Bill

Received:	04/12/2005			Received By: rkite			
Wanted: A	As time permi	its	Identical to LRB:				
For: Dean	Kaufert (60	8) 266-5719			By/Representing:	Cale Battles	
This file r	nay be shown	to any legislator	:: NO		Drafter: rkite		
May Cont	act:				Addl. Drafters:		
Subject:	Building	gs/Safety - misc	•		Extra Copies:		
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LRB-2734 02/15/2006 12:08:23 PM Page 2

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Received By: rkite

Bill

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Wanted: As time permits				Identical to LRB:					
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May Contact:	Addl. Drafters:
Subject: Buildings/Safety - misc.	Extra Copies:
Submit via email: YES Requester's email: Rep.Kaufert@legis.state.wi.us	
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rkite

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: Kaufert -Cale Battles

Contractor Registration Legislation

- All building contractors and sub contractors in the construction industry must register with the state through the Department of Commerce
 - Contractor includes subcontractors, floor covering contractors, landscape contractors and consultants representing themselves as having the ability to supervise or manage a construction project for the benefit of the property owner
 - People that this should include: carpentry, floor covering, concrete, drywall, landscaping, masonry, painting and wall covering, plastering, insulation, roofing, ceramic, plastic and metal tile
- O Allow Dept. to phase in registration process Nonstat? D-Note State will charge of fee of \$30 over two years to register.
- Allow the Department of Commerce to determine the application process and forms through the rule process. Also state that the Department must maintain a website allowing citizens to check to see if a contractor or subcontractor is registered in Wisconsin.
- Penalty
 - **Administrative Forfeitures** 0
 - \$1000 for first offense
 - \$3000 and revocation of registration for one year
 - \$5000 per day in violation of the offense, revocation of registration for two years
 - In addition to other penalties, a person not registered shall lose the ability to file a mechanics lien for the work performed while not properly registered
- Other Provisions
 - Unlawful for a contractor to engage a subcontractor who is required by this legislation to be registered.
 - A contractor or subcontractor that knowingly evade any state or federal law in order to coerces an employee to falsely declare that they are a independent contractor may be fined not more than \$10,000 or imprisoned for not more than 90 days or both
 - Exempt owners that are doing their own work ►
- **Establish Contractor Advisory Council**
 - Create a contracting advisory council consisting of six licenses and & one public member
 - Department of Commerce must obtain comments from the council when the Department promulgates rules under this bill

- The council also is allowed to petition the Department for the adoption, amendment, or repeal of rules relating to the regulation of contracting services
- Display of registration and registration number
 - Person who is issued registration number must display the registation at the person's principal place of business
 - O Must affix the number on all bids and contracts
 - Display number on all vehicles used by contractors or sub contractors in performing contracting services



State of Misconsin 2005 - 2006 LEGISLATURE

underlyis 2734/Pl dratti LRB-2239/P RNK: JE



// Fequester

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION



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AN ACT ...; relating to: the regulation of construction contractors and subcontractors and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- **SECTION 1.** 15.157 (13) of the statutes is created to read:
- 15.157 (13) CONTRACTOR ADVISORY COUNCIL. There is created in the department of commerce a contractor advisory council consisting of the following members appointed by the secretary of commerce for 3-year terms:
- (a) Six members who are licensed contractors or licensed subcontractors under subch. VII of ch. 101.
- (9) One member, who is not a licensed contractor or licensed subcontractor under subch. VII of ch. 101 and who represents the general public.

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Section 2. 20.143 (3) (i) of the statutes is amended to read: 1 $\mathbf{2}$ 20.143 (3) (j) Safety and building operations. The amounts in the schedule for 3 the purposes of chs. 101, 145, and 168 and ss. 236.12 (2) (a), 236.13 (1) (d) and (2m), 4 and 236.335. All moneys received under ch. 145, ss. 101.177 (4) (a) 4., 101.178, 5 101.19, 101.63 (9), 101.654 (3), 101.73 (12), 101.82 (4), 101.9205 (3), 101.9208 (1) (b), 101.9213 (8), 101.935, 101.951 (2), 101.952 (2), 101.955 (2), 101.973 (7), 101.984, and 6 7 236.12 (7), and 2001 Wisconsin Act 16, section 9110 (3z), shall be credited to this 8 appropriation. History: 1979 c. 361; 1981 c. 20, 21, 349; 1983 a. 27, 83, 192, 381; 1985 a. 29 ss. 169 to 204, 3202 (14); 1985 a. 120, 332, 334; 1987 a. 27, 109, 317, 318, 399, 403; 1989 a. 31, 185, 237, 317, 325, 335, 336, 342, 359; 1991 a. 39, 259, 261, 269, 315; 1993 a. 5, 16, 75, 110, 232, 437; 1995 a. 27 ss. 483, 505 to 517, 608s, 609g, 609j, 964, 965, 977, 987, 988, 990 to 993, 1080b, 1085b, 1086b, 9116 (5); 1995 a. 116, 119, 216, 227; 1997 a. 9, 27, 35, 215, 237, 252, 310; 1999 a. 9, 84, 106, 185, 186; 2001 a. 16, 109; 2003 a. 33 ss. 292c to 297m, 593 to 600, 602 to 604; 2003 a. 255, 256.

SECTION 3. Subchapter VII of chapter 101 [precedes 101.98] of the statutes is 10 created to read: 11 CHAPTER 101 SUBCHAPTER VILLE 12 REGULATION OF CONSTRUCTION CONTRACTORS AND 13SUBCONTRACTORS 14 101.98 Definitions. In this subchapter: 15 16 (1) "Contractor" means any person engaged in the business of construction 17 who contracts with the owner of real property to construct, or supervise the an improvement to that real property 18 construction of, abuilding and who, either directly or by the use of subcontractors, 19 performs construction services.

(2) "Construction" includes renovation, repair, and remodeling.

(3) "Construction services" includes carpentry, floor covering installation or

repair, concrete work, drywall installation or repair, landscaping, masonry work,

1	painting, wall covering installation or repair, plastering, insulation work, roofing, or
2	ceramic, plastic, or metal tile installation or repair
3	(4) "Subcontractor" means a person who enters into a contract with a
4	contractor or subcontractor to perform part or all of a contract to construct or
5	supervise the construction of a building on improvement to real property
6	101.981 Departmental powers and duties. The department shall do all of
7	the following:
8	(1) Issue a license that includes a unique license number to any person who
9	desires to act as a contractor or a subcontractor and who meets the requirements for
10	that license under this subchapter.
11)	(2) Establish a website that consumers may use to determine whether a
12	contractor or subcontractor is licensed under this subchapter.
13	(3) Promulgate rules, upon consultation with the contractor advisory council,
14	establishing all of the following:
15	(a) Standards for the licensing of contractors and subcontractors.
16	(b) Application procedures for persons applying for a license under this
17	subchapter.
18	101.982 Prohibition. (1) No person may hold himself or herself out or act
19	as a contractor or subcontractor or perform construction services unless that person
20	is licensed as required under this subchapter.
21	(2) No contractor or subcontractor may enter into a contract for construction
22	services with subcontractor who is not licensed as required under this subchapter.
23	(3) No contractor or subcontractor may claim or maintain an action to enforce
24	a lien under s. 779.01 for construction services performed or materials procured if the

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1	contractor or subcontractor was not licensed as required under this subchapter at the
2	time that the services were performed or the materials were procured
3	101.983 Requirements. Every person who holds a license under this
4	subchapter shall do all of the following:
5	(1) Display the number of the license at the person's principal place of business.
6	(2) Include the number of the license on all construction bids and contracts.
7	(3) Display the number of the license on each vehicle used by that person in
8	performing construction services.
9	101.984 License term; fee. A license issued under this subchapter shall be
10	valid for a period of 2 years and shall be renewable. The department shall charge
11	a fee of \$30 for a license issued under this subchapter.
12	101.985 Exception. Sections 101.982 and 101.983 do not apply to any person
13	who performs construction work on his or her personal residence.
14	101.986 Contractor advisory council powers and duties. The contractor
15	advisory council shall make recommendations to the department regarding the
16	promulgation of rules under this subchapter. The council may petition the
17	department to promulgate, amend, or repeal a rule concerning the licensing of
18	contractors and subcontractors.
(19)	101.987 Penalties. (1) A person who violates s. 101.982 or s. 101.983 shall
20	forfeit \$1,000 for a first violation, \$3,000 for a second violation, and \$5,000 for a third
21	or subsequent violation. Each day of violation constitutes a separate offense.
(22)	(2) (a) In addition to the forfeitures specified under sub. (1), the department
23	shall revoke a license issued to a person under this subchapter who commits a second
24	violation of s. 101.982 or s. 101.983 and may not issue a license to that person under
25	this subchapter for at least one year from the date of revocation.

(b) In addition to the forfeitures specified under sub. (1), the department shall revoke a license issued to a person under this subchapter who commits a third or subsequent violation of s. 101.982 or s. 101.983 and may not issue a license to that person under this subchapter for at least 2 years from the date of revocation.

SECTION 4. Nonstatutory provisions.

after the effective date of this subsection, the department of commerce shall submit in proposed form the rules required under section 101.981 (3) of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) of the statutes, unless the secretary of administration requires the department to prepare an economic impact report under section 227.137 of the statutes for the proposed rules.

(2) Contractor advisory council. Notwithstanding the length of terms specified for the contractor advisory council under section 101.157 (13) of the statutes, as created by this act, 2 of the initial members appointed under section 101.157 (13) of the statutes, as created by this act, shall be appointed for terms that expire on July 1, 2007, 2 of the initial members appointed under section 101.157 (13) of the statutes, as created by this act, shall be appointed for terms that expire on July 1, 2008, 2 of the initial members appointed under section 101.157 (13) of the statutes, as created by this act, shall be appointed for terms that expire on July 1, 2009, and one of the initial members appointed under section 101.157 (13) of the statutes, as created by this act, shall be appointed for a term that expires on July 1, 2010.

SECTION 5. Effective dates. This act takes effect on the first day of the 18th month beginning after publication, except as follows:

CS A.R. B

1	(1) Proposed rules. Section 4 (1) of this act takes effect on the day after
2	publication.
3	(2) CONTRACTOR ADVISORY COUNCIL. The treatment of sections 15.157 (13) and
	CS ARR C A.R.C
4	101.986 of the statutes and Section 4 (2) of this act take effect on the day after
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5	publication.
.	publication.
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D-Note

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

2734/Pldn >LRB-2289/Rdh RNK: K...



I have prepared this draft in preliminary form to give you an opportunity to review and revise the draft before it is prepared in introducible form. Please note the following:

This draft does not include a provision authorizing the department of commerce to "phase in" the licensing process because I did not know what aspects of the process you want to allow the department to phase in. That is, do you want to require only certain contractors to be licensed initially? Or do you want to grandfather certain experienced contractors? If you can provide more information on this part of the request, I will incorporate it into the next version of the draft.

You also asked that the draft impose a penalty on a contractor or subcontractor who "knowingly evades any state or federal law in order to coerce an employee to falsely declare that they are an independent contractor".) I do not understand the intent of this provision. Again, if you can provide more information on this part of the request, I will incorporate it into the next version of the draft.

The definitions of "contractor" and "subcontractor" in this draft are quite broad. For example, the definition would probably include electricians who are already required under current law to be certified and plumbers who are required under current law to be licensed. On the other hand, it would seem that certain other contractors might not be covered under the draft. For example, a person who installs countertops might not fall under the definition of "contractor" or "subcontractor" under the draft. Please review these definitions closely to ensure that they meet your intent.

The regulation of contractors and subcontractors under this draft applies to both commercial construction and residential construction. Is this consistent with your intent?

I have included a delayed effective date in the draft to give the department of commerce sufficient time to promulgate rules. Is this O.K.?

Please feel free to contact me if you have any questions concerning this draft.

Robin N. Kite Legislative Attorney Phone: (608) 266–7291

E-mail: robin.kite@legis.state.wi.us

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-2734/P1dn RNK:kjf:rs

May 3, 2005

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Robin N. Kite Legislative Attorney Phone: (608) 266–7291

E-mail: robin.kite@legis.state.wi.us

Kite, Robin

From:

Battles, Cale

Sent:

Thursday, July 14, 2005 11:39 AM

To:

Kite, Robin

Subject:

RE: LRB 2734/P1

Thursday, July 21 at 10:00 work?

From:

Kite, Robin

Sent:

Thursday, July 14, 2005 11:37 AM

To: Subject: Battles, Cale

RE: LRB 2734/P1

Cale:

I will be in the office only in the mornings next week but I will be in every day. So I will be happy to participate in a conference call any morning next week.

Robin

----Original Message----

From:

Battles, Cale

Sent:

Thursday, July 14, 2005 11:26 AM

To:

Kite, Robin

Subject: LRB 2734/P1

Robin,

Would you have time next week for a conference call with Mark Reihl (Wis. Carpenters Assoc.) and myself regarding LRB2734/P1. Mark has been helping me work through some of the possible fixes in the draft and it might be helpful for all of us to talk in order to get this finished. Would you have any time to do this next week Tuesday, Wednesday or Thursday for about 15 to 20 minutes.

Sincerely,

Cale Battles Rep. Kaufert's Office 266-5719

STATE OF WISCONSIN – LEGISLATIVE REFERENCE BUREAU – LEGAL SECTION (608-266-3561)

Per cong call w/ Cale Battles & Mark Reide D-Note-	7/21/05
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LICENSING

THE ARIZONA CONTRACTOR'S LICENSE

Back to the Registrar of Contractors Home Page

QUALIFYING PARTY

EXPERIENCE REQUIREMENTS

LICENSE FEES

LICENSE CLASSIFICATIONS

EXAMINATIONS

BOND RÉQUIREMENTS

APPLYING FOR A LICENSE

LICENSE RECIPROCITY

GENERAL REQUIREMENTS

Who can apply for a contractor's license?

A business consisting of a sole proprietorship (individual), a partnership, limited liability company, or a corporation may apply for a contractor's license if they have a regularly employed person with the necessary experience, knowledge and skills who serves as the qualifying party. All persons listed on the application must be 18 years of age or older.

A corporation or limited liability company must be registered with the Arizona Corporation Commission and in good standing with that agency before submitting an application for a contractor's license. The corporation or limited liability company must remain in good standing in order to renew their contractor's license.

Who is responsible for contracting activities?

All persons listed on the license are responsible for the contracting activities of the business. "Person" means a qualifying party, an owner, any partner of a partnership, all members of a limited liability company, and any officer, director or owner of 25 percent or more of the stock of a corporation.

Who must be licensed as a contractor?

Any business which contracts or offers to contract to build, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, highway, road, railroad, excavation or other structure, development or improvement, or to do any part of the work must be a licensed contractor.

Also included in work requiring a license is the erection of scaffolding, connections to utility service lines, metering devices and sewer lines, mechanical or structural service to a structure or improvement and any other work in connection with the project.

"Contractor" includes subcontractors, floor covering contractors, landscape contractors and consultants representing themselves as having the ability to supervise or manage a construction project for the benefit of the property owner.

Supervision or management includes hiring and firing of specialty contractors, scheduling of work on the project, and selection and purchasing of construction material.

Contractors must be properly licensed before submitting bids.

To whom is the license issued?

A license may be issued to an individual, a partnership, limited liability company or a corporation. The license belongs to the business and not to the qualifying party.

If the ownership of a business changes, is the contractor's license considered to be part of the business?

No, with the possible exception of a corporation or limited liability company. If stock is sold and the file number assigned by the Arizona



subch. VII of ch. 101.



LRB-2734/P/A

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

regen cat.

AN ACT to amend 20.143 (3) (j); and to create 15.157 (13) and subchapter VII

of chapter 101 [precedes 101.98] of the statutes; relating to: the regulation of
construction contractors and subcontractors and granting rule-making
authority.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version of
this draft.

The people of the state of Wisconsin, represented in senate and assembly, do
enact as follows:

SECTION 1. 15.157 (13) of the statutes is created to read:

15.157 (13) CONTRACTOR ADVISORY COUNCIL. There is created in the department
of commerce a contractor advisory council consisting of the following members
appointed by the secretary of commerce for 3-year terms:

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(b) One member who is not a licensed contractor or licensed subcontractor under subch. VII of ch. 101 and who represents the general public.

Section 2. 20.143 (3) (j) of the statutes is amended to read:

20.143 (3) (j) Safety and building operations. The amounts in the schedule for the purposes of chs. 101, 145, and 168 and ss. 236.12 (2) (a), 236.13 (1) (d) and (2m), and 236.335. All moneys received under ch. 145, ss. 101.177 (4) (a) 4., 101.178, 101.19, 101.63 (9), 101.654 (3), 101.73 (12), 101.82 (4), 101.9205 (3), 101.9208 (1) (b), 101.9213 (8), 101.935, 101.951 (2), 101.952 (2), 101.955 (2), 101.973 (7), 101.984, and 236.12 (7), and 2001 Wisconsin Act 16, section 9110 (3z), shall be credited to this appropriation.

SECTION 3. Subchapter VII of chapter 101 [precedes 101.98] of the statutes is created to read:

CHAPTER 101

SUBCHAPTER VII

REGULATION OF CONSTRUCTION

CONTRACTORS AND SUBCONTRACTORS

101.98 **Definitions.** In this subchapter:

- (1) "Contractor" means any person engaged in the business of construction who contracts with the owner of real property to construct, or supervise the construction of, an improvement to that real property, and who, either directly or by the use of subcontractors, performs construction services.
 - (2) "Construction" includes renovation, repair, and remodeling of and demolition
- (3) "Construction services" includes carpentry, floor covering installation or repair, concrete work, drywall installation or repair, landscaping, masonry work,

- means All activities relating to construction I mechanical or structural

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	SECTION 3
	(erection of 5 caffolding, or connection to utility xervice) lines, metering devices, or sewer lines
1	painting, wall covering installation or repair, plastering, insulation work, roofing,
2	ceramic, plastic, or metal tile installation or repair.
3	(4) "Subcontractor" means a person who enters into a contract with a
4	contractor or subcontractor to perform part or all of a contract to construct or
5	supervise the construction of an improvement to real property.
6	101.981 Departmental powers and duties. The department shall do all of
7	the following: (1) Issue a license that includes a unique license number to any person who
8	(1) Issue a license that includes a unique license number to any person who
9	desires to act as a contractor or a subcontractor and who meets the requirements for
10	that license under this subchapter.
11	(2) Establish an Internet site that consumers may use to determine whether
12	a contractor or subcontractor is licensed under this subchapter.
13	(3) Promulgate rules, upon consultation with the contractor advisory council,
14	establishing all of the following:
15	(a) Standards for the licensing of contractors and subcontractors.
16	(b) Application procedures for persons applying for a license under this
17	subchapter. Prohibitions
18	101.982 Prohibition. (1) No person may hold himself or herself out or act
19	as a contractor or subcontractor or perform construction services unless that person
20	is licensed as required under this subchapter.
21	(2) No contractor or subcontractor may enter into a contract for construction
22	services with a subcontractor who is not licensed as required under this subchapter.
23	(3) No contractor or subcontractor may claim or maintain an action to enforce
24	a lien under s. 779.01 for construction services performed or materials procured if the

	registered
1	contractor or subcontractor was not licensed as required under this subchapter at the
2	time that the services were performed or the materials were procured.
3	101.983 Requirements. Every person who holds a license under this
4	subchapter shall do all of the following:
5	(1) Display the number of the license at the person's principal place of business.
6	(2) Include the number of the literase on all construction bids and contracts.
7	(3) Display the number of the license on each vehicle used by that person in
8	performing construction services. Registration 101.984 Vicense term; fee. Alicense is wed under this subchapter shall be
9	101.984 License term; fee. A license is sued under this subchapter shall be
10	valid for a period of 2 years and shall be renewable. The department shall charge
11	a fee of \$30 for a license issued under this subchaptors by the department by rul
$\sqrt{12}$	101.985 Exception. Sections 101.982 and 101.983 do not apply to any person
13	who performs construction work on his or her personal residence.
14	101.986 Contractor advisory council powers and duties. The contractor
15	advisory council shall make recommendations to the department regarding the
16	promulgation of rules under this subchapter. The council may petition the
17	department to promulgate, amend, or repeal a rule concerning the licensing of
18	contractors and subcontractors.
19	101.987 Penalties. (1) A person who violates s. 101.982 or 101.983 shall
20	forfeit \$1,000 for a first violation, \$3,000 for a 2nd violation, and \$5,000 for a 3rd or
21	subsequent violation. Each day of violation constitutes a separate offense.
22	(2) (a) In addition to the forfeitures specified under sub. (1), the department
23	shall revoke allicense is sued to a person under this subchapter who commits a 2nd
24	violation of s. 101.982 or 101.983 and may not issue a license to that person under

this subchapter for at least one year from the date of revocation.

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(b) In addition to the forfeitures specified under sub. (1), the department shall revoke allicense issued to a person under this subchapter who commits a 3rd or subsequent violation of s. 101.982 or 101.983 and may not issue alicense to that person under this subchapter for at least 2 years from the date of revocation.

SECTION 4. Nonstatutory provisions.

- (1) PROPOSED RULES. No later than the first day of the 12th month beginning after the effective date of this subsection, the department of commerce shall submit in proposed form the rules required under section 101.981 (3) of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) of the statutes, unless the secretary of administration requires the department to prepare an economic impact report under section 227.137 of the statutes for the proposed rules.
- specified for the contractor advisory council under section 15.157 (13) of the statutes, as created by this act, 2 of the initial members appointed under section 15.157 (13) of the statutes, as created by this act, shall be appointed for terms that expire on July 1, 2007, 2 of the initial members appointed under section 15.157 (13) of the statutes, as created by this act, shall be appointed for terms that expire on July 1, 2008, 2 of the initial members appointed under section 15.157 (13) of the statutes, as created by this act, shall be appointed under section 15.157 (13) of the statutes, as created by this act, shall be appointed under section 15.157 (13) of the statutes, as created by this act, shall be appointed under section 15.157 (13) of the statutes, as created by this act, shall be appointed under section 15.157 (13) of the statutes, as created by
- Section 5. Effective dates. This act takes effect on the first day of the 18th month beginning after publication, except as follows:

6	(END)
5	publication.
4	101.986 of the statutes and Section 4 (2) of this act take effect on the day after
3	(2) Contractor advisory council. The treatment of sections 15.157 (13) and
2	publication.
1	(1) Proposed rules. Section 4 (1) of this act takes effect on the day after

2005–2006 DRAFTING INSERT FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-2734/P2ins. RNK:...:...

INSERT 4-2

(4) No contractor or subcontractor may knowingly and with intent to evade any state or federal law, rule, or regulation coerce or induce an employee to falsely declare that he or she is an independent contractor.

INSERT 4-11

(b) The department may, by rule, establish a term for registration under this subchapter that is longer or shorter than 2 years in order to stagger the expiration of the terms of all persons registered under this subchapter.

Kite, Robin

From:

Battles, Cale

Sent:

Thursday, October 20, 2005 3:35 PM

To:

Kite, Robin

Subject:

FW: Scan from a Xerox WorkCentre Pro

Attachments:

Scan001.PDF



Robin,

I have attached some changes that we would like to make to LRB 2734/P2. I believe these are all the changes we would like to make to finish the draft. If you have any questions please give me a call. Thanks for all your help.

Cale Battles Rep. Kaufert's Office 6-5719