operating under the regulations of the
2 utilities and transportation commission in construction, maintenance,
3 or development work incidental to their own business;

4 (4) Any construction, repair, or operation incidental to the
5 discovering or producing of petroleum or gas, or the drilling, testing,
6 abandoning, or other operation of any petroleum or gas well or any
7 surface or underground mine or mineral deposit when performed by an
8 owner or lessee;

9 (5) The sale or installation of any finished products, materials,
10 or articles of merchandise which are not actually fabricated into and
11 do not become a permanent fixed part of a structure;

12 (6) Any construction, alteration, improvement, or repair of
13 personal property, except this chapter shall apply to all
14 mobile/manufactured housing. A mobile/manufactured home may be
15 installed, set up, or repaired by the registered or legal owner, by a
16 contractor (~~(licensed)~~) registered under this chapter, or by a
17 mobile/manufactured home retail dealer or manufacturer licensed under
18 chapter 46.70 RCW who shall warranty service and repairs under chapter
19 46.70 RCW;

20 (7) Any construction, alteration, improvement, or repair carried on
21 within the limits and boundaries of any site or reservation under the
22 legal jurisdiction of the federal government;

23 (8) Any person who only furnished materials, supplies, or equipment
24 without fabricating them into, or consuming them in the performance of,
25 the work of the contractor;

26 (9) Any work or operation on one undertaking or project by one or
27 more contracts, the aggregate contract price of which for labor and
28 materials and all other items is less than five hundred dollars, such
29 work or operations being considered as of a casual, minor, or
30 inconsequential nature. The exemption prescribed in this subsection
31 does not apply in any instance wherein the work or construction is only
32 a part of a larger or major operation, whether undertaken by the same
33 or a different contractor, or in which a division of the operation is
34 made into contracts of amounts less than five hundred dollars for the
35 purpose of evasion of this chapter or otherwise. The exemption
36 prescribed in this subsection does not apply to a person who advertises
37 or puts out any sign or card or other device which might indicate to
38 the public that he or she is a contractor, or that he or she is
39 qualified to engage in the business of contractor;

1 (10) Any construction or operation incidental to the construction
2 and repair of irrigation and drainage ditches of regularly constituted
3 irrigation districts or reclamation districts; or to farming, dairying,
4 agriculture, viticulture, horticulture, or stock or poultry raising; or
5 to clearing or other work upon land in rural districts for fire
6 prevention purposes; except when any of the above work is performed by
7 a registered contractor;

8 (11) An owner who contracts for a project with a registered
9 contractor;

10 (12) Any person working on his or her own property, whether
11 occupied by him or her or not, and any person working on his or her
12 personal residence, whether owned by him or her or not but this
13 exemption shall not apply to any person otherwise covered by this
14 chapter who constructs an improvement on his or her own property with
15 the intention and for the purpose of selling the improved property;

16 (13) Owners of commercial properties who use their own employees to
17 do maintenance, repair, and alteration work in or upon their own
18 properties;

19 (14) A licensed architect or civil or professional engineer acting
20 solely in his or her professional capacity, an electrician licensed
21 under the laws of the state of Washington, or a plumber licensed under
22 the laws of the state of Washington or licensed by a political
23 subdivision of the state of Washington while operating within the
24 boundaries of such political subdivision. The exemption provided in
25 this subsection is applicable only when the licensee is operating
26 within the scope of his or her license;

27 (15) Any person who engages in the activities herein regulated as
28 an employee of a registered contractor with wages as his or her sole
29 compensation or as an employee with wages as his or her sole
30 compensation;

31 (16) Contractors on highway projects who have been prequalified as
32 required by (~~chapter 13 of the Laws of 1961,~~) RCW 47.28.070, with the
33 department of transportation to perform highway construction,
34 reconstruction, or maintenance work.

35 **Sec. 15.** RCW 18.27.100 and 1993 c 454 s 3 are each amended to read
36 as follows:

37 (1) Except as provided in RCW 18.27.065 for partnerships and joint
38 ventures, no person who has registered under one name as provided in

1 this chapter shall engage in the business, or act in the capacity, of
2 a contractor under any other name unless such name also is registered
3 under this chapter.

4 (2) All advertising and all contracts, correspondence, cards,
5 signs, posters, papers, and documents which show a contractor's name or
6 address shall show the contractor's name or address as registered under
7 this chapter.

8 (3) (a) (~~The alphabetized listing of contractors appearing in the~~
9 ~~advertising section of telephone books or other directories and~~) All
10 advertising that shows the contractor's name or address shall show the
11 contractor's current registration number. The registration number may
12 be omitted in an alphabetized listing of registered contractors stating
13 only the name, address, and telephone number: PROVIDED, That signs on
14 motor vehicles subject to RCW 46.16.010 and on-premise signs shall not
15 constitute advertising as provided in this section. All materials used
16 to directly solicit business from retail customers who are not
17 businesses shall show the contractor's current registration number. A
18 contractor shall not use a false or expired registration number in
19 purchasing or offering to purchase an advertisement for which a
20 contractor registration number is required. Advertising by airwave
21 transmission shall not be subject to this subsection (3) (a) (~~(if the~~
22 ~~person selling the advertisement obtains the contractor's current~~
23 ~~registration number from the contractor)~~).

24 (b) (~~A person selling advertising should not accept advertisements~~
25 ~~for which the contractor registration number is required under (a) of~~
26 ~~this subsection if the contractor fails to provide the contractor~~
27 ~~registration number.)) The director may issue a subpoena to any person
28 or entity selling any advertising subject to this section for the name,
29 address, and telephone number provided to the seller of the advertising
30 by the purchaser of the advertising. The subpoena must have enclosed
31 a stamped, self-addressed envelope and blank form to be filled out by
32 the seller of the advertising. If the seller of the advertising has
33 the information on file, the seller shall, within a reasonable time,
34 return the completed form to the department. The subpoena must be
35 issued within forty-eight hours after the expiration of the issue or
36 publication containing the advertising or after the broadcast of the
37 advertising. The good-faith compliance by a seller of advertising with
38 a written request of the department for information concerning the
39 purchaser of advertising shall constitute a complete defense to any~~

1 civil or criminal action brought against the seller of advertising
2 arising from such compliance. Advertising by airwave or electronic
3 transmission is subject to this subsection (3)(b).

4 (4) No contractor shall advertise that he or she is bonded and
5 insured because of the bond required to be filed and sufficiency of
6 insurance as provided in this chapter.

7 (5) A contractor shall not falsify a registration number and use
8 it, or use an expired registration number, in connection with any
9 solicitation or identification as a contractor. All individual
10 contractors and all partners, associates, agents, salesmen, solicitors,
11 officers, and employees of contractors shall use their true names and
12 addresses at all times while engaged in the business or capacity of a
13 contractor or activities related thereto.

14 (6) Any advertising by a person, firm, or corporation soliciting
15 work as a contractor when that person, firm, or corporation is not
16 registered pursuant to this chapter is a violation of this chapter.

17 (7)(a) The finding of a violation of this section by the director
18 at a hearing held in accordance with (~~the Administrative Procedure~~
19 ~~Act,~~) chapter 34.05 RCW(~~7~~) shall subject the person committing the
20 violation to a penalty of not more than five thousand dollars as
21 determined by the director.

22 (b) Penalties under this section shall not apply to a violation
23 determined to be an inadvertent error.

24 **Sec. 16.** RCW 18.27.104 and 1989 c 175 s 61 are each amended to
25 read as follows:

26 (1) If, upon investigation, the director or the director's designee
27 has probable cause to believe that a person holding a registration, an
28 applicant for registration, or (~~an unregistered~~) a person acting in
29 the capacity of a contractor who is not otherwise exempted from this
30 chapter, has violated RCW 18.27.100 by unlawfully advertising for work
31 covered by this chapter (~~in an alphabetical or classified directory~~),
32 the department may issue a citation containing an order of correction.
33 Such order shall require the violator to cease the unlawful
34 advertising.

35 (2) If the person to whom a citation is issued under subsection (1)
36 of this section notifies the department in writing that he or she
37 contests the citation, the department shall afford an opportunity for
38 an adjudicative proceeding under chapter 34.05 RCW(~~7~~~~the~~

1 ~~Administrative Procedure Act,~~) within thirty days after receiving the
2 notification.

3 **Sec. 17.** RCW 18.27.110 and 1993 c 454 s 5 are each amended to read
4 as follows:

5 (1) No city, town or county shall issue a construction building
6 permit for work which is to be done by any contractor required to be
7 registered under this chapter without verification that such contractor
8 is currently registered as required by law. When such verification is
9 made, nothing contained in this section is intended to be, nor shall be
10 construed to create, or form the basis for any liability under this
11 chapter on the part of any city, town or county, or its officers,
12 employees or agents. However, failure to verify the contractor
13 registration number results in liability to the city, town, or county
14 to a penalty to be imposed according to RCW 18.27.100(~~(+6)~~) (7)(a).

15 (2) At the time of issuing the building permit, all cities, towns,
16 or counties are responsible for:

17 (a) Printing the contractor registration number on the building
18 permit; and

19 (b) Providing a written notice to the building permit applicant
20 informing them of contractor registration laws and the potential risk
21 and monetary liability to the homeowner for using an unregistered
22 contractor.

23 (3) If a building permit is obtained by an applicant or contractor
24 who falsifies information to obtain an exemption provided under RCW
25 18.27.090, the building permit shall be forfeited.

26 **Sec. 18.** RCW 18.27.114 and 1988 c 182 s 1 are each amended to read
27 as follows:

28 (1) ~~((Until July 1, 1989, any contractor agreeing to perform any
29 contracting project: (a) For the repair, alteration, or construction
30 of four or fewer residential units or accessory structures on such
31 residential property when the bid or contract price totals one thousand
32 dollars or more; or (b) for the repair, alteration, or construction of
33 a commercial building when the bid or contract price totals one
34 thousand dollars or more but less than sixty thousand dollars, must
35 provide the customer with the following disclosure statement prior to
36 starting work on the project:~~

1 ~~-----~~ "NOTICE TO CUSTOMER

2 ~~-----~~ This contractor is registered with the state of Washington,
3 registration no., as a general/specialty contractor and
4 has posted with the state a bond or cash deposit of
5 \$6,000/\$4,000 for the purpose of satisfying claims against the
6 contractor for negligent or improper work or breach of contract
7 in the conduct of the contractor's business. This bond or cash
8 deposit may not be sufficient to cover a claim which might
9 arise from the work done under your contract. If any supplier
10 of materials used in your construction project or any employee
11 of the ~~-----~~ contractor or subcontractor is not paid by the
12 contractor or subcontractor on your job, your property may be
13 liened to force payment. If you wish additional protection, you
14 may request the contractor to provide you with original "lien
15 release" documents from each supplier or subcontractor on your
16 project. ~~-----~~ The contractor is required to provide you with
17 further information about lien release documents if you request
18 it. General information is also available from the department
19 of labor and industries."

20 ~~-----~~ (2) ~~On and after July 1, 1989,~~) Any contractor agreeing to perform
21 any contracting project: (a) For the repair, alteration, or
22 construction of four or fewer residential units or accessory structures
23 on such residential property when the bid or contract price totals one
24 thousand dollars or more; or (b) for the repair, alteration, or
25 construction of a commercial building when the bid or contract price
26 totals one thousand dollars or more but less than sixty thousand
27 dollars, must provide the customer with the following disclosure
28 statement prior to starting work on the project:

29 "NOTICE TO CUSTOMER

30 This contractor is registered with the state of Washington,
31 registration no., as a general/specialty contractor and
32 has posted with the state a bond or cash deposit of
33 \$6,000/\$4,000 for the purpose of satisfying claims against the
34 contractor for negligent or improper work or breach of contract
35 in the conduct of the contractor's business. The expiration
36 date of this contractor's registration is This
37 bond or cash deposit may not be sufficient to cover a claim

1 which might arise from the work done under your contract. If
2 any supplier of materials used in your construction project or
3 any employee of the contractor or subcontractor is not paid by
4 the contractor or subcontractor on your job, your property may
5 be liened to force payment. If you wish additional protection,
6 you may request the contractor to provide you with original
7 "lien release" documents from each supplier or subcontractor on
8 your project. The contractor is required to provide you with
9 further information about lien release documents if you request
10 it. General information is also available from the department
11 of labor and industries."

12 (~~(3)~~ On and after July 1, 1989,) (2) A contractor subject to this
13 section shall notify any consumer to whom notice is required under
14 subsection (~~(2)~~) (1) of this section if the contractor's registration
15 has expired or is revoked or suspended by the department prior to
16 completion or other termination of the contract with the consumer.

17 (~~(4)~~) (3) No contractor subject to this section may bring or
18 maintain any lien claim under chapter 60.04 RCW based on any contract
19 to which this section applies without alleging and proving that the
20 contractor has provided the customer with a copy of the disclosure
21 statement as required in subsection (1) (~~or (2)~~) of this section.

22 (~~(5)~~) (4) This section does not apply to contracts authorized
23 under chapter 39.04 RCW or to contractors contracting with other
24 contractors.

25 (~~(6)~~) (5) Failure to comply with this section shall constitute an
26 infraction under the provisions of this chapter.

27 (~~(7)~~) (6) The department shall produce model disclosure
28 statements, and public service announcements detailing the information
29 needed to assist contractors and contractors' customers to comply under
30 this section. As necessary, the department shall periodically update
31 these education materials.

32 **Sec. 19.** RCW 18.27.117 and 1987 c 313 s 2 are each amended to read
33 as follows:

34 The legislature finds that setting up and siting mobile/
35 manufactured homes must be done properly for the health, safety, and
36 enjoyment of the occupants. Therefore, when any of the following cause
37 a health and safety risk to the occupants of a mobile/manufactured

1 home, or severely hinder the use and enjoyment of the mobile/
2 manufactured home, a violation of RCW 19.86.020 shall have occurred:

3 (1) The mobile/manufactured home has been improperly installed by
4 a contractor (~~((licensed))~~) registered under this chapter (~~((18.27 RCW))~~),
5 or a mobile/manufactured dealer or manufacturer licensed under chapter
6 46.70 RCW;

7 (2) A warranty given under this chapter (~~((18.27 RCW))~~) or chapter
8 46.70 RCW has not been fulfilled by the person or business giving the
9 warranty; and

10 (3) A bonding company that issues a bond under this chapter (~~((18.27~~
11 ~~RCW))~~) or chapter 46.70 RCW does not reasonably and professionally
12 investigate and resolve claims made by injured parties.

13 **Sec. 20.** RCW 18.27.200 and 1993 c 454 s 7 are each amended to read
14 as follows:

15 (1) It is a violation of this chapter and an infraction for any
16 contractor to:

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

19 (b) Advertise, offer to do work, submit a bid, or perform any work
20 as a contractor when the contractor's registration is suspended or
21 revoked; (~~((or))~~)

22 (c) Transfer a valid registration to an unregistered contractor or
23 allow an unregistered contractor to work under a registration issued to
24 another contractor; or

25 (d) Knowingly subcontract work to a person not registered as
26 required under this chapter. However, a contractor does not commit an
27 infraction if the subcontractor becomes unregistered during the course
28 of its work without the knowledge of the contractor.

29 (2) Each day that a contractor works without being registered as
30 required by this chapter, works while the contractor's registration is
31 suspended or revoked, or works under a registration issued to another
32 contractor is a separate infraction. Each worksite at which a
33 contractor works without being registered as required by this chapter,
34 works while the contractor's registration is suspended, or works under
35 a registration issued to another contractor is a separate infraction.

1 **Sec. 21.** RCW 18.27.230 and 1993 c 454 s 9 are each amended to read
2 as follows:

3 The department may issue a notice of infraction if the department
4 reasonably believes that the contractor (~~((required to be registered by~~
5 ~~this chapter has failed to do so or))~~) has (~~((otherwise))~~) committed (~~((a~~
6 ~~violation under RCW 18.27.200))~~) an infraction under this chapter. A
7 notice of infraction issued under this section shall be personally
8 served on the contractor named in the notice by the department's
9 compliance inspectors or service can be made by certified mail directed
10 to the contractor named in the notice of infraction. If the contractor
11 named in the notice of infraction is a firm or corporation, the notice
12 may be personally served on any employee of the firm or corporation.
13 If a notice of infraction is personally served upon an employee of a
14 firm or corporation, the department shall within four days of service
15 send a copy of the notice by certified mail to the contractor if the
16 department is able to obtain the contractor's address.

17 **Sec. 22.** RCW 18.27.340 and 1986 c 197 s 10 are each amended to
18 read as follows:

19 (1) Except as otherwise provided in subsection (4) of this section,
20 a contractor found to have committed an infraction under RCW 18.27.200
21 shall be assessed a monetary penalty of not less than two hundred
22 dollars and not more than three thousand dollars.

23 (2) Except as otherwise provided in subsection (4) of this section,
24 the administrative law judge may waive, reduce, or suspend the monetary
25 penalty imposed for the infraction only upon a showing of good cause
26 that the penalty would be unduly burdensome ((to)) for the contractor.

27 (3) The director may waive collection in favor of payment of
28 restitution to a consumer complainant.

29 (4) If a contractor who is issued a notice of infraction is an
30 unregistered contractor under this chapter, then the contractor is
31 subject to a penalty in the amount of one thousand dollars per
32 violation. The penalty may be reduced, but in no case below five
33 hundred dollars, if the person registers as a contractor within ten
34 days of the notice of infraction.

35 (5) Monetary penalties collected under this chapter shall be
36 deposited in the general fund.

1 **Sec. 23.** RCW 51.12.020 and 1991 c 324 s 18 and 1991 c 246 s 4 are
2 each reenacted and amended to read as follows:

3 The following are the only employments which shall not be included
4 within the mandatory coverage of this title:

5 (1) Any person employed as a domestic servant in a private home by
6 an employer who has less than two employees regularly employed forty or
7 more hours a week in such employment.

8 (2) Any person employed to do gardening, maintenance, or repair,
9 (~~remodeling, or similar work~~) in or about the private home of the
10 employer. For the purposes of this subsection, "maintenance" means the
11 work of keeping in proper condition, "repair" means to restore to sound
12 condition after damage, and "private home" means a person's place of
13 residence.

14 (3) A person whose employment is not in the course of the trade,
15 business, or profession of his or her employer and is not in or about
16 the private home of the employer.

17 (4) Any person performing services in return for aid or sustenance
18 only, received from any religious or charitable organization.

19 (5) Sole proprietors or partners.

20 (6) Any child under eighteen years of age employed by his or her
21 parent or parents in agricultural activities on the family farm.

22 (7) Jockeys while participating in or preparing horses for race
23 meets licensed by the Washington horse racing commission pursuant to
24 chapter 67.16 RCW.

25 (8) (a) Except as otherwise provided in (b) of this subsection, any
26 bona fide officer of a corporation voluntarily elected or voluntarily
27 appointed in accordance with the articles of incorporation or bylaws of
28 the corporation, who at all times during the period involved is also a
29 bona fide director, and who is also a shareholder of the corporation.
30 Only such officers who exercise substantial control in the daily
31 management of the corporation and whose primary responsibilities do not
32 include the performance of manual labor are included within this
33 subsection.

34 (b) Alternatively, a corporation that is not a "public company" as
35 defined in RCW 23B.01.400(~~(19)~~) (20) may exempt eight or fewer bona
36 fide officers, who are voluntarily elected or voluntarily appointed in
37 accordance with the articles of incorporation or bylaws of the
38 corporation and who exercise substantial control in the daily
39 management of the corporation, from coverage under this title without

1 regard to the officers' performance of manual labor if the exempted
2 officer is a shareholder of the corporation, or may exempt any number
3 of officers if all the exempted officers are related by blood within
4 the third degree or marriage. If a corporation that is not a "public
5 company" elects to be covered under subsection (8) (a) of this section,
6 the corporation's election must be made on a form prescribed by the
7 department and under such reasonable rules as the department may adopt.

8 (c) Determinations respecting the status of persons performing
9 services for a corporation shall be made, in part, by reference to
10 Title 23B RCW and to compliance by the corporation with its own
11 articles of incorporation and bylaws. For the purpose of determining
12 coverage under this title, substance shall control over form, and
13 mandatory coverage under this title shall extend to all workers of this
14 state, regardless of honorary titles conferred upon those actually
15 serving as workers.

16 (d) A corporation may elect to cover officers who are exempted by
17 this subsection in the manner provided by RCW 51.12.110.

18 (9) Services rendered by a musician or entertainer under a contract
19 with a purchaser of the services, for a specific engagement or
20 engagements when such musician or entertainer performs no other duties
21 for the purchaser and is not regularly and continuously employed by the
22 purchaser. A purchaser does not include the leader of a group or
23 recognized entity who employs other than on a casual basis musicians or
24 entertainers.

25 (10) Services performed by a newspaper carrier selling or
26 distributing newspapers on the street or from house to house.

27 (11) Services performed by an insurance agent, insurance broker, or
28 insurance solicitor, as defined in RCW 48.17.010, 48.17.020, and
29 48.17.030, respectively.

30 (12) Services performed by a booth renter as defined in RCW
31 18.16.020. However, a person exempted under this subsection may elect
32 coverage under RCW 51.32.030.

33 NEW SECTION. **Sec. 24.** This act shall take effect September 1,
34 1996, and is applicable to all contracts entered into on or after
35 September 1, 1996, relating to the construction of any work of
36 improvement.

1 NEW SECTION. **Sec. 25.** Sections 1 through 6 of this act may be
2 known and cited as the fair pay act.

3 NEW SECTION. **Sec. 26.** Sections 1 through 6 of this act shall
4 constitute a new chapter in Title 60 RCW.

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