

CONCISE EXPLANATORY STATEMENT (CES)

Contractor Registration Fee Increase (FY 22)

Chapter 296-200A WAC, Contractor certificate of registration renewals— Security—Insurance

WAC 296-200A-900, What fees does the department charge contractors for issuance, renewal, reregistration, and reinstatement of certificates of registration?

The date of adoption for this rule: March 22, 2022

The effective date for this rule: April 22, 2022

I. Purpose of rulemaking:

The Washington State Department of Labor & Industries (L&I) is adopting a 5.79% raise in fees to register, renew or be reinstated as a contractor. The amount of the increase is the state Office of Financial Management's maximum allowable fiscal growth factor rate for fiscal year 2022.

The increase is needed to ensure the Contractor Registration Program remains consistent with fee increases required by statute and to help improve the program's fund balance. The last fiscal growth factor fee increase was in 2019.

L&I is required to charge a fee for issuing or renewing a certificate of registration and to revise the fee at least once every two years in recognition of economic changes as reflected by the fiscal growth factor under chapter 43.135 RCW.

2. Differences between the rule as adopted and the proposed rule:

There are no differences between the rule as adopted and proposed.

3. Comments on proposed rule:

The public comment period for this rulemaking began on December 21, 2021, and ended on January 26, 2022. There were three (3) written comments received for this rulemaking.

A public hearing was held on January 26, 2022, at 9:00 a.m. virtually and telephonically. One person attended the public hearing and did not give testimony.

Below is a summary of the comments received and L&I's response.

CES, March 2022

General Comments	L&I Responses
<p>Comment #1:</p> <p>I wish to OPPOSE LNI's proposed rate increase of 5.79% (the maximum allowed!) for contractor renewal and registration. In the email that I received it stated the purpose for the increase was needed to, among other things, "improve the program's fund balance". As a small business owner paying into this system and struggling to make it in these pandemic times, I resent the departments request for a maximum increase just so we can improve the fund's balance.</p> <p>Our company would very much like to participate in improving our company's balance. Unfortunately we have to work hard and harder to make that happen. I would like to suggest that LNI consider reducing their expenses by operating more efficiently. The decreased expenses should go a long way to improving the balance, and may even result in LNI not asking for the maximum allowable....and maybe not even asking for any increase.</p> <p>Thank you for taking my input. I hope the decision makers see through this ruse and at lease reduce, if not completely deny, this request.</p>	<p>Response #1:</p> <p>Thank you for your comment and participation in the rulemaking process.</p> <p>The contractor registration law, RCW 18.27.075, instructs L&I to revise the registration fees at least once every two years. However, over the past 14 years, L&I has increased the contractor registration fees only two times, in 2007 and 2019.</p> <p>Fee increases are necessary to help cover the operating expenses of the programs. The benefits of maintaining current staffing levels as well as program services through fee increases proposed in this rulemaking are critical to public protection.</p> <p>If you have any questions or additional concerns, please feel free to contact Annette Taylor, Deputy Assistant Director of Field Services & Public Safety, at TAYA235@Lni.wa.gov or 360-902-4334.</p>
<p>Comment #2:</p> <p>Times are tough. Do not punish the worker any more than you already are!!!</p>	<p>Response #2:</p> <p>Thank you for your comment and participation in the rulemaking process.</p> <p>Please see the response above.</p> <p>If you have any questions or additional concerns, please feel free to contact Annette Taylor, Deputy Assistant Director of Field Services & Public Safety, at TAYA235@Lni.wa.gov or 360-902-4334.</p>

Comment #3:	Response #3:
<p>Yes, I am fed up with all the increases in taxes, registration fees state income taxes, and anything else that you individuals can think of. The main focus of my business is working for widowers, seniors, and single women that are constantly getting ripped off by unethical contractors. I am trying to keep my costs down but it is getting harder and harder to do with material price increases and all the other price increases added on.</p> <p>The sales tax for this state sucks big time. You have a state tax, a county tax a city tax all by different location codes. All most every sales tax in the state is now over 10% and still going up.</p> <p>Then you have a business license tax for every city that work in or think you might work in.</p> <p>Whenever our state legislator has a budget surplus instead of lowering our taxes they spend the money and then say they don't have enough money to cover everything.</p> <p>Then we have the unlicensed, uninsured, unbonded contractors that do shoddy work that at some point in time I have to end up fixing.</p> <p>Our state government not unlike our federal government is corrupt and bloated. Whatever monetary increases you come up with will never be enough because you will always want more.</p>	<p>Thank you for your comment and participation in the rulemaking process.</p> <p>Please see the response above.</p> <p>If you have any questions or additional concerns, please feel free to contact Annette Taylor, Deputy Assistant Director of Field Services & Public Safety, at TAYA235@Lni.wa.gov or 360-902-4334.</p>