

# SENATE BILL REPORT

## SB 5726

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As of March 1, 1999

**Title:** An act relating to notice requirements of general or specialty contractors.

**Brief Description:** Changing provisions relating to notice requirements of general or specialty contractors.

**Sponsors:** Senators Wojahn, Hochstatter and Benton.

**Brief History:**

**Committee Activity:** Labor & Workforce Development: 3/2/99.

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### SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

**Staff:** Jack Brummel (786-7428)

**Background:** Contractors are required to register with the Department of Labor and Industries and may not sue for payment on work done unless they are registered. Contractors working for more than \$1,000 on four or fewer residential units or for more than \$1,000 but less than \$60,000 on a single commercial building must provide notice to the customer that: (1) the contractor is registered with the department; (2) a bond or cash deposit has been posted which may not be sufficient to satisfy a claim arising from the contracted work; (3) the property may be liened; and (4) the customer may request lien release documents. Contractors that fail to provide the required notice may not bring or maintain a lien on the improved property.

**Summary of Bill:** In addition to the information about registration, the availability of a bond and the possibility of a lien, the notice to customer must state that the customer wishing additional protection should consider: (1) requesting lien release documents; (2) employing construction contract control experts; (3) requiring a performance bond to guarantee payment; (4) employing the services of an attorney or other construction professional; (5) entering into a joint check arrangement to insure payments; and (6) withholding a percentage of the contract amount to insure project completion. The notice also states that the customer may request a summary sheet about the contractor.

Contractors may not sue for payment on work done unless they have complied with the notice requirement.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.