

## GENERAL QUESTIONS

### Commercial Construction

**Q. What is “Commercial” construction?**

A. All construction other than work on a “single family residence.” (See definition of a “single family residence” below.)

**Q. I am building a church, is that considered “commercial” construction?**

A: Yes. Anything that is not a “single family residence” is “Commercial.”

**Q. I am working in an industrial setting, is that considered “commercial” construction?**

A: Yes. Anything that is not a “single family residence” is “Commercial.”

### When is a Commercial License Required?

**Q. When is a Commercial Contractor’s License Required?**

A. A contractor must have a commercial license if the contractor is performing \$50,000 of work, including, but not limited to, labor and material, on a commercial project.

**Q. What is a “project?”**

A. Any work done under one contract will be considered part of the same project. In addition, all work done on a single parcel of property will be considered to be part of the same project. A project can not be divided into separate parts or contracts to circumvent the licensing requirements.

**Q. On a commercial project, does the material cost count in determining the size of the project?**

A. Yes, in general. There are a few exceptions. Please see Ark. Code Ann § 17-25-101(d).

**Q. What if I am only being a Construction Manager, do I still need a license?**

A. Yes. If you assume charge, in a supervisory capacity or otherwise manage construction as defined by the statute, you are acting as a contractor.

**Q. Do I have to have a license to bid a project?**

A. Yes. However, there are a few exceptions. If the project is a public project with federal funding, a contractor can bid the project without a license, but must have an application on file. No contract can be executed nor work begun until a license is issued.

**Q. I am the owner of my own commercial property, can I be my own contractor without a license?**

A. Yes.

**Q. Does that mean the contractors I hire to do parts of the work are also exempt?**

A. No. Any contractor hired by the owner to perform work on the project will still need a license if their portion of the work, including but not limited to, labor and material is \$50,000 or more.

**Q. Does a subcontractor working on a commercial project have to have a license?**

A. Yes, if their portion of the work, including but not limited to, labor and material is \$50,000 or more.

#### **Light Building Commercial Classification**

**Q. I have a “Light Building” classification, what size commercial project can I build?**

A. For new commercial construction, a contractor with a “Light Building” classification can be the builder when the project, including but not limited to labor and materials is \$500,000 or less and no more than 2 stories in height.

**Q. I have a “Light Building” classification, I am not the builder on a project but am doing “specialty” work on the project (for example drywall) am I limited to projects where my portion is \$500,000 or less?**

A. No. The “Light Building” classification limits the size of a project a contractor can perform as a “builder.” It does not limit the size of the project you are working on as a specialty contractor.

**Q. I have a “Light Building” classification, can I break down the contract into parts, one contract for the concrete, one contract for the framing, etc. and be considered a “specialty” contractor on the project?**

A. No. If you are functioning as the builder or otherwise managing the project, and the project is more than \$500,000, a builders license would be required.

**Q. I have a “Light Building” classification, can I build a single family residence?**

A. Yes.

**Q. I have a “Light Building” classification, am I limited to building single family residences that are \$500,000 or less?**

A. No. You can build any size single family residence that you have the skills and knowledge to build.

### **Residential Construction**

**Q. What is Residential construction?**

A. Residential construction is work on a “single family residence” and the property or improvements connected to that work. For example building the drive way at a single family residence is residential construction, building the streets, the curbs etc. is commercial construction. Everything other than work on a “single family residence” is considered commercial.

**Q. What is a “single family residence?”**

A. Any project consisting of one but not more than four units constructed for residential occupancy. Any project consisting of five or more units is considered multi-family housing. A traditional single family residence, a duplex, a triplex or a quadplex are all “single family residences.” Working on a single unit in a multi-family housing complex is commercial. Work on the property associated with a single family residence will generally be considered Residential. For example, building a detached garage for a single family residence is Residential construction.

### **Residential Builders License (New Home Construction)**

**Q. When is a Residential Builders License required?**

A. Unless an exception applies (and there are several, see below) any person or entity who submits a bid or enters into a contract (written, verbal or implied) to construct a single family residence or who assumes charge in a supervisory capacity or manages the construction of a single family residence or the property and structures associated with the single family residence, if the cost of the project is more than \$2,000.

**Q. On a residential project, does the material cost count in determining the size of the project?**

A. Yes.

**Q. Do I need a license to build my own home? (New Home construction)**

A. No, not if the home is being built for your own personal residence (for you to live in). You are limited to building one home per year under this exemption. If you are building the home to sell or rent or for any other use other than as your own residence to live in, you must have a Residential Builders License.

**Q. Are subcontractors of Licensed Contractors required to have their own licenses on residential projects?**

A. No. Of course electricians, plumbers and HVAC contractors must be licensed by their respective Boards but on residential construction (single family residences) subcontractors of properly licensed contractors are not required to have their own license from the Contractors Licensing Board or from the Residential Committee.

**Q. I have a Commercial Building (or Light Building) license, do I need a separate Residential Builders license?**

A. No. A commercial license will allow you to do work within the classification on the license on both commercial projects and residential projects. For example, if you have a commercial license with the classification of "Building" you can perform both commercial and residential building.

### **Home Improvement License**

**Q. Who needs a Home Improvement license?**

A. In general (there are some important exceptions) anyone doing remodeling or repair work (any type of "home improvement" work) at a single family residence, when the cost of the work is more than \$2,000, labor and material, must be licensed. Any type of "construction" work, from painting to floor covering, to roofing to home additions.

**Q. What are the exemptions from the Home Improvement license requirement?**

A. There are several exemptions. First, the owner of the property can act as a Home Improvement contractor without a license. Second, subcontractors of properly licensed contractors are exempt. Third, if you are licensed by another Arkansas state board or agency and are doing work within the scope of that license (such as licensed Electricians, Plumbers, HVAC contractors) you are exempt.

**Q. I have a Commercial Specialty license, do I need a separate Residential Specialty license?**

A. No. A commercial license from the Contractors Licensing Board will allow you to do work within the classification(s) on the license on both commercial projects and residential projects. For example, if you have a commercial license with the classification of "Roofing" you can perform both commercial and residential roofing. However, in that situation, you would not be licensed to perform work as a Residential Builder.

**Q. I have a Residential Builders license, do I need the Home Improvement license?**

A. No. As a Residential Builder you are fully licensed to do any type of "Home Improvement" work (for a list of the classifications that fall under the "Residential Builders" license, please see the "Licensing Law and Rules and Regulations.")

**Q. I own my own home, do I have to have a license to work on it?**

A. No. A home owner does not have to have a license to do his or her own "home improvement" work. However, any contractor you hire to work on the project will need a license if the cost of the work, labor and material, is more than \$2,000.

**Q. I own a rent house, do I have to have a license to work on it?**

A. No. An owner of a single family residence does not have to have a license to do his or her own "home improvement" work. However, any contractor you hire to work on the project will need a license if the cost of the work, labor and material, is more than \$2,000. Please note that you would need a Residential Builders license to build your own rent house.

**Q. What if the owner buys the material and just pays me for labor, do I still need a license?**

A. Yes, if the cost of the project is more than \$2,000. To determine if the \$2,000 limit has been reached, the cost of the material is included, even if the owner purchased it.

**Q. I am an Electrician (or Plumber or HVACR Contractor) and I have a license from the Arkansas Electrical Board (or the Plumbing Board or the HVACR Board), do I need a license from the Residential Committee to do electrical (or plumbing or HVACR work) on a single family residence?**

A. No. Contractors licensed by another Arkansas state agency, such as Electricians, Plumbers and HVACR contractors are exempt as long as they are working within the scope of their license.

**Q. I am just working as a subcontractor on a Home Improvement project, do I need a license?**

A. It depends. If you are working as a subcontractor for a properly licensed contractor, then no, you would not need a license. If you are working for an unlicensed contractor (such as a homeowner acting as his or her own contractor) then yes, you would need a license, if your portion of the project is more than \$2,000, labor and material.

**Q. The owner of the house is acting as his own contractor, do I (the subcontractor working for the owner) still need a license?**

A. Yes, if your portion of the project is more than \$2,000, labor and material. Unless the owner is a properly licensed contractor.

**Q. What is the difference between a "limited" and "unlimited" Home Improvement contractor?**

A. A contractor holding a "limited" Home Improvement license can only do Home Improvement projects less than \$50,000, including, but not limited to, labor and material.

A contractor holding an "unlimited" Home Improvement license can do Home Improvement projects of any dollar amount.

**Q. If I have an "unlimited" license does that mean I can do any type of work?**

A. No. "Unlimited" means you can do any size dollar value. However, you must still stay within the classification (type of work) you are licensed for. A contractor can hold as many different classifications as they are qualified for, there is no additional fee.

**Q. Do I have to provide proof of Workers Compensation Insurance to the Committee to obtain a Home Improvement license?**

A. It depends. If you apply for an "unlimited" license, and you have one or more employees, then yes, you must provide the Committee with proof of Workers Compensation insurance. If you apply for a "limited" license, then no, you do not have to provide proof of Workers Compensation insurance. Please note that just because you do not have to provide the Committee with proof of Workers Compensation Insurance to obtain a license does not necessary mean you are not required to maintain Workers Compensation insurance under the Arkansas Workers Compensation law. If you have questions about whether you are required to have Workers Compensation insurance under Arkansas law please contact the Arkansas Workers Compensation Commission at 501-682-2707

**Q. Do I have to provide a financial statement (balance sheet) to obtain a Home Improvement license?**

A. It depends. If you apply for an "unlimited" license, then yes, you must provide the Committee with a financial statement (balance sheet). The balance sheet can be a compiled statement, it does not have to come from a CPA. If you apply for a "limited" license, then no, you do not have to provide a financial statement.

**Q. Does a "Home Improvement" license authorize me to do electrical, plumbing or HVAC work at a single family residence?**

A. No. Those trades have their own agencies that regulate their trades. You will need to contact those agencies to determine when they require a license. Those agencies contact information is as follows:

Board of Electrical Examiners - 501-682-4549

Arkansas State Health Dept. Plumbing Division - 501-661-2642

Arkansas State Health Dept. HVACR Division - 501-661-2642

On Line Directory @ [www.arkansas.gov/directory](http://www.arkansas.gov/directory)