

Contractor licensing basics

Minnesota Statutes require that most residential building contractors, remodelers, roofers and manufactured-home installers be licensed by the state. Specialty contractors who perform only one special skill (for example concrete and masonry, excavation, carpentry or interior finishing) are exempt from state licensing. Contractors who generate less than \$15,000 in **gross** annual receipts are also exempt from state licensing, but must obtain a certificate of exemption from the Minnesota Department of Labor and Industry (DLI).

The state license number of a residential building contractor must be placed on all building permits and permit applications issued by a city or county. A license number must also appear on a site plan review and all zoning permits. **Cities and counties are prohibited by state law from issuing permits to unlicensed contractors who are not exempt from licensing. In addition, it is a misdemeanor to perform contracting work without a license unless the contractor is exempt from licensing.**

State licensing is intended to ensure a minimum level of competency and to afford consumer protection. To accomplish these goals, licensed contractors must pass a two-part examination relating to the construction trades, as well as business administration and law. Licensed contractors are also required to take seven hours of approved continuing education each year and provide proof of liability insurance, workers' compensation insurance (if required by law) and business ownership documents to the state. Also, licensed contractors and remodelers must contribute to the Contractor's Recovery Fund.

The Contractor Recovery Fund exists to reimburse homeowners who obtain a judgment against a **licensed** contractor and are unable to collect on that judgment. Homeowners who use unlicensed contractors forfeit their rights to access this fund, which pays out more than \$1 million each year to Minnesota consumers. Licensed roofers and manufactured-home installers do not participate in the Contractor Recovery Fund, but instead are required to have a surety bond in the amount of \$15,000 and \$2,500, respectively. More information about the Contractor Recovery Fund is at www.dli.mn.gov/CCLD/RBCRecovery.asp.

The license number of a licensed contractor must appear on all of its advertising, business cards, contracts, proposals, vehicles, and building or zoning permit applications.

Contractors are licensed and regulated by the Minnesota Department of Labor and Industry. To determine the licensing status of a particular contractor, check online at www.dli.mn.gov/CCLD/LicVerify.asp. Complaints against contractors can be discussed with a department investigator by calling (651) 284-5069, although a written complaint must be submitted for a formal investigation to be opened.

More information about hiring a contractor is at www.dli.mn.gov/CCLD/RBCConsumer.asp

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