PROPOSED RULE MAKING

CR-102 (June 2024)
(Implements RCW 34.05.320)
Do **NOT** use for expedited rule making

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STATE OF WASHINGTON
FILED

DATE: January 20, 2026
TIME: 4:45 PM

WSR 26-03-091

Agency: Department of Labor & Industries (L&I)

☒ **Original Notice**
☐ **Supplemental Notice to WSR** _____
☐ **Continuance of WSR** _____

☒ **Preproposal Statement of Inquiry was filed as WSR** 25-10-080 **; or**
☐ **Expedited Rule Making--Proposed notice was filed as WSR** _____**; or**
☐ **Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or**
☐ **Proposal is exempt under RCW** _____**.**

Title of rule and other identifying information: (describe subject) Homeowner Recovery Program under the contractor registration rule. Chapter 296-200A WAC, Contractor Certificate of Registration Renewals – Security – Insurance

Hearing location(s):

Date:	**Time:**	**Location:** (be specific)	**Comment:**
February 26, 2026	10:00 a.m.	Department of Labor & Industries 7273 Linderson Way SW, Room S117 Tumwater, WA 98501 OR **Join electronically:** https://lni-wa-gov.zoom.us/j/85717144509?pwd=1oIO2fE8h5JLMJI3JEdaTIXiaUqXrK.1 Passcode: hearing@6! OR **Join by phone:** 253-215-8782 US Webinar ID: 857 1714 4509 Passcode: 8360438160	The in-person and virtual/telephonic hearing starts at 10:00 a.m. and will continue until all oral comments are received.

Date of intended adoption: April 21, 2026 (Note: This is **NOT** the **effective** date)

Submit written comments to:
Name Alicia Curry
Address Department of Labor & Industries
Customer Service, Compliance, and Public Safety Division
PO Box 44400
Olympia WA 98504-4400
Email CSCPSRules@Lni.wa.gov
Fax 360-704-1980
Other
Beginning (date and time) January 21, 2026, at 8 a.m.
By (date and time) February 26, 2026, at 5 p.m.

Assistance for persons with disabilities:
Contact Alicia Curry
Phone 360-902-6244
Fax 360-704-1980
TTY
Email CSCPSRules@Lni.wa.gov
Other
By (date) February 13, 2026

Purpose of the proposal and its anticipated effects, including any changes in existing rules: L&I is proposing amendments to the contractor registration rules to implement a new Homeowner Recovery Program. The program provides a safeguard and a path to financial recovery for consumers harmed by registered construction contractors.
In 2023, the legislature passed House Bill 1534 (2SHB 1534) (Chapter 213, Laws of 2023), concerning strengthening protections for consumers in the construction industry. The legislation directed L&I to establish a new Homeowner Recovery Fund and begin depositing all fines and penalties received or collected under chapter 18.27 RCW to the fund by July 1, 2024. Beginning July 1, 2026, eligible homeowners can apply for recovery payments from the program for financial losses stemming from work by registered construction contractors. This rulemaking proposes new sections to administer the newly established program and ensure eligible construction consumers have access to the program's recovery payments.

In addition to the Homeowner Recovery Program, 2SHB 1534 introduced several other statutory amendments that strengthen consumer protection in Washington's construction industry. L&I is adopting rules to implement the legislation in three phases. This rulemaking is the final stage. The phase one rulemaking was adopted under WSR 23-17-145 and phase two was adopted under WSR 24-10-086.

Proposed amendments to this chapter are as follows:

WAC 296-200A-9100, Definitions applicable to homeowner recovery program.
- Establishes new definitions to define terms that are applicable to the homeowner recovery program.

WAC 296-200A-9105, Claim eligibility.
- Establishes eligibility requirements for claimants applying to the homeowner recovery program.

WAC 296-200A-9110, Claim filing.
- Establishes the process for filing a claim and documentation required.

WAC 296-200A-9115, Processing of claims.
- Establishes L&I's process for approving and denying claims and when funds are not available.

WAC 296-200A-9120, Compensation amount.
- Specifies the highest amount of an unpaid judgement that L&I will compensate a claimant.

WAC 296-200A-9125, Claim denial.
- Establishes the reasons that L&I may deny a claim.

WAC 296-200A-9130, Fund waitlist.
- Establishes criteria for when an applicant is placed on the waitlist and L&I's notification process.

WAC 296-200A-9135, Payment and reimbursement requirements.
- Establishes payment and reimbursement requirements for claimants and contractors.

Reasons supporting proposal: L&I is amending the rules for consistency with the statutory amendments under 2SHB 1534 that take effect July 1, 2026. Rules are required to implement the legislation.

Statutory authority for adoption: 2SHB 1534 (Chapter 213, Laws of 2023), SB 5795 (Chapter 155, Laws of 2019), and Chapter 18.27 RCW

Statute being implemented: 2SHB 1534 (Chapter 213, Laws of 2023), SB 5795 (Chapter 155, Laws of 2019), and Chapter 18.27 RCW

Is rule necessary because of a:

Federal Law?	☐ Yes	☒ No
Federal Court Decision?	☐ Yes	☒ No
State Court Decision?	☐ Yes	☒ No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: None

Name of proponent: (person or organization) Department of Labor & Industries
Type of proponent: ☐ Private. ☐ Public. ☒ Governmental.

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting	Melissa McBride, Prog. Mgr.	Tumwater, WA	360-338-5526

Implementation Director	Randy Littlefield, Acting Asst.	Tumwater, WA	360-584-8228
Enforcement Director	Randy Littlefield, Acting Asst.	Tumwater, WA	360-584-8228

Is a school district fiscal impact statement required under RCW 28A.305.135? ☐ Yes ☒ No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name
Address
Phone
Fax
TTY
Email
Other

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name
Address
Phone
Fax
TTY
Email
Other

☒ No: Please explain: This rulemaking is exempt under RCW 34.05.328(5)(b)(iii) as it proposes to adopt or incorporate new statutory language into rule through interpretation and without material change and are not considered significant legislative rules under RCW 34.05.328(5)(c)(ii).

Regulatory Fairness Act and Small Business Economic Impact Statement

Note: The Governor's Office for Regulatory Innovation and Assistance (ORIA) provides support in completing this part.

(1) Identification of exemptions:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). For additional information on exemptions, consult the exemption guide published by ORIA. Please check the box for any applicable exemption(s):

☐ This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

☐ This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

☐ This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

☒ This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- ☐ RCW 34.05.310 (4)(b) (Internal government operations)
- ☒ RCW 34.05.310 (4)(c) (Incorporation by reference)
- ☐ RCW 34.05.310 (4)(d) (Correct or clarify language)
- ☐ RCW 34.05.310 (4)(e) (Dictated by statute)
- ☐ RCW 34.05.310 (4)(f) (Set or adjust fees)
- ☐ RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

☐ This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(4). (Does not affect small businesses).

☐ This rule proposal, or portions of the proposal, is exempt under RCW _____.

Explanation of how the above exemption(s) applies to the proposed rule:

(2) Scope of exemptions: *Check one.*

☒ The rule proposal: Is fully exempt. *(Skip section 3.)* Exemptions identified above apply to all portions of the rule proposal.

☐ The rule proposal: Is partially exempt. *(Complete section 3.)* The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using this template from ORIA):

☐ The rule proposal: Is not exempt. *(Complete section 3.)* No exemptions were identified above.

(3) Small business economic impact statement: *Complete this section if any portion is not exempt.*

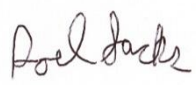
If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

☐ No Briefly summarize the agency's minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs. _____

☐ Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name
Address
Phone
Fax
TTY
Email
Other

Date: January 20, 2026	**Signature:** 
Name: Joel Sacks	
Title: Director	