

**House Committee On Business and Labor**

**Fiscal:** Has minimal fiscal impact

**Revenue:** No Revenue Impact

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**Action Date:** 05/27/15

**Action:** Do Pass.

**Meeting Dates:** 04/29, 05/11, 05/27

**Vote:**

Yeas: 9 - Barreto, Barton, Doherty, Esquivel, Evans, Fagan, Holvey, Nosse, Weidner

Nays: 2 - Heard, Kennemer

**Prepared By:** Jan Nordlund, Committee Administrator

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**WHAT THE MEASURE DOES:**

Requires person providing restoration work on residential or small commercial structure following disaster to have appropriate license endorsement issued by Construction Contractors Board. Directs Board to adopt rules for issuing residential restoration contractor license endorsement in time to make endorsements available by January 1, 2017.

**ISSUES DISCUSSED:**

- Ability of homeowners to make repairs without license
- Licensure required any time structural work is performed
- Value to consumer of contracting with licensed business
- Whether insurance companies can require or direct insured to specific restoration company
- Effort of work group during 2014 interim
- Whether sheetrock is considered a physical component of the structure

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

In 2014, legislative committees heard from homeowners and renters who were solicited by restoration companies while they watched their home and belongings go up in flames. Contracts are sometimes entered into under duress and before the homeowner or renter has time to consult with their insurance company.

Some restoration service companies, such as “board up” and construction services, are currently required to hold a license from the Construction Contractors Board, while others have no licensing requirements, such as those who clean up following water and smoke damage. The measure under consideration in 2014, Senate Bill 1571, was not enacted but a work group formed to address the issue during the interim. Senate Bill 574-A is the result of the work group.

The measure requires those who provide restoration work on residential and small commercial structures following a man-made or natural disaster to have an appropriate license endorsement from the Board. It establishes the residential restoration contractor endorsement, and limits such contractors to performing restoration work. Therefore, demolition or removal of any physical component of the structure, which includes sheetrock and carpeting, would not be allowed under a residential restoration contractor license. Seven other existing license endorsements, including a residential general contractor and a commercial general contractor level 1, will allow a contractor to perform restoration work.