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**SUBSTITUTE HOUSE BILL 1630**

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**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** House Committee on Commerce & Labor (originally sponsored by Representatives Cairnes, Kremen, Ballasiotes, Cole, Conway, Cooke, Goldsmith, Quall, Cody, Elliot, Romero, Voloria and Thompson)

Read first time 03/01/95.

1 AN ACT Relating to registration of contractors; amending RCW  
2 18.27.010, 18.27.020, 18.27.030, 18.27.040, 18.27.060, 18.27.090,  
3 18.27.100, 18.27.104, 18.27.110, 18.27.114, 18.27.117, 18.27.200,  
4 18.27.230, and 18.27.340; reenacting and amending RCW 51.12.020; adding  
5 a new section to chapter 18.27 RCW; repealing RCW 18.27.140; and  
6 prescribing penalties.

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

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

10 The purposes of this chapter are to protect the general welfare of  
11 the residents of this state who purchase construction services and the  
12 general economic welfare of business in compliance with this chapter,  
13 to enhance state revenue collections, and to promote compliance and  
14 enforcement of this chapter by providing swift and meaningful penalties  
15 for those failing to register as required by this chapter.

16 This chapter shall be strictly enforced to accomplish these  
17 purposes. Therefore, the doctrine of substantial compliance shall not  
18 be used by the department in the application and construction of this

1 chapter. Anyone engaged in the activities of a contractor is presumed  
2 to know the requirements of this chapter.

3 **Sec. 2.** RCW 18.27.010 and 1993 c 454 s 2 are each amended to read  
4 as follows:

5 Unless the context clearly requires otherwise, the definitions in  
6 this section apply throughout this chapter.

7 (1) "Contractor" means any person, firm, or corporation who or  
8 which, in the pursuit of an independent business undertakes to, or  
9 offers to undertake, or submits a bid to, construct, alter, repair, add  
10 to, subtract from, improve, move, wreck or demolish, for another, any  
11 building, highway, road, railroad, excavation or other structure,  
12 project, development, or improvement attached to real estate or to do  
13 any part thereof including the installation of carpeting or other floor  
14 covering, the erection of scaffolding or other structures or works in  
15 connection therewith or who installs or repairs roofing or siding; or,  
16 who, to do similar work upon his or her own property, employs members  
17 of more than one trade upon a single job or project or under a single  
18 building permit except as otherwise provided herein. "Contractor"  
19 includes any person, firm, or corporation covered by this subsection,  
20 whether or not registered as required under this chapter.

21 (2) "General contractor" means a contractor whose business  
22 operations require the use of more than two unrelated building trades  
23 or crafts whose work the contractor shall superintend or do in whole or  
24 in part. "General contractor" shall not include an individual who does  
25 all work personally without employees or other "specialty contractors"  
26 as defined (~~herein~~) in this section. The terms "general contractor"  
27 and "builder" are synonymous.

28 (3) "Specialty contractor" means a contractor whose operations (~~as~~  
29 ~~such~~) do not fall within the foregoing definition of "general  
30 contractor".

31 (4) "Unregistered contractor" means a person, firm, or corporation  
32 doing work as a contractor without being registered in compliance with  
33 this chapter. "Unregistered contractor" includes contractors whose  
34 registration is expired for more than thirty days beyond the renewal  
35 date or has been suspended.

36 (5) "Department" means the department of labor and industries.

37 (~~(5)~~) (6) "Director" means the director of the department of  
38 labor and industries.

1       (~~(6)~~) (7) "Verification" means the receipt and duplication by the  
2 city, town, or county of a contractor registration card that is current  
3 on its face.

4       **Sec. 3.** RCW 18.27.020 and 1993 c 454 s 6 are each amended to read  
5 as follows:

6       (1) Every contractor shall register with the department.

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

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

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

13       (c) Use a false or expired registration number in purchasing or  
14 offering to purchase an advertisement for which a contractor  
15 registration number is required; (~~(or)~~)

16       (d) Transfer a valid registration to an unregistered contractor or  
17 allow an unregistered contractor to work under a registration issued to  
18 another contractor; or

19       (e) Knowingly subcontract work to a person, firm, or corporation  
20 not registered as required under this chapter. However, a contractor  
21 does not commit a misdemeanor under this section if a subcontractor  
22 becomes unregistered during the course of its work without the  
23 knowledge of the contractor.

24       (3) All misdemeanor actions under this chapter shall be prosecuted  
25 in the county where the (~~(infraction)~~) violation occurs.

26       (4) The director by rule shall establish a two-year audit and  
27 monitoring program for a contractor not registered under this chapter  
28 who becomes registered after receiving an infraction or conviction  
29 under this chapter as an unregistered contractor. The director shall  
30 notify the department of revenue and the employment security department  
31 of such infractions or convictions and shall cooperate with such  
32 departments in determining whether any taxes or registration, license,  
33 or other fees or penalties are owed the state.

34       **Sec. 4.** RCW 18.27.030 and 1992 c 217 s 1 are each amended to read  
35 as follows:

36       (1) An applicant for registration as a contractor shall submit an  
37 application under oath upon a form to be prescribed by the director and

1 which shall include the following information pertaining to the  
2 applicant:

3 (a) Employer social security number.

4 (b) As applicable: (i) The industrial insurance account number  
5 covering employees domiciled in Washington; and (ii) evidence of  
6 workers' compensation coverage in the applicant's state of domicile for  
7 the applicant's employees working in Washington who are not domiciled  
8 in Washington.

9 (c) Employment security department number.

10 (d) State excise tax registration number.

11 (e) Unified business identifier (UBI) account number may be  
12 substituted for the information required by (b), (c), and (d) of this  
13 subsection.

14 (f) Type of contracting activity, whether a general or a specialty  
15 contractor and if the latter, the type of specialty.

16 (g) The name and address of each partner if the applicant be a firm  
17 or partnership, or the name and address of the owner if the applicant  
18 be an individual proprietorship, or the name and address of the  
19 corporate officers and statutory agent, if any, if the applicant be a  
20 corporation. The information contained in such application shall be a  
21 matter of public record and open to public inspection.

22 (2) The department may verify the workers' compensation coverage  
23 information provided by the applicant under subsection (1)(b) of this  
24 section, including but not limited to information regarding the  
25 coverage of an individual employee of the applicant. If coverage is  
26 provided under the laws of another state, the department may notify the  
27 other state that the applicant is employing employees in Washington.

28 (3) The department shall deny an application for registration  
29 ((shall be denied)) if the applicant has been previously registered as  
30 a sole proprietor, partnership, or corporation ((, and was a principal  
31 or officer of the corporation,)) and ((if)) the applicant has an  
32 unsatisfied final judgment in an action based on RCW 18.27.040 ((,))  
33 that was incurred during a previous registration under this chapter.  
34 The department shall check for unsatisfied judgments under RCW  
35 18.27.040 and a history of violations and misdemeanors when application  
36 is made. A history of violations, revoked and suspended registrations  
37 or licenses, or misdemeanors relating to the construction business may  
38 be grounds for denial.

1       **Sec. 5.** RCW 18.27.040 and 1988 c 139 s 1 are each amended to read  
2 as follows:

3       (1) Each applicant shall ~~((, at the time of applying for or renewing~~  
4 ~~a certificate of registration, file with the department a surety bond~~  
5 ~~issued by a surety insurer who meets the requirements of chapter 48.28~~  
6 ~~RCW in a form acceptable to the department running to the state of~~  
7 ~~Washington if a general contractor, in the sum of six thousand dollars;~~  
8 ~~if a specialty contractor, in the sum of four thousand dollars,))~~  
9 accompany the application for a certificate of registration with a  
10 surety bond or continuation certificate issued by a surety insurer who  
11 meets the requirements of chapter 48.28 RCW in the sum of six thousand  
12 dollars if the applicant is a general contractor and four thousand  
13 dollars if the applicant is a specialty contractor. The bond shall  
14 have the state of Washington named as obligee with good and sufficient  
15 surety in a form to be approved by the department. The bond shall be  
16 continuous and may be canceled by the surety upon the surety giving  
17 written notice to the director of its intent to cancel the bond. A  
18 cancellation or revocation of the bond or withdrawal of the surety from  
19 the bond suspends the registration issued to the registrant until a new  
20 bond or reinstatement notice has been filed and approved as provided in  
21 this section. Whether or not the bond is renewed, continued,  
22 reinstated, reissued, or otherwise extended, replaced, or modified,  
23 including increases or decreases in the penal sum, it shall be  
24 considered one continuous obligation, and the surety upon the bond  
25 shall not be liable in an aggregate or cumulative amount exceeding the  
26 penal sum set forth on the face of the bond. In no event shall the  
27 penal sum, or a portion thereof, at two or more points in time be added  
28 together in determining the surety's liability. The bond shall be  
29 conditioned that the applicant will pay all persons performing labor,  
30 including employee benefits, for the contractor, will pay all taxes and  
31 contributions due to the state of Washington, and will pay all persons  
32 furnishing labor or material or renting or supplying equipment to the  
33 contractor and will pay all amounts that may be adjudged against the  
34 contractor by reason of ~~((negligent or improper work or))~~ breach of  
35 contract including negligent or improper work in the conduct of the  
36 contracting business. A change in the name of a business or a change  
37 in the type of business entity shall not impair a bond for the purposes  
38 of this section so long as one of the original applicants for such bond  
39 maintains partial ownership in the business covered by the bond.

1 (2) Any contractor registered as of (~~the effective date of this~~  
2 ~~1983 act~~) July 1, 1995, who maintains such registration in accordance  
3 with this chapter shall be in compliance with this chapter until the  
4 next annual renewal of the contractor's certificate of registration.  
5 At that time, the contractor shall provide a bond, cash deposit, or  
6 other security deposit as required by this chapter and comply with all  
7 of the other provisions of this chapter before the department shall  
8 renew the contractor's certificate of registration.

9 (3) Any person, firm, or corporation having a claim against the  
10 contractor for any of the items referred to in this section may bring  
11 suit upon (~~such~~) the bond or deposit in the superior court of the  
12 county in which the work was done or of any county in which  
13 jurisdiction of the contractor may be had. The surety issuing the bond  
14 shall be named as a party to any suit upon the bond. Action upon  
15 (~~such~~) the bond or deposit shall be commenced by filing the summons  
16 and complaint with the clerk of the appropriate superior court within  
17 one year from the date of expiration of the certificate of registration  
18 in force at the time the claimed labor was performed and benefits  
19 accrued, taxes and contributions owing the state of Washington became  
20 due, materials and equipment were furnished, or the claimed contract  
21 work was completed or abandoned. Service of process in an action  
22 against the contractor, the contractor's bond, or the deposit shall be  
23 exclusively by service upon the department. Three copies of the  
24 summons and complaint and a fee of ten dollars to cover the handling  
25 costs shall be served by registered or certified mail upon the  
26 department at the time suit is started and the department shall  
27 maintain a record, available for public inspection, of all suits so  
28 commenced. Service is not complete until the department receives the  
29 ten-dollar fee and three copies of the summons and complaint. (~~Sueh~~)  
30 The service shall constitute service on the registrant and the surety  
31 for suit upon the bond or deposit and the department shall transmit the  
32 summons and complaint or a copy thereof to the registrant at the  
33 address listed in his or her application and to the surety within  
34 forty-eight hours after it shall have been received.

35 (4) The surety upon the bond shall not be liable in an aggregate  
36 amount in excess of the amount named in the bond nor for any monetary  
37 penalty assessed pursuant to this chapter for an infraction. The  
38 liability of the surety shall not cumulate where the bond has been  
39 renewed, continued, reinstated, reissued or otherwise extended. The

1 surety upon the bond may, upon notice to the department and the  
2 parties, tender to the clerk of the court having jurisdiction of the  
3 action an amount equal to the claims thereunder or the amount of the  
4 bond less the amount of judgments, if any, previously satisfied  
5 therefrom and to the extent of such tender the surety upon the bond  
6 shall be exonerated but if the actions commenced and pending at any one  
7 time exceed the amount of the bond then unimpaired, claims shall be  
8 satisfied from the bond in the following order:

9 (a) Employee labor, including employee benefits;

10 (b) Claims for breach of contract by a party to the construction  
11 contract;

12 (c) Material and equipment;

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

14 (e) Any court costs, interest, and attorney's fees plaintiff may be  
15 entitled to recover. The prevailing party in a bond claim action  
16 against the contractor and the contractor's bond, as required by this  
17 section, for breach of a construction contract is entitled to costs,  
18 interest, and reasonable attorneys' fees. In no event, however, may  
19 the combined costs, interest, attorneys' fees, and bond loss exceed the  
20 penal limit of the bond.

21 A payment made by the surety in good faith shall exonerate the bond  
22 to extent of any payment made by the surety.

23 (5) ~~((In the event that any))~~ If a final judgment ~~((shall))~~ impairs  
24 the liability of the surety upon the bond so furnished that there shall  
25 not be in effect a bond undertaking in the full amount prescribed in  
26 this section, the department shall suspend the registration of ~~((such))~~  
27 the contractor until the bond liability in the required amount  
28 unimpaired by unsatisfied judgment claims ~~((shall have been))~~ is  
29 furnished. If ~~((such))~~ the bond becomes fully impaired, a new bond  
30 must be furnished at the ~~((increased))~~ rates prescribed by this section  
31 ~~((as now or hereafter amended)).~~

32 (6) In lieu of the surety bond required by this section the  
33 contractor may file with the department a deposit consisting of cash or  
34 other security acceptable to the department.

35 (7) Any person having filed and served a summons and complaint as  
36 required by this section having an unsatisfied final judgment against  
37 the registrant for any items referred to in this section may execute  
38 upon the security held by the department by serving a certified copy of  
39 the unsatisfied final judgment by registered or certified mail upon the

1 department within one year of the date of entry of such judgment. Upon  
2 the receipt of service of (~~such~~) the certified copy the department  
3 shall pay or order paid from the deposit, through the registry of the  
4 superior court which rendered judgment, towards the amount of the  
5 unsatisfied judgment. The priority of payment by the department shall  
6 be the order of receipt by the department, but the department shall  
7 have no liability for payment in excess of the amount of the deposit.

8 (8) The director may (~~promulgate~~) adopt rules necessary for the  
9 proper administration of the security.

10 **Sec. 6.** RCW 18.27.060 and 1983 1st ex.s. c 2 s 19 are each amended  
11 to read as follows:

12 (1) A certificate of registration shall be valid for (~~one~~) two  
13 years and shall be renewed on or before the expiration date. The  
14 department shall issue to the applicant a certificate of registration  
15 upon compliance with the registration requirements of this chapter.

16 (2) If the department approves an application, it shall issue a  
17 certificate of registration to the applicant. The certificate shall be  
18 valid for:

19 (a) (~~One~~) Two years;

20 (b) Until the bond expires; or

21 (c) Until the insurance expires, whichever comes first. The  
22 department shall place the expiration date on the certificate.

23 (3) A contractor may supply a short-term bond or insurance policy  
24 to bring its registration period to the full (~~one~~) two years.

25 (4) If a contractor's surety bond or other security has an  
26 unsatisfied judgment against it or is canceled, or if the contractor's  
27 insurance policy is canceled, the contractor's registration shall be  
28 automatically suspended on the effective date of the impairment or  
29 cancellation. The department shall give notice of the suspension to  
30 the contractor by certified and by first class mail within forty-eight  
31 hours after suspension.

32 (5) Renewal of registration shall be considered valid upon the date  
33 the department receives the required fee and proof of bond and  
34 liability insurance, if sent by certified mail or other means requiring  
35 proof of delivery. The receipt or proof of delivery shall serve as the  
36 contractor's proof of renewed registration until he or she receives  
37 verification from the department.



1       **Sec. 7.** RCW 18.27.090 and 1987 c 313 s 1 are each amended to read  
2 as follows:

3       This chapter (~~((shall))~~) does not apply to:

4       (1) An authorized representative of the United States government,  
5 the state of Washington, or any incorporated city, town, county,  
6 township, irrigation district, reclamation district, or other municipal  
7 or political corporation or subdivision of this state;

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

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

13       (4) Any construction, repair, or operation incidental to the  
14 discovering or producing of petroleum or gas, or the drilling, testing,  
15 abandoning, or other operation of any petroleum or gas well or any  
16 surface or underground mine or mineral deposit when performed by an  
17 owner or lessee;

18       (5) The sale or installation of any finished products, materials,  
19 or articles of merchandise which are not actually fabricated into and  
20 do not become a permanent fixed part of a structure;

21       (6) Any construction, alteration, improvement, or repair of  
22 personal property, except this chapter shall apply to all  
23 mobile/manufactured housing. A mobile/manufactured home may be  
24 installed, set up, or repaired by the registered or legal owner, by a  
25 contractor (~~((licensed))~~) registered under this chapter, or by a  
26 mobile/manufactured home retail dealer or manufacturer licensed under  
27 chapter 46.70 RCW who shall warranty service and repairs under chapter  
28 46.70 RCW;

29       (7) Any construction, alteration, improvement, or repair carried on  
30 within the limits and boundaries of any site or reservation under the  
31 legal jurisdiction of the federal government;

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

35       (9) Any work or operation on one undertaking or project by one or  
36 more contracts, the aggregate contract price of which for labor and  
37 materials and all other items is less than five hundred dollars, such  
38 work or operations being considered as of a casual, minor, or  
39 inconsequential nature. The exemption prescribed in this subsection

1 does not apply in any instance wherein the work or construction is only  
2 a part of a larger or major operation, whether undertaken by the same  
3 or a different contractor, or in which a division of the operation is  
4 made into contracts of amounts less than five hundred dollars for the  
5 purpose of evasion of this chapter or otherwise. The exemption  
6 prescribed in this subsection does not apply to a person who advertises  
7 or puts out any sign or card or other device which might indicate to  
8 the public that he or she is a contractor, or that he or she is  
9 qualified to engage in the business of contractor;

10 (10) Any construction or operation incidental to the construction  
11 and repair of irrigation and drainage ditches of regularly constituted  
12 irrigation districts or reclamation districts; or to farming, dairying,  
13 agriculture, viticulture, horticulture, or stock or poultry raising; or  
14 to clearing or other work upon land in rural districts for fire  
15 prevention purposes; except when any of the above work is performed by  
16 a registered contractor;

17 (11) An owner who contracts for a project with a registered  
18 contractor;

19 (12) Any person working on his or her own property, whether  
20 occupied by him or her or not, and any person working on his or her  
21 personal residence, whether owned by him or her or not (~~but this~~  
22 ~~exemption shall not apply to any person otherwise covered by this~~  
23 ~~chapter who constructs an improvement on his own property with the~~  
24 ~~intention and for the purpose of selling the improved property)), as  
25 long as the person performs the work himself or herself;~~

26 (13) Owners of commercial properties who use their own employees to  
27 do maintenance, repair, and alteration work in or upon their own  
28 properties;

29 (14) A licensed architect or civil or professional engineer acting  
30 solely in his or her professional capacity, an electrician licensed  
31 under the laws of the state of Washington, or a plumber licensed under  
32 the laws of the state of Washington or licensed by a political  
33 subdivision of the state of Washington while operating within the  
34 boundaries of such political subdivision. The exemption provided in  
35 this subsection is applicable only when the licensee is operating  
36 within the scope of his or her license;

37 (15) Any person who engages in the activities herein regulated as  
38 an employee of a registered contractor with wages as his or her sole

1 compensation or as an employee with wages as his or her sole  
2 compensation;

3 (16) Contractors on highway projects who have been prequalified as  
4 required by (~~chapter 13 of the Laws of 1961,~~) RCW 47.28.070, with the  
5 department of transportation to perform highway construction,  
6 reconstruction, or maintenance work;

7 (17) Whether under a written or oral contract, projects performed  
8 by trading services between parties in lieu of cash payment, if the  
9 project cost does not exceed ten thousand dollars.

10 **Sec. 8.** RCW 18.27.100 and 1993 c 454 s 3 are each amended to read  
11 as follows:

12 (1) Except as provided in RCW 18.27.065 for partnerships and joint  
13 ventures, no person who has registered under one name as provided in  
14 this chapter shall engage in the business, or act in the capacity, of  
15 a contractor under any other name unless such name also is registered  
16 under this chapter.

17 (2) All advertising and all contracts, correspondence, cards,  
18 signs, posters, papers, and documents which show a contractor's name or  
19 address shall show the contractor's name or address as registered under  
20 this chapter.

21 (3)(a) (~~The alphabetized listing of contractors appearing in the~~  
22 ~~advertising section of telephone books or other directories and)) All  
23 advertising that shows the contractor's name or address shall show the  
24 contractor's current registration number. The registration number may  
25 be omitted in an alphabetized listing of registered contractors stating  
26 only the name, address, and telephone number: PROVIDED, That signs on  
27 motor vehicles subject to RCW 46.16.010 and on-premise signs shall not  
28 constitute advertising as provided in this section. All materials used  
29 to directly solicit business from retail customers who are not  
30 businesses shall show the contractor's current registration number. A  
31 contractor shall not use a false or expired registration number in  
32 purchasing or offering to purchase an advertisement for which a  
33 contractor registration number is required. Advertising by airwave  
34 transmission shall not be subject to this subsection (3)(a) ((if the  
35 person selling the advertisement obtains the contractor's current  
36 registration number from the contractor))).~~

37 (b) (~~A person selling advertising should not accept advertisements~~  
38 ~~for which the contractor registration number is required under (a) of~~

1 ~~this subsection if the contractor fails to provide the contractor~~  
2 ~~registration number.))~~ The director may issue a subpoena to any person  
3 or entity selling any advertising subject to this section for the name,  
4 address, and telephone number provided to the seller of the advertising  
5 by the purchaser of the advertising. The subpoena must have enclosed  
6 a stamped, self-addressed envelope and blank form to be filled out by  
7 the seller of the advertising. If the seller of the advertising has  
8 the information on file, the seller shall, within a reasonable time,  
9 return the completed form to the department. The subpoena must be  
10 issued within forty-eight hours after the expiration of the issue or  
11 publication containing the advertising or after the broadcast of the  
12 advertising. The good-faith compliance by a seller of advertising with  
13 a written request of the department for information concerning the  
14 purchaser of advertising shall constitute a complete defense to any  
15 civil or criminal action brought against the seller of advertising  
16 arising from such compliance. Advertising by airwave or electronic  
17 transmission is subject to this subsection (3)(b).

18 (4) No contractor shall advertise that he or she is bonded and  
19 insured because of the bond required to be filed and sufficiency of  
20 insurance as provided in this chapter.

21 (5) A contractor shall not falsify a registration number and use  
22 it, or use an expired registration number, in connection with any  
23 solicitation or identification as a contractor. All individual  
24 contractors and all partners, associates, agents, salesmen, solicitors,  
25 officers, and employees of contractors shall use their true names and  
26 addresses at all times while engaged in the business or capacity of a  
27 contractor or activities related thereto.

28 (6) Any advertising by a person, firm, or corporation soliciting  
29 work as a contractor when that person, firm, or corporation is not  
30 registered pursuant to this chapter is a violation of this chapter.

31 (7)(a) The finding of a violation of this section by the director  
32 at a hearing held in accordance with ~~((the Administrative Procedure~~  
33 ~~Act))~~ chapter 34.05 RCW(~~(7))~~) shall subject the person committing the  
34 violation to a penalty of not more than five thousand dollars as  
35 determined by the director.

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

1       **Sec. 9.** RCW 18.27.104 and 1989 c 175 s 61 are each amended to read  
2 as follows:

3       (1) If, upon investigation, the director or the director's designee  
4 has probable cause to believe that a person holding a registration, an  
5 applicant for registration, or ~~((an unregistered))~~ a person acting in  
6 the capacity of a contractor who is not otherwise exempted from this  
7 chapter, has violated RCW 18.27.100 by unlawfully advertising for work  
8 covered by this chapter ~~((in an alphabetical or classified directory)),~~  
9 the department may issue a citation containing an order of correction.  
10 Such order shall require the violator to cease the unlawful  
11 advertising.

12       (2) If the person to whom a citation is issued under subsection (1)  
13 of this section notifies the department in writing that he or she  
14 contests the citation, the department shall afford an opportunity for  
15 an adjudicative proceeding under chapter 34.05 RCW ~~((, the~~  
16 ~~Administrative Procedure Act,))~~ within thirty days after receiving the  
17 notification.

18       **Sec. 10.** RCW 18.27.110 and 1993 c 454 s 5 are each amended to read  
19 as follows:

20       (1) No city, town or county shall issue a construction building  
21 permit for work which is to be done by any contractor required to be  
22 registered under this chapter without verification that such contractor  
23 is currently registered as required by law. When such verification is  
24 made, nothing contained in this section is intended to be, nor shall be  
25 construed to create, or form the basis for any liability under this  
26 chapter on the part of any city, town or county, or its officers,  
27 employees or agents. However, failure to verify the contractor  
28 registration number results in liability to the city, town, or county  
29 to a penalty to be imposed according to RCW 18.27.100 ~~((+6))~~ (7)(a).

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

32       (a) Printing the contractor registration number on the building  
33 permit; and

34       (b) Providing a written notice to the building permit applicant  
35 informing them of contractor registration laws and the potential risk  
36 and monetary liability to the homeowner for using an unregistered  
37 contractor.

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

4 **Sec. 11.** RCW 18.27.114 and 1988 c 182 s 1 are each amended to read  
5 as follows:

6 (1) (~~Until July 1, 1989, any contractor agreeing to perform any~~  
7 ~~contracting project: (a) For the repair, alteration, or construction~~  
8 ~~of four or fewer residential units or accessory structures on such~~  
9 ~~residential property when the bid or contract price totals one thousand~~  
10 ~~dollars or more; or (b) for the repair, alteration, or construction of~~  
11 ~~a commercial building when the bid or contract price totals one~~  
12 ~~thousand dollars or more but less than sixty thousand dollars, must~~  
13 ~~provide the customer with the following disclosure statement prior to~~  
14 ~~starting work on the project:~~

15 "NOTICE TO CUSTOMER

16 This contractor is registered with the state of Washington,  
17 registration no. . . . , as a general/specialty contractor and  
18 has posted with the state a bond or cash deposit of  
19 \$6,000/\$4,000 for the purpose of satisfying claims against the  
20 contractor for negligent or improper work or breach of contract  
21 in the conduct of the contractor's business. This bond or cash  
22 deposit may not be sufficient to cover a claim which might  
23 arise from the work done under your contract. If any supplier  
24 of materials used in your construction project or any employee  
25 of the contractor or subcontractor is not paid by the  
26 contractor or subcontractor on your job, your property may be  
27 liened to force payment. If you wish additional protection, you  
28 may request the contractor to provide you with original "lien  
29 release" documents from each supplier or subcontractor on your  
30 project. The contractor is required to provide you with  
31 further information about lien release documents if you request  
32 it. General information is also available from the department  
33 of labor and industries."

34 (~~2) On and after July 1, 1989, )~~ Any contractor agreeing to perform  
35 any contracting project: (a) For the repair, alteration, or  
36 construction of four or fewer residential units or accessory structures  
37 on such residential property when the bid or contract price totals one

1 thousand dollars or more; or (b) for the repair, alteration, or  
2 construction of a commercial building when the bid or contract price  
3 totals one thousand dollars or more but less than sixty thousand  
4 dollars, must provide the customer, upon request, with the following  
5 disclosure statement prior to starting work on the project:

6 "NOTICE TO CUSTOMER

7 This contractor is registered with the state of Washington,  
8 registration no. . . . ., as a general/specialty contractor and  
9 has posted with the state a bond or cash deposit of  
10 \$6,000/\$4,000 for the purpose of satisfying claims against the  
11 contractor for negligent or improper work or breach of contract  
12 in the conduct of the contractor's business. The expiration  
13 date of this contractor's registration is . . . . . This  
14 bond or cash deposit may not be sufficient to cover a claim  
15 which might arise from the work done under your contract. If  
16 any supplier of materials used in your construction project or  
17 any employee of the contractor or subcontractor is not paid by  
18 the contractor or subcontractor on your job, your property may  
19 be liened to force payment. If you wish additional protection,  
20 you may request the contractor to provide you with original  
21 "lien release" documents from each supplier or subcontractor on  
22 your project. The contractor is required to provide you with  
23 further information about lien release documents if you request  
24 it. General information is also available from the department  
25 of labor and industries."

26 (~~(3) On and after July 1, 1989,~~) (2) A contractor subject to this  
27 section shall (~~notify any consumer to whom notice is required under~~  
28 ~~subsection (2) of this section if the contractor's registration has~~  
29 ~~expired or is revoked or suspended by the department prior to~~  
30 ~~completion or other termination of the contract with the consumer.~~

31 ~~(4) No contractor subject to this section may bring or maintain any~~  
32 ~~lien claim under chapter 60.04 RCW based on any contract to which this~~  
33 ~~section applies without alleging and proving that the contractor has~~  
34 ~~provided the customer with a copy of the disclosure statement as~~  
35 ~~required in subsection (1) or (2) of this section)), upon request,  
36 provide the customer with the address and telephone number of the  
37 department's contractor registration section.~~

1       ~~((5))~~ (3) This section does not apply to contracts authorized  
2 under chapter 39.04 RCW or to contractors contracting with other  
3 contractors.

4       ~~((6))~~ (4) Failure to comply with this section shall constitute an  
5 infraction under the provisions of this chapter.

6       ~~((7) The department shall produce model disclosure statements, and  
7 public service announcements detailing the information needed to assist  
8 contractors and contractors' customers to comply under this section.  
9 As necessary, the department shall periodically update these education  
10 materials.)~~)

11       **Sec. 12.** RCW 18.27.117 and 1987 c 313 s 2 are each amended to read  
12 as follows:

13       The legislature finds that setting up and siting mobile/  
14 manufactured homes must be done properly for the health, safety, and  
15 enjoyment of the occupants. Therefore, when any of the following cause  
16 a health and safety risk to the occupants of a mobile/manufactured  
17 home, or severely hinder the use and enjoyment of the mobile/  
18 manufactured home, a violation of RCW 19.86.020 shall have occurred:

19       (1) The mobile/manufactured home has been improperly installed by  
20 a contractor (~~(licensed)~~) registered under chapter 18.27 RCW, or a  
21 mobile/manufactured dealer or manufacturer licensed under chapter 46.70  
22 RCW;

23       (2) A warranty given under chapter 18.27 RCW or chapter 46.70 RCW  
24 has not been fulfilled by the person or business giving the warranty;  
25 and

26       (3) A bonding company that issues a bond under chapter 18.27 RCW or  
27 chapter 46.70 RCW does not reasonably and professionally investigate  
28 and resolve claims made by injured parties.

29       **Sec. 13.** RCW 18.27.200 and 1993 c 454 s 7 are each amended to read  
30 as follows:

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

33       (a) Advertise, (~~(offer to do work,)~~) submit a bid, or perform any  
34 work as a contractor without being registered as required by this  
35 chapter;



1 (b) Advertise, (~~offer to do work,~~) submit a bid, or perform any  
2 work as a contractor when the contractor's registration is suspended or  
3 revoked; (~~or~~)

4 (c) Transfer a valid registration to an unregistered contractor or  
5 allow an unregistered contractor to work under a registration issued to  
6 another contractor; or

7 (d) Knowingly subcontract work to a person not registered as  
8 required under this chapter. However, a contractor does not commit an  
9 infraction if the subcontractor becomes unregistered during the course  
10 of its work without the knowledge of the contractor.

11 (2) Each day that a contractor works without being registered as  
12 required by this chapter, works while the contractor's registration is  
13 suspended, or works under a registration issued to another contractor  
14 is a separate infraction. Each worksite at which a contractor works  
15 without being registered as required by this chapter, works while the  
16 contractor's registration is suspended, or works under a registration  
17 issued to another contractor is a separate infraction.

18 **Sec. 14.** RCW 18.27.230 and 1993 c 454 s 9 are each amended to read  
19 as follows:

20 The department may issue a notice of infraction if the department  
21 reasonably believes that the contractor (~~required to be registered by~~  
22 ~~this chapter has failed to do so or~~) has (~~otherwise~~) committed (~~a~~  
23 ~~violation under RCW 18.27.200~~) an infraction under this chapter. A  
24 notice of infraction issued under this section shall be personally  
25 served on the contractor named in the notice by the department's  
26 compliance inspectors or service can be made by certified mail directed  
27 to the contractor named in the notice of infraction. If the contractor  
28 named in the notice of infraction is a firm or corporation, the notice  
29 may be personally served on any employee of the firm or corporation.  
30 If a notice of infraction is personally served upon an employee of a  
31 firm or corporation, the department shall within four days of service  
32 send a copy of the notice by certified mail to the contractor if the  
33 department is able to obtain the contractor's address.

34 **Sec. 15.** RCW 18.27.340 and 1986 c 197 s 10 are each amended to  
35 read as follows:

1       (1) Except as otherwise provided in subsections (4) and (5) of this  
2 section, a contractor found to have committed an infraction under RCW  
3 18.27.200 shall be assessed a monetary penalty of not less than two  
4 hundred dollars and not more than three thousand dollars.

5       (2) Except as otherwise provided in subsections (4) and (5) of this  
6 section, the administrative law judge may waive, reduce, or suspend the  
7 monetary penalty imposed for the infraction only upon a showing of good  
8 cause that the penalty would be unduly burdensome ((to)) for the  
9 contractor.

10       (3) The director may waive collection in favor of payment of  
11 restitution to a consumer complainant.

12       (4) A contractor found to have committed an infraction under RCW  
13 18.27.200 for failure to register shall be assessed a fine of not less  
14 than one thousand dollars, nor more than five thousand dollars. The  
15 penalty for failure to register may be reduced, but in no case below  
16 five hundred dollars, if the person becomes registered within ten days  
17 of receiving a citation and the citation is for a first offense.

18       (5) If a contractor who is issued a notice of infraction is an  
19 unregistered contractor under this chapter, then the contractor is  
20 subject to a penalty in the amount of one thousand dollars per  
21 violation. The penalty may be reduced, but in no case below five  
22 hundred dollars, if the person registers as a contractor within ten  
23 days of the notice of infraction.

24       (6) Monetary penalties collected under this chapter shall be  
25 deposited in the general fund.

26       **Sec. 16.** RCW 51.12.020 and 1991 c 324 s 18 and 1991 c 246 s 4 are  
27 each reenacted and amended to read as follows:

28       The following are the only employments which shall not be included  
29 within the mandatory coverage of this title:

30       (1) Any person employed as a domestic servant in a private home by  
31 an employer who has less than two employees regularly employed forty or  
32 more hours a week in such employment.

33       (2) Any person employed to do gardening, maintenance, or repair,  
34 ((remodeling, or similar work)) in or about the private home of the  
35 employer. For the purposes of this subsection, "maintenance" means the  
36 work of keeping in proper condition, "repair" means to restore to sound  
37 condition after damage, and "private home" means a person's place of  
38 residence.

1 (3) A person whose employment is not in the course of the trade,  
2 business, or profession of his or her employer and is not in or about  
3 the private home of the employer.

4 (4) Any person performing services in return for aid or sustenance  
5 only, received from any religious or charitable organization.

6 (5) Sole proprietors or partners.

7 (6) Any child under eighteen years of age employed by his or her  
8 parent or parents in agricultural activities on the family farm.

9 (7) Jockeys while participating in or preparing horses for race  
10 meets licensed by the Washington horse racing commission pursuant to  
11 chapter 67.16 RCW.

12 (8)(a) Except as otherwise provided in (b) of this subsection, any  
13 bona fide officer of a corporation voluntarily elected or voluntarily  
14 appointed in accordance with the articles of incorporation or bylaws of  
15 the corporation, who at all times during the period involved is also a  
16 bona fide director, and who is also a shareholder of the corporation.  
17 Only such officers who exercise substantial control in the daily  
18 management of the corporation and whose primary responsibilities do not  
19 include the performance of manual labor are included within this  
20 subsection.

21 (b) Alternatively, a corporation that is not a "public company" as  
22 defined in RCW 23B.01.400(~~(+19)~~) (20) may exempt eight or fewer bona  
23 fide officers, who are voluntarily elected or voluntarily appointed in  
24 accordance with the articles of incorporation or bylaws of the  
25 corporation and who exercise substantial control in the daily  
26 management of the corporation, from coverage under this title without  
27 regard to the officers' performance of manual labor if the exempted  
28 officer is a shareholder of the corporation, or may exempt any number  
29 of officers if all the exempted officers are related by blood within  
30 the third degree or marriage. If a corporation that is not a "public  
31 company" elects to be covered under subsection (8)(a) of this section,  
32 the corporation's election must be made on a form prescribed by the  
33 department and under such reasonable rules as the department may adopt.

34 (c) Determinations respecting the status of persons performing  
35 services for a corporation shall be made, in part, by reference to  
36 Title 23B RCW and to compliance by the corporation with its own  
37 articles of incorporation and bylaws. For the purpose of determining  
38 coverage under this title, substance shall control over form, and  
39 mandatory coverage under this title shall extend to all workers of this

1 state, regardless of honorary titles conferred upon those actually  
2 serving as workers.

3 (d) A corporation may elect to cover officers who are exempted by  
4 this subsection in the manner provided by RCW 51.12.110.

5 (9) Services rendered by a musician or entertainer under a contract  
6 with a purchaser of the services, for a specific engagement or  
7 engagements when such musician or entertainer performs no other duties  
8 for the purchaser and is not regularly and continuously employed by the  
9 purchaser. A purchaser does not include the leader of a group or  
10 recognized entity who employs other than on a casual basis musicians or  
11 entertainers.

12 (10) Services performed by a newspaper carrier selling or  
13 distributing newspapers on the street or from house to house.

14 (11) Services performed by an insurance agent, insurance broker, or  
15 insurance solicitor, as defined in RCW 48.17.010, 48.17.020, and  
16 48.17.030, respectively.

17 (12) Services performed by a booth renter as defined in RCW  
18 18.16.020. However, a person exempted under this subsection may elect  
19 coverage under RCW 51.32.030.

20 NEW SECTION. **Sec. 17.** RCW 18.27.140 and 1983 1st ex.s. c 2 s 21  
21 & 1973 1st ex.s. c 161 s 2 are each repealed.

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