
SENATE BILL 6376

State of Washington 61st Legislature 2010 Regular Session

By Senators Haugen, Swecker, and Kohl-Welles

Read first time 01/13/10. Referred to Committee on Labor, Commerce & Consumer Protection.

1 AN ACT Relating to contractor licensing; amending RCW 18.27.010,
2 18.27.020, 18.27.030, 18.27.040, 18.27.050, 18.27.060, 18.27.065,
3 18.27.070, 18.27.075, 18.27.080, 18.27.090, 18.27.100, 18.27.104,
4 18.27.110, 18.27.114, 18.27.117, 18.27.120, 18.27.130, 18.27.200,
5 18.27.205, 18.27.210, 18.27.215, 18.27.225, 18.27.240, 18.27.270,
6 18.27.310, 18.27.320, 18.27.340, 18.27.342, 18.27.360, 18.27.370,
7 18.27.385, and 18.27.390; adding new sections to chapter 18.27 RCW; and
8 prescribing penalties.

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

10 **Sec. 1.** RCW 18.27.010 and 2007 c 436 s 1 are each amended to read
11 as follows:

12 The definitions in this section apply throughout this chapter
13 unless the context clearly requires otherwise.

14 (1) "Contractor" includes any person, firm, corporation, or other
15 entity who or which, in the pursuit of an independent business
16 undertakes to, or offers to undertake, or submits a bid to, construct,
17 alter, repair, add to, subtract from, improve, develop, move, wreck, or
18 demolish any building, highway, road, railroad, excavation or other
19 structure, project, development, or improvement attached to real estate

1 or to do any part thereof including the installation of carpeting or
2 other floor covering, the erection of scaffolding or other structures
3 or works in connection therewith, the installation or repair of roofing
4 or siding, performing tree removal services, or cabinet or similar
5 installation; or, who, to do similar work upon his or her own property,
6 employs members of more than one trade upon a single job or project or
7 under a single building permit except as otherwise provided in this
8 chapter. "Contractor" also includes a consultant acting as a general
9 contractor. "Contractor" also includes any person, firm, corporation,
10 or other entity covered by this subsection, whether or not registered
11 as required under this chapter or who are otherwise required to be
12 registered or licensed by law, who offer to sell their property without
13 occupying or using the structures, projects, developments, or
14 improvements for more than one year from the date the structure,
15 project, development, or improvement was substantially completed or
16 abandoned.

17 (2) "Department" means the department of (~~labor and industries~~)
18 licensing.

19 (3) "Director" means the director of the department of (~~labor and~~
20 ~~industries~~) licensing or a designated representative employed by the
21 department.

22 (4) "Filing" means delivery of a document that is required to be
23 filed with an agency to a place designated by the agency.

24 (5) "General contractor" means a contractor whose business
25 operations require the use of more than one building trade or craft
26 upon a single job or project or under a single building permit. A
27 general contractor also includes one who superintends, or consults on,
28 in whole or in part, work falling within the definition of a
29 contractor.

30 (6) "Notice of infraction" means a form used by the department to
31 notify contractors that an infraction under this chapter has been filed
32 against them.

33 (7) "Partnership" means a business formed under Title 25 RCW.

34 (8) "~~(Registration)~~ License cancellation" means a written notice
35 from the department that a contractor's action is in violation of this
36 chapter and that the contractor's (~~registration~~) license has been
37 revoked.

1 (9) "~~(Registration)~~ License suspension" means either an automatic
2 suspension as provided in this chapter, or a written notice from the
3 department that a contractor's action is a violation of this chapter
4 and that the contractor's ~~(registration)~~ license has been suspended
5 for a specified time, or until the contractor shows evidence of
6 compliance with this chapter.

7 (10) "Residential homeowner" means an individual person or persons
8 owning or leasing real property:

9 (a) Upon which one single-family residence is to be built and in
10 which the owner or lessee intends to reside upon completion of any
11 construction; or

12 (b) Upon which there is a single-family residence to which
13 improvements are to be made and in which the owner or lessee intends to
14 reside upon completion of any construction.

15 (11) "Service," except as otherwise provided in RCW 18.27.225 and
16 18.27.370, means posting in the United States mail, properly addressed,
17 postage prepaid, return receipt requested, or personal service.
18 Service by mail is complete upon deposit in the United States mail to
19 the last known address provided to the department.

20 (12) "Specialty contractor" means a contractor whose operations do
21 not fall within the definition of "general contractor". A specialty
22 contractor may only subcontract work that is incidental to the
23 specialty contractor's work.

24 (13) "Substantial completion" means the same as "substantial
25 completion of construction" in RCW 4.16.310.

26 (14) "~~(Unregistered)~~ Unlicensed contractor" means a person, firm,
27 corporation, or other entity doing work as a contractor without being
28 ~~(registered)~~ licensed in compliance with this chapter.
29 "~~(Unregistered)~~ Unlicensed contractor" includes contractors whose
30 ~~(registration)~~ license is expired, revoked, or suspended.
31 "~~(Unregistered)~~ Unlicensed contractor" does not include a contractor
32 who has maintained a valid bond and the insurance or assigned account
33 required by RCW 18.27.050, and whose ~~(registration)~~ license has
34 lapsed for thirty or fewer days.

35 (15) "Unsatisfied final judgment" means a judgment or final tax
36 warrant that has not been satisfied either through payment, court
37 approved settlement, discharge in bankruptcy, or assignment under RCW
38 19.72.070.

1 (16) "Verification" means the receipt and duplication by the city,
2 town, or county of a contractor's (~~registration card~~) license that is
3 current on its face, checking the department's contractor
4 (~~registration~~) license database, or calling the department to confirm
5 that the contractor is (~~registered~~) licensed.

6 (17) "Board" means the contractor licensing board.

7 NEW SECTION. Sec. 2. A new section is added to chapter 18.27 RCW
8 to read as follows:

9 (1) A contractor licensing board is established. The board shall
10 be appointed by the governor and shall consist of at least seven, but
11 no more than nine, contractors who shall represent the diversity of the
12 contracting industry, including builders and remodelers. The board
13 shall appoint its chair from among its membership.

14 (2) The members shall serve six-year terms. Of the initial
15 members, two must be appointed for a two-year term, two must be
16 appointed for a four-year term, and the remaining must be appointed for
17 six-year terms. Thereafter, members must be appointed for six-year
18 terms.

19 (3) Members of the board shall be compensated in accordance with
20 RCW 43.03.240, plus travel expenses as provided in RCW 43.03.050 and
21 43.03.060.

22 (4) The board shall assist the director in enforcing this chapter.
23 This assistance includes the following:

24 (a) Establishing rules, including board organization and assignment
25 of terms, and meeting frequency and timing, for adoption by the
26 director;

27 (b) Approving the method of administration of examinations required
28 by this chapter or as established by the director;

29 (c) Setting the time and place of examinations with the approval of
30 the director;

31 (d) Overseeing the continuing education requirements established by
32 the director;

33 (e) Establishing and reviewing standards of professional conduct,
34 practice, and ethics for adoption by the director; and

35 (f) Other duties as requested by the director.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 18.27 RCW
2 to read as follows:

3 The director, with the advice and approval of the board:

4 (1) May adopt rules to govern the activities of licensed
5 contractors, consistent with this chapter, fix the times and places for
6 holding examinations of applicants for licenses, and prescribe the
7 method of conducting the examinations;

8 (2) Shall enforce all laws and rules relating to the licensing of
9 contractors;

10 (3) Shall establish by rule standards for the licensing of
11 applicants licensed in other jurisdictions and for reciprocity,
12 including the use of written recognition agreements;

13 (4) Shall establish by rule exemptions to the licensing
14 requirements for contractors currently registered under this chapter;

15 (5) May adopt rules requiring all applicants to submit to a
16 criminal background check, and the applicant is responsible for the
17 payment of any fees incurred;

18 (6) Shall adopt rules and establish standards relating to
19 permissible forms of clear and conspicuous advertising by licensees;

20 (7) Shall institute a program of contractor education. The program
21 may include courses at institutions of higher education in Washington,
22 trade schools, private contractor schools, and preapproved forums and
23 conferences. The program must establish minimum levels of continuing
24 education for licensees in accordance with subsection (9) of this
25 section. The program may also include the development of
26 implementation of curricula courses, educational materials, or
27 approaches to education relating to contractors when required or
28 approved for continuing education credit. The director may enter into
29 contracts with other persons or entities, whether publicly or privately
30 owned or operated, to assist in developing or implementing the
31 contractor education program;

32 (8) Shall charge a fee for the certification of courses of
33 instruction, instructors, and schools;

34 (9) Shall adopt continuing education requirements for licensees to
35 complete every two years. These requirements must include:

36 (a) Between eight and sixteen hours of classroom instruction,
37 distance learning, or internet classes; and

1 (b) A waiver of continuing education requirements for contractors
2 who have one of the following national association of home builders
3 designations and are in good standing:

- 4 (i) Certified graduate builder;
- 5 (ii) Graduate master builder;
- 6 (iii) Certified graduate remodeler; or
- 7 (iv) Graduate master remodeler;

8 (10) May take disciplinary action against contractor programs and
9 instructors providing services under this section based upon conduct,
10 acts, or conditions prescribed by rule, and may impose any or all of
11 the following sanctions and fines:

12 (a) Withdrawal of the certificate of approval;

13 (b) Suspension of the certificate of approval for a fixed or
14 indefinite term;

15 (c) Stayed suspension for a designated period of time;

16 (d) Censure or reprimand;

17 (e) Payment of a fine for each violation not to exceed one thousand
18 dollars per day per violation. Each day a violation continues or
19 occurs is a separate violation for purposes of imposing a penalty;

20 (f) Denial of an initial or renewal application for a certificate
21 of approval; and

22 (g) Other corrective action; and

23 (11) May develop and provide educational programs and materials for
24 members of the public.

25 NEW SECTION. **Sec. 4.** A new section is added to chapter 18.27 RCW
26 to read as follows:

27 The director shall adopt a seal with the words "Washington state
28 contractor licensing" and such other device as the director may approve
29 engraved on the seal, by which the director shall authenticate the
30 proceedings of the office. Copies of all records and papers in the
31 office of the director certified to be true copies under the hand and
32 seal of the director must be received in evidence in all cases equally
33 and with like effect as the originals. The director may authorize one
34 or more assistants to certify records and papers.

35 NEW SECTION. **Sec. 5.** A new section is added to chapter 18.27 RCW
36 to read as follows:

1 The director may publish a copy of this chapter and information
2 relative to the enforcement of this chapter and mail a copy of this
3 chapter and the enforcement information to each licensed contractor.

4 NEW SECTION. **Sec. 6.** A new section is added to chapter 18.27 RCW
5 to read as follows:

6 While employed with the department, the director and employees who
7 administer, regulate, or enforce contractor laws and rules must
8 relinquish interest in any contractor business regulated under this
9 chapter.

10 NEW SECTION. **Sec. 7.** A new section is added to chapter 18.27 RCW
11 to read as follows:

12 All fees required under this chapter must be set by the director in
13 accordance with RCW 43.24.086 and must be paid to the state treasurer.
14 All fees paid under this chapter must be placed in the contractor
15 licensing account in the state treasury. All moneys derived from fines
16 imposed under this chapter must be reinvested in the contractor
17 education program under section 3(7) of this act.

18 NEW SECTION. **Sec. 8.** A new section is added to chapter 18.27 RCW
19 to read as follows:

20 The contractor licensing account is created in the state treasury.
21 All receipts from fees paid under this chapter must be deposited into
22 the account. Moneys in the account may be spent only after
23 appropriation. Expenditures from the account may be used only for
24 administering this chapter.

25 NEW SECTION. **Sec. 9.** A new section is added to chapter 18.27 RCW
26 to read as follows:

27 The director shall appoint adequate staff to assist him or her.

28 **Sec. 10.** RCW 18.27.020 and 2007 c 436 s 2 are each amended to read
29 as follows:

30 (1) Every contractor (~~shall register~~) must be licensed with the
31 department.

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

1 (a) Advertise, offer to do work, submit a bid, or perform any work
2 as a contractor without being ~~((registered))~~ licensed as required by
3 this chapter;

4 (b) Advertise, offer to do work, submit a bid, or perform any work
5 as a contractor when the contractor's ~~((registration))~~ license is
6 suspended or revoked;

7 (c) Use a false or expired ~~((registration))~~ license number in
8 purchasing or offering to purchase an advertisement for which a
9 contractor ~~((registration))~~ license number is required;

10 (d) Transfer a valid ~~((registration))~~ license to an
11 ~~((unregistered))~~ unlicensed contractor or allow an ~~((unregistered))~~
12 unlicensed contractor to work under a ~~((registration))~~ license issued
13 to another contractor; or

14 (e) Subcontract to or use an ~~((unregistered))~~ unlicensed
15 contractor.

16 (3) It is not unlawful for a ~~((registered))~~ licensed contractor to
17 employ an ~~((unregistered))~~ unlicensed contractor who was ~~((registered))~~
18 licensed at the time he or she entered into a contract with the
19 ~~((registered))~~ licensed contractor, unless the ~~((registered))~~ licensed
20 contractor or his or her representative has been notified in writing by
21 the department ~~((of labor and industries))~~ that the contractor has
22 become ~~((unregistered))~~ unlicensed.

23 (4) All gross misdemeanor actions under this chapter shall be
24 prosecuted in the county where the infraction occurs.

25 (5) A person is guilty of a separate gross misdemeanor for each day
26 worked if, after the person receives a citation from the department,
27 the person works while ~~((unregistered))~~ unlicensed, or while his or her
28 ~~((registration))~~ license is suspended or revoked, or works under a
29 ~~((registration))~~ license issued to another contractor. A person is
30 guilty of a separate gross misdemeanor for each worksite on which he or
31 she violates subsection (2) of this section. Nothing in this
32 subsection applies to a ~~((registered))~~ licensed contractor.

33 (6) The director by rule shall establish a two-year audit and
34 monitoring program for a contractor not ~~((registered))~~ licensed under
35 this chapter who becomes ~~((registered))~~ licensed after receiving an
36 infraction or conviction under this chapter as an ~~((unregistered))~~
37 unlicensed contractor. The director shall notify the departments of
38 revenue and employment security of the infractions or convictions and

1 shall cooperate with these departments to determine whether any taxes
2 or registration, license, or other fees or penalties are owed the
3 state.

4 **Sec. 11.** RCW 18.27.030 and 2008 c 120 s 1 are each amended to read
5 as follows:

6 (1) ~~((An applicant for registration as a contractor shall))~~ The
7 minimum requirements for an individual to receive a contractor's
8 license are that the individual:

9 (a) Is eighteen years of age or older;

10 (b) Has the education and work experience as established by the
11 board;

12 (c) Submits an application under oath upon a form to be prescribed
13 by the director and which shall include the following information
14 pertaining to the applicant:

15 ~~((a))~~ (i) Employer social security number.

16 ~~((b))~~ (ii) Unified business identifier number.

17 ~~((c))~~ (iii) Evidence of workers' compensation coverage for the
18 applicant's employees working in Washington, as follows:

19 ~~((i))~~ (A) The applicant's industrial insurance account number
20 issued by the department of labor and industries;

21 ~~((ii))~~ (B) The applicant's self-insurer number issued by the
22 department of labor and industries; or

23 ~~((iii))~~ (C) For applicants domiciled in a state or province of
24 Canada subject to an agreement entered into under RCW 51.12.120(7), as
25 permitted by the agreement, filing a certificate of coverage issued by
26 the agency that administers the workers' compensation law in the
27 applicant's state or province of domicile certifying that the applicant
28 has secured the payment of compensation under the other state's or
29 province's workers' compensation law.

30 ~~((d))~~ (iv) Employment security department number.

31 ~~((e))~~ (v) Unified business identifier (UBI) account number may be
32 substituted for the information required by (c) (iii) and ~~((d))~~ (iv)
33 of this subsection if the applicant will not employ employees in
34 Washington.

35 ~~((f))~~ (vi) Type of contracting activity, whether a general or a
36 specialty contractor and if the latter, the type of specialty.

1 ~~((g))~~ (vii) The name and address of each partner if the applicant
2 is a firm or partnership, or the name and address of the owner if the
3 applicant is an individual proprietorship, or the name and address of
4 the corporate officers and statutory agent, if any, if the applicant is
5 a corporation or the name and address of all members of other business
6 entities. The information contained in such application is a matter of
7 public record and open to public inspection; and

8 (d) Has passed the contractor's license examination.

9 (2) The department may verify the workers' compensation coverage
10 information provided by the applicant under subsection (1)(c)~~(iii)~~ of
11 this 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)(a) The department shall deny ~~((an))~~ a license application ~~((for~~
16 ~~registration))~~ if: (i) The applicant has been previously performing
17 work subject to this chapter as a sole proprietor, partnership,
18 corporation, or other entity and the department has notice that the
19 applicant has an unsatisfied final judgment against him or her in an
20 action based on work performed subject to this chapter or the applicant
21 owes the department money for penalties assessed or fees due under this
22 chapter as a result of a final judgment; (ii) the applicant was an
23 owner, principal, or officer of a partnership, corporation, or other
24 entity that either has an unsatisfied final judgment against it in an
25 action that was incurred for work performed subject to this chapter or
26 owes the department money for penalties assessed or fees due under this
27 chapter as a result of a final judgment; (iii) the applicant does not
28 have a valid unified business identifier number; (iv) the department
29 determines that the applicant has falsified information on the
30 application, unless the error was inadvertent; or (v) the applicant
31 does not have an active and valid certificate of registration with the
32 department of revenue.

33 (b) The department shall suspend an active ~~((registration))~~ license
34 if (i) the department has determined that the ~~((registrant))~~ licensee
35 has an unsatisfied final judgment against it for work within the scope
36 of this chapter; (ii) the department has determined that the
37 ~~((registrant))~~ licensee is a sole proprietor or an owner, principal, or
38 officer of a ~~((registered))~~ licensed contractor that has an unsatisfied

1 final judgment against it for work within the scope of this chapter;
2 (iii) the ((registrant)) licensee does not maintain a valid unified
3 business identifier number; (iv) the department has determined that the
4 ((registrant)) licensee falsified information on the application,
5 unless the error was inadvertent; or (v) the ((registrant)) licensee
6 does not have an active and valid certificate of registration with the
7 department of revenue.

8 (c) The department may suspend an active ((registration)) license
9 if the department has determined that an owner, principal, partner, or
10 officer of the ((registrant)) licensee was an owner, principal, or
11 officer of a previous partnership, corporation, or other entity that
12 has an unsatisfied final judgment against it.

13 (4) The department shall not deny an application or suspend a
14 ((registration)) license because of an unsatisfied final judgment if
15 the applicant's or ((registrant's)) licensee's unsatisfied final
16 judgment was determined by the director to be the result of the fraud
17 or negligence of another party.

18 (5) The contractor's license may be renewed upon completion of
19 continuing education courses and payment of the renewal fee as
20 prescribed by the director.

21 **Sec. 12.** RCW 18.27.040 and 2007 c 436 s 4 are each amended to read
22 as follows:

23 (1) Each applicant shall file with the department a surety bond
24 issued by a surety insurer who meets the requirements of chapter 48.28
25 RCW in the sum of twelve thousand dollars if the applicant is a general
26 contractor and six thousand dollars if the applicant is a specialty
27 contractor. If no valid bond is already on file with the department at
28 the time the application is filed, a bond must accompany the
29 ((registration)) license application. The bond shall have the state of
30 Washington named as obligee with good and sufficient surety in a form
31 to be approved by the department. The bond shall be continuous and may
32 be canceled by the surety upon the surety giving written notice to the
33 director. A cancellation or revocation of the bond or withdrawal of
34 the surety from the bond automatically suspends the ((registration))
35 license issued to the contractor until a new bond or reinstatement
36 notice has been filed and approved as provided in this section. The
37 bond shall be conditioned that the applicant will pay all persons

1 performing labor, including employee benefits, for the contractor, will
2 pay all taxes and contributions due to the state of Washington, and
3 will pay all persons furnishing material or renting or supplying
4 equipment to the contractor and will pay all amounts that may be
5 adjudged against the contractor by reason of breach of contract
6 including improper work in the conduct of the contracting business. A
7 change in the name of a business or a change in the type of business
8 entity shall not impair a bond for the purposes of this section so long
9 as one of the original applicants for such bond maintains partial
10 ownership in the business covered by the bond.

11 (2) At the time of initial (~~registration~~) licensing or renewal,
12 the contractor shall provide a bond or other security deposit as
13 required by this chapter and comply with all of the other provisions of
14 this chapter before the department shall issue or renew the
15 contractor's (~~certificate of registration~~) license. Any contractor
16 registered as of July 1, 2001, who maintains that (~~registration~~)
17 license in accordance with this chapter is in compliance with this
18 chapter until the next renewal of the contractor's (~~certificate of~~
19 ~~registration~~) license.

20 (3) Any person, firm, or corporation having a claim against the
21 contractor for any of the items referred to in this section may bring
22 suit against the contractor and the bond or deposit in the superior
23 court of the county in which the work was done or of any county in
24 which jurisdiction of the contractor may be had. The surety issuing
25 the bond shall be named as a party to any suit upon the bond. Action
26 upon the bond or deposit brought by a residential homeowner for breach
27 of contract by a party to the construction contract shall be commenced
28 by filing the summons and complaint with the clerk of the appropriate
29 superior court within two years from the date the claimed contract work
30 was substantially completed or abandoned, whichever occurred first.
31 Action upon the bond or deposit brought by any other authorized party
32 shall be commenced by filing the summons and complaint with the clerk
33 of the appropriate superior court within one year from the date the
34 claimed labor was performed and benefits accrued, taxes and
35 contributions owing the state of Washington became due, materials and
36 equipment were furnished, or the claimed contract work was
37 substantially completed or abandoned, whichever occurred first.
38 Service of process in an action filed under this chapter against the

1 contractor and the contractor's bond or the deposit shall be
2 exclusively by service upon the department. Three copies of the
3 summons and complaint and a fee adopted by rule of not less than fifty
4 dollars to cover the costs shall be served by registered or certified
5 mail, or other delivery service requiring notice of receipt, upon the
6 department at the time suit is started and the department shall
7 maintain a record, available for public inspection, of all suits so
8 commenced. Service is not complete until the department receives the
9 fee and three copies of the summons and complaint. The service shall
10 constitute service and confer personal jurisdiction on the contractor
11 and the surety for suit on claimant's claim against the contractor and
12 the bond or deposit and the department shall transmit the summons and
13 complaint or a copy thereof to the contractor at the address listed in
14 the contractor's application and to the surety within two days after it
15 shall have been received.

16 (4) The surety upon the bond shall not be liable in an aggregate
17 amount in excess of the amount named in the bond nor for any monetary
18 penalty assessed pursuant to this chapter for an infraction. The
19 liability of the surety shall not cumulate where the bond has been
20 renewed, continued, reinstated, reissued or otherwise extended. The
21 surety upon the bond may, upon notice to the department and the
22 parties, tender to the clerk of the court having jurisdiction of the
23 action an amount equal to the claims thereunder or the amount of the
24 bond less the amount of judgments, if any, previously satisfied
25 therefrom and to the extent of such tender the surety upon the bond
26 shall be exonerated but if the actions commenced and pending and
27 provided to the department as required in subsection (3) of this
28 section, at any one time exceed the amount of the bond then unimpaired,
29 claims shall be satisfied from the bond in the following order:

30 (a) Employee labor and claims of laborers, including employee
31 benefits;

32 (b) Claims for breach of contract by a party to the construction
33 contract;

34 (c) Registered or licensed subcontractors, material, and equipment;

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

36 (e) Any court costs, interest, and attorneys' fees plaintiff may be
37 entitled to recover. The surety is not liable for any amount in excess
38 of the penal limit of its bond.

1 A payment made by the surety in good faith exonerates the bond to
2 the extent of any payment made by the surety.

3 (5) The total amount paid from a bond or deposit required of a
4 general contractor by this section to claimants other than residential
5 homeowners must not exceed one-half of the bond amount. The total
6 amount paid from a bond or deposit required of a specialty contractor
7 by this section to claimants other than residential homeowners must not
8 exceed one-half of the bond amount or four thousand dollars, whichever
9 is greater.

10 (6) The prevailing party in an action filed under this section
11 against the contractor and contractor's bond or deposit, for breach of
12 contract by a party to the construction contract involving a
13 residential homeowner, is entitled to costs, interest, and reasonable
14 attorneys' fees. The surety upon the bond or deposit is not liable in
15 an aggregate amount in excess of the amount named in the bond or
16 deposit nor for any monetary penalty assessed pursuant to this chapter
17 for an infraction.

18 (7) If a final judgment impairs the liability of the surety upon
19 the bond or deposit so furnished that there is not in effect a bond or
20 deposit in the full amount prescribed in this section, the
21 (~~registration~~) license of the contractor is automatically suspended
22 until the bond or deposit liability in the required amount unimpaired
23 by unsatisfied judgment claims is furnished.

24 (8) In lieu of the surety bond required by this section the
25 contractor may file with the department an assigned savings account,
26 upon forms provided by the department.

27 (9) Any person having filed and served a summons and complaint as
28 required by this section having an unsatisfied final judgment against
29 the (~~registrant~~) licensee for any items referred to in this section
30 may execute upon the security held by the department by serving a
31 certified copy of the unsatisfied final judgment by registered or
32 certified mail upon the department within one year of the date of entry
33 of such judgment. Upon the receipt of service of such certified copy
34 the department shall pay or order paid from the deposit, through the
35 registry of the superior court which rendered judgment, towards the
36 amount of the unsatisfied judgment. The priority of payment by the
37 department shall be the order of receipt by the department, but the

1 department shall have no liability for payment in excess of the amount
2 of the deposit.

3 (10) Within ten days after resolution of the case, a certified copy
4 of the final judgment and order, or any settlement documents where a
5 case is not disposed of by a court trial, a certified copy of the
6 dispositive settlement documents must be provided to the department by
7 the prevailing party. Failure to provide a copy of the final judgment
8 and order or the dispositive settlement documents to the department
9 within ten days of entry of such an order constitutes a violation of
10 this chapter and a penalty adopted by rule of not less than two hundred
11 fifty dollars may be assessed against the prevailing party.

12 (11) The director may require an applicant applying to renew or
13 reinstate a ((~~registration~~)) license or applying for a new
14 ((~~registration~~)) license to file a bond of up to three times the
15 normally required amount, if the director determines that an applicant,
16 or a previous ((~~registration~~)) license of a corporate officer, owner,
17 or partner of a current applicant, has had in the past five years a
18 total of three final judgments in actions under this chapter involving
19 a residential single-family dwelling on two or more different
20 structures.

21 (12) The director may adopt rules necessary for the proper
22 administration of the security.

23 **Sec. 13.** RCW 18.27.050 and 2001 c 159 s 4 are each amended to read
24 as follows:

25 (1) At the time of ((~~registration~~)) licensing and subsequent
26 ((~~reregistration~~)) renewal, the applicant shall furnish insurance or
27 financial responsibility in the form of an assigned account in the
28 amount of fifty thousand dollars for injury or damages to property, and
29 one hundred thousand dollars for injury or damage including death to
30 any one person, and two hundred thousand dollars for injury or damage
31 including death to more than one person.

32 (2) An expiration, cancellation, or revocation of the insurance
33 policy or withdrawal of the insurer from the insurance policy
34 automatically suspends the ((~~registration~~)) license issued to the
35 ((~~registrant~~)) licensee until a new insurance policy or reinstatement
36 notice has been filed and approved as provided in this section.

1 (3)(a) Proof of financial responsibility authorized in this section
2 may be given by providing, in the amount required by subsection (1) of
3 this section, an assigned account acceptable to the department. The
4 assigned account shall be held by the department to satisfy any
5 execution on a judgment issued against the contractor for damage to
6 property or injury or death to any person occurring in the contractor's
7 contracting operations, according to the provisions of the assigned
8 account agreement. The department shall have no liability for payment
9 in excess of the amount of the assigned account.

10 (b) The assigned account filed with the director as proof of
11 financial responsibility shall be canceled at the expiration of three
12 years after:

13 (i) The contractor's (~~registration~~) license has expired or been
14 revoked; or

15 (ii) The contractor has furnished proof of insurance as required by
16 subsection (1) of this section;

17 if, in either case, no legal action has been instituted against the
18 contractor or on the account at the expiration of the three-year
19 period.

20 (c) If a contractor chooses to file an assigned account as
21 authorized in this section, the contractor shall, on any contracting
22 project, notify each person with whom the contractor enters into a
23 contract or to whom the contractor submits a bid that the contractor
24 has filed an assigned account in lieu of insurance and that recovery
25 from the account for any claim against the contractor for property
26 damage or personal injury or death occurring in the project requires
27 the claimant to obtain a court judgment.

28 **Sec. 14.** RCW 18.27.060 and 2006 c 185 s 14 are each amended to
29 read as follows:

30 (1) A (~~certificate of registration~~) license shall be valid for
31 two years and shall be renewed on or before the expiration date. The
32 department shall issue to the applicant a (~~certificate of~~
33 ~~registration~~) license upon compliance with the (~~registration~~)
34 requirements of this chapter.

35 (2) If the department approves an application, it shall issue a
36 (~~certificate of registration~~) license to the applicant.

1 (3) If a contractor's surety bond or other security has an
2 unsatisfied judgment against it or is canceled, or if the contractor's
3 insurance policy is canceled, the contractor's ((~~registration~~)) license
4 shall be automatically suspended on the effective date of the
5 impairment or cancellation. The department shall mail notice of the
6 suspension to the contractor's address on the ((~~certificate of~~
7 ~~registration~~)) license by certified and by first-class mail within two
8 days after suspension.

9 (4) Renewal of ((~~registration~~)) a license is valid on the date the
10 department receives a certificate showing completion of the required
11 continuing education credit, the required fee, and proof of bond and
12 liability insurance, if sent by certified mail or other means requiring
13 proof of delivery. The receipt or proof of delivery shall serve as the
14 contractor's proof of a renewed ((~~registration~~)) license until he or
15 she receives verification from the department.

16 (5) The department shall immediately suspend the ((~~certificate of~~
17 ~~registration~~)) license of a contractor who has been certified by the
18 department of social and health services as a person who is not in
19 compliance with a support order or a visitation order as provided in
20 RCW 74.20A.320. The ((~~certificate of registration~~)) license shall not
21 be reissued or renewed unless the person provides to the department a
22 release from the department of social and health services stating that
23 he or she is in compliance with the order and the person has continued
24 to meet all other requirements for ((~~certification~~)) licensing during
25 the suspension.

26 (6) For a contractor who employs plumbers, as described in RCW
27 18.106.010(10)(c), and is also required to be licensed as an electrical
28 contractor as required in RCW 19.28.041, while doing pump and
29 irrigation or domestic pump work described in rule as authorized by RCW
30 19.28.251, the department shall establish a single
31 ((~~registration/licensing~~)) licensing document for those who qualify for
32 both a general contractor ((~~registration~~)) license as defined by this
33 chapter and an electrical contractor license as defined by chapter
34 19.28 RCW.

35 **Sec. 15.** RCW 18.27.065 and 1983 1st ex.s. c 2 s 16 are each
36 amended to read as follows:

37 A partnership or joint venture shall be deemed ((~~registered~~))

1 licensed under this chapter if any one of the general partners or
2 venturers whose name appears in the name under which the partnership or
3 venture does business is (~~registered~~) licensed.

4 **Sec. 16.** RCW 18.27.070 and 1997 c 314 s 7 are each amended to read
5 as follows:

6 The department shall charge fees for issuance, renewal, and
7 reinstatement of (~~certificates of registration~~) licenses; and changes
8 of name, address, or business structure. The department shall set the
9 fees by rule.

10 The entire amount of the fees are to be used solely to cover the
11 full cost of issuing (~~certificates~~) licenses, filing papers and
12 notices, and administering and enforcing this chapter. The costs shall
13 include reproduction, travel, per diem, and administrative and legal
14 support costs.

15 **Sec. 17.** RCW 18.27.075 and 2001 c 159 s 14 are each amended to
16 read as follows:

17 The department shall charge a fee of one hundred dollars for
18 issuing or renewing a (~~certificate of registration~~) license during
19 the 2001-2003 biennium. The department shall revise this amount at
20 least once every two years for the purpose of recognizing economic
21 changes as reflected by the fiscal growth factor under chapter 43.135
22 RCW.

23 **Sec. 18.** RCW 18.27.080 and 2007 c 436 s 5 are each amended to read
24 as follows:

25 No person engaged in the business or acting in the capacity of a
26 contractor may bring or maintain any action in any court of this state
27 for the collection of compensation for the performance of any work or
28 for breach of any contract for which (~~registration~~) a license is
29 required under this chapter without alleging and proving that he was a
30 duly (~~registered~~) licensed contractor and held a current and valid
31 (~~certificate of registration~~) license at the time he or she
32 contracted for the performance of such work or entered into such
33 contract. For the purposes of this section, the court shall not find
34 a contractor in substantial compliance with the (~~registration~~)
35 license requirements of this chapter unless: (1) The department has on

1 file the information required by RCW 18.27.030; (2) the contractor has
2 at all times had in force a current bond or other security as required
3 by RCW 18.27.040; and (3) the contractor has at all times had in force
4 current insurance as required by RCW 18.27.050. In determining under
5 this section whether a contractor is in substantial compliance with the
6 ((~~registration~~)) licensing requirements of this chapter, the court
7 shall take into consideration the length of time during which the
8 contractor did not hold a valid ((~~certificate of registration~~))
9 license.

10 **Sec. 19.** RCW 18.27.090 and 2007 c 436 s 6 are each amended to read
11 as follows:

12 The ((~~registration~~)) licensing provisions of this chapter do not
13 apply to:

14 (1) An authorized representative of the United States government,
15 the state of Washington, or any incorporated city, town, county,
16 township, irrigation district, reclamation district, or other municipal
17 or political corporation or subdivision of this state;

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

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

23 (4) Any construction, repair, or operation incidental to the
24 discovering or producing of petroleum or gas, or the drilling, testing,
25 abandoning, or other operation of any petroleum or gas well or any
26 surface or underground mine or mineral deposit when performed by an
27 owner or lessee;

28 (5) The sale of any finished products, materials, or articles of
29 merchandise that are not fabricated into and do not become a part of a
30 structure under the common law of fixtures;

31 (6) Any construction, alteration, improvement, or repair of
32 personal property performed by the registered or legal owner, or by a
33 mobile/manufactured home retail dealer or manufacturer licensed under
34 chapter 46.70 RCW who shall warranty service and repairs under chapter
35 46.70 RCW;

36 (7) Any construction, alteration, improvement, or repair carried on

1 within the limits and boundaries of any site or reservation under the
2 legal jurisdiction of the federal government;

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

6 (9) Any work or operation on one undertaking or project by one or
7 more contracts, the aggregate contract price of which for labor and
8 materials and all other items is less than five hundred dollars, such
9 work or operations being considered as of a casual, minor, or
10 inconsequential nature. The exemption prescribed in this subsection
11 does not apply in any instance wherein the work or construction is only
12 a part of a larger or major operation, whether undertaken by the same
13 or a different contractor, or in which a division of the operation is
14 made into contracts of amounts less than five hundred dollars for the
15 purpose of evasion of this chapter or otherwise. The exemption
16 prescribed in this subsection does not apply to a person who advertises
17 or puts out any sign or card or other device which might indicate to
18 the public that he or she is a contractor, or that he or she is
19 qualified to engage in the business of contractor;

20 (10) Any construction or operation incidental to the construction
21 and repair of irrigation and drainage ditches of regularly constituted
22 irrigation districts or reclamation districts; or to farming, dairying,
23 agriculture, viticulture, horticulture, or stock or poultry raising; or
24 to clearing or other work upon land in rural districts for fire
25 prevention purposes; except when any of the above work is performed by
26 a (~~registered~~) licensed contractor;

27 (11) An owner who contracts for a project with a (~~registered~~)
28 licensed contractor, except that this exemption shall not deprive the
29 owner of the protections of this chapter against (~~registered~~)
30 licensed and (~~unregistered~~) unlicensed contractors. The exemption
31 prescribed in this subsection does not apply to a person who performs
32 the activities of a contractor for the purpose of leasing or selling
33 improved property he or she has owned for less than twelve months;

34 (12) Any person working on his or her own property, whether
35 occupied by him or her or not, and any person working on his or her
36 personal residence, whether owned by him or her or not but this
37 exemption shall not apply to any person who performs the activities of

1 a contractor on his or her own property for the purpose of selling,
2 demolishing, or leasing the property;

3 (13) An owner who performs maintenance, repair, and alteration work
4 in or upon his or her own properties, or who uses his or her own
5 employees to do such work;

6 (14) A licensed architect or civil or professional engineer acting
7 solely in his or her professional capacity, an electrician certified
8 under the laws of the state of Washington, or a plumber certified under
9 the laws of the state of Washington or licensed by a political
10 subdivision of the state of Washington while operating within the
11 boundaries of such political subdivision. The exemption provided in
12 this subsection is applicable only when the person certified is
13 operating within the scope of his or her certification;

14 (15) Any person who engages in the activities herein regulated as
15 an employee of a (~~registered~~) licensed contractor with wages as his
16 or her sole compensation or as an employee with wages as his or her
17 sole compensation;

18 (16) Contractors on highway projects who have been prequalified as
19 required by RCW 47.28.070, with the department of transportation to
20 perform highway construction, reconstruction, or maintenance work;

21 (17) A mobile/manufactured home dealer or manufacturer who
22 subcontracts the installation, set-up, or repair work to actively
23 (~~registered~~) licensed contractors. This exemption only applies to
24 the installation, set-up, or repair of the mobile/manufactured homes
25 that were manufactured or sold by the mobile/manufactured home dealer
26 or manufacturer;

27 (18) An entity who holds a valid electrical contractor's license
28 under chapter 19.28 RCW that employs a certified journeyman
29 electrician, a certified residential specialty electrician, or an
30 electrical trainee meeting the requirements of chapter 19.28 RCW to
31 perform plumbing work that is incidentally, directly, and immediately
32 appropriate to the like-in-kind replacement of a household appliance or
33 other small household utilization equipment that requires limited
34 electric power and limited waste and/or water connections. An
35 electrical trainee must be supervised by a certified electrician while
36 performing plumbing work.

1 **Sec. 20.** RCW 18.27.100 and 2008 c 120 s 2 are each amended to read
2 as follows:

3 (1) Except as provided in RCW 18.27.065 for partnerships and joint
4 ventures, no person who has (~~registered~~) a license under one name as
5 provided in this chapter shall engage in the business, or act in the
6 capacity, of a contractor under any other name unless such name also is
7 (~~registered~~) licensed under this chapter.

8 (2) All advertising and all contracts, correspondence, cards,
9 signs, posters, papers, and documents which show a contractor's name or
10 address shall show the contractor's name or address as (~~registered~~)
11 licensed under this chapter.

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

25 (b) The director may issue a subpoena to any person or entity
26 selling any advertising subject to this section for the name, address,
27 and telephone number provided to the seller of the advertising by the
28 purchaser of the advertising. The subpoena must have enclosed a
29 stamped, self-addressed envelope and blank form to be filled out by the
30 seller of the advertising. If the seller of the advertising has the
31 information on file, the seller shall, within a reasonable time, return
32 the completed form to the department. The subpoena must be issued no
33 more than two days after the expiration of the issue or publication
34 containing the advertising or after the broadcast of the advertising.
35 The good-faith compliance by a seller of advertising with a written
36 request of the department for information concerning the purchaser of
37 advertising shall constitute a complete defense to any civil or

1 criminal action brought against the seller of advertising arising from
2 such compliance. Advertising by airwave or electronic transmission is
3 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~~) license
8 number and use it, or use an expired (~~registration~~) license number,
9 in connection with any solicitation or identification as a contractor.
10 All individual contractors and all partners, associates, agents,
11 salesmen, solicitors, officers, and employees of contractors shall use
12 their true names and addresses at all times while engaged in the
13 business or capacity of a 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~~) licensed pursuant to this chapter is a violation of this
17 chapter.

18 (7) An applicant or (~~registrant~~) licensee who falsifies
19 information on (~~an~~) a license application (~~for registration~~)
20 commits a violation under this section.

21 (8)(a) The finding of a violation of this section by the director
22 at a hearing held in accordance with the administrative procedure act,
23 chapter 34.05 RCW, shall subject the person committing the violation to
24 a penalty of not more than ten thousand dollars as determined by the
25 director.

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

28 **Sec. 21.** RCW 18.27.104 and 2007 c 436 s 7 are each amended to read
29 as follows:

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

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

5 **Sec. 22.** RCW 18.27.110 and 1997 c 314 s 11 are each amended to
6 read as follows:

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

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

20 (a) Printing the contractor (~~registration~~) license number on the
21 building permit; and

22 (b) Providing a written notice to the building permit applicant
23 informing them of contractor (~~registration~~) licensing laws and the
24 potential risk and monetary liability to the homeowner for using an
25 (~~unregistered~~) unlicensed contractor.

26 (3) If a building permit is obtained by an applicant or contractor
27 who falsifies information to obtain an exemption provided under RCW
28 18.27.090, the building permit shall be forfeited.

29 **Sec. 23.** RCW 18.27.114 and 2007 c 436 s 8 are each amended to read
30 as follows:

31 (1) Any contractor agreeing to perform any contracting project:

32 (a) For the repair, alteration, or construction of four or fewer
33 residential units or accessory structures on such residential property
34 when the bid or contract price totals one thousand dollars or more; or

35 (b) for the repair, alteration, or construction of a commercial
36 building when the bid or contract price totals one thousand dollars or

1 more but less than sixty thousand dollars, must provide the customer
2 with the following disclosure statement in substantially the following
3 form using lower case and upper case twelve-point and bold type where
4 appropriate, prior to starting work on the project:

5 "NOTICE TO CUSTOMER

6 This contractor is (~~registered~~) licensed with the state of
7 Washington, (~~registration~~) license no. . . . , and has posted
8 with the state a bond or deposit of for the purpose
9 of satisfying claims against the contractor for breach of
10 contract including negligent or improper work in the conduct of
11 the contractor's business. The expiration date of this
12 contractor's (~~registration~~) license is

13 **THIS BOND OR DEPOSIT MIGHT NOT BE SUFFICIENT TO COVER A CLAIM**
14 **THAT MIGHT ARISE FROM THE WORK DONE UNDER YOUR CONTRACT.**

15 This bond or deposit is not for your exclusive use because it
16 covers all work performed by this contractor. The bond or
17 deposit is intended to pay valid claims up to that
18 you and other customers, suppliers, subcontractors, or taxing
19 authorities may have.

20 **FOR GREATER PROTECTION YOU MAY WITHHOLD A PERCENTAGE OF YOUR**
21 **CONTRACT.**

22 You may withhold a contractually defined percentage of your
23 construction contract as retainage for a stated period of time
24 to provide protection to you and help insure that your project
25 will be completed as required by your contract.

26 **YOUR PROPERTY MAY BE LIENED.**

27 If a supplier of materials used in your construction project or
28 an employee or subcontractor of your contractor or
29 subcontractors is not paid, your property may be liened to
30 force payment and you could pay twice for the same work.

31 **FOR ADDITIONAL PROTECTION, YOU MAY REQUEST THE CONTRACTOR TO**
32 **PROVIDE YOU WITH ORIGINAL "LIEN RELEASE" DOCUMENTS FROM EACH**
33 **SUPPLIER OR SUBCONTRACTOR ON YOUR PROJECT.**

34 The contractor is required to provide you with further

1 information about lien release documents if you request it.
2 General information is also available from the state Department
3 of (~~Labor and Industries~~) Licensing.

4 I have received a copy of this disclosure statement.

5
6

7 (Signature of customer)"

8 (2) The contractor must retain a signed copy of the disclosure
9 statement in his or her files for a minimum of three years, and produce
10 a signed or electronic signature copy of the disclosure statement to
11 the department upon request.

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

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

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

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

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

31 **Sec. 24.** RCW 18.27.117 and 1997 c 314 s 13 are each amended to
32 read as follows:

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

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

4 (1) The mobile/manufactured home has been improperly installed by
5 a contractor (~~((registered))~~) licensed under this chapter (~~((18.27-RCW))~~),
6 or a mobile/manufactured dealer or manufacturer licensed under chapter
7 46.70 RCW;

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

11 (3) A bonding company that issues a bond under this chapter (~~((18.27-RCW))~~) or chapter 46.70 RCW does not reasonably and professionally
12 investigate and resolve claims made by injured parties.
13

14 **Sec. 25.** RCW 18.27.120 and 2005 c 274 s 221 are each amended to
15 read as follows:

16 (1) The department shall compile a list of all contractors
17 (~~((registered))~~) licensed under this chapter and update the list at least
18 bimonthly. The list shall be considered as public record information
19 and shall be available to the public upon request: PROVIDED, That the
20 department may charge a reasonable fee under RCW 42.56.120.

21 (2) The department shall inform any person, firm, or corporation,
22 if a contractor is (~~((registered))~~) licensed, and if a contractor is
23 bonded or insured, without charge except for a reasonable fee under RCW
24 42.56.120 for copies made.

25 **Sec. 26.** RCW 18.27.130 and 1972 ex.s. c 118 s 4 are each amended
26 to read as follows:

27 The provisions of this chapter relating to the (~~((registration-or))~~)
28 licensing of any person, firm, or corporation, including the
29 requirement of a bond with the state of Washington named as obligee
30 therein and the collection of a fee therefor, shall be exclusive and no
31 political subdivision of the state of Washington shall require or issue
32 any (~~((registrations-))~~) licenses(~~((-))~~) or bonds nor charge any fee for
33 the same or a similar purpose: PROVIDED, That nothing herein shall
34 limit or abridge the authority of any city or town to levy and collect
35 a general and nondiscriminatory license fee levied upon all businesses,
36 or to levy a tax based upon gross business conducted by any firm within

1 said city: PROVIDED, FURTHER, That nothing herein shall limit the
2 authority of any city or town with respect to contractors not required
3 to be ((~~registered~~)) licensed under this chapter.

4 **Sec. 27.** RCW 18.27.200 and 2007 c 436 s 9 are each amended to read
5 as follows:

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

8 (a) Advertise, offer to do work, submit a bid, or perform any work
9 as a contractor without being ((~~registered~~)) licensed as required by
10 this chapter;

11 (b) Advertise, offer to do work, submit a bid, or perform any work
12 as a contractor when the contractor's ((~~registration~~)) license is
13 suspended or revoked;

14 (c) Transfer a valid ((~~registration~~)) license to an
15 ((~~unregistered~~)) unlicensed contractor or allow an ((~~unregistered~~))
16 unlicensed contractor to work under a ((~~registration~~)) license issued
17 to another contractor;

18 (d) If the contractor is a contractor as defined in RCW 18.106.010,
19 violate RCW 18.106.320; or

20 (e) Subcontract to, or use, an ((~~unregistered~~)) unlicensed
21 contractor.

22 (2) Each day that a contractor works without being ((~~registered~~))
23 licensed as required by this chapter, works while the contractor's
24 ((~~registration~~)) license is suspended or revoked, or works under a
25 ((~~registration~~)) license issued to another contractor is a separate
26 infraction. Each worksite at which a contractor works without being
27 ((~~registered~~)) licensed as required by this chapter, works while the
28 contractor's ((~~registration~~)) license is suspended or revoked, or works
29 under a ((~~registration~~)) license issued to another contractor is a
30 separate infraction.

31 **Sec. 28.** RCW 18.27.205 and 2008 c 120 s 4 are each amended to read
32 as follows:

33 A contractor found to have committed an infraction or violation
34 under this chapter for performing work as an ((~~unregistered~~))
35 unlicensed contractor shall, in addition to any penalties under this
36 chapter, be subject to the penalties in RCW 39.12.055.

1 **Sec. 29.** RCW 18.27.210 and 2007 c 436 s 10 are each amended to
2 read as follows:

3 (1) The director shall appoint compliance inspectors to investigate
4 alleged or apparent violations of this chapter.

5 (a) The director, or authorized compliance inspector, upon
6 presentation of appropriate credentials, may inspect and investigate
7 job sites at which a contractor had bid or presently is working to
8 determine whether the contractor is (~~registered~~) licensed in
9 accordance with this chapter or the rules adopted under this chapter or
10 whether there is a violation of this chapter.

11 (b) Upon request of the compliance inspector of the department, a
12 contractor or an employee of the contractor shall provide information
13 identifying the contractor.

14 (c) The director or the director's authorized representative may
15 apply to a court of competent jurisdiction for a search warrant
16 authorizing access to any job site at which a contractor is presently
17 working. The court may, upon such an application, issue a search
18 warrant for the purpose requested. The costs for obtaining the search
19 warrant must be added to the penalty for a violation of this chapter if
20 such a violation becomes final.

21 (2) If the employee of an (~~unregistered~~) unlicensed contractor is
22 cited by a compliance inspector, that employee is cited as the agent of
23 the employer-contractor, and issuance of the infraction to the employee
24 is notice to the employer-contractor that the contractor is in
25 violation of this chapter. An employee who is cited by a compliance
26 inspector shall not be liable for any of the alleged violations
27 contained in the citation unless the employee is also the contractor.

28 **Sec. 30.** RCW 18.27.215 and 2007 c 436 s 11 are each amended to
29 read as follows:

30 If he or she has reason to believe there has been a violation of
31 this chapter, the director and the director's authorized
32 representatives may issue subpoenas to enforce the production and
33 examination of any of the following, whether written or electronic: A
34 listing of the contractors working on the property; contracts between
35 the contractor and any suppliers or subcontractors; and any other
36 information necessary to enforce this chapter. The subpoena may be
37 issued only if a contractor fails to provide the above information when

1 requested by the department. The superior court has the power to
2 enforce such a subpoena by proper proceedings. This section applies to
3 (~~registered~~) licensed and (~~unregistered~~) unlicensed contractors.

4 **Sec. 31.** RCW 18.27.225 and 1987 c 419 s 3 are each amended to read
5 as follows:

6 (1) If, upon inspection or investigation, the director or
7 authorized compliance inspector reasonably believes that a contractor
8 has failed to (~~register~~) obtain a license in accordance with this
9 chapter or the rules adopted under this chapter, the director shall
10 issue an order immediately restraining further construction work at the
11 job site by the contractor. The order shall describe the specific
12 violation that necessitated issuance of the restraining order. The
13 contractor or representative to whom the restraining order is directed
14 may request a hearing before an administrative law judge, such hearing
15 to be conducted pursuant to chapter 34.05 RCW. A request for hearing
16 shall not stay the effect of the restraining order.

17 (2) In addition to and after having invoked the powers of restraint
18 vested in the director as provided in subsection (1) of this section,
19 the director, through the attorney general, may petition the superior
20 court of the state of Washington to enjoin any activity in violation of
21 this chapter. A prima facie case for issuance of an injunction shall
22 be established by affidavits and supporting documentation demonstrating
23 that a restraining order was served upon the contractor and that the
24 contractor continued to work after service of the order. Upon the
25 filing of the petition, the superior court shall have jurisdiction to
26 grant injunctive or other appropriate relief, pending the outcome of
27 enforcement proceedings under this chapter, or to enforce restraining
28 orders issued by the director. If the contractor fails to comply with
29 any court order, the director shall request the attorney general to
30 petition the superior court for an order holding the contractor in
31 contempt of court and for any other appropriate relief.

32 **Sec. 32.** RCW 18.27.240 and 2007 c 436 s 13 are each amended to
33 read as follows:

34 The form of the notice of infraction issued under this chapter
35 shall include the following:

1 (1) A statement that the notice represents a determination that the
2 infraction has been committed by the contractor named in the notice and
3 that the determination shall be final unless contested as provided in
4 this chapter;

5 (2) A statement that the infraction is a noncriminal offense for
6 which imprisonment shall not be imposed as a sanction;

7 (3) A statement of the violation which necessitated issuance of the
8 infraction;

9 (4) A statement of penalty involved if the infraction is
10 established;

11 (5) A statement of the options provided in this chapter for
12 responding to the notice and the procedures necessary to exercise these
13 options;

14 (6) A statement that at any hearing to contest the notice of
15 infraction the state has the burden of proving, by a preponderance of
16 the evidence, that the infraction was committed; and that the
17 contractor may subpoena witnesses, including the compliance inspector
18 of the department who issued and served the notice of infraction;

19 (7) A statement that at any hearing to contest the notice of
20 infraction against an (~~unregistered~~) unlicensed contractor, the
21 (~~unregistered~~) unlicensed contractor has the burden of proving that
22 the infraction did not occur;

23 (8) A statement that the contractor must respond to the notice of
24 infraction in one of the ways provided in this chapter; and

25 (9) A statement that a contractor's failure to timely select one of
26 the options for responding to the notice of infraction after receiving
27 a statement of the options provided in this chapter for responding to
28 the notice of infraction and the procedures necessary to exercise these
29 options is guilty of a gross misdemeanor and may be punished by a fine
30 or imprisonment in jail.

31 **Sec. 33.** RCW 18.27.270 and 2007 c 436 s 15 are each amended to
32 read as follows:

33 (1) A contractor who is issued a notice of infraction shall respond
34 within twenty days of the date of issuance of the notice of infraction.

35 (2) If the contractor named in the notice of infraction does not
36 elect to contest the notice of infraction, then the contractor shall
37 pay to the department, by check or money order, the amount of the

1 penalty prescribed for the infraction. When a response which does not
2 contest the notice of infraction is received by the department with the
3 appropriate penalty, the department shall make the appropriate entry in
4 its records.

5 (3) If the contractor named in the notice of infraction elects to
6 contest the notice of infraction, the contractor shall respond by
7 filing an appeal to the department in the manner specified in RCW
8 18.27.250.

9 (4) If any contractor issued a notice of infraction fails to
10 respond within the prescribed response period, the contractor shall be
11 guilty of a misdemeanor and prosecuted in the county where the
12 infraction occurred.

13 (5) After final determination by an administrative law judge that
14 an infraction has been committed, a contractor who fails to pay a
15 monetary penalty within thirty days, that is not waived pursuant to RCW
16 18.27.340(2), and who fails to file an appeal pursuant to RCW
17 18.27.310(4), shall be guilty of a misdemeanor and be prosecuted in the
18 county where the infraction occurred.

19 (6) A contractor who fails to pay a monetary penalty within thirty
20 days after exhausting appellate remedies pursuant to RCW 18.27.310(4),
21 shall be guilty of a misdemeanor and be prosecuted in the county where
22 the infraction occurred.

23 (7) If a contractor who is issued a notice of infraction is a
24 contractor who has failed to (~~register~~) obtain a license as a
25 contractor under this chapter, the contractor is subject to a monetary
26 penalty per infraction as provided in the schedule of penalties
27 established by the department, and each day the person works without
28 becoming (~~registered~~) licensed is a separate infraction.

29 **Sec. 34.** RCW 18.27.310 and 2007 c 436 s 17 are each amended to
30 read as follows:

31 (1) The administrative law judge shall conduct contractors' notice
32 of infraction cases pursuant to chapter 34.05 RCW.

33 (2) The burden of proof is on the department to establish the
34 commission of the infraction by a preponderance of the evidence, unless
35 the infraction is issued against an (~~unregistered~~) unlicensed
36 contractor in which case the burden of proof is on the contractor. The
37 notice of infraction shall be dismissed if the appellant establishes

1 that, at the time the advertising occurred, offer or bid was made, or
2 work was performed, the appellant was (~~registered~~) licensed by the
3 department, without suspension, or was exempt from (~~registration~~)
4 licensing.

5 (3) After consideration of the evidence and argument, the
6 administrative law judge shall determine whether the infraction was
7 committed. If it has not been established that the infraction was
8 committed, an order dismissing the notice shall be entered in the
9 record of the proceedings. If it has been established that the
10 infraction was committed, the administrative law judge shall issue
11 findings of fact and conclusions of law in its decision and order
12 determining whether the infraction was committed.

13 (4) An appeal from the administrative law judge's determination or
14 order shall be to the superior court. The decision of the superior
15 court is subject only to discretionary review pursuant to Rule 2.3 of
16 the Rules of Appellate Procedure.

17 **Sec. 35.** RCW 18.27.320 and 2001 c 159 s 11 are each amended to
18 read as follows:

19 The administrative law judge shall dismiss the notice of infraction
20 at any time upon written notification from the department that the
21 contractor named in the notice of infraction was (~~registered~~)
22 licensed, without suspension, at the time the work was performed.

23 **Sec. 36.** RCW 18.27.340 and 1997 c 314 s 17 are each amended to
24 read as follows:

25 (1) Except as otherwise provided in subsection (3) of this section,
26 a contractor found to have committed an infraction under RCW 18.27.200
27 shall be assessed a monetary penalty of not less than two hundred
28 dollars and not more than five thousand dollars.

29 (2) The director may waive collection in favor of payment of
30 restitution to a consumer complainant.

31 (3) A contractor found to have committed an infraction under RCW
32 18.27.200 for failure to (~~register~~) obtain a license shall be
33 assessed a fine of not less than one thousand dollars, nor more than
34 five thousand dollars. The director may reduce the penalty for failure
35 to (~~register~~) obtain a license, but in no case below five hundred

1 dollars, if the person becomes (~~registered~~) licensed within ten days
2 of receiving a notice of infraction and the notice of infraction is for
3 a first offense.

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

6 **Sec. 37.** RCW 18.27.342 and 1997 c 314 s 19 are each amended to
7 read as follows:

8 Beginning December 1, 1997, the department shall report by December
9 1st each year to the commerce and labor committees of the senate and
10 house of representatives and the ways and means committees of the
11 senate and (~~the appropriations committee of the~~) house of
12 representatives, or successor committees, the following information for
13 the previous three fiscal years:

14 (1) The number of contractors found to have committed an infraction
15 for failure to (~~register~~) obtain a license;

16 (2) The number of contractors identified in subsection (1) of this
17 section who were assessed a monetary penalty and the amount of the
18 penalties assessed;

19 (3) The amount of the penalties reported in subsection (2) of this
20 section that was collected; and

21 (4) The amount of the penalties reported in subsection (2) of this
22 section that was waived.

23 **Sec. 38.** RCW 18.27.360 and 1996 c 293 s 7 are each amended to read
24 as follows:

25 The director shall suspend the (~~certificate of registration~~)
26 license of any person who has been certified by a lending agency and
27 reported to the director for nonpayment or default on a federally or
28 state-guaranteed educational loan or service-conditional scholarship.
29 Prior to the suspension, the agency must provide the person an
30 opportunity for a brief adjudicative proceeding under RCW 34.05.485
31 through 34.05.494 and issue a finding of nonpayment or default on a
32 federally or state-guaranteed educational loan or service-conditional
33 scholarship. The person's (~~certificate of registration~~) license
34 shall not be reissued until the person provides the director a written
35 release issued by the lending agency stating that the person is making
36 payments on the loan in accordance with a repayment agreement approved

1 by the lending agency. If the person has continued to meet all other
2 licensing requirements (~~((for certification of registration))~~) during the
3 suspension, reinstatement shall be automatic upon receipt of the notice
4 and payment of any reinstatement fee the director may impose.

5 **Sec. 39.** RCW 18.27.370 and 2001 c 159 s 6 are each amended to read
6 as follows:

7 (1) If an (~~unregistered~~) unlicensed contractor defaults in a
8 payment, penalty, or fine due to the department, the director or the
9 director's designee may issue a notice of assessment certifying the
10 amount due. The notice must be served upon the (~~unregistered~~)
11 unlicensed contractor by mailing the notice to the (~~unregistered~~)
12 unlicensed contractor by certified mail to the (~~unregistered~~)
13 unlicensed contractor's last known address or served in the manner
14 prescribed for the service of a summons in a civil action.

15 (2) A notice of assessment becomes final thirty days from the date
16 the notice was served upon the (~~unregistered~~) unlicensed contractor
17 unless a written request for reconsideration is filed with the
18 department or an appeal is filed in a court of competent jurisdiction
19 in the manner specified in RCW 34.05.510 through 34.05.598. The
20 request for reconsideration must set forth with particularity the
21 reason for the (~~unregistered~~) unlicensed contractor's request. The
22 department, within thirty days after receiving a written request for
23 reconsideration, may modify or reverse a notice of assessment, or may
24 hold a notice of assessment in abeyance pending further investigation.
25 If a final decision of a court in favor of the department is not
26 appealed within the time allowed by law, then the amount of the
27 unappealed assessment, or such amount of the assessment as is found due
28 by the final decision of the court, is final.

29 (3) The director or the director's designee may file with the clerk
30 of any county within the state, a warrant in the amount of the notice
31 of assessment, plus interest, penalties, and a filing fee of twenty
32 dollars. The clerk of the county in which the warrant is filed shall
33 immediately designate a superior court cause number for the warrant,
34 and the clerk shall cause to be entered in the judgment docket under
35 the superior court cause number assigned to the warrant, the name of
36 the (~~unregistered~~) unlicensed contractor mentioned in the warrant,
37 the amount of payment, penalty, fine due on it, or filing fee, and the

1 date when the warrant was filed. The aggregate amount of the warrant
2 as docketed shall become a lien upon the title to, and interest in, all
3 real and personal property of the ((unregistered)) unlicensed
4 contractor against whom the warrant is issued, the same as a judgment
5 in a civil case docketed in the office of the clerk. The sheriff shall
6 proceed upon the warrant in all respects and with like effect as
7 prescribed by law with respect to execution or other process issued
8 against rights or property upon judgment in a court of competent
9 jurisdiction. The warrant so docketed is sufficient to support the
10 issuance of writs of garnishment in favor of the state in a manner
11 provided by law in case of judgment, wholly or partially unsatisfied.
12 The clerk of the court is entitled to a filing fee which will be added
13 to the amount of the warrant. A copy of the warrant shall be mailed to
14 the ((unregistered)) unlicensed contractor within three days of filing
15 with the clerk.

16 (4) The director or the director's designee may issue to any
17 person, firm, corporation, other entity, municipal corporation,
18 political subdivision of the state, a public corporation, or any agency
19 of the state, a notice and order to withhold and deliver property of
20 any kind whatsoever when he or she has reason to believe that there is
21 in the possession of the person, firm, corporation, other entity,
22 municipal corporation, political subdivision of the state, public
23 corporation, or agency of the state, property that is or will become
24 due, owing, or belonging to an ((unregistered)) unlicensed contractor
25 upon whom a notice of assessment has been served by the department for
26 payments, penalties, or fines due to the department. The effect of a
27 notice and order is continuous from the date the notice and order is
28 first made until the liability out of which the notice and order arose
29 is satisfied or becomes unenforceable because of lapse of time. The
30 department shall release the notice and order when the liability out of
31 which the notice and order arose is satisfied or becomes unenforceable
32 by reason of lapse of time and shall notify the person against whom the
33 notice and order was made that the notice and order has been released.

34 The notice and order to withhold and deliver must be served by the
35 sheriff of the county or by the sheriff's deputy, by certified mail,
36 return receipt requested, or by an authorized representative of the
37 director. A person, firm, corporation, other entity, municipal
38 corporation, political subdivision of the state, public corporation, or

1 agency of the state upon whom service has been made shall answer the
2 notice within twenty days exclusive of the day of service, under oath
3 and in writing, and shall make true answers to the matters inquired of
4 in the notice and order. Upon service of the notice and order, if the
5 party served possesses any property that may be subject to the claim of
6 the department, the party shall promptly deliver the property to the
7 director or the director's authorized representative. The director
8 shall hold the property in trust for application on the
9 ((unregistered)) unlicensed contractor's indebtedness to the
10 department, or for return without interest, in accordance with a final
11 determination of a petition for review. In the alternative, the party
12 shall furnish a good and sufficient surety bond satisfactory to the
13 director conditioned upon final determination of liability. If a party
14 served and named in the notice fails to answer the notice within the
15 time prescribed in this section, the court may render judgment by
16 default against the party for the full amount claimed by the director
17 in the notice, together with costs. If a notice is served upon an
18 ((unregistered)) unlicensed contractor and the property subject to it
19 is wages, the ((unregistered)) unlicensed contractor may assert in the
20 answer all exemptions provided for by chapter 6.27 RCW to which the
21 wage earner is entitled.

22 (5) In addition to the procedure for collection of a payment,
23 penalty, or fine due to the department as set forth in this section,
24 the department may recover civil penalties imposed under this chapter
25 in a civil action in the name of the department brought in a court of
26 competent jurisdiction of the county where the violation is alleged to
27 have occurred.

28 **Sec. 40.** RCW 18.27.385 and 2008 c 120 s 12 are each amended to
29 read as follows:

30 The department shall create an expanded social marketing campaign
31 using currently available materials and newly created materials as
32 needed. This campaign should be aimed at consumers and warn them of
33 the risks and potential consequences of hiring ((unregistered))
34 unlicensed contractors or otherwise assisting in the furtherance of the
35 underground economy. The campaign may include: Providing public
36 service announcements and other similar materials, made available in

1 English as well as other languages, to the media and to community
2 groups; providing information on violations and penalties; and
3 encouraging legitimate contractors and the public to report fraud.

4 **Sec. 41.** RCW 18.27.390 and 2001 c 159 s 13 are each amended to
5 read as follows:

6 (1) The legislature finds that it is contrary to public policy to
7 allow ((unregistered)) unlicensed contractors to continue doing
8 business illegally.

9 (2) The department of licensing, department of labor and
10 industries, the employment security department, and the department of
11 revenue shall establish an ((unregistered)) unlicensed contractors
12 enforcement team. The team shall develop a written plan to coordinate
13 the activities of the participating agencies to enforce the state's
14 contractor ((registration)) licensing laws and rules and other state
15 laws and rules deemed appropriate by the team. In developing the plan,
16 the team shall seek the input and advice of interested stakeholders who
17 support the work of the team.

18 (3) The director or the director's designee shall call the initial
19 meeting of the ((unregistered)) unlicensed contractors enforcement team
20 by September 1, 2001. The team shall complete the plan and forward it
21 to the appropriate standing committees of the legislature and to the
22 departments that contribute members to the team by December 1, 2001.

23 (4) The department of licensing, department of labor and
24 industries, the employment security department, and the department of
25 revenue shall accomplish the tasks listed in this section within
26 existing resources, including but not limited to fees charged under RCW
27 18.27.075.

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