

AMENDATORY SECTION (Amending WSR 09-10-079, filed 5/5/09, effective 6/5/09)

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.

"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.

AMENDATORY SECTION (Amending WSR 09-10-079, filed 5/5/09, effective 6/5/09)

WAC 296-200A-040 What can cause the suspension of a contractor's registration? (1) A contractor's registration will be suspended if the following impairments, cancellations, noncompliance, or errors occur:

(a) A surety bond or other security has an unsatisfied final judgment against it or becomes otherwise impaired.

(b) A surety bond is canceled.

(c) An insurance policy is expired, canceled, revoked or the insurer is withdrawn from the insurance policy.

(d) The contractor has an unsatisfied final judgment against it under chapter 18.27 RCW and this chapter.

(e) The department has notice that the contractor is a sole proprietor or an owner, principal, or officer of a registered contractor that has an unsatisfied final judgment against it for work within the scope of chapter 18.27 RCW and this chapter.

(f) The program has been notified that the contractor has outstanding debt owed to the department for work performed under this chapter, such as industrial insurance premiums owed for workers' hours or penalties for violation of chapter 18.27 RCW and this chapter.

(g) The department is notified that the contractor has been certified by the department of social and health services as a person who is not in compliance with a support order as provided in RCW 74.20A.320.

(h) The department finds that the contractor has provided false or misleading information or has otherwise been registered in error.

(i) The contractor fails to comply with a penalty payment plan agreement.

(j) The contractor has been certified by a lending agency and reported to the department for nonpayment or default on a federally or state-guaranteed educational loan or service conditional scholarship.

(k) The contractor does not maintain an active and valid unified business identifier number with the department of revenue.

(1) The contractor does not provide the department with updated information or forms as necessary to validate their information.

(2) The contractor's registration will be automatically suspended on the effective date of the impairment or cancellation. The department must mail a notice of the suspension to the contractor's last recorded address with the contractor registration program (~~by certified mail and first class mail~~) within two days after suspension.

(3) A contractor must not advertise, offer to do work, submit a bid, or perform any work as a contractor while its registration is suspended. To continue to operate as a contractor while its registration is suspended is a violation of chapter 18.27 RCW and subject to infractions.

(4) The department shall not deny an application or suspend a registration because of an unsatisfied final judgment if the applicant's or registrant's unsatisfied final judgment was determined by the director to be the result of the fraud or negligence of another party.

AMENDATORY SECTION (Amending WSR 08-16-091, filed 8/4/08, effective 9/4/08)

WAC 296-200A-065 What procedures must be followed when surety bonds and/or other securities approved by the department become impaired?

(1) Once the department has been notified that the surety bond or other security approved by the department has been impaired by a final judgment or reduced by payment to an amount less than is required by WAC 296-200A-030, the contractor's registration will automatically be suspended and the department will (~~send~~) mail a letter to the contractor (~~by certified mail and first class mail~~) within two days.

(2) Once the unsatisfied final judgment has been satisfied, the contractor may reapply according to the requirements of this chapter.

AMENDATORY SECTION (Amending WSR 08-16-091, filed 8/4/08, effective 9/4/08)

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 service fee to the department.

(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 fee and three copies of the summons and complaint.

(7) Within two days of receiving a summons and complaint, the department must (~~transmit~~) 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. (~~Under the definition for "service" as described in RCW 18.27.010(11) as related to mailing of summons and complaints under RCW 18.27.040 the requirement of "return receipt" will be fulfilled by use of the United States Postal Service "tracking and confirming" web site data.~~)

(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.

AMENDATORY SECTION (Amending WSR 08-16-091, filed 8/4/08, effective 9/4/08)

WAC 296-200A-305 How does the department notify registered contractors about unregistered subcontractors they have employed?

(1) Unless a general contractor or its representative has been given written notification by the department that a subcontractor they have employed, who was registered when employed, has subsequently become unregistered, it is not unlawful for the general contractor to employ that subcontractor. (See RCW

18.27.020(3).)

(2) To comply with RCW 18.27.020(3), the department, when feasible, will issue a written "notice of unregistered subcontractors" to a general contractor or its representative.

(3) A "notice of unregistered subcontractor" issued under this section must be personally served on the general contractor named in the notice by the department's compliance inspectors or must be (~~served by certified mail directed~~) mailed to the general contractor named in the notice.

(4) If the general contractor named in the notice is a firm or corporation, the notice may be personally served on any employee of the firm or corporation. If the notice is personally served upon an employee and the department is able to obtain the general contractor's address, the department must (~~send~~) mail a copy of the notice (~~by certified mail~~) to the general contractor within four days of service.

(5) A "notice of unregistered subcontractor" **is not** a notice of infraction.

(6) A "notice of unregistered subcontractor" is not required to issue an infraction to a contractor for employing a subcontractor that was unregistered, suspended or expired at the time they were hired by the general contractor.

If no signed contract between the contractor and the unregistered subcontractor exists, the first date of work performed by the subcontractor will be used as the hire date.

(7) If, after receiving the "notice of unregistered subcontractor," the general contractor continues to employ the subcontractor in question, it will be liable for an infraction under RCW 18.27.200.

AMENDATORY SECTION (Amending WSR 08-16-091, filed 8/4/08, effective 9/4/08)

WAC 296-200A-320 How can a notice of infraction be served?

(1) A notice of infraction is served when the notice of infraction is issued personally or mailed to the contractor named in the notice or to an employee of the contractor named by the compliance inspector issuing it (~~(, or when sent by certified mail with "return receipt" requested)~~).

(2) If the notice of infraction is personally served and the person served does not know the contractor's name or address, the department does not need to mail a copy of the infraction to the contractor; however, the notice remains in force.

AMENDATORY SECTION (Amending WSR 08-16-091, filed 8/4/08, effective 9/4/08)

WAC 296-200A-340 How does a contractor appeal a notice of infraction? (1) Under RCW 18.27.250 a contractor may appeal a notice of infraction by:

(a) Filing the notice of appeal with the department within ((~~twenty~~)) thirty calendar days of service of the infraction on-site or within ((~~twenty~~)) thirty calendar days of the postmark date of the infraction served through the mail, whichever is earlier; and

(b) Stating the basis for the appeal of the infraction in their written request; and

(c) Including a certified check or money order in the amount of two hundred dollars as a bond on the appeal.

(2) Each notice of infraction required a separate two hundred dollar appeal bond.

(3) These time frames apply to the issuance of the infraction for all violations of chapter 18.27 RCW.

If the ((~~twentieth~~)) thirtieth calendar day falls on a holiday or weekend, receipt will be accepted up to the next business day.

NEW SECTION

WAC 296-200A-345 What happens if a contractor fails to appeal a notice of infraction and assessment? If a contractor fails to appeal a notice of infraction and assessment within the required time frame, the notice of infraction and assessment becomes final and binding and payment is due. If the department does not receive payment, collections action will be taken, which may include additional penalties and interest.