

Draft Rule Language - Version 1
Contractor Registration
(2SHB 1534 Implementation - Phase 2)
November 16, 2023

WAC 296-200A-015 What terms do I need to know to

understand this chapter? For the purposes of this chapter, the following terms and definitions are important:

"Administrative law judge" is any person appointed by the chief administrative law judge (as defined in RCW 34.12.020(2)) to preside at a notice of infraction appeal hearing convened under chapter 18.27 RCW and this chapter.

"Appeal bond" is a certified check or money order in the amount prescribed under RCW 18.27.250 made payable to the Washington state department of labor and industries.

"Appeal hearing" is any proceeding in which an administrative law judge is empowered to determine legal rights, duties or privileges of specific parties on behalf of the director.

"Applicant" is any person, firm, corporation or other entity applying to become a registered contractor according to chapter 18.27 RCW and this chapter. Applicant includes all

principal officer(s), members, partners of a partnership, firm, corporation, or other entity named on the application.

"Citation" means the same as "infraction."

"Compliance inspector" refers to the departmental staff responsible for investigating potential violations of chapter 18.27 RCW and this chapter.

"Consultant" means any person, individual, firm, agent or other entity who directs, controls or monitors construction activities for a property owner. A general contractor registration is required. A licensed professional acting in the capacity of their license is exempt from registration.

"Contractor compliance chief" refers to the person designated by the director to address all policy and technical issues related to chapter 18.27 RCW and this chapter.

"Department" refers to the department of labor and industries.

"Developer" means any person, firm, corporation or other entity that undertakes:

- The subdivision or development of land for residential purposes; or

• The construction or reconstruction of one or more residential units.

A general contractor registration is required.

"Director" refers to the director of the department of labor and industries or the director's designee acting in the place of the director.

"Due diligence" For the purposes of RCW 18.27.030 (3) (d) an applicant is deemed to have exercised due diligence upon conducting a reasonable review of the department's website verifying there are no unsatisfied judgements on file against the contractor or the company, either from a lawsuit or infraction. A lawsuit may be marked as open. A lawsuit can change to unsatisfied at any time.

(a) Unsatisfied judgements from a lawsuit will show the status as "Unsatisfied".

(b) Unsatisfied judgments from an infraction will show the status as "not satisfied".

(c) Due diligence must be exercised immediately preceding submitting the application packet.

Commented [CAR(1): Adds a new definition for consistency with [Second Substitute House Bill 1534 \(2SHB 1534\), Chapter 213, Laws of 2023](#). Defines the meaning of "due diligence" related to a successor of an entity verifying the entity is in good standing related to an unsatisfied final judgement against it for work performed under chapter 18.27 RCW or owes money to L&I for assessed penalties or fees as a result of a final judgement.

See [RCW 18.27.030](#) and [2SHB 1534](#).

(d) A printout of the website confirming no record of unsatisfied judgments on file is acceptable documentation of due diligence.

"Final judgment" means any money that is owed to a claimant as a result of court action against or settlement with a contractor and/or contractor's bond or assigned savings account with the department or any money that is owed the department as a result of a contractor's unsuccessful appeal of an infraction. Final judgment also includes any penalties assessed against the contractor and owed the department as a result of an infraction or notice of correction that has not been appealed, final tax warrants or any delinquent fees or penalties due.

"Final tax warrant" is a document used by the department to establish the debt of a tax payer.

"Infraction" means a violation of chapter 18.27 RCW and this chapter as cited by the chief contractor compliance inspector or the department's construction compliance inspectors. The notice of infraction also serves as a notice of assessment.

"Mobile/manufactured home dealer" is a vehicle dealer that deals in mobile homes, park trailers, or travel trailers, or more than one type of these vehicles and licensed as required under chapter 46.70 RCW.

"On-premise sign" means a sign at a permanent place of business or a sign placed at a job location while the registered contractor is working at the site. A sign left at a work site after a contractor has left is not an "on-premise" sign and must contain the registered contractor's registration number.

"Property management company" means any person, firm or other entity that in the pursuit of a property management business advertises, bids/offers, or performs construction, maintenance or repair services with their own employees on property not owned by the property management company. A general contractor registration is required.

"Renewal" or **"renewed"** means the renewal of a contractor's registration before it expires.

"Reinstatement" or **"reinstated"** means the reinstatement of a contractor's registration after the registration has expired, or has been suspended, or been revoked.

"Reregistration" or **"reregister"** means an update to a contractor's registration because of business structure change.

"Secured contractor" is a contractor who has complied with RCW 18.27.040 by assigning to the department a savings account held in a Washington state bank, or by filing with the department a surety bond.

"Security" is a savings account held in a Washington state bank and assigned to the department in lieu of a surety bond.

"Unregistered contractor" means a person, firm, corporation or other entity working as a contractor without being registered in compliance with chapter 18.27 RCW and this chapter.

"Unsatisfied final judgment" means a judgment that has not been satisfied either through payment, court approved settlement, discharge in bankruptcy, or assignment under RCW 19.72.070.

[Statutory Authority: Chapter 18.27 RCW, 2011 c 15, and 2011 c 301. WSR 11-23-140, § 296-200A-015, filed 11/22/11, effective 12/31/11. Statutory Authority: Chapter 18.27 RCW and 2008 c 120. WSR 09-10-079, § 296-200A-015, filed 5/5/09, effective 6/5/09. Statutory Authority: Chapter 18.27 RCW and 2007 c 436. WSR 08-16-091, § 296-200A-015, filed 8/4/08, effective 9/4/08. Statutory Authority: RCW 18.27.040, 18.27.070, 18.27.075,

18.27.125, 2001 c 159, and chapter 18.27 RCW. WSR 03-20-097, § 296-200A-015, filed 9/30/03, effective 11/17/03. Statutory Authority: Chapter 18.27 RCW. WSR 97-24-071, § 296-200A-015, filed 12/2/97, effective 1/5/98.]

WAC 296-200A-030 How much are the surety bond or savings

account amounts? (1) The continuous surety bond or savings account amounts for applicants of contractors with ~~five or fewer~~ no final judgments involving two or more residential single-family dwellings in the previous five years are as follows:

- (a) ~~Twelve thousand dollars~~ \$30,000 for general contractors.
- (b) ~~Six thousand dollars~~ \$15,000 for specialty contractors.

(2) The surety bond or savings account amounts for applicants of contractors with ~~three or more one~~ one final judgments ~~involving two or more residential single-family dwellings~~ involving a single family dwelling in the previous five years ~~will~~ may be increased based upon (a) and (b) of this subsection.

(a) General contractors.

Number of Final Judgments	Bond or Savings Account Amount per Registration Cycle
3 <u>1</u>	\$18,000.00 <u>\$40,000</u>
4 <u>2</u>	\$24,000.00 <u>\$60,000</u>
3 or more <u>3 or more</u>	\$30,000.00 <u>\$150,000.00</u> <u>90,000</u>
6 or more <u>6 or more</u>	\$36,000.00 <u>\$180,000.00</u>

(b) Specialty contractors.

Commented [CAR(2): Amends language for consistency with the statutory amendments under [2SHB 1534](#) and [Senate Bill 5795 \(SB 5795\), Chapter 155, Laws of 2019](#). Allows up to three times the normal bond amount if there has been one judgment against a contractor involving a residential single-family dwelling.

See [RCW 18.27.040](#), and [SB 5795](#).

Commented [CAR(3): Increases the bond amounts for consistency with the statutory amendments under [2SHB 1534](#).

See [RCW 18.27.040](#), [2SHB 1534](#), and [2SHB 1534](#).

Commented [CAR(4): Amends language for consistency with the statutory amendments under [SB 5795](#). Increases the bond amounts for contractors with one or more final judgement involving a single family dwelling.

See [RCW 18.27.040](#) and [SB 5795](#).

Commented [CAR(5): Amends language for consistency with the statutory amendments under [SB 5795](#). Increases the bond amounts for contractors with one or more final judgement involving a single family dwelling.

Increases the bond and savings account amounts for consistency with the statutory amendments under [2SHB 1534](#).

See [RCW 18.27.040](#), [2SHB 1534](#), and [2SHB 1534](#).

Number of Final Judgments	Bond or Savings Account Amount per Registration Cycle
<u>3</u>	<u>\$ 8,000.00</u> <u>\$20,000</u>
<u>4</u>	<u>\$12,000.00</u> <u>\$30,000.00</u>
<u>5 or more</u>	<u>\$16,000.00</u> <u>\$45,000</u>
<u>6 or more</u>	<u>\$18,000.00</u> <u>\$</u>

(3) At the time of reregistration, renewal or reinstatement the department shall only consider final judgments from the previous five years which will be used to determine the bond or savings account amount according to subsection (2)(a) and (b) of this section.

(4) A contractor's required bond or savings account amount may only be reviewed for reduction to a lower level at their next regular renewal. The increased bond requirement must remain in effect during the entire registration cycle even if reinstatement or reregistration occurs.

(5) For purposes of this section, final judgment does not include infractions.

[Statutory Authority: Chapter 18.27 RCW and 2007 c 436. WSR 08-16-091, § 296-200A-030, filed 8/4/08, effective 9/4/08.

Statutory Authority: RCW 18.27.040, 18.27.070, 18.27.075, 18.27.125, 2001 c 159, and chapter 18.27 RCW. WSR 03-20-097, § 296-200A-030, filed 9/30/03, effective 11/17/03.]

WAC 296-200A-080 How is a suit filed against a contractor?

(1) A civil suit against a contractor must be filed in the superior court of the county in which the work was done or of any county in which jurisdiction of the contractor may be had. Unless the suit is filed in a superior court, the department will not be able to direct payment on an unsatisfied final judgment against a secured contractor.

(2) Notice that a suit has been filed (a summons and complaint) against a contractor, the contractor's bond, and/or the contractor's deposit must be exclusively delivered to the department by registered or certified mail to: P.O. Box 44450, Olympia, Washington 98504-4450 or by any delivery requiring notice of receipt to: 7273 Linderson Way S.W., Tumwater, WA 98501. The notice must be addressed to the department and must include three copies of the summons and complaint filed against the contractor, the contractor's bond and/or the contractor's deposit. The person filing the suit must pay ~~a fifty dollar~~ the service fee to the department as identified in WAC 296-200A-900.

Commented [CAR(6): Removes the fifty dollar fee and references the fee table under WAC 296-200A-900 for clarity and consistency with the actual fee amount.

(3) The summons and complaint against a contractor must include the following information:

(a) The name of the contractor exactly as it appears in the contractor's registration file;

(b) The contractor's business address;

(c) The names of the owners, partners or officers of the contractor if known; and

(d) The contractor's registration number.

(4) If the suit joins a bonding company, the summons and complaint should also include:

(a) The name of the bonding company that issued the contractor's bond;

(b) The bond number; and

(c) The effective date of the bond.

(5) If the suit is against a contractor using an assigned account in lieu of a bond, the complaint must also include:

(a) The name of the institution where the assigned account is held;

(b) The account number; and

(c) The date the assigned account was opened.

(6) Service is not considered complete until the department receives the documents in Tumwater with the ~~fifty-dollar~~ required fee and three copies of the summons and complaint.

Commented [CAR(7): Removes the fifty dollar fee to reference the fee table under WAC 296-200A-900 for clarity and consistency with the actual fee amount.

(7) Within two days of receiving a summons and complaint, the department must mail a copy of the summons and complaint to the registrant at the address listed on the registrant's application or at their last known address provided to the department and to the registrant's surety.

(8) The department will return a summons and complaint without it being served, if the department cannot readily identify either the contractor or bonding company being sued, if the action did not arise under chapter 18.27 RCW, or if the fee and three copies of the summons and complaint are not received. [Statutory Authority: Chapter 18.27 RCW, 2011 c 15, and 2011 c 301. WSR 11-23-140, § 296-200A-080, filed 11/22/11, effective 12/31/11. Statutory Authority: Chapter 18.27 RCW and 2007 c 436. WSR 08-16-091, § 296-200A-080, filed 8/4/08, effective 9/4/08. Statutory Authority: RCW 18.27.040, 18.27.070, 18.27.075, 18.27.125, 2001 c 159, and chapter 18.27 RCW. WSR 03-20-097, § 296-200A-080, filed 9/30/03, effective 11/17/03. Statutory Authority: RCW 43.22.350, 43.22.434, 43.22.480, 43.22.500, 18.27.040, 18.27.070, 18.27.075, 70.87.030, 19.28.041,

19.28.051, 19.28.101, 19.28.121, 19.28.161, 19.28.201, 19.28.211, 19.28.341, 2001 c 7, 2002 c 249, and chapters 19.28, 43.22, 18.27, and 70.87 RCW. WSR 02-12-022, § 296-200A-080, filed 5/28/02, effective 6/28/02. Statutory Authority: Chapter 18.27 RCW. WSR 97-24-071, § 296-200A-080, filed 12/2/97, effective 1/5/98.]

WAC 296-200A-400 What monetary penalties will be assessed for an infraction issued for violations of RCW 18.27.040, 18.27.100, 18.27.110, 18.27.114 or 18.27.200? (1) Each day that a violation occurs will be a separate offense.

(2) Once a violation of chapter 18.27 RCW or this chapter becomes a final judgment, any additional violation within three years becomes a "second" or "additional" offense subject to an increased penalty as set forth in the tables that follow.

(3) Second or additional offenses subject to increased penalties also include individuals or entities.

(4) A person, firm, corporation, or other entity who violates a provision of chapter 18.27 RCW and this chapter is liable for a civil penalty based upon the following schedule.

(a) Monetary penalties that may be assessed for a violation of RCW 18.27.040(10) are:

Monetary Penalties	Dollar Amount
First Final Violation	\$250.00*
Second Final Violation	\$500.00
Third Final Violation	\$750.00
Each Additional Final Violation	\$1,000.00

(b) (i) Monetary penalties that may be assessed for a violation of RCW 18.27.100 (1), (2), (3), and (4) are:

Monetary Penalties	Dollar Amount
First Final Violation	\$250.00*
Second Final Violation	\$750.00
Third Final Violation	\$2,250.00
Fourth Final Violation	\$5,000.00
Each Additional Final Violation	\$10,000.00

* Minimum penalty per violation. Once a violation of RCW 18.27.100 (1), (2), (3), and (4) becomes a final judgment, any additional violation is subject to an increased penalty as set forth in the table above.

(ii) Monetary penalties that may be assessed for a violation of RCW 18.27.100 (5) and (7) are:

Monetary Penalties	Dollar Amount
First Final Violation	\$2,000.00*
Second Final Violation	\$4,000.00
Third Final Violation	\$6,000.00
Each Additional Final Violation	\$10,000.00

* Minimum penalty per violation. Once a violation of RCW 18.27.100 (5) and (7) becomes a final judgment, any additional violation is subject to an increased penalty as set forth in the table above.

(iii) Monetary penalties that may be assessed for a violation of RCW 18.27.100 (6) are:

Monetary Penalties	Dollar Amount
First Final Violation	\$1,000.00*
Second Final Violation	\$3,000.00
Third Final Violation	\$6,000.00
Each Additional Final Violation	\$10,000.00

* Minimum penalty per violation. Once a violation of RCW 18.27.100(6) becomes a final judgment, any additional violation is subject to an increased penalty as set forth in the table above.

(c) Monetary penalties that may be assessed for a violation of RCW 18.27.110 are:

Monetary Penalties	Dollar Amount
First Final Violation	\$250.00*
Second Final Violation	\$750.00
Third Final Violation	\$2,250.00
Fourth Final Violation	\$7,500.00
Each Additional Final Violation	\$10,000.00

* Minimum penalty per violation. Once a violation of RCW 18.27.110 becomes a final judgment, any additional violation is subject to an increased penalty as set forth in the table above.

(d) Monetary penalties that may be assessed for a violation of RCW 18.27.114 are:

Monetary Penalties	Dollar Amount
First Final Violation	\$500.00*
Second Final Violation	\$1,000.00
Third Final Violation	\$2,000.00
Fourth Final Violation	\$4,000.00
Each Additional Final Violation	\$5,000.00

* Minimum penalty per violation. Once a violation of RCW 18.27.114 becomes a final judgment, any additional violation is subject to an increased penalty as set forth in the table above.

(e) Monetary penalties that may be assessed for a violation of RCW 18.27.200 are:

(i)

RCW 18.27.200 (1)(a) Monetary Penalties	Dollar Amount
First Final Violation	\$500.00 <u>\$1,200.00</u> *
Second Final Violation	\$3,000.00
Each Additional-Third Final Violation <u>Each additional Violation</u>	\$5,000.00
<u>\$10,000.00</u>	

* Minimum penalty per violation. Once a violation of RCW 18.27.340(1) becomes a final judgment, any additional violation is subject to an increased penalty as set forth in the table above.

Commented [CAR(8): Increases the penalty amounts for violations for consistency with the statutory amendments under [2SHB 1534](#).
See [2SHB 1534](#).

(ii)

**RCW 18.27.200 (1)(b), (c) through
and (e)**

Monetary Penalties	Dollar Amount
First Final Violation	\$1,200.00*
Second Final Violation	\$3,000.00
Each Additional Third Final Violation	\$5,000.00
Each Additional Violation \$10,000 00	

* Minimum penalty per violation. Once a violation of RCW 18.27.340(3) becomes a final judgment, any additional violation is subject to an increased penalty as set forth in the above table. However, if the unregistered contractor becomes registered within ten days of receiving the notice of infraction and the notice is the contractor's first offense, the director may reduce the penalty. In no case can the director reduce the penalty below ~~five-six~~ hundred dollars.

(5) For violations of RCW 18.27.200, the director may waive a penalty collection from a contractor in exchange for a payment of restitution to a damaged consumer. If the assessed penalty amount or amounts are more than the restitution amount, -the remaining balance is owed to the department. consumer in an amount at least equal to the assessed penalty. Prior to the infraction becoming final, the contractor must provide to the department a notarized release from the damaged consumer stating that he or she paid the damaged consumer in an amount at least equal to the assessed penalty.

Commented [CAR(9): Amends language to clarify L&I's existing practices for collection of penalties and payments of restitution.

[Statutory Authority: Chapter 18.27 RCW and 2008 c 120. WSR 09-10-079, § 296-200A-400, filed 5/5/09, effective 6/5/09.

Statutory Authority: Chapter 18.27 RCW and 2007 c 436. WSR 08-16-091, § 296-200A-400, filed 8/4/08, effective 9/4/08.

Statutory Authority: RCW 18.27.040, 18.27.070, 18.27.075, 18.27.125, 2001 c 159, and chapter 18.27 RCW. WSR 03-20-097, § 296-200A-400, filed 9/30/03, effective 11/17/03. Statutory Authority: Chapter 18.27 RCW. WSR 97-24-071, § 296-200A-400, filed 12/2/97, effective 1/5/98.]

WAC 296-200A-900 What fees does the department charge contractors for issuance, renewal, reregistration, and reinstatement of certificates of registration? The department charges the following fees:

(1) ~~\$124.70~~132.50 for each issuance, renewal or reregistration of a certificate of registration for contractors for renewals processed by an L&I office. \$124.70 for renewals completed on line at Register as a Contractor (wa.gov)

Commented [CAR(10): Increases fees by 6.30% (rounded down). This is the Office of Financial Management's preliminary [fiscal growth factor rate](#) for fiscal year 2025.

This registration is valid for two years from date of issuance, renewal or reregistration or until it is suspended or revoked.

(2) ~~\$58.90~~62.60 for the reinstatement of a certificate of registration for reinstatements processed by an L&I office. \$58.90 for reinstatements completed online at Register as a Contractor (wa.gov)

Commented [CAR(11): Adds a new fee for registration renewals completed online.

Commented [CAR(12): Adds a new fee for reinstatements completed online.

(3) ~~\$13.80~~14.60 for providing a duplicate certificate of registration.

(4) ~~\$28.10~~29.80 for each requested certified letter prepared by the department.

(5) ~~\$178.10~~189.30 for the construction and electrical contractor listing publication on CD ROM per year, prorated according to the number of issues left in the subscription year, which runs from November 1 through October 31. Each issue costs ~~\$14.80~~15.70.

(6) ~~\$2.10~~2.20 per copy for documents copied from a contractor's file. The maximum copy charge for copies from one contractor's file will be ~~\$30.80~~32.70.

(7) ~~\$55.00~~58.40 is required to cover the costs for the service of process in an action against a contractor, the contractor's bond, or the deposit under RCW 18.27.040.

(8) ~~\$27.50~~29.20 is required to cover the costs for the service of processing refunds.

[Statutory Authority: Chapter 18.27 RCW. WSR 22-07-087, § 296-200A-900, filed 3/22/22, effective 4/22/22. Statutory Authority: Chapters 18.27, 70.87, 43.22, and 43.22A RCW. WSR 18-24-102, § 296-200A-900, filed 12/4/18, effective 1/4/19. Statutory

Authority: Chapter 18.27 RCW and c 2007 c 436. WSR 08-16-091, § 296-200A-900, filed 8/4/08, effective 9/4/08. Statutory Authority: Chapters 18.27, 18.106, 43.22, and 70.87 RCW. WSR 07-11-128, § 296-200A-900, filed 5/22/07, effective 6/30/07. Statutory Authority: Chapters 18.27, 43.22, and 70.87 RCW. WSR 05-12-032, § 296-200A-900, filed 5/24/05, effective 6/30/05. Statutory Authority: Chapters 18.27 and 43.22 RCW. WSR 04-12-048, § 296-200A-900, filed 5/28/04, effective 6/30/04. Statutory Authority: RCW 18.27.040, 18.27.070, 18.27.075, 18.27.125 and 2001 c 159, and chapter 18.27 RCW. WSR 03-20-097, § 296-200A-900, filed 9/30/03, effective 11/17/03. Statutory Authority: RCW 43.22.350, 43.22.434, 43.22.480, 43.22.500, 18.27.040, 18.27.070, 18.27.075, 70.87.030, 19.28.041, 19.28.051, 19.28.101, 19.28.121, 19.28.161, 19.28.201, 19.28.211, 19.28.341, 2001 c 7, 2002 c 249, and chapters 19.28, 43.22, 18.27, and 70.87 RCW. WSR 02-12-022, § 296-200A-900, filed 5/28/02, effective 6/28/02. Statutory Authority: RCW 43.22.350, 43.22.434, 43.22.480, 43.22.500, 18.27.070, 18.27.075, 70.87.030, 19.28.041, 19.28.051, 19.28.101, 19.28.121, 19.28.161, 19.28.201, 19.28.211, 19.28.341, 2001 c 159, and chapters 43.22, 19.28, 18.27, and 70.87 RCW. WSR 01-12-035, § 296-200A-900, filed 5/29/01, effective 6/29/01. Statutory Authority: Chapters 43.22, 18.27, 70.87 and 19.28 RCW. WSR 99-12-080, § 296-200A-900, filed 5/28/99, effective 6/28/99. Statutory Authority: Chapters 18.106, 18.27 and 43.22 RCW. WSR 98-12-041, § 296-200A-900, filed 5/29/98, effective 6/30/98.

Statutory Authority: Chapter 18.27 RCW. WSR 97-24-071, § 296-200A-900, filed 12/2/97, effective 1/5/98.]

DRAFT