

VIRGINIA ACTS OF ASSEMBLY -- 2005 SESSION

CHAPTER 348

An Act to amend and reenact §§ 54.1-1100, 54.1-1101, 54.1-1103, 54.1-1106 and 54.1-1108.1 of the Code of Virginia, relating to the Department of Professional and Occupational Regulation; Board for Contractors; contractor licenses.

[S 1090]

Approved March 21, 2005

Be it enacted by the General Assembly of Virginia:

1. That §§ 54.1-1100, 54.1-1101, 54.1-1103, 54.1-1106 and 54.1-1108.1 of the Code of Virginia are amended and reenacted as follows:

§ 54.1-1100. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Board" means the Board for Contractors.

"Class A contractors" perform or manage construction, removal, repair, or improvements when (i) the total value referred to in a single contract or project is ~~\$70,000~~ \$120,000 or more, or (ii) the total value of all such construction, removal, repair, or improvements undertaken by such person within any ~~twelve~~ 12-month period is ~~\$500,000~~ \$750,000 or more.

"Class B contractors" perform or manage construction, removal, repair, or improvements when (i) the total value referred to in a single contract or project is \$7,500 or more, but less than ~~\$70,000~~ \$120,000, or (ii) the total value of all such construction, removal, repair or improvements undertaken by such person within any ~~twelve~~ 12-month period is \$150,000 or more, but less than ~~\$500,000~~ \$750,000.

"Class C contractors" perform or manage construction, removal, repair, or improvements when (i) the total value referred to in a single contract or project is over \$1,000 but less than \$7,500, or (ii) the total value of all such construction, removal, repair, or improvements undertaken by such person within any ~~twelve~~ 12-month period is less than \$150,000. The Board shall require a master tradesmen license as a condition of licensure for electrical, plumbing and heating, ventilation and air conditioning contractors.

"Contractor" means any person, that for a fixed price, commission, fee, or percentage undertakes to bid upon, or accepts, or offers to accept, orders or contracts for performing, managing, or superintending in whole or in part, the construction, removal, repair or improvement of any building or structure permanently annexed to real property owned, controlled, or leased by him or another person or any other improvements to such real property.

"Department" means the Department of Professional and Occupational Regulation.

"Designated employee" means the contractor's full-time employee, *or a member of the contractor's responsible management*, who is at least ~~eighteen~~ 18 years of age and who has successfully completed the oral or written examination required by the Board on behalf of the contractor.

"Director" means the Director of the Department of Professional and Occupational Regulation.

"Owner-developer" *means any person who, for a third party purchaser, orders or supervises the construction, removal, repair, or improvement of any building or structure permanently annexed to real property owned, controlled, or leased by the owner-developer, or any other improvement to such property and who contracts with a person licensed in accordance with this chapter for the work undertaken.*

"Person" means any individual, firm, corporation, association, partnership, joint venture, or other legal entity.

"Value" means fair market value. When improvements are performed or supervised by a contractor, the contract price shall be prima facie evidence of value.

§ 54.1-1101. Exemptions; failure to obtain certificate of occupancy; penalties.

A. The provisions of this chapter shall not apply to:

1. Any governmental agency performing work with its own forces;
2. Work bid upon or undertaken for the armed services of the United States under the Armed Services Procurement Act;

3. Work bid upon or undertaken for the United States government on land under the exclusive jurisdiction of the federal government either by statute or deed of cession;

4. Work bid upon or undertaken for the Department of Transportation on the construction, reconstruction, repair or improvement of any highway or bridge;

5. Any other persons who may be specifically excluded by other laws but only to such an extent as such laws provide;

6. Any material supplier who renders advice concerning use of products sold and who does not provide construction or installation services;

7. Any person who performs or supervises the construction, removal, repair or improvement of no

more than one primary residence owned by him and for his own use during any 24-month period;

8. Any person who performs or supervises the construction, removal, repair or improvement of a house upon his own real property as a bona fide gift to a member of his immediate family provided such member lives in the house. For purposes of this section, "immediate family" includes one's mother, father, son, daughter, brother, sister, grandchild, grandparent, mother-in-law and father-in-law;

9. Any person who performs or supervises the repair or improvement of industrial or manufacturing facilities, or a commercial or retail building, for his own use; ~~and~~

10. Any person who performs or supervises the repair or improvement of residential dwelling units owned by him that are subject to the Virginia Residential Landlord and Tenant Act (§ 55-248.2 et seq.); ~~and~~

11. Any owner-developer, provided that any third party purchaser is made a third party beneficiary to the contract between the owner-developer and a licensed contractor whereby the contractor's obligation to perform the contract extends to both the owner-developer and the third party.

All other contractors performing work for any government or for any governmental agency are subject to the provisions of this chapter and are required to be licensed as provided herein.

B. Any person who is exempt from the provisions of this chapter as a result of subdivisions 7 ~~or~~, 10 ~~or~~ 11 of subsection A shall obtain a certificate of occupancy for any building constructed, repaired or improved by him prior to conveying such property to a third party purchaser, unless such purchaser has acknowledged in writing that no certificate of occupancy has been issued and that such purchaser consents to acquire the property without a certificate of occupancy.

C. Any person who is exempt from the provisions of this chapter as a result of subdivisions 7, 8, 9, ~~or~~ 10, ~~or~~ 11 of subsection A shall comply with the provisions of the Uniform Statewide Building Code (§ 36-97 et seq.).

D. Any person who violates the provisions of subsections B or C shall be guilty of a Class 1 misdemeanor. The third or any subsequent conviction of violating subsections B or C during a 36-month period shall constitute a Class 6 felony.

§ 54.1-1103. Necessity for license; requirements for water well drillers and landscape irrigation contractors; exemption.

A. No person shall engage in, or offer to engage in, contracting work in the Commonwealth unless he has been licensed under the provisions of this chapter. The Board may waive any provision of this chapter for Habitat for Humanity, its local affiliates or subsidiaries, and any other nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code (26 U.S.C. § 501 (c) (3)) for the purpose of constructing single-family dwellings that will be given to or sold below the appraised value to low-income persons. Prior to a joint venture engaging in, or offering to engage in, contracting work in the Commonwealth, (i) each contracting party of the joint venture shall be licensed under the provisions of this chapter or (ii) a license shall be obtained in the name of the joint venture under the provisions of this chapter.

B. Except as provided in § 54.1-1117, the issuance of a license under the provisions of this chapter shall not entitle the holder to engage in any activity for which a special license is required by law.

C. When the contracting work is for the purpose of landscape irrigation or the construction of a water well as defined in § 62.1-255, the contractor shall be licensed, regardless of the contract amount, as follows:

1. A Class C license is required when the total value referred to in a single contract or project is no more than \$7,500, or the total value of all such water well or landscape irrigation contracts undertaken within any 12-month period is no more than \$150,000;

2. A Class B license is required when the total value referred to in a single contract is \$7,500 or more, but less than ~~\$70,000~~ *\$120,000*, or the total value of all such water well or landscape irrigation contracts undertaken within any 12-month period is \$150,000 or more, but less than ~~\$500,000~~ *\$750,000*; and

3. A Class A license is required when the total value referred to in a single contract or project is ~~\$70,000~~ *\$120,000* or more, or when the total value of all such water well or landscape irrigation contracts undertaken within any 12-month period is ~~\$500,000~~ *\$750,000* or more.

D. Notwithstanding the other provisions of this section, an architect or professional engineer who is licensed pursuant to Chapter 4 (§ 54.1-400 et seq.) of this title shall not be required to be licensed or certified to engage in, or offer to engage in, contracting work or operate as an owner-developer in the Commonwealth in accordance with this chapter when bidding upon or negotiating design-build contracts or performing services other than construction services under a design-build contract. However, the construction services offered or rendered in connection with such contracts shall only be rendered by a contractor licensed or certified in accordance with this chapter.

E. Notwithstanding the other provisions of this section, any person licensed under the provisions of Article 4 (§ 9.1-138 et seq.) of Chapter 1 of Title 9.1 as a private security services business shall not be required to be licensed or certified to engage in, or offer to engage in, contracting work in the Commonwealth in accordance with this chapter when bidding upon or performing services to install, service, maintain, design or consult in the design of any electronic security equipment as defined in

§ 9.1-138 including but not limited to, low voltage cabling, network cabling and computer or systems integration.

§ 54.1-1106. Application for Class A license; fees; examination; issuance.

A. Any person desiring to be licensed as a Class A contractor shall file with the Department a written application on a form prescribed by the Board. The application shall be accompanied by a fee set by the Board pursuant to § 54.1-201. The application shall contain the name, place of employment, and business address of the proposed designated employee, and information on the knowledge, skills, abilities, and financial position of the applicant. The Board shall determine whether the past performance record of the applicant, including his reputation for paying material bills and carrying out other contractual obligations, satisfies the purposes and intent of this chapter. The Board shall also determine whether the applicant has complied with the laws of the Commonwealth pertaining to the domestication of foreign corporations and all other laws affecting those engaged in the practice of contracting as set forth in this chapter. If the Board determines that sufficient questions or ambiguities exist in an individual applicant's presentation of his financial information, the Board may require the applicant to provide a balance sheet reviewed by a certified public accountant licensed in accordance with § 54.1-4409. In addition, if the applicant is a sole proprietor, he shall furnish to the Board his name and address. If the applicant is a member of a partnership, he shall furnish to the Board the names and addresses of all of the general partners of the partnership. If the applicant is a member of an association, he shall furnish to the Board the names and addresses of all of the members of the association. If the applicant is a corporation, it shall furnish to the Board the names and addresses of all officers of the corporation. If the applicant is a joint venture, it shall furnish to the Board the names and addresses of (i) each member of the joint venture and (ii) any sole proprietor, general partner of any partnership, member of any association, or officer of any corporation who is a member of the joint venture. The applicant shall thereafter keep the Board advised of any changes in the above information.

B. If the application is satisfactory to the Board, the proposed designated employee shall be required by Board regulations to take an oral or written examination to determine his general knowledge of contracting, including the statutory and regulatory requirements governing contractors in the Commonwealth. If the proposed designated employee successfully completes the examination and the applicant meets or exceeds the other entry criteria established by Board regulations, a Class A contractor license shall be issued to the applicant. The license shall permit the applicant to engage in contracting only so long as the designated employee is in the full-time employment of the contractor *or is a member of the contractor's responsible management*. No examination shall be required where the licensed Class A contractor changes his form of business entity provided he is in good standing with the Board. In the event the designated employee leaves the full-time employ of the licensed contractor *or is no longer a member of the contractor's responsible management*, no additional examination shall be required of such designated employee, except in accordance with § 54.1-1110.1, and the contractor shall within 90 days of that departure provide to the Board the name of the new designated employee.

C. The Board may grant a Class A license in any of the following classifications: (i) building contractor, (ii) highway/heavy contractor, (iii) electrical contractor, (iv) plumbing contractor, (v) heating, ventilation, and air conditioning contractor, and (vi) specialty contractor.

§ 54.1-1108.1. Waiver of examination; designated employee.

Any Class A contractor licensed in the Commonwealth of Virginia prior to January 1, 1991, and in business on December 31, 1990, shall provide to the Board in writing the name of one full-time employee *or member of the contractor's responsible management* who is at least 18 years of age and that employee shall be deemed to have fulfilled the requirement for examination in § 54.1-1106, so long as he remains a full-time employee of the contractor *or remains a member of the contractor's responsible management*. The designated employee shall not be required to take an examination if the Class A contractor changes his form of business entity and is in good standing with the Board. Upon his leaving the employ of the contractor *or his leaving as a member of the contractor's responsible management*, the contractor shall name another full-time employee *or member of the contractor's responsible management* in accordance with § 54.1-1106.

Any Class B contractor registered in the Commonwealth prior to January 1, 1991, and in business on December 31, 1990, shall, within its current period of registration, provide on a form prescribed by the Board satisfactory information on the financial position, and knowledge, skills and abilities of the registered firm; and the name of a full-time employee who is at least 18 years of age and that employee shall be deemed to have fulfilled the requirement for examination in § 54.1-1108, so long as he remains a full-time employee of the contractor. The designated employee shall not be required to take an examination if the Class B contractor changes his form of business entity and is in good standing with the Board. If such employee leaves the employ of the contractor, the contractor shall name another full-time employee in accordance with § 54.1-1108.