

# Tennessee Contractor License

Tennessee Department of Commerce and Licensure  
Board for Licensing Contractors

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Structural Systems II

TN Standards 5-6

# Tennessee Contractor License

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- **Students will:**
- 5. Locate and assess the Tennessee Contractor's Licensing Board's website and analyze the policies and requirements for construction work in Tennessee.
- Explain how such policies impact local construction businesses.

# Tennessee Contractor License

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Tennessee Department of Commerce & Insurance  
**BOARD FOR LICENSING CONTRACTORS**

4<sup>th</sup> Floor, Davy Crockett Tower; 500 James Robertson Parkway; Nashville, TN 37243-1150

Telephone: (615) 741-8307 / Fax: (615) 532-2868

Website: <http://www.tn.gov/regboards/contractors/> Email: [Contractors.Home-Improvement@tn.gov](mailto:Contractors.Home-Improvement@tn.gov)

# Tennessee Contractor License

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- **Contractor's License Requirements**

- A contractor's license is required by **prime** (general) contractors whenever the total cost is **\$25,000 or more**, prior to offering a price, bid or contract.
- A contractor's license is also required by many **subcontractors**; those performing **electrical, plumbing, HVAC, mechanical**; when the cost is \$25,000 or more.
- Effective January 1, 2011, **masonry subcontractors** are also required to be licensed as contractors whenever the total cost (*including materials and labor*) is \$100,000 or more.
- Effective **January 1, 2014**, roofing subcontractors will be required to be licensed, as well as prime, for projects \$25,000 or more.

# Tennessee Contractor License

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- **Summary of License Requirements**

- **Prime (General) Contractors** - Bidding or contracting directly with the owner;
- **Subcontractors** - Bidding directly to a prime (general) contractor to perform the following: o **Electrical; Mechanical; Plumbing; and HVAC** when the total cost is \$25,000 or more; effective January 1, 2014, \***Roofing**; and
- **Masonry projects \$100,000 and up** (includes all materials, equipment, and labor).
- **Construction Management** of any kind, where the value of the project is \$25,000 or more.

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- **Contractor License Classification**

- Pursuant TCA § 62-6-111(d), a contractor must be licensed with the proper license classification to cover at least 60% of the project.
- If their classification does not cover 60%, then they may only bid if they have a “commercial” classification (BC or BC-B or BC-b(sm)), but could not perform any portion over \$25,000 in which their classification does not cover; would need to subcontract to a properly licensed subcontractor.

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- **Contractor License Classification**

- Examples of contractors license classifications include:

- Building (BC - Residential, Commercial and Industrial);
- Electrical (CE – Electrical Work for Buildings and Structures, Signs, Low Voltage for Conduit, Telephone Lines, Sound and Intercom System, Alarms, Cable TV, etc. );
- Mechanical (CMC – Plumbing, HVAC, Process Piping, Fire Sprinklers, Boilers, etc.);

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- **Contractor License Classification**
- Examples of contractors license classifications (continued)
  - Municipal Utility (MU – Underground Piping, Waterlines; Sewer Lines, etc.);
  - Heavy Construction (HC – Demolition, Marine, Landfill, Storm Damage Clean-Up; Tower, Steel, Clearing, Welding, etc.);
  - Highway Railroad and Airport (HRA – Grading, Drainage, Paving, Bridges, Traffic Safety, Landscaping, Guardrails, etc.);
  - Environmental Specialties (S – Asbestos, Underground Storage Tanks, Lead-Based Paint, Hazardous Waste Removal, Remediation, etc.);
  - Specialties (S – Audio Video; Telecommunication Towers; Solar Panels; Equipment Installation, Meter Installation, etc.).



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- **Other Licenses**
- Our Board also regulates other licenses for projects less than \$25,000 (Home Improvement; Limited Licensed Electricians; and Limited Licensed Plumbers).

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- **Other Licenses**
- In addition, our Board is part of the Tennessee Department of Commerce and Insurance (TDCI), Division of Regulatory Boards which regulates other licensing, such as:
  - Alarm Systems Contractors;
  - Fire Sprinkler Contractors; Home Inspectors;
  - Architects; etc.

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- **Other Licenses**
- Other state agencies, such as the Tennessee Department of Environment and Conservation (TDEC) regulate well drillers for geothermal; asbestos; lead paint abatement; excavation; burn permits, etc.
- The Tennessee Department of Labor and Workforce Development (TDLWF) regulates elevators, boilers, etc., as well as workers' compensation and labor laws.

# Tennessee Contractor License

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- **Bid Envelope Listing (\$25,000 and Up)**
- For projects \$25,000 or more, the law requires the **Prime**, (general) contractor to list their contractor license information on the outside of the bid envelope (*or electronic bid*), with the **Name** as licensed, **License Number**, **Expiration Date** and the **Classification** applying to the bid.
- In addition to the prime, the contractor license information must also be included on the outside of the bid envelope or electronic bid, for the **Electrical, Plumbing, HVAC, and Masonry subcontractors**; unless their portion (*each discipline/field*) is less than \$25,000; or masonry portion if less than \*\$100,000 (*including materials and labor*).

# Tennessee Contractor License

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- **Bid Envelope Listing (\$25,000 and Up)**
- In addition, \***Geothermal** projects must include the Department of Environment and Conservation (TDEC) **Well Driller** license number with the **G or L classification**. Only one (1) subcontractor may be listed for each classification.
- See the law for complete instructions, T.C.A. § 62-6-119.

# Tennessee Contractor License

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- **Bid Envelope Listing (\$25,000 and Up)**
- **NOTE:** It is the responsibility of the subcontractor to provide evidence of their license to the prime contractor to ensure their name, license ID#, classification and expiration date is listed correctly on the outside of the bid envelope to prevent the entire bid from being rejected, as well as, being prohibited from rebidding or participating on a project. (See T.C.A. §§ 62-6-119 and 120; and Rules 0680-01-.18; 24; and 25)

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- **Bid Envelope Listing (Less than \$25,000)**
- If the amount of the subcontractor's portion, which includes materials and labor, and it is **less than \$25,000**, the law states in T.C.A. § 62-6-119, the name of the contractor only **MAY** appear on the outside of the bid envelope.
- Therefore, the Board for Licensing Contractors has not considered it a violation of law for failure of the prime contractor to list the subcontractor's information, if the sub's total portion is less than \$25,000 (*including materials and labor*), or in the case of masonry, less than \$100,000. Materials and labor cannot be deducted from the subcontractor's portion to circumvent the law.

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- Note: Always follow the bidding instructions. Some awarding authorities may add additional requirements to their bid solicitations and request the prime to provide the monetary limit or to list the “Name” of every subcontractor.
- You would need to comply with their requirement to prevent rejection due their requirements.



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- **Prime Bids Rejected**
- It is very important to follow the bidding instructions and to also have the subcontractor supply the prime contractor with a copy of license information.
- The law further states, *“the failure of any bidder to comply with all of the provisions hereof shall automatically disqualify such bid.”*
- Therefore, if a bid is improperly submitted and not rejected, it is considered a violation of law.

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- **Monetary Limit Designated on a Contractor's License**
- Please note, the prime contractor's license limit must cover the total cost (including materials and labor) of the project and contracts cannot be split to circumvent the law; see Rule 0680-1-.13.
- In addition, the subcontractor's (electrical, HVAC, plumbing, mechanical, masonry, and \*roofing) license must cover the entire portion of their work.

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- For example, the prime contractor cannot supply the plumbing equipment as a means to ensure the plumber's portion is within their monetary limit.
- There is a 10% bid tolerance, only.
- Bidding in excess of a license limit prevents a contractor from recovering payment for both residential and commercial projects by filing a \***lien** (see T.C.A. § 62-6-128; and 66-6-111.)
- The contractor's license limit is determined by the Board and is based on both their financial statement and experience.

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- **Subcontractors Required to be Licensed**
- A subcontractor is one bidding or contracting directly to the licensed prime (general) contractor and not to the owner.
- A contractor's license is NOT required by all subcontractors, **UNLESS**, the subcontractors are those performing: **Electrical, Mechanical, Plumbing, HVAC, and \*Roofing work in excess of \$25,000; or \*\*masonry (including materials and labor) in excess of \$100,000.**

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- \*Effective January 1, 2014, roofing subcontractors must also be licensed to perform roofing for projects \$25,000 or more, with a BC-21 (Roofing) classification. In addition, the classifications of BC or BC-B for commercial roofing; or BC-A for residential roofing; or BC-C for industrial roofing.
- \*\*Effective January 1, 2011, BC (commercial) or BC-9 (Masonry), does not cover masonry projects when the cost is \$100,000 or more. Contractors must be licensed with a LMC classification.

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- **Subcontractors Exempt from License Requirements**
- Subcontractors typically exempt from the license requirements are those performing projects such as: painting, flooring, excavation, landscaping, etc.
- For example, a painting subcontractor would not need a license, regardless of the cost or contract amount, as long as their contract is with the licensed prime (general) contractor.
- However, if they bid or contract directly with the owner and the total cost was \$25,000 or more, they would be required to be licensed since contracting with the owner makes them a “prime” and not a “subcontractor”.

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- **Violations**

- A contractor who contracts, offers to engage, bids or obtains a permit without the required license or proper classification and monetary limit, is in violation of T.C.A. §62-6-120.
- Therefore, would be **ineligible to be awarded the project; cannot participate in any rebidding of the project; may not receive a license for six (6) months; and also subject to civil penalties.**
- Bidding requirements entail listing the license name, number, expiration date and the classification pertaining to bid, on the outside of the bid envelope. (Refer to T.C.A. §62-6-119.)
- A prime contractor who lists a subcontractor not properly licensed as required would not be allowed to be awarded the project and also in violation for accepting bid (see T.C.A. § 62-6-120).

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- **License Confirmation from Subcontractors**
- Pursuant to Rule 0680-1-.24, the subcontractor is responsible for furnishing evidence of their license information to ensure the correct name, license ID#, classification and monetary limit is acceptable to bid and perform the project.
- The law prohibits listing more than one (1) subcontractor for each classification. **Failing to list a properly licensed subcontractor could cause the entire bid to be rejected!**



# Tennessee Contractor License

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- **Reciprocal Agreements**

- A contractor must have a Tennessee contractor's license prior to bidding or offering to engage.
- A "trade exam" waiver agreement, only, exists with several bordering states. However, this is the only waiver of any of the licensing requirements. See the "Reciprocation" information from the Board's website.
- The "Bid Preference Law" for our state requires the same of nonresident contractors as they do of resident contractors.
- This statute is found in T.C.A. 12-4-801 and states in part, "*should the bidder on a public construction project in this state be a resident of another state contiguous to Tennessee, a like reciprocal preference is allowed*".

# Building Categories

- 1. Each building category may apply to any major construction classification.
- 2. Pursuant to T.C.A. § 62-6-113, a contractor may not be licensed in six (6) or more categories under any one (1) major classification without successfully passing the written or oral examination, or both, for the major classification.
- 1. Acoustical Treatments
- 2. Carpentry, Framing and Millwork, etc.
- 3. Drywall
- 4. Floor Covering
- 5. Foundations
- 6. Glass, Window and Door Construction
- 7. Institutional and Recreational Equipment
- 8. Lathe, Plaster, Stucco, and Aluminum Siding
- 9 \*Masonry -under (\$100,000.00), including materials and labor (See "LMC" for over \$100,000)
- 10. Ornamental and Miscellaneous Metal
- 11. Painting, Interior Decorating
- 12. Roof Decks
- 13. Site and Subdivision Development
- 14. Special Coatings and Waterproofing
- 15. Tile, Terrazzo and Marble
- 16. Insulation
- 17. Elevators, Escalators, and Dumbwaiters
- 18. Erection and Fabrication of Structural Steel
- 19. Concrete
- 20. Sheet Metal
- 21. \*Roofing-includes gutters and vinyl siding
- 22. Conveyors
- 23. Sandblasting
- 24. Golf Courses
- 25. Tennis Courts
- 26. Swimming Pools
- 27. Outdoor Advertising
- 28. Excavation
- 29. Landscaping
- 30. Fencing
- 31. Demolition
- 32. Millwright
- 33. Irrigation
- 34. Scaffolding

# HC – Heavy Construction

- A. Marine
  - (Wharves, Docks, Harbor Improvements and Terminals)
- B. Tunnel and Shaft
- C. Energy and Power Plants
- D. Dams, Dikes, Levees and Canals
- E. Mining Surface and Underground
- F. Oil Field Construction
- G. Oil Refineries
- H. Storm Damage Cleanup
- I. Landfill Construction

# Heavy Construction Categories

- 1. Structural Steel Erection
- 2. Tower and Stack Construction
- 3. Foundation Construction, Pile Driving, Foundation Drilling, and Stabilization
- 4. Demolition and Movement of Structures
- 5. Clearing, Grubbing, Snagging and Rip Rap
- 6. Slipform Concrete Structures
- 7. Rigging and Crane Rigging
- 8. Welding

# HRA - Highway, Railroad and Airport Construction

- A. Grading and Drainage-Includes grading, drainage pipe and structures, clearing and grubbing.
- B. Base and Paving
  - 1. Base Construction
  - 2. Hot and Cold Mix Asphalt
  - 3. Surface Treatment Asphalt
  - 4. Concrete Paving
- C. Bridges and Culverts
  - 1. Painting
  - 2. Repair
  - 3. Demolition
  - 4. Bridge Deck Overlay (Sealant)
  - 5. Guniting
  - 6. Cofferdam
  - 7. Steel Erection
- D. Railroad Construction and Related Items
- E. Miscellaneous and Specialty Items
  - 1. Traffic Safety
    - (a) Pavement Markers
    - (b) Signing
    - (c) Guardrail and Fencing
    - (d) Attenuators, signalization and roadway lighting
  - 2. Landscaping-Includes seeding, sodding, planting, and chemical weed and brush control.
  - 3. Pavement Rehabilitation-Includes pressure grouting, grinding and grooving, concrete joints, and underdrains.
  - 4. Well Drilling
  - 5. Miscellaneous Concrete-Includes sidewalks, driveways, curb and gutter, and box culverts.

# MU – Municipal and Utility Construction

- Municipal and Utility Construction includes all supervision, labor, material and equipment to complete underground piping, water and sewer plants and sewer disposal, grading and drainage, and paving (unless restricted to specific areas named).
- A. Underground Piping-Furnish supervision, labor, material and equipment to complete all underground piping for municipal and utility construction (unless restricted to specific areas names).
  - 1. Gas Distribution and Transmission Lines
  - 2. Sewer Lines, Storm Drains, Rehabilitation and Structures
  - 3. Waterlines
  - 4. Underground Conduit
- B. Water and Sewer Systems\*-\*  
Classification BC-B is necessary in order to construct water and sewer plants.
- C. Grading and Drainage-Includes grading, drainage pipe and structures, clearing and grubbing.
- D. Base and Paving
  - 1. Base Construction
  - 2. Hot and Cold Mix Asphalt
  - 3. Surface Treatment Asphalt
  - 4. Concrete Pavement
  - 5. Miscellaneous Concrete (includes sidewalks, driveways, curb and gutter, and box culverts)

# MC (CMC) – Mechanical Contracting

- The classification CMC is noted on licenses issued after 1992 and represents that the licensee has passed the Board licensing exam and that no county or municipality shall require such state licensee or its employees to pass any county or municipal test or examination pursuant to T.C.A. § 62-6-111(i)(2)(C).
- A. Plumbing and Gas Piping
- B. Process Piping
- C. HVAC, Refrigeration, Gas Piping
- D. Sprinklers & Fire Protection
- E. Insulation of Mechanical Work
- F. Pollution Control
- G. Pneumatic Tube Systems
- H. Temperature Controls (Pneumatic)
- I. Boiler Construction & Repairs
- J. Fuel Gas Piping and Systems