

SENATE BILL REPORT

SB 5847

As Reported by Senate Committee On:
Commerce & Labor, February 18, 2015

Title: An act relating to contractor registration requirements for owners of property.

Brief Description: Concerning contractor registration requirements for owners of property.

Sponsors: Senator Angel.

Brief History:

Committee Activity: Commerce & Labor: 2/16/15, 2/18/15 [DP, DNP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King and Warnick.

Minority Report: Do not pass.

Signed by Senators Hasegawa, Ranking Minority Member; Conway and Keiser.

Staff: Susan Jones (786-7404)

Background: The Contractor Registration Act requires general and specialty contractors to register with the Department of Labor and Industries (Department). Applicants must obtain a bond and insurance to register.

Contractor generally means anyone who, in the pursuit of an independent business, undertakes to, or submits a bid to construct, improve, develop, or take specified other actions with respect to a building, development, or other structure. Installation of carpeting or other floor covering is specifically included. A contractor also includes a person who, to do similar work on the person's own property, employs members of more than one trade upon a single job or under a single building permit. Also included in the definition is an owner who offers to sell property without occupying or using the structure, project, development, or improvement for more than one year after it was substantially completed or abandoned.

The exemptions from registration include an owner who contracts with a registered contractor. However, this exemption does not apply to a person who performs the activities

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of a contractor for the purpose of leasing or selling improved property the person has owned for less than 12 months.

Summary of Bill: The provision including an owner in the contractor definition if the owner offers to sell improved property without occupying or using it for more than one year is modified. A person is not a contractor under this provision if the person contracts with a registered general contractor and does not superintend the work or undertakes only the installation of carpeting or other floor covering, or painting, or both.

Persons who, to do contracting work on their own property, employ members of more than one trade are deleted from the contractor definition.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The law forces an owner who purchases a property to register as general contractor even if the owner hires a general contractor to complete the work. Several years ago legislation was passed to cut down on unregistered contractors buying houses, doing work on the houses, and flipping them within one year. The intent was to ensure that flippers were not doing construction work underground. Instead of requiring flippers to hire registered contractors, the legislation put burdensome mandates on them. This bill corrects this issue for flippers hiring general contractors. Owners hiring contractors to do work on a house they are planning to sell may be fined. The previous legislation was also to protect consumers.

OTHER: The bill has some technical issues. The bill does not limit the exception to new or existing, or residential or commercial properties. Allowing flooring to be completed without registration will increase the underground economy and eliminates the consumer protection of bonds and licensing for contractors.

Persons Testifying: PRO: Senator Angel, prime sponsor; Bill Clarke, Bob Mitchell, WA Realtors; Jan Himebaugh, Building Industry Assn. of WA; Mike Hancock, citizen.

OTHER: Tammy Fellin, Labor and Industries.