



Monthly News Letter – August 2011 Registration versus Licensing (with an examination)

Montana has a Contractor's Registration for General Contractors. This is a registration only, where there is no examination for construction or business knowledge, nor experience required of the registrant. There is no examination to test the skills nor ability in construction, law, insurances nor business. In addition, there are not requirements for working capital nor general business knowledge. However, the Contractor's Registration does require workman's compensation insurance coverage of any employees but not for subcontractors. The registrant himself must be covered by workman's comp or have an exemption. There are several western states with similar registrations with only insurance requirements. The lack of an examination makes it very easy for anyone (within or out of state) to become a "Registered Contractor".

The consumer should not necessarily interpret or correlate this "Registration" as meaning the Contractor is experienced in construction or business to any degree. It is only a registration. The contractor may or may not have any construction experience or knowledge. The consumer should make their own inquiry to learn of the experience level and competence of the contractor.

There are other states that require an examination along with a detailed application to become a "Licensed General Contractor". For instance, North Carolina requires anyone bidding or constructing a project over \$30k to be licensed. The application process is very detailed where you must show proof of experience with references plus minimum working capital of \$17500.00. Also, an examination is required which covers state construction laws, insurances, building codes, plan reading and taking off materials from plans. There are 6 license "Classifications" and many specialties. There are 3 "Limitations" which are related to contract or project dollar amounts and working capital.

Presently, I am a Registered Contractor in Montana and have an inactive license in North Carolina since I have not needed it. My North Carolina license is "Unclassified" and the limitation is "Limited". The "Unclassified" indicates I have ALL classifications including Building, Residential, Highway, Public Utilities, and Specialty.

If you have a construction related question, send me an email david@davidsimpsonconstruction.com and I will do my best to answer it.

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