

2007 ASSEMBLY BILL 466

July 19, 2007 – Introduced by Representatives KAUFERT, ALBERS, MASON, BIES, BOYLE, HAHN, JESKEWITZ, JORGENSEN, KREUSER, MONTGOMERY, MUSSER, A. OTT, PETROWSKI, SHERIDAN, STEINBRINK and TOWNSEND, cosponsored by Senators WIRCH, HANSEN, LEHMAN, DECKER, COWLES, SCHULTZ, HARS DORF, SULLIVAN, OLSEN, LASSA and ERPENBACH. Referred to Committee on Housing.

1 **AN ACT to amend** 101.02 (20) (a) and 101.02 (21) (a); and **to create** 101.19 (1)
2 (m), 101.65 (1p) and subchapter VIII of chapter 101 [precedes 101.99] of the
3 statutes; **relating to:** the regulation of construction contractors and
4 subcontractors, granting rule-making authority, and providing a penalty.

Analysis by the Legislative Reference Bureau

The Department of Commerce (Commerce) administers various laws, including building codes, that promote safety in public and private buildings and in the subsystems of those buildings. To that end, Commerce issues various licenses, permits, registrations, and other credentials (licenses) to persons engaged in the construction trades such as electricians and plumbers. Commerce also administers and issues licenses in connection with the administration of other laws relating to public safety such as those regulating fireworks and the storage of flammable liquids.

This bill requires Commerce to register any person who desires to act as a contractor or subcontractor and who meets certain registration requirements established by Commerce. Under the bill, a contractor is a person engaged in the business of construction who contracts with the owner or lessor of real property to construct, or supervise the construction of, an improvement to that real property. The bill specifies that a subcontractor is a person who enters into a contract with a contractor or a subcontractor to perform part or all of a contract to construct or supervise the construction of an improvement to real property.

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Under the bill, Commerce must establish an Internet site that consumers may use to determine whether a contractor or subcontractor is registered by Commerce. The bill also requires Commerce to promulgate rules establishing standards for the registration of contractors and subcontractors, application procedures for persons who apply for such registration, and conditions under which Commerce may suspend or revoke such a registration. The bill creates a contractor advisory committee that is required to make recommendations to Commerce regarding the promulgation of these rules.

The bill provides that a person may not hold himself or herself out or act as a contractor or subcontractor or perform construction services unless the person is registered as a contractor or subcontractor by Commerce. The bill also prohibits a contractor or subcontractor from entering into contracts for construction services with a person who is not registered as a contractor or subcontractor with Commerce. Further, the bill prohibits a contractor or subcontractor from claiming a lien for construction services performed or materials procured if the contractor or subcontractor is not registered with Commerce.

The bill authorizes Commerce to directly assess a forfeiture by issuing an order against any person who violates the requirements imposed upon contractors and subcontractors under the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 101.02 (20) (a) of the statutes, as affected by 2005 Wisconsin Act
2 456, is amended to read:

3 101.02 **(20)** (a) For purposes of this subsection, “license” means a license,
4 permit or certificate of certification or registration issued by the department under
5 ss. 101.09 (3) (c), 101.122 (2) (c), 101.143 (2) (g), 101.15 (2) (e), 101.17, 101.177 (4) (a),
6 101.178 (2) or (3) (a), 101.63 (2) or (2m), 101.653, 101.73 (5) or (6), 101.82 (2), 101.87,
7 101.935, 101.95, 101.951, 101.952, 101.985 (1) to (3), 101.991, 145.02 (4), 145.035,
8 145.045, 145.15, 145.16, 145.165, 145.17, 145.175, 145.18 or 167.10 (6m).

9 **SECTION 2.** 101.02 (21) (a) of the statutes, as affected by 2005 Wisconsin Act
10 456, is amended to read:

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1 101.02 **(21)** (a) In this subsection, “license” means a license, permit or
2 certificate of certification or registration issued by the department under s. 101.09
3 (3) (c), 101.122 (2) (c), 101.143 (2) (g), 101.15 (2) (e), 101.17, 101.177 (4) (a), 101.178
4 (2) or (3) (a), 101.63 (2), 101.653, 101.73 (5) or (6), 101.82 (2), 101.87, 101.935, 101.95,
5 101.951, 101.952, 101.985 (1) to (3), 101.991, 145.02 (4), 145.035, 145.045, 145.15,
6 145.16, 145.165, 145.17, 145.175, 145.18 or 167.10 (6m).

7 **SECTION 3.** 101.19 (1) (m) of the statutes is created to read:

8 101.19 **(1)** (m) The registration of contractors and subcontractors under subch.
9 VIII.

10 **SECTION 4.** 101.65 (1p) of the statutes is created to read:

11 101.65 **(1p)** May not issue a building permit to a person who is required to be
12 registered under subch. VIII unless that person, on applying for a building permit,
13 produces proof of registration.

14 **SECTION 5.** Subchapter VIII of chapter 101 [precedes 101.99] of the statutes is
15 created to read:

16 **CHAPTER 101**

17 SUBCHAPTER VIII

18 REGULATION OF CONSTRUCTION

19 CONTRACTORS AND SUBCONTRACTORS

20 **101.99 Definitions.** In this subchapter:

21 **(1)** “Construction” means the construction, renovation, repair, remodeling, or
22 demolition of an improvement to real property or of a manufactured home.

23 **(2)** “Construction services” means mechanical or structural activities relating
24 to construction including carpentry, concrete work, landscaping, masonry work,
25 painting, plastering, insulation work, roofing, erection of scaffolding, or the

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1 installation or repair of floor coverings, drywall, wall coverings, tile, cabinets,
2 countertops, or siding.

3 (3) “Contractor” means any person engaged in the business of construction who
4 contracts with the owner or lessor of real property to construct, or supervise the
5 construction of, an improvement to that real property.

6 (4) “Subcontractor” means a person who enters into a contract with a
7 contractor or subcontractor to perform part or all of a contract to construct or
8 supervise the construction of an improvement to real property.

9 **101.991 Departmental powers and duties.** The department shall do all of
10 the following:

11 (1) Register, and issue a unique registration number to, any person who desires
12 to act as a contractor or a subcontractor and who meets the requirements for
13 registration established by the department under this subchapter.

14 (2) Establish an Internet site that consumers may use to determine all of the
15 following:

16 (a) The name and address of every contractor and subcontractor registered by
17 the department under this subchapter.

18 (b) The name of the contact person for every contractor and subcontractor
19 registered by the department under this subchapter.

20 (c) Whether a contractor or subcontractor registered by the department under
21 this subchapter carries a performance bond or other financial assurance to ensure
22 the work of the contractor or subcontractor.

23 (3) Promulgate rules establishing all of the following:

24 (a) Standards for the registration of contractors and subcontractors.

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1 (b) Application procedures for persons applying for registration under this
2 subchapter.

3 (c) Conditions under which the department may suspend or revoke the
4 registration of a contractor or subcontractor.

5 **101.992 Prohibitions. (1)** No person may hold himself or herself out or act
6 as a contractor or subcontractor or perform construction services unless that person
7 is registered as a contractor or subcontractor by the department under this
8 subchapter.

9 **(2)** No contractor or subcontractor may enter into a contract for construction
10 services with a person who is not registered as a contractor or subcontractor by the
11 department under this subchapter.

12 **(3)** No contractor or subcontractor may claim or maintain an action to enforce
13 a lien under s. 779.01 for construction services performed or materials procured if the
14 contractor or subcontractor was not registered as a contractor or a subcontractor by
15 the department under this subchapter at the time that the services were performed
16 or the materials were procured.

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

20 **101.993 Requirements.** Every person who is registered as a contractor or
21 subcontractor by the department under this subchapter shall do all of the following:

22 **(1)** Display his or her registration number at his or her principal place of
23 business.

24 **(2)** Include his or her registration number on all construction bids and
25 contracts and on all advertising.

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1 **101.994 Registration term.** Registration under this subchapter shall be
2 valid for a period of not more than 4 years and shall be renewable.

3 **101.995 Exception.** Sections 101.992 and 101.993 do not apply to a person
4 who performs construction work on real property, an improvement to real property,
5 or a manufactured home if the real property, improvement, or manufactured home
6 is owned or leased by that person.

7 **101.997 Penalties. (1)** The department may directly assess a forfeiture by
8 issuing an order against any person who violates s. 101.992 or 101.993. The
9 department may not assess a forfeiture exceeding \$2,000 for each violation.

10 **(2)** The department shall promulgate rules specifying the procedures
11 governing the assessment of forfeitures under this section including the following:

12 (a) The procedure for issuing an order for an alleged violation.

13 (b) The amount of a forfeiture that the department may assess for an alleged
14 violation, subject to the limit under sub. (1).

15 (c) The procedure for contesting an order issued for an alleged violation.

16 (d) The procedure for contesting the assessment of a forfeiture for an alleged
17 violation.

18 **(3)** The department shall remit all forfeitures paid under this section to the
19 secretary of administration for deposit in the school fund.

20 **(4)** All forfeitures that are not paid as required under this section shall accrue
21 interest at the rate of 12 percent per year.

22 **(5)** The attorney general may bring an action in the name of the state to collect
23 any forfeiture imposed, or interest accrued, under this subsection if the forfeiture or
24 interest has not been paid after the exhaustion of all administrative and judicial
25 reviews.

ASSEMBLY BILL 466**1 SECTION 6. Nonstatutory provisions.**

2 (1) PROPOSED RULES. No later than the first day of the 12th month beginning
3 after the effective date of this subsection, the department of commerce shall submit
4 in proposed form the rules required under sections 101.991 (3) and 101.997 (2) of the
5 statutes, as created by this act, to the legislative council staff under section 227.15
6 (1) of the statutes. Notwithstanding section 227.137 (2) of the statutes the secretary
7 of administration may not require the department to of commerce prepare an
8 economic impact report for the proposed rules.

9 (2) CONTRACTOR ADVISORY COMMITTEE. There is created a contractor advisory
10 committee shall consist of 7 members appointed by the secretary of commerce. Of
11 the members appointed to the committee, 4 members shall be contractors, as defined
12 in section 101.99 (3) of the statutes, as created by this act, or subcontractors, as
13 defined in section 101.99 (4) of the statutes, as created by this act, 2 members shall
14 be representatives of labor unions, and one member shall be a public member. The
15 committee shall make recommendations to the department of commerce regarding
16 the promulgation of rules under sections 101.991 (3) and 101.997 (2) of the statutes,
17 as created by this act. The committee shall cease to exist on the first day of the 12th
18 month beginning after the day on which the rules required under sections 101.991
19 (3) and 101.997 (2) of the statutes, as created by this act, are promulgated by the
20 department of commerce.

21 **SECTION 7. Effective dates.** This act takes effect on the first day of the 18th
22 month beginning after publication, except as follows:

23 (1) SECTION 6 (1) and (2) of this act take effect on the day after publication.

24

(END)