

# Contractor Compliance Activity

## 2012 Report to the Legislature

Pursuant to RCW 18.27.342

---

*“Protecting consumers and battling the  
underground economy in construction”*

December 2012



Pursuant to RCW 18.27.342, the Department of Labor and Industries (L&I) submits this annual report on contractor compliance activity and related information. The report provides information on the following topics for the previous three fiscal years:

- (1) The number of contractors found to have committed an infraction for failure to register;
- (2) The number of contractors who were assessed a monetary penalty and the amount of the penalties assessed;
- (3) The amount of the penalties that were collected; and
- (4) The amount of the penalties that were waived.

L&I is committed to helping level the playing field for legitimate contractors by providing timely and customer focused services; such as, renewing contractor registration online and active enforcement of the law. The department also works actively to inform and educate consumers about their rights and how they can protect themselves from unregistered contractors.

The table below summarizes the information required by RCW 18.27.342:

<b>Construction Contractor Failure to Register</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>
Number found committing an infraction	1,341*	1,232*	1,735*
Average number of infractions written per inspector	39.4	42.7	66.7
Monetary penalty assessed	\$1,679,000	\$1,516,850	\$2,098,250
Penalties collected	\$329,563	\$271,530	\$499,069
Penalties waived**	\$129,150	\$142,000	\$210,900

\* The number of unregistered contractors found decreased during fiscal year 2010 and 2011 due to general fund budget cuts which decreased staffing available to perform compliance activities.

In 2011, L&I met with business and labor representatives about improving compliance. Based on stakeholder input, we reorganized our inspector workforce. Stakeholders were concerned that inspectors did not have a large presence in the field. We responded by eliminating inspectors' other responsibilities. There are now 22 field inspectors and 3 supervisors in three regional compliance teams along with a three person Detection and Tracking Unit that are dedicated to compliance activities. This allowed the department to visit more jobsites and check more contractors on site compared to the previous year. In turn, there were a greater number of infractions issued during fiscal year 2012.

\*\* The law no longer permits penalties to be waived entirely. The department has the authority to reduce penalties to a minimum of \$500. This chart represents penalty reductions for contractors that come into compliance within ten days.

For more information on the Contractor Compliance Program, please review L&I's Annual Fraud Report.