BOARD FOR LICENSING CONTRACTORS
Carolyn Lazenby, Executive Director

Bidding and Contractor License Requirements

Carolyn Lazenby
WHO WE ARE
BOARD FOR LICENSING CONTRACTORS

Nine (9) Member Board

- 2 Commercial
- 3 Home Builders
- 1 Highway
- 1 Electrical
- 1 Mechanical
- Public

With you today:

Carolyn Lazenby, Director
Kathy Holliman, Licensing
Rhonda Emanuelson, Revisions
Gary Stanfill, East TN Inspector

Staff

- 13 Employees / 3 Attorneys
- Inspectors and Investigators
  - 3 to Monitor (New)
  - 8 Contracted (Workmanship) and Pool of Investigators for Department
ROLE OF THE BOARD FOR LICENSING CONTRACTORS

1. Licensing
   - Contractors
   - Home Improvement Contractors
   - Limited Licensed Electricians
   - Limited Licensed Plumbers
   - Prelicensed Exam Course Providers
     - 30,000 + Licensees

2. Law and Rule Interpretation

3. Complaints & Disciplinary Action
   - 300 + Complaints

Purpose: Protect the safety and welfare of the public and provide a level playing field in the construction industry.
Why we need Regulation?
Why we need Regulation!
PROTECTING THE PUBLIC
Common Contractor Bidding Questions

- When is a contractor’s license required?
- Who is considered a Prime Contractor, Subcontractor?
- When is a Subcontractor required to be licensed as a Contractor?
- What must be included in the bid by the owner/awarding authority?
- What is required to be listed on the outside of the bid envelope by the contractor (per law / owner instructions)?
- What classification is required to bid a project?
- What monetary limit is required?
- When can a contractor exceed their monetary limit?
- Are other Regulatory Board licenses acceptable or required?
When is a license required?

- **TCA 62-6-102**: Submits a price, bid or offers
  - To construct, supervise, superintend, oversee, schedule, direct or in any manner assume charge of the construction
  - Alteration, repair, improvement, movement, demolition, putting up, tearing down or furnishing labor to install material or equipment for
    - Any building, highway, road, railroad, sewer, grading, excavation, pipeline, public utility structure, project development, housing, housing development, improvement or any other construction

- **When the total cost is **$25,000 or more**

**NOTE**: Law does not define “General” Contractor; only Prime, Subcontractors and Construction Managers
Types of Contractors

Residential, Commercial & Industrial Building (BC); Heavy (HC); Highway, Railroad & Airport (HRA); Municipal and Utility (MU); Mechanical, Plumbing & HVAC (CMC); Electrical (CE); Environmental & Specialty Construction (S); and Masonry (LMC).

- Various Specialties
  Building – BC-11 (Painting); BC-21 (Roofing); BC-4 (Floor Covering); BC-26 (Swimming Pools); BC-29 (Landscaping);
  Electrical – CE (Full Electrical); CE-F (Telephone Lines); etc.
  Specialty - S-Equipment Installation; S-Cell Towers; etc.
  *S-Tree Trimming (may also be under HC-Clearing; or HRA-Brush Control, etc.)

- Environmental
  S-A (Asbestos); S-B (Underground Tanks); etc.
License Required (cont)

- **Prime** – One who bids directly to the “owner”
- **Monetary Limit** – Contract limit and must cover the total project (materials, labor, profit, etc., and allowed a 10% tolerance
- **Subcontractors** – One who bids to a contractor;
  - License is required for Electrical, Mechanical, Plumbing, HVAC, and Roofing subcontractors when the total is $25,000 or more;
  - Masonry Subcontractors - $100,000 or more
- **Classification** – Must cover 60% of the total project or have a Commercial classification (BC-B BC-b(sm) or BC)
- **Construction Managers** – One hired by the owner to oversee the project
What must be included in the bid by the owner/awarding authority?

- **TCA 62-6-119(a)** Any person or entity preparing plans, specifications or any other documentation for inclusion in an *invitation to bid* or comparable bid document including any electronic bidding documents, shall reference this chapter in such documentation and include a specific statement informing the invited bidder that it is necessary for such bidder to be properly licensed at the time of the bid and provide evidence of compliance with the applicable provisions of this chapter before such bid may be considered.
• (1) The name, license number, expiration date thereof, and license classification of the contractor applying to bid for the prime contract;

(2) The name, license number, expiration date thereof, and license classification of the contractor applying to bid for the **masonry** contract where the total cost of the materials and labor for the masonry portion of the construction project exceeds one hundred thousand dollars ($100,000);

(3) The name, license number, expiration date thereof, and license classification of the contractor applying to bid for the **electrical, plumbing, HVAC and roofing** contracts except when such contractor's portion of the construction project is less than twenty-five thousand dollars ($25,000);

(4) For each vertical closed loop **geothermal heating and cooling project**, the company name, department of environment and conservation license number, classification (G, L or G,L) and the expiration date, except when the geothermal portion of the construction project is in an amount less than twenty-five thousand dollars ($25,000);

(5) Prime contractor bidders who are to perform the masonry portion of the construction project which exceeds one hundred thousand dollars ($100,000), materials and labor, the electrical, plumbing, heating, ventilation or air conditioning or the geothermal heating and cooling must be so designated; and

(6) **Only one (1) contractor** in each of the classifications listed above shall be written on the bid envelope or provided within the electronic bid document.
Failure of any bidder to furnish the required information shall void such bid and such bid shall not be considered. Upon opening of the bid envelope or initial opening of an electronic bid, the names of all contractors listed shall be read aloud at the official bid opening and incorporated into the bid. Prior to awarding a contract, the awarding person or entity and its authorized representatives shall verify the accuracy, correctness and completeness of the required information, and any discrepancies found in the spelling of names of bidders, transposition of license numbers, or other similar typographical errors or omissions may be corrected within forty-eight (48) hours after the bid opening excluding weekends and state-recognized holidays.

62-6-120. Penalties
Additionally, no such person, firm or corporation shall be awarded any contract for the project upon which it engaged in contracting without a license or permitted to participate in any rebidding of such project.

(b) Any person, firm or corporation who accepts a bid in excess of $25,000 from a contractor who is not licensed, with appropriate classifications and sufficient monetary limitations, or in the case of a limited licensed electrician where the amount is less than $25,000, in accordance with the provisions of this chapter, commits a Class A misdemeanor.
Bid Requirements (License Info Listed)

Listing on the outside of the bid envelope or electronic bid $25,000 or more:

1. Name of Prime Contractor
2. License ID#
3. Classification (pertaining to the bid)
4. Expiration Date
5. Subcontractors - Same as above
   - Electrical; Plumbing; HVAC; Geothermal Well Driller’s from TDEC; Roofing; and Masonry (when over $100,000)

Exempt: Department of General Services does not require it to be on outside of bid envelope; provided inside bid.
What Does NOT have to be listed by law?

- Monetary Limit
- Roofing Subcontractor
- Other?

......The name, license number, expiration date thereof, and license classification of the contractor applying to bid for the prime contract;...(TCA 62-6-119)

Note: You may add as an additional requirement in the bid instructions to include this information.
Contractor License Certificate

Contractor licenses are issued with the following:

- Name of Contractor
  - Sole proprietor; Corporation; Partnership; or LLC
- License ID#
- Classification
- Expiration Date
- Monetary Limit
A contractor may bid on a contract requiring work in classifications other than as licensed if:

- **Commercial Building** (BC or BC-B or BC-b(sm); or
- 60% is covered by their classification

Note: A contractor would be required to hire a licensed subcontractor to perform work when it is $25,000 or more for portions not classified.

Example#1: College Football Field /Scoreboard Project - Commercial (BC) contractor may bid as general/prime, but would be required to hire an Electrical (CE) subcontractor for the scoreboard install since the electrical covers 60% of the job. In this case, the law also requires electrical to be listed as a sub.

Example#2: College Football Field /Scoreboard Project - Electrical (CE) contractor may bid a job as the general/prime if 60% of the work is electrical; but would need to subcontract building (restroom) if that cost was over $25,000 (would not be required to list; codes would require a permit by BC licensee).
Types of Contractors (Classifications)

- **Major Classifications:**
  - Residential, Commercial & Industrial Building (BC); Heavy (HC); Highway, Railroad & Airport (HRA); Municipal and Utility (MU); Mechanical, Plumbing & HVAC (CMC); Electrical (CE); Environmental & Specialty Construction (S); and Masonry (LMC).

- **Various Specialties (Subcategories)**
  - Building – BC-11 (Painting); BC-21 (Roofing); BC-4 (Floor Covering); BC-26 (Swimming Pools); BC-29 (Landscaping);
  - Electrical – CE (Full Electrical); CE-F (Telephone Lines); etc.
  - Specialty - S-Equipment Installation; S-Cell Towers; etc.
  - Environmental - S-A (Asbestos); S-B (Underground Tanks); etc.
Other Licenses Accepted: Alarm Systems License

- In lieu of a contractor’s license, a contractor may bid if licensed with the Alarms Systems Board

- **TCA 62-6-135. Applicability to alarm systems contractors.** This part shall not apply to entities certified under chapter 32, part 3, of this title, when those entities are performing functions for which those entities are certified.

- **TCA 62-32-305(7), Exclusion from the Alarm Contractors Licensing Act is available to Electrical, Mechanical and HVAC Contractors** licensed under Tenn. Code Ann. § 62-6 who do provide direct sales, monitoring, installation and/or maintenance service of alarm systems, but who derive less than fifty percent (50%) of their gross annual revenues from such business.
Website:
https://tn.gov/commerce/section/alarm-systems-contractors

Statute:
Title 62, Chapter 32, Part 3

- Do I need a low voltage license to install alarm system wiring?
You are required to hold a Tennessee Alarm Systems Contractor License or be employed (registered as an alarm employee) with a licensed Tennessee Alarm Systems Contractor to install alarm system wiring. If you are engaging in other low voltage work that is not alarm contracting, you may need a Low Voltage Contractors License. Please contact the codes or permit office in the municipality where the work is to be done to see if any additional licenses are required.
Name of Contractor on Bid

- Name of Contractor

0680-01-.25 CONTRACTING IN CORRECT NAME; CHANGE OF NAME. Upon receiving a certificate of licensure from this Board, the licensee has an affirmative responsibility to enter into contracts and operate its related contracting business under the name in which it is licensed in order to notify and prevent confusion on the part of the public at large of an entity’s licensure status. Contracting in a name different than that in which an individual or entity is licensed by this Board is considered a violation of this chapter, and will be cause for appropriate disciplinary action.

- Licensed as: John Jones
- Bids/Contracts as: Quality Construction, Inc.
Only one (1) contractor in such classification may be listed.

- Prime contractor bidders who are to perform the masonry, electrical, plumbing, heating, ventilation and air conditioning must be so designated upon the outside of the envelope or in the electronic bid.

Example: Prime listed more than one electrical subcontractor

- Entire bid must be rejected
- Cannot rebid or participate on project
**Example of Bid Protest**

- $28 million dollar project

- Prime listed two (2) electrical subcontractors on the outside of the bid envelope.

- Owner (City) **opened** the bid, and it was over **$1 million less than the second low bidder**.

- Prime explained – splitting the electrical between the two and followed the city’s instructions that they must list all of the subcontractors they planned to use.
  - #1 electrical’s work valued at approximately $25,000
    - Monetary limit was $250,000 / Minority
  - #2 electrical’s work valued at $500,000
    - Monetary limit was Unlimited / Woman Minority
    - All other bidders listed same #2 electrical
  - Electrical equipment supplier was $3 million
    - **Total electrical close to $4 million**

- Second low bidder filed protest

- Board agreed, could not award because two were listed on bid envelope
Prime’s Subcontractor Error

Prime listed an improperly licensed plumbing subcontractor *(did not have the monetary limit to cover the plumbing portion)*

- Entire bid must be rejected
- Cannot rebid or participate on project (TCA 62-6-120)
Mowing Maintenance Bid Question:

- Mowing Contracts – License **not** required and considered maintenance.

  - Board adopted this policy in May, 2016 to clarify mowing vs landscaping:

    - **Mowing and Lawn maintenance is the upkeep of landscaping.**
      - Includes weed eating, fertilizing, spraying herbicides to control weeds, mulching, and cleanup of trash, existing debris and removing fallen tree limbs (clearing to mow).
      - A contractor’s license would only be required for mowing whenever it is in addition to landscaping on a contract for more than $25,000.

    - **Landscaping is when the land designed and prepped by grading or excavated to install a lawn, edging, plants, trees, walkways, or retaining walls.**
Check the License

License Verification Search:  http://verify.tn.gov/
Resource – FAQ’s at “Help Desk & Questions”

Website: http://www.tn.gov/commerce/section contractors-home-improvement
Google

“Contractors tn.gov”
Thank You!

Other Questions

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