
Commerce & Labor Committee

HB 2826

Brief Description: Concerning the recommendations of the joint legislative task force on the underground economy.

Sponsors: Representatives Conway, Chase, Hudgins and Simpson.

Brief Summary of Bill

- Requires contractors who fail to register with the Department of Labor and Industries to take a training class, in addition to registering, to be eligible for a reduced penalty for a first-time offense.
- Creates a dedicated account for contractor registration.

Hearing Date: 1/22/10

Staff: Joan Elgee (786-7106).

Background:

In 2007 the Legislature established a Joint Legislative Task Force on the Underground Economy in the Construction Industry (Task Force). The Task Force met during the 2007 and 2008 interims and developed recommendations which were incorporated into legislation. In 2009 the Legislature expanded the scope of the Task Force beyond the construction industry. The Task Force made a number of recommendations based on its 2009 interim work.

The Contractor Registration Act (Act) requires general and specialty contractors to register with the Department of Labor and Industries (Department). Under the Act, a contractor who fails to register is subject to a fine of not less than \$1,000 and not more than \$5,000. The Director of the Department may reduce the fee to no less than \$500 for a first offense if the contractor registers within 10 days of receiving a notice of infraction.

Contractor registration fees and penalties are deposited into the General Fund.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

The penalty for a first offense of failure to register as a contractor is modified. To receive a reduced penalty, a contractor must register for and complete a contractor training class in addition to registering as a contractor. Once a contractor receives a notice of infraction, the contractor has 10 days to register as a contractor and register for a class, and 120 days to complete the class. A contractor must also pay any class fees upon registration to receive the reduced penalty.

The Department may conduct the classes or approve classes conducted by others. The Department may charge a fee that covers the cost of administering a class. In addition, the Department may adopt rules on the number of classes to be offered, and the class locations, fees, and curriculum.

A contractor registration account is created beginning July 1, 2011. All registration fees, penalties, and class fees must be deposited into this account, and moneys may be appropriated from the account only for purposes of contractor registration.

A double amendment regarding retainage on public works contracts is corrected.

Appropriation: None.

Fiscal Note: Requested on January 14, 2010.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for sections 3 and 4, relating to the contractor registration account, which take effect July 1, 2011.