

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 26-0738.01 Josh Schultz x5486

SENATE BILL 26-093

SENATE SPONSORSHIP

Sullivan,

HOUSE SPONSORSHIP

Mauro,

Senate Committees

Business, Labor, & Technology
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING ENSURING COMPLIANCE WITH WORKERS'**
102 **COMPENSATION INSURANCE COVERAGE REQUIREMENTS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill prohibits the state, a county, a municipality, a city and county, a district, or other political subdivision of the state (governmental entity) from issuing or renewing a building permit, construction permit, or contractor's license unless the applicant has first filed with the governmental entity's licensing authority or permitting agency a signed declaration verifying that the applicant, the general contractor, and every

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

subcontractor at any tier either maintains valid workers' compensation insurance coverage or has rejected such coverage. An applicant shall provide proof of the workers' compensation insurance coverage or proof of rejection of coverage through filing specified documents.

Prior to commencing any work under a building or construction permit, a general contractor or permit holder shall ensure that every subcontractor at any tier and any person performing work under the permit has provided proof of workers' compensation insurance coverage or proof of rejection of coverage.

If at any time the governmental entity's licensing authority or permitting agency finds that a violation of the bill has occurred, the governmental entity's licensing authority or permitting agency shall revoke or suspend any building permit, construction permit, or contractor's license issued to that contractor.

The director of the division of workers' compensation is authorized to adopt rules to implement the bill, including procedures for electronic verification of coverage, reporting requirements, and coordination with licensing authorities and permitting agencies.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 8-41-213 as
3 follows:

4 **8-41-213. Declaration of workers' compensation required -**
5 **building permit - construction permit - contractor's license - rules -**
6 **definitions.**

7 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
8 REQUIRES:

9 (a) "APPLICANT" MEANS A PERSON APPLYING FOR A PERMIT OR
10 LICENSE WITH THE LICENSING AUTHORITY OR PERMITTING AGENCY OF A
11 GOVERNMENTAL ENTITY THAT IS AN EMPLOYER.

12 (b) "GOVERNMENTAL ENTITY" MEANS THE STATE, A COUNTY, A
13 MUNICIPALITY, A CITY AND COUNTY, A DISTRICT, OR OTHER POLITICAL
14 SUBDIVISION OF THE STATE.

15 (c) "LICENSE" MEANS A CONTRACTOR'S LICENSE.

1 (d) "PERMIT" MEANS A BUILDING PERMIT OR CONSTRUCTION
2 PERMIT FOR A PROJECT WITH A TOTAL CONSTRUCTION COST OF MORE THAN
3 ONE MILLION DOLLARS.

4 (2) A GOVERNMENTAL ENTITY SHALL NOT ISSUE OR RENEW A
5 PERMIT OR LICENSE UNLESS THE APPLICANT HAS FIRST FILED WITH THE
6 GOVERNMENTAL ENTITY'S LICENSING AUTHORITY OR PERMITTING AGENCY
7 A SIGNED DECLARATION, UNDER PENALTY OF PERJURY, VERIFYING THAT
8 THE APPLICANT, THE GENERAL CONTRACTOR, AND EVERY
9 SUBCONTRACTOR AT ANY TIER PERFORMING WORK UNDER A PERMIT
10 EITHER MAINTAINS VALID WORKERS' COMPENSATION INSURANCE
11 COVERAGE OR HAS REJECTED SUCH COVERAGE.

12 (3) ALONG WITH THE DECLARATION REQUIRED UNDER SUBSECTION
13 (2) OF THIS SECTION, AN APPLICANT SHALL PROVIDE PROOF OF WORKERS'
14 COMPENSATION INSURANCE COVERAGE OR REJECTION OF WORKERS'
15 COMPENSATION INSURANCE COVERAGE BY SUBMITTING ONE OF THE
16 FOLLOWING TO THE LICENSING AUTHORITY OR PERMITTING AGENCY PRIOR
17 TO THE ISSUANCE OR RENEWAL OF ANY PERMIT OR LICENSE:

18 (a) A VALID CERTIFICATE OF WORKERS' COMPENSATION
19 INSURANCE;

20 (b) A SELF-INSURANCE PERMIT ISSUED BY THE EXECUTIVE
21 DIRECTOR AS PROVIDED IN SECTION 8-44-201 OR A SELF-INSURANCE
22 CERTIFICATE OF AUTHORITY FROM THE COMMISSIONER OF INSURANCE AS
23 PROVIDED IN SECTION 8-44-205; OR

24 (c) AN APPROVED REJECTION OF COVERAGE FORM ISSUED BY THE
25 DIVISION PURSUANT TO SECTION 8-41-202 (1) CERTIFYING THAT THE
26 APPLICANT DOES NOT HAVE EMPLOYEES SUBJECT TO THIS SECTION.

27 (4) THIS SECTION APPLIES REGARDLESS OF WHETHER THE

1 GOVERNMENTAL ENTITY REQUIRES A LICENSE. AT THE TIME OF LICENSE OR
2 PERMIT ISSUANCE OR RENEWAL, A LICENSING AUTHORITY OR PERMITTING
3 AGENCY SHALL CONFIRM PROOF OF COVERAGE OR REJECTION OF
4 COVERAGE, EITHER THROUGH THE DOCUMENTS PROVIDED UNDER
5 SUBSECTION (3) OF THIS SECTION OR BY VERIFYING COVERAGE THROUGH
6 ELECTRONIC MEANS.

7 (5) PRIOR TO COMMENCING ANY WORK UNDER A PERMIT, A
8 GENERAL CONTRACTOR OR PERMIT HOLDER SHALL ENSURE THAT EVERY
9 PERSON PERFORMING WORK UNDER THE PERMIT HAS PROVIDED TO THE
10 GENERAL CONTRACTOR OR PERMIT HOLDER PROOF OF WORKERS'
11 COMPENSATION INSURANCE COVERAGE OR PROOF OF REJECTION OF
12 COVERAGE AS DESCRIBED IN SUBSECTION (3) OF THIS SECTION. THE
13 GENERAL CONTRACTOR OR PERMIT HOLDER SHALL RETAIN COPIES OF THE
14 PROOF OF COVERAGE OR PROOF OF REJECTION OF COVERAGE FOR THE
15 DURATION OF THE PROJECT AND MAKE THE COPIES AVAILABLE FOR
16 INSPECTION BY THE LICENSING AUTHORITY, PERMITTING AGENCY, OR
17 DIVISION UPON REQUEST.

18 (6) (a) IF A PERSON FILES A COMPLAINT WITH A LICENSING
19 AUTHORITY OR PERMITTING AGENCY ALLEGING A CONTRACTOR'S
20 WORKERS' COMPENSATION INSURANCE COVERAGE IS NOT IN COMPLIANCE
21 WITH REQUIREMENTS OF ARTICLES 40 TO 47 OF THIS TITLE 8, THE
22 LICENSING AUTHORITY OR PERMITTING AGENCY MAY INVESTIGATE THE
23 ALLEGED VIOLATION.

24 (b) IF AT ANY TIME A LICENSING AUTHORITY OR PERMITTING
25 AGENCY, UPON INVESTIGATION OF A COMPLAINT OR UPON INDEPENDENT
26 INVESTIGATION, FINDS THAT A VIOLATION OF THIS SECTION HAS
27 OCCURRED, THE LICENSING AUTHORITY OR PERMITTING AGENCY SHALL

1 REVOKE OR SUSPEND ANY PERMIT OR LICENSE ISSUED TO THAT
2 CONTRACTOR.

3 (c) SUSPENSION OR REVOCATION PURSUANT TO SUBSECTION (6)(b)
4 OF THIS SECTION REMAINS IN EFFECT UNTIL THE CONTRACTOR PROVIDES
5 PROOF OF VALID COVERAGE OR REJECTION OF COVERAGE AND RESOLVES
6 ANY PENALTIES ISSUED PURSUANT TO SECTION 8-43-409.

7 (d) (I) A LICENSING AUTHORITY OR PERMITTING AGENCY THAT
8 SUSPENDS OR REVOKES A PERMIT OR LICENSE UNDER THIS SECTION SHALL
9 NOTIFY THE DIVISION WITHIN TEN BUSINESS DAYS AFTER THE SUSPENSION
10 OR REVOCATION.

11 (II) IF A LICENSING AUTHORITY OR PERMITTING AGENCY
12 REINSTATES A PERMIT OR LICENSE THAT WAS SUSPENDED OR REVOKED
13 PURSUANT TO SUBSECTION (6)(d)(I) OF THIS SECTION, THE LICENSING
14 AUTHORITY OR PERMITTING AGENCY SHALL NOTIFY THE DIVISION WITHIN
15 TEN BUSINESS DAYS AFTER REINSTATEMENT.

16 (7) THE DIRECTOR MAY ADOPT RULES TO IMPLEMENT THIS
17 SECTION, INCLUDING PROCEDURES FOR ELECTRONIC VERIFICATION OF
18 COVERAGE, REPORTING REQUIREMENTS, AND COORDINATION WITH
19 LICENSING AUTHORITIES AND PERMITTING AGENCIES.

20 **SECTION 2. Applicability.** This act applies to conduct occurring
21 on or after the effective date of this act, including determinations of
22 permit or license applications pending on the effective date.

23 **SECTION 3. Safety clause.** The general assembly finds,
24 determines, and declares that this act is necessary for the immediate
25 preservation of the public peace, health, or safety or for appropriations for
26 the support and maintenance of the departments of the state and state
27 institutions.