

Why to Get a Contractor's License



Executive Summary. Operating without a contractor's license can be anywhere from inconvenient to illegal. Hear here why you should consider obtaining a license.

Why do I need a license? More than a handful of contractors run their business out of the front seat of a three-on-the-tree 1976 Chevy Silverado – their bank account based upon the weight of greenbacks in a grocery store sack. As far as why you may want a license, there are two primary reasons that come to mind: opportunity and legal protection.

Opportunity you say? Yes, a great reason to have a license is the opportunity it brings you – consider these doors that can open for your company:

- **Larger general contractors** will only subcontract to a licensed contractor.
- **Municipalities and public agencies** will only hire licensed contractors.
- **Insurance claims** are only paid to licensed contractors.
- **Permitting agencies** only let permits to licensed contractors.

Legal protection. The second primary reason is legal protection. This is also known as risk management. If you have construction material stolen, a jobsite fire, theft, vandalism, an auto wreck, goods damaged in transport, or any multitude of problems this then becomes the time you pat yourself on the back and say "thank you self" for getting insurance. But, you can generally only get insurance for your construction business if you have a contractor's license.

Bonus. Bonding. Also, if you aspire to get to a point where you are bonding your work, your surety is going to require, yup, you guessed it, a contractor's license.

My story. I wrote an article on "going legit", you can see it here [QR] – it really helps in teaching the reader the necessary components of business creation. The hardest part about getting the license for most folks is the paperwork. I got my Washington state license in a week with a couple forms. On the flipside, Hawaii took six months and that is on the shorter end of many of our licensing clients here in Hawaii. Oh, and the unmentioned reason above for getting a license is the





pride. You should be proud to be “licensed and bonded” – it says to a client that you have been recognized by a public entity as a qualified and competent. Take pride in your accomplishment.

Work Safe!