

HB 4012 A STAFF MEASURE SUMMARY

Carrier: Rep. Scharf

House Committee On Labor and Workforce Development

Action Date: 02/04/26

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 7-0-1-0

Yeas: 7 - Bunch, Fragala, Grayber, Munoz, Nelson, Rieke Smith, Scharf

Exc: 1 - Boshart Davis

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 2/2, 2/4

WHAT THE MEASURE DOES:

The measure requires the Construction Contractor Board (CCB) to consult with the Bureau of Labor and Industries (BOLI) to conduct a targeted assessment initiative on the use of unlicensed construction labor contractors from January 1 through July 1, 2027.

Detailed Summary:

- Requires the CCB to observe and collect information to determine the frequency and prevalence of unlicensed construction labor contractors being used on construction job sites
- Requires the CCB and BOLI to complete planning for the assessment initiative by December 31, 2026, and specifies planning activities
- Permits BOLI and the CCB to share data, documents, and information
- Requires the CCB to provide written notice to CCB licensees and applicants of the assessment initiative and specifies the notice's contents
- Requires the CCB and BOLI to report to the legislature's interim committees related to business and labor no later than October 1, 2027

ISSUES DISCUSSED:

- Workgroup on construction labor contractors
- Enforcement of construction labor contractor licensure requirements
- Collaboration between BOLI and the CCB on the assessment initiative
- Lack of information about the utilization of construction labor contractors
- Ability to execute the assessment, given the existing resources and authority of BOLI and the CCB

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

A labor contractor is any person or entity that recruits, solicits, supplies, or employs workers for another entity and is required to hold a labor contractor license. BOLI is responsible for administering and enforcing licensure requirements for farm and forest labor contractors, construction labor contractors, and property services/janitorial labor contractors.

Any person or entity that recruits, solicits, supplies, or employs workers to perform construction labor for an agreed pay rate must hold a valid construction labor contractor (CLC) license. This requirement applies to individuals who perform these activities on behalf of their employer and individuals who subcontract with another party to perform CLC activities.

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Before beginning work on any contract, a CLC must display its license or temporary permit and provide a copy to the person to whom the workers are being supplied or that person's agent. In addition, before allowing work to begin under any contract or agreement with a CLC, the person receiving the workers must examine the license or temporary permit to verify that the individual providing the workers matches the photo on the license or permit. A copy of the license or temporary permit must be retained.

Any person who knowingly uses the services of an unlicensed CLC is personally, jointly, and severally liable with the unlicensed contractor for unpaid wages and other damages as provided by law. In addition, individuals or entities that use the services of an unlicensed CLC may be subject to civil penalties of up to \$2,000 per violation.