

CONCISE EXPLANATORY STATEMENT (CES)

Contractor Registration Rules (2SHB 1534 Implementation – Phase 2)

- **WAC 296-200A-015, What terms do I need to know to understand this chapter?**
- **WAC 296-200A-030, How much are the surety bond or savings account amounts?**
- **WAC 296-200A-080, How is a suit filed against a contractor?**
- **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?**
- **WAC 296-200A-900, What fees does the department charge contractors for issuance, renewal, reregistration, and reinstatement of certificates of registration?**

The date of adoption for this rule: April 30, 2024

The effective date for this rule: July 1, 2024

I. Purpose of rulemaking:

This rulemaking adopts amendments to the Contractor Registration rules. The amendments affect the definitions, penalty and bond amounts, and fees for general and specialty contractors. The amendments are necessary due to the passage of [Second Substitute House Bill 1534 \(2SHB 1534\) \(Chapter 213, Laws of 2023\)](#) and [Senate Bill 5795 \(SB 5795\) \(Chapter 155, Laws of 2019\)](#) and to support operating expenses for the Contractor Registration Program.

The adopted rules include:

- Increasing fees by the fiscal growth factor of 6.40% to support operating expenses.
- Amendments for consistency with the statutory amendments under 2SHB 1534. This includes:
 - Adding a new definition to define the meaning of “due diligence” related to a successor of an entity verifying the entity is in good standing related to unsatisfied final judgment 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 judgment;
 - Increasing surety bond and savings account amounts for general and specialty contractors; and

- Increasing the monetary penalty amounts that may be assessed for infractions issued for violations of chapter 18.27 RCW.
- Amendments for consistency with the statutory amendments under SB 5795. This includes:
 - Amending the number of final judgements and single family dwelling structures involved for when a bond or savings account can be increased.
- Amendments for updates and clarification. This includes:
 - Clarifying the service fee for summons and complaints by removing the fee amount and referencing the fee schedule; and
 - Clarifying the requirements for collection of penalties from a contractor and payments of restitution.

2. Differences between the rule as adopted and the proposed rule:

There are no differences between the rules as adopted and proposed.

3. Comments on proposed rule:

The public comment period for this rulemaking began on February 20, 2024, and ended on March 26, 2024. Written comments were accepted through March 26, 2024.

A hybrid public hearing was held on March 26, 2024, at 9:00 a.m. at L&I headquarters and via Zoom meeting. Seven (7) L&I staff and ten (10) other persons attended the public hearing.

L&I did not receive any oral or written comments on the proposed rules; therefore, the rules have been adopted as proposed.