

REVENUE: No revenue impact

FISCAL: No fiscal impact

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**Action:** Do Pass and Be Placed on the Consent Calendar  
**Vote:** 9 - 0 - 1  
**Yeas:** Barton, Cameron, Edwards C., Esquivel, Holvey, Matthews, Thatcher, Witt, Schaufler  
**Nays:** 0  
**Exc.:** Kennemer  
**Prepared By:** Theresa Van Winkle, Administrator  
**Meeting Dates:** *Subcommittee: 5/5, Full: 5/13*

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**WHAT THE MEASURE DOES:** Clarifies that Construction Contractors Board residential bonds will be applied to pay claims against residential contractors and commercial bonds will be applied to pay claims against commercial contractors.

**ISSUES DISCUSSED:**

- Whether dually-endorsed contractors have to obtain separate bonds
- Level of support from stakeholders
- Application of bonds on mixed-use construction projects
- Limitations on height of residential structures for projects to be covered by a residential bond

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Separate endorsements for licensed residential and commercial contractors were created via the enactment of HB 3242 (2007). The Construction Contractors Board (CCB), which oversees the licensure of residential and commercial construction contractors, requires new and renewing licensees to choose an endorsement as a residential or commercial contractor or a dual endorsement. The legislature also prescribed separate dispute resolution procedure and adjudication authority to the CCB for residential versus commercial claims. For each endorsement, a contractor must have a separate surety bond that is used to cover these claims. However, there was no specific authority governing payment from the bonds.

SB 204 clarifies that residential bonds will be applied to pay complaints against residential contractors order paid by the CCB, and commercial bonds will be applied to pay complaints against commercial contractors awarded by circuit courts and ordered paid by the board. The measure also covers complaints involving small commercial structures, which can be built either by a residential or commercial contractor.