



Minnesota Workers' Compensation
Insurers Association, Inc.
7701 France Avenue South ▪ Suite 450
Minneapolis, MN 55435-3200

September 26, 2012

ALL ASSOCIATION MEMBERS

Circular Letter 12-1624

RE: Additional Communication on the New Contractor Registration Pilot-Program

Attached is a Checklist for Contractors in the Building Construction Industry from the Minnesota Department of Labor & Industry regarding the new Contractor Registration pilot-program.

Please refer to the attached information for details.

Additionally, you may want to review Circular Letter No: 12-1618, dated August 1, 2012, which contained two documents from the Minnesota Department of Labor & Industry on this topic.



Checklist for Construction Contractors in the Building Construction Industry

The 2012 amendments to Minnesota Statute §181.723 replace the Independent Contractor Exemption Certificate (ICEC) program with a two-year pilot project for online registration of building construction contractors and amend the standards for determining when individual construction workers are considered employees. The law applies to both independent contractors (individuals) and business entities (such as LLCs and corporations) that provide public- or private-sector commercial or residential building construction or improvement services in Minnesota on or after **September 15, 2012**. Under this law:

Building construction contractors must:

- ☒ Register or, if required, hold a current license, with the Department of Labor and Industry (DLI).
 - Register online at no cost at <http://www.dli.mn.gov/CCLD/register.asp>
 - Determine whether any exemptions from contractor registration apply at <http://www.dli.mn.gov/CCLD/PDF/registrationFAQ.pdf>
 - Apply or renew a residential, electrical, plumbing or high-pressure-piping contractor license online at <https://secure.doli.state.mn.us/license/initialapp.aspx>
- ☒ Maintain current registration, if required, with the Secretary of State **and** with DLI.
- ☒ Enter into contracts, submit invoices and receive payments in the name of the business entity.
- ☒ Meet the nine-factor test at http://www.dli.mn.gov/CCLD/Register_nine_factors.asp.
- ☒ Comply with all applicable employment, tax and workers' compensation and unemployment insurance laws.

When hiring subcontractors:

- ☒ Verify that all subcontractors are registered or licensed with DLI or are exempt at <https://secure.doli.state.mn.us/lookup/licensing.aspx>.
- ☒ Verify each subcontractor that is required to be registered with the Secretary of State has an active business filing at <http://mbisportal.sos.state.mn.us/>.
- ☒ Verify the subcontractor can meet the nine-factor test.
- ☒ Enter into **written** contracts with each subcontractor for the construction services.
- ☒ Obtain invoices from and pay the business entity, not the individual owner(s) of the business.
- ☒ Verify subcontractors are meeting workers' compensation insurance coverage requirements at <http://www.inslookup.doli.state.mn.us/>.
- ☒ Do not coerce a person to adopt independent contractor status or form a business entity.
- ☒ Do not misrepresent or misclassify an individual as an independent contractor.

If you have questions, contact DLI at (651) 284-5074 or via e-mail at dli.register@state.mn.us. View frequently asked questions about Minnesota Statute §181.723 at <http://www.dli.mn.gov/CCLD/PDF/registrationFAQ.pdf>.

Note: The information in this document is a brief overview of contractor responsibilities under the law. It is not a comprehensive list and does not constitute legal advice. Consult the specific provisions of the law or an attorney to determine how the law applies to your situation. The Department of Labor and Industry has tried to provide accurate and useful information, yet it makes no representation and accepts no liability for any reliance about the completeness or accuracy of this information.