

Construction Contractors: Get the Facts, Get Registered

Are you performing construction or remodeling work?

If yes, you must be registered with the Washington State Department of Labor & Industries (L&I).

You must be a registered contractor if you do any of the following types of work or if you offer or submit a bid to:

- Construct
- Alter
- Repair
- Consult or superintend
- Add to or subtract from real property
- Improve, move, wreck, or demolish
- Develop residential property for sale
- Install cabinets, remove trees, or “flip” houses

Contracting work includes everything from painting and landscaping to installing floor coverings and handyman services.



Common questions about contractor registration

Q. Are there any tests or any special classes to take?

A. No. At this time, there are no tests or classes required to become a registered contractor.

Q. Can my spouse, son or daughter take over my business and registration?

A. A spouse may take over the business and the contractor registration. However, if a son or daughter takes over, it is considered a new business and he or she must apply for a new registration.

Q. How does a contractor change the name of the business?

A. To change the name, structure, or ownership of the business, you must re-register under the new name, pay the registration fee, and get a new bond and insurance reflecting the new name.

Q. Are there any exemptions for small businesses?

A. No. The contractor registration requirements are the same for all contractors, small or large. The type of work is the same.


Q. What is the penalty for not registering?

A. The penalty for working without a valid contractor registration is \$1,000 per work site, per day, for a first offense.

Before you register

Choose your business structure.

If you have already established your business and received your UBI number, go to “Apply for Your Contractor Registration,” on the following page.

If the business structure you choose is a:	Do this:
<ul style="list-style-type: none"> • Corporation • Limited partnership • Limited liability partnership • Limited liability company 	<p>Register your business with the Washington Secretary of State’s Office:</p> <ul style="list-style-type: none"> ■ Complete the application for the business structure you have chosen. <ul style="list-style-type: none"> – Apply online* (fast service): www.secstate.wa.gov/corps *If you apply online, it will take one day for the Secretary of State to assign you a UBI number so you can apply for your Washington Business License. <i>or</i> – Download the form: www.secstate.wa.gov/corps/registration_forms.aspx <i>or</i> – Request an application by phone: 360-725-0377 ■ Pay \$180 with your completed application. The Secretary of State’s Office will make sure that there is only one registered business in Washington State with this name. It will then mail you your <i>Articles of Incorporation</i> or <i>Certificate of Formation</i> with your legal business name. <p style="text-align: center;">Then </p>
<ul style="list-style-type: none"> • Sole-proprietorship • General partnership 	<p>Apply for a Washington Business License:</p> <ul style="list-style-type: none"> ■ Complete a Master Business Application. Here’s how: <ul style="list-style-type: none"> – Apply online or download the form (faster service): www.dol.wa.gov/forms/700028.html <i>or</i> – Complete the application at any L&I office – or at a Washington Dept. of Employment Security or Revenue office. <i>or</i> – Request an application by phone: 360-664-1400 ■ Pay a \$15-\$20 fee (depending on your situation) with your completed application. You will receive your UBI number on-the-spot – online or at the counter. The Washington Department of Licensing will follow up by mailing you your state business license with the UBI number printed on it.

Get an Employer Identification Number (EIN)

Unless you are a sole proprietor with no employees, you must have an EIN to apply for your contractor registration. If you don’t already have an EIN, contact the Internal Revenue Service at 1-800-829-4933 or www.irs.gov before you apply for your contractor registration.

Apply for your contractor registration

A contractor registration is valid for two years from the registration or renewal date, unless the bond or insurance is cancelled or impaired.

■ Ask L&I for a Contractor Registration Application.

- Pick up this application at any L&I office
- or
- Download it: www.Lni.wa.gov/forms/pdf/625001af.pdf
- or
- Call your local L&I office and ask them to mail you a copy. (Go to www.Lni.wa.gov to find an office near you.)

■ Purchase bond and liability insurance. Ask your insurance agent.

Required bond: General Contractors: \$12,000
 Specialty Contractors: \$ 6,000
 (one specialty trade only)
See application form for more information

Or, you may set up a dedicated account at your Washington State bank, using an "Assignment of Account" form. You may download it:
www.Lni.wa.gov/forms/pdf/625008af.pdf

Required insurance: \$50,000 in property damage and \$200,000 in public liability insurance or \$250,000 in a combined, single limit policy.

■ Bring all paperwork and payment to an L&I office:

This must include:

- Your payment (cash, check, or VISA or MasterCard credit/debit card). Check with L&I for the current fee.
- The original copy of your completed and **notarized** *Application for Contractor Registration*. (Notaries available at most L&I offices.)
- The original copies of your insurance and bond documents. (They must be the originals and free of changes, marks and white-outs, which will invalidate them.)

CAUTION: Are you really a contractor or are you an employee?

Ask yourself these questions:

- Will you be performing all of your work for one general contractor?
- Is someone else paying for your bond and/or insurance?
- Do you understand that as a contractor you will be responsible for all taxes, Social Security and other mandatory premiums and fees?

If you have concerns, talk to the general contractor or call L&I at 1-800-647-0982.

Help prevent paperwork mistakes!

- Make sure your business name is exactly the same on all documents.
- Keep all originals.
- Don't write or make changes on any of the documents.

Remember this when you advertise or bid on jobs:

- When you advertise, solicit bids, or offer to do work, you must always include your contractor registration number on your business cards, yellow pages, newspaper ads, signs, estimates, and bid proposals. This lets customers know you are a legal contractor.
- Before starting work on a residential job with a projected cost of more than \$1,000 or a commercial project of \$1,000 to \$60,000, you must provide your customer with a disclosure statement, which the customer signs and dates. (A sample disclosure that meets the legal requirements can be found on our Web site at: www.Lni.wa.gov/Forms/pdf/625030af.pdf.) You must keep these signed statements on file for three years and provide copies to L&I upon request.

L&I offers training classes to help you start and run your contracting business. For more information, visit the L&I Web site at: www.Contractors.Lni.wa.gov or call 1-800-647-0982.



Hiring employees or subcontractors?

You must meet additional requirements if you hire employees or subcontractors.

Safety Requirements

If you have subcontractors or employees, you must keep your job site free from recognized hazards that are likely to cause injury or death. Know the occupational safety and health rules that apply to your workplace.

For more information on safety and health, visit www.Lni.wa.gov/Safety/Basics/SmallBusiness.

To learn how you can get a free workplace consultation, visit www.safetyconsultants.Lni.wa.gov or call the nearest L&I office and ask for the consultation supervisor.

Workers' compensation (industrial insurance) coverage

As an employer, you are required to have workers' compensation coverage on any employee working for your company. In addition, you could be responsible for unpaid premiums *IF*:

- By legal definition the people you hire are your employees, not independent contractors, or;
- Your subcontractor does not pay the workers' compensation premiums he or she owes.

Protect yourself from potential liability. Review *A Guide to Hiring Independent Contractors in Washington State*, online at www.Lni.wa.gov/IPUB/101-063-000.pdf

Check workers' compensation premium status for any employer online at www.Lni.wa.gov/TradesLicensing/Contractors/HireCon/Uninsured/

DID YOU KNOW? Employers can purchase optional industrial insurance (workers' compensation) coverage for themselves. For more information, call 360-902-4817.

Required posters

Workplace posters are *free* at www.Lni.wa.gov/IPUB/101-054-000.asp or from any L&I office. All posters are available in Spanish.

Useful Web sites and resources

Prevailing Wage. Understand the requirements for paying prevailing wage on public works projects: www.PrevailingWage.Lni.wa.gov

Workers' basic workplace rights. Covers minimum wage, meal and rest breaks and overtime requirements: www.WorkplaceRights.Lni.wa.gov

Work restrictions for teens under age 18. Certain jobs, many in construction, cannot be performed by minors: www.Teenworkers.Lni.wa.gov

Employment Security Department
Web site: www.esd.wa.gov
Toll-free telephone: 1-877-872-5627

Department of Revenue
Web site: www.dor.wa.gov
Toll-free telephone: 1-800-647-7706

Department of Licensing
Web site: www.dol.wa.gov
Telephone: 360-664-1400

Secretary of State
Web site: www.secstate.wa.gov
Telephone: 360-725-0377

Doing Business in Washington
<http://access.wa.gov/business/index.aspx>

■ **To get a copy of the law covering contractor registration, RCW 18.27, go to www.Lni.wa.gov and click on "Find a Law or Rule," or give us a call at 1-800-647-0982**

All fees listed in this publication were correct as of the date of publication. However, fee amounts are subject to change.

Contractor information at L&I

📄 **On the Web:** www.Contractors.Lni.wa.gov

Call toll-free: 1-800-647-0982

Other formats for persons with disabilities are available on request. Call 1-800-547-8367. TDD users, call 360-902-5797. L&I is an equal opportunity employer.