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## SENATE BILL NO. 351

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws  
on February 28, 1996)

(Patron Prior to Substitute—Senator Norment)

A BILL to amend and reenact §§ 54.1-1106, 54.1-1108 and 54.1-1108.1 of the Code of Virginia and to amend the Code of Virginia by adding a section number 54.1-1110.1, relating to applications for Class A and Class B licenses; examinations.

Be it enacted by the General Assembly of Virginia:

1. That §§ 54.1-1106, 54.1-1108 and 54.1-1108.1 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 54.1-1110.1 as follows:

§ 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; information on the knowledge, skills, abilities, and financial position of the applicant; and an affidavit stating that the information on the application is correct. 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. 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. *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, *no additional examination shall be required of the such designated employee, except in accordance with § 54.1-1110.1, and the contractor shall within ninety 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) HVAC contractor, (vi) specialty contractor, and (vii) owner-developer.

§ 54.1-1108. Application for Class B license; fees; examination; issuance.

A. Any person desiring to be licensed as a Class B 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; information on the knowledge, skills, abilities, and financial position of the applicant; evidence of holding a current local license pursuant to local ordinances adopted pursuant to § 54.1-1117; and an affidavit stating that the information on the application is correct. 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 purpose 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. In

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60 addition, if the applicant is a sole proprietor, he shall furnish to the Board his name and address. If the  
61 applicant is a member of a partnership, he shall furnish to the Board the names and addresses of all of  
62 the general partners of that partnership. If the applicant is a member of an association, he shall furnish  
63 to the Board the names and addresses of all of the members of the association. If the applicant is a  
64 corporation, it shall furnish to the Board the name and address of all officers of the corporation. If the  
65 applicant is a joint venture, it shall furnish to the Board the names and addresses of (i) each member of  
66 the joint venture and (ii) any sole proprietor, general partner of any partnership, member of any  
67 association, or officer of any corporation who is a member of the joint venture. The applicant shall  
68 thereafter keep the Board advised of any changes in the above information.

69 B. If the application is satisfactory to the Board, the proposed designated employee shall be required  
70 by Board regulations to take an oral or written examination to determine his general knowledge of  
71 contracting, including the statutory and regulatory requirements governing contractors in the  
72 Commonwealth. If the proposed designated employee successfully completes the examination and the  
73 applicant meets or exceeds the other entry criteria established by Board regulations, a Class B contractor  
74 license shall be issued *to the applicant*. The license shall permit the applicant to engage in contracting  
75 only so long as the designated employee is in the full-time employment of the contractor and only in the  
76 counties, cities, and towns where such person has complied with all local licensing requirements and for  
77 the type of work to be performed. *No examination shall be required where the licensed Class B*  
78 *contractor changes his form of business entity provided he is in good standing with the Board.* In the  
79 event the designated employee leaves the full-time employ of the licensed contractor, *no additional*  
80 *examination shall be required of the such designated employee, except in accordance with*  
81 *§ 54.1-1110.1, and the contractor shall within ninety days of that departure provide to the Board the*  
82 *name of the new designated employee.*

83 C. The Board may grant a Class B license in any of the following classifications: (i) building  
84 contractor, (ii) highway/heavy contractor, (iii) electrical contractor, (iv) plumbing contractor, (v) HVAC  
85 contractor, and (vi) specialty contractor.

86 § 54.1-1108.1. Waiver of examination; designated employee.

87 Any Class A contractor licensed in the Commonwealth of Virginia prior to January 1, 1991, and in  
88 business on December 31, 1990, shall provide to the Board in writing the name of one full-time  
89 employee who is at least eighteen years of age and that employee shall be deemed to have fulfilled the  
90 requirement for examination in § 54.1-1106, so long as he remains a full-time employee of the  
91 contractor. *The designated employee shall not be required to take an examination if the Class A*  
92 *contractor changes his form of business entity and is in good standing with the Board.* Upon his leaving  
93 the employ of the contractor, the contractor shall name another full-time employee in accordance with  
94 § 54.1-1106.

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

105 § 54.1-1110.1. Re-examination of designated employee.

106 *The Board shall have the power to require remedial education or may require a designated employee*  
107 *to retake the examination required by this chapter, in any case where the conduct of the designated*  
108 *employee, while in the employ of a licensed Class A or Class B contractor, has resulted in any*  
109 *disciplinary action by the Board against such contractor.*