

EXHIBIT 9-H

CONSTRUCTION CONTRACTOR REGISTRATION LAW

http://data.opi.mt.gov/bills/mca_toc/39_9_1.htm
39-9-101 et. seq., Montana Codes Annotated

**Links to the following
Montana Contractor
Registration Agencies
can be found at:**

<http://mtcontractor.com/>

~ Construction
Contractor Registration
Unit

~ Independent
Contractor Central Unit

**Registration Documents
are available for
download at:**

<http://mtcontractor.com>

~ Approved Contractor
Registration List

~ Construction
Contractor Registration
Requirements

~ Construction
Contractors
Registration Application

~ Corporate Officer
Coverage Requirements

~ Independent
Contractor Application
Instructions and
Affidavit Form

CONSTRUCTION CONTRACTOR REGISTRATION

The purpose of Construction Contractor Registration:
to assure that all construction contractors are competing fairly and are in compliance with the workers' compensation laws.

The law also provides for protection from upward migration of workers' compensation liability. If the construction contractor is registered and in good standing on the date the contract begins, the liability for workers' compensation accidents will not be the responsibility of the general contractor or the homeowner. There is also a provision for an industry and consumer education program.

All construction contractors must register, with some limited exemptions. The most notable exemption is for construction contractors without employees. These individuals may register if they want. The Construction Contractor Registration cost is \$53. The Independent Contractor Exemption Certificate costs \$125.00. Both are good for two years.

The department provides a list of all registered construction contractors. This list is available in hard copy, on the State Bulletin Board or on the Internet.

If a contractor does not register, there is a provision for a penalty of up to \$500. If a construction contractor falsifies a registration or uses a falsified registration, there is a penalty of not more than \$5,000.

**Construction Contractor Registration Unit
Montana Department of Labor & Industry
<http://mtcontractor.com>
1805 Prospect Avenue/ PO Box 8011
Helena, MT 59604-8011
(406) 444-7734**

CONSTRUCTION CONTRACTOR REGISTRATION REQUIREMENTS

<http://mtcontractor.com>

Who has to register? All construction contractors and subcontractors in the building and construction industry that have employees.

How do I become a registered contractor? Complete a contractor registration application. Provide proof of workers' compensation coverage. Complete an independent contractor exemption affidavit (if not a corporation or a manager-managed limited liability company) or provide proof of workers' compensation on yourself. Submit a \$53 registration fee.

What if I am an independent contractor with no employees? The law exempts construction "independent contractors" without employees from registering, although they can choose to register.

Why would I want to register? Many general contractors will hire only registered contractors to protect themselves from upward migration of liability. If a contractor hires an unregistered independent contractor, (even if that person has a workers' compensation exemption), the contractor still risks the consequences of liability for workers' compensation should an individual be hurt on the job.

Can I be penalized if I don't register? Yes, the registration law provides for a \$500 maximum penalty for construction contractors who aren't registered. It also allows for a \$5,000 fine for falsely transferring a registration certificate.

Is a test required to become a registered contractor? No test is required.

I only perform a few odd jobs during the summer. Do I have to be registered? If the total of both labor and materials does not exceed \$2,500 for the entire job, you do not have to register.

I'm an out-of-state contractor bidding work in Montana. Are there any special requirements I might want to know about? Montana's workers' compensation law does not allow coverage from other states' workers' compensation plans in the construction industry. If you are only bidding jobs in Montana, you may ask for a "Bid Only" registration. When you come to work in Montana, you must have a workers' compensation policy specific to Montana. Construction companies with "Bid Only" certificates must upgrade their registration to "Employer" status before they can have employees working in Montana.

Do I need to advise the Department of Labor & Industry Employment Relations Division if the name or address of my business changes? Yes. If you are changing only the name or the address under which your business is registered, you do not have to reregister. However, you do need to notify the Employment Relations Division in

writing.

Can my spouse or child take over my business and registration? Your spouse can. If your child takes over the business, it is considered a new business and the child must register under his or her name.

What are the costs? The Construction Contractor Registration cost is \$53. The Independent Contractor Exemption Certificate costs \$125.00. Both are good for two years. There is no "2 for 1" deal.

What is the difference between Contractor Registration and the Independent Contractor exemption? *Construction Contractor Registration* is a new law mandated by the 1995 legislature, requiring contractors in the construction industry to register with the state. This registration ensures contractors are complying with all employment laws, such as workers' compensation. *The independent contractor exemption*, which exempts the holder from carrying workers' compensation coverage, has been around since 1983. The exemption deals with what independent business people called "independent contractors." Individuals seeking independent contractor status may get the exemption affidavit from the Department of Labor and Industry.

If you have questions, please call or write:

Construction Contractor Registration Unit
<http://mtcontractor.com/>
Workers' Compensation Regulation Bureau
Employment Relations Division
PO Box 8011
Helena, MT 59604-8011
(406) 444-7734

For your convenience, Job Service Offices have application forms.