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SENATE BILL NO. 1008

Offered January 8, 2025

Prefiled January 7, 2025

A BILL to amend and reenact §§ 54.1-1106 and 54.1-1108 of the Code of Virginia, relating to Department of Professional and Occupational Regulation; Board of Contractors; contractor licensing examination.

Patron—Surovell

Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:

1. That §§ 54.1-1106 and 54.1-1108 of the Code of Virginia are amended and reenacted 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, 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.

B. As proof of financial responsibility, the applicant shall demonstrate compliance with the minimum net worth requirement fixed by the Board in regulation by providing either:

1. A financial statement on a form prescribed by the Board, subject to additional verification if the Board determines that sufficient questions or ambiguities exist in the applicant's presentation of financial information; or

2. A balance sheet reviewed by a certified public accountant licensed in accordance with § 54.1-4409.1.

C. In lieu of compliance with subsection B, an applicant may demonstrate financial responsibility by electing to obtain and maintain a bond in the amount of \$50,000. Proof of current bond shall come from a corporate surety licensed to do business in the Commonwealth and approved by the Attorney General and shall be filed with the Department.

D. 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.

E. 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, the factors for determining areas that constitute Resource Protection Areas pursuant to the Chesapeake Bay Preservation Act (§ 62.1-44.15:67 et seq.), and the factors for performing maintenance or constructing improvements on shorelines potentially subject to the provisions of § 28.2-104.1. 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.

F. The Board may grant a Class A license in any of the following classifications: (i) residential building contractor, (ii) commercial building contractor, (iii) highway/heavy contractor, (iv) electrical contractor, (v)

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59 plumbing contractor, (vi) heating, ventilation, and air conditioning contractor, (vii) fire sprinkler contractor,
60 and (viii) specialty contractor.

61 **§ 54.1-1108. Application for Class B license; fees; examination; issuance.**

62 A. Any person desiring to be licensed as a Class B contractor shall file with the Department a written
63 application on a form prescribed by the Board. The application shall be accompanied by a fee set by the
64 Board pursuant to § 54.1-201. The application shall contain the name, place of employment, and business
65 address of the proposed designated employee; information on the knowledge, skills, abilities, and financial
66 position of the applicant; and evidence of holding a current local license pursuant to local ordinances adopted
67 pursuant to § 54.1-1117. The Board shall determine whether the past performance record of the applicant,
68 including his reputation for paying material bills and carrying out other contractual obligations, satisfies the
69 purpose and intent of this chapter. The Board shall also determine whether the applicant has complied with
70 the laws of the Commonwealth pertaining to the domestication of foreign corporations and all other laws
71 affecting those engaged in the practice of contracting as set forth in this chapter.

72 B. As proof of financial responsibility, the applicant shall demonstrate compliance with the minimum net
73 worth requirement fixed by the Board in regulation by providing either:

74 1. A financial statement on a form prescribed by the Board, subject to additional verification if the Board
75 determines that sufficient questions or ambiguities exist in the applicant's presentation of financial
76 information; or

77 2. A balance sheet reviewed by a certified public accountant licensed in accordance with § 54.1-4409.1.

78 C. In lieu of compliance with subsection B, an applicant may demonstrate financial responsibility by
79 electing to obtain and maintain a bond in the amount of \$50,000. Proof of current bond shall come from a
80 corporate surety licensed to do business in the Commonwealth and approved by the Attorney General and
81 shall be filed with the Department.

82 D. In addition, if the applicant is a sole proprietor, he shall furnish to the Board his name and address. If
83 the applicant is a member of a partnership, he shall furnish to the Board the names and addresses of all of the
84 general partners of that partnership. If the applicant is a member of an association, he shall furnish to the
85 Board the names and addresses of all of the members of the association. If the applicant is a corporation, it
86 shall furnish to the Board the name and address of all officers of the corporation. If the applicant is a joint
87 venture, it shall furnish to the Board the names and addresses of (i) each member of the joint venture and (ii)
88 any sole proprietor, general partner of any partnership, member of any association, or officer of any
89 corporation who is a member of the joint venture. The applicant shall thereafter keep the Board advised of
90 any changes in the above information.

91 E. If the application is satisfactory to the Board, the proposed designated employee shall be required by
92 Board regulations to take an oral or written examination to determine his general knowledge of contracting,
93 including the statutory and regulatory requirements governing contractors in the Commonwealth, *the factors*
94 *for determining areas that constitute Resource Protection Areas pursuant to the Chesapeake Bay*
95 *Preservation Act (§ 62.1-44.15:67 et seq.), and the factors for performing maintenance or constructing*
96 *improvements on shorelines potentially subject to the provisions of § 28.2-104.1. If the proposed designated*
97 *employee successfully completes the examination and the applicant meets or exceeds the other entry criteria*
98 *established by Board regulations, a Class B contractor license shall be issued to the applicant. The license*
99 *shall permit the applicant to engage in contracting only so long as the designated employee is in the full-time*
100 *employment of the contractor and only in the counties, cities, and towns where such person has complied*
101 *with all local licensing requirements and for the type of work to be performed. No examination shall be*
102 *required where the licensed Class B contractor changes his form of business entity provided he is in good*
103 *standing with the Board. In the event the designated employee leaves the full-time employ of the licensed*
104 *contractor, no additional examination shall be required of such designated employee, except in accordance*
105 *with § 54.1-1110.1, and the contractor shall within 90 days of that departure provide to the Board the name of*
106 *the new designated employee.*

107 F. The Board may grant a Class B license in any of the following classifications: (i) residential building
108 contractor, (ii) commercial building contractor, (iii) highway/heavy contractor, (iv) electrical contractor, (v)
109 plumbing contractor, (vi) HVAC contractor, (vii) fire sprinkler contractor, and (viii) specialty contractor.