

Apply Online for a Contractor’s License

This resource is for using the "Online Licensing Services" to complete the online Contractor’s Initial Application for projects \$25,000 and up. If you currently have a license with ownership changes or it has expired more than 12 months, you may also use this resource to apply for a: Reinstatement; Second License; Change of Ownership or Merger. Set up an online account at: <http://core.tn.gov/> More detailed instructions are provided starting on page 13. This resource contains supplemental forms to be completed and attached to the Online Application and not to be mailed or used as a paper application. You will also be given an opportunity to pay the application fee (\$250) by credit card or e-check.

- Once you are ready to begin the process, you will need to create an account at "[Online Licensing Services](#)" This will direct you to select the application from the menu which will be "**Contractors: Contractors and Ltd Licensed Plumbers**" and at the drop down menu, select "**Initial Contractors**" for first time licensing. You may also renew your license at the same account (licenses are issued for two (2) years).

Forms Needed for Online Licensing Application Attachments

The following forms are part of this resource, see pages 2 – 12. Attach these documents, as applicable, in addition to completing the "**Online License Application**":

1. Experience List – Page 2 (*not applicable if entering experience online or attaching resumes*)
2. Contractor’s Affidavit – Page 3
3. Reference – Page 4
4. Power of Attorney for Qualifying Agent (QA) – Page 5 (*not applicable if QA has majority ownership of 20%*)
5. License Verification – Page 6 (*applicable to those only requesting “reciprocity” for trade exam waiver*)
6. Workers’ Comp Exemption – Page 7 (*applicable for those with no employees and claiming “Handyman” exemption*)
7. Citizenship Eligibility – Pages 8-10 (*applicable to Sole Proprietors, only*)

Other Attachments

The following documents must also be attached, as applicable (*more instructions starting on page 13*):

8. Financial Statement (*Review or Audit from properly licensed CPA; see “Worksheet” on page 11*)
9. Exam Scores (*Business Law and Applicable Trade; or BC-A/r Certificate; or License Verification for Reciprocity*)
10. Corporate Documents from the Secretary of State’s office (*not applicable to sole proprietors*)
11. Certificate of Insurance (*General Liability, and Workers’ Comp unless exempt – see Page 7*)
12. Disclosures or letters of explanation

Note: Applications lacking the required information cannot be processed for Board review. If you encounter problems with attaching documents, notify our office at Contractor.App@tn.gov If you prefer to use a paper application, you may contact us at this same email address. Applications must be received by the following deadline dates to be reviewed at one of the six regularly scheduled Board meetings: (*Note: If the 20th is on a weekend or holiday, the deadline date will be the next business day*)

Month of Meeting	Application Deadline Date
January	December 20 th
March	February 20 th
May	April 20 th
July	June 20 th
September	August 20 th
November	October 20 th

***Note: This resource packet is to be used when applying online, only. This packet is not to be mailed or used as a paper application. Doing so will delay the Board Review due to being incomplete.**

If you are unable to use the online initial contractor's license application, you may contact us at (615) 741-8307 to ask for a paper application to be sent by mail.

LIST OF EXPERIENCE

Name of Applicant: _____

Instructions: Experience should list projects with contract amounts and scope of work performed. The Board will use this information to determine the monetary limit and classification for the license. You may list projects performed as a prime contractor, subcontractor, or as an employee of a contractor and may include out of state projects. Please **print legibly** or type. **Note:** If listing projects in an amount which would require a license in Tennessee, please provide an explanation to avoid a delay in processing your application; interview may be required.

1. Performed as: **Contractor** **Subcontractor** **Employee of Contractor** - License # _____

Name of Employer; or
Customer: _____ Date: _____ Contract: \$ _____

City/State Performed: _____

Type of Project: _____ Scope of Work Performed: _____

2. Performed as: **Contractor** **Subcontractor** **Employee of Contractor** - License # _____

Name of Employer; or
Customer: _____ Date: _____ Contract: \$ _____

City/State Performed: _____

Type of Project: _____ Scope of Work Performed: _____

3. Performed as: **Contractor** **Subcontractor** **Employee of Contractor** - License # _____

Name of Employer; or
Customer: _____ Date: _____ Contract: \$ _____

City/State Performed: _____

Type of Project: _____ Scope of Work Performed: _____

4. Performed as: **Contractor** **Subcontractor** **Employee of Contractor** - License # _____

Name of Employer; or
Customer: _____ Date: _____ Contract: \$ _____

City/State Performed: _____

Type of Project: _____ Scope of Work Performed: _____

5. Performed as: **Contractor** **Subcontractor** **Employee of Contractor** - License # _____

Name of Employer; or
Customer: _____ Date: _____ Contract: \$ _____

City/State Performed: _____

Type of Project: _____ Scope of Work Performed: _____

From:

- Past Client
- Past Employer
- Codes Official



Board for Licensing Contractors
 500 James Robertson Pkwy.
 Nashville, TN 37243-1150
<https://www.tn.gov/commerce/regboards/contractors.html>

LETTER OF REFERENCE

Reference Relating to: _____
 (Name of Contractor License Applicant)

Address/Email: _____

The above-named applicant is applying for a contractor's license in the State of Tennessee. Please provide information relative to their construction experience. You can greatly assist both applicant and Board by furnishing this information in detail (*PLEASE PRINT OR TYPE*). Please **return the completed reference to the contractor license applicant** by mail or email to be included with license application.

1. Approximately how long have you known the owner(s) or principals of the company; or when did they first perform work?

2. What type of work was performed or inspected?

3. What is your business opinion of the above?

4. Do you recommend a state license be granted to the above? ___Yes ___No
 Explain:

5. Other comments you would like to include regarding the applicant:

This form is being completed by:

Company

Name: _____ **Name:** _____

Address: _____

Telephone: _____ **Email:** _____

 (Signature)

 (Date)

NOTE: Reference letters must be from a past client, employer or codes official commenting on experience, pursuant T.C.A. § 62-6-111. Out of state letters are acceptable. References from family members or employees of the applicant are **not** acceptable.

A Power of Attorney for the Qualifying Agent (QA) is only required if someone other than a majority owner takes the exam.

POWER OF ATTORNEY

Know all that I, _____, of _____,
(Owner's/Officer's Name) (County)

_____, of _____ do hereby appoint:
(State) (Business Entity Name to be Licensed)

(Qualifying Agent's Name)

(Title)

(Date of Employment)

Above named is at least 18 years of age; is a full time employee; and authorized to act as qualifying agent (QA) on the license entity's behalf by taking the examinations(s) and/or interview as required for a Tennessee contractor's license. Pursuant T.C.A. § 62-6-115, as a full-time employee, they have sufficient knowledge to bind the licensee.

This designated qualifying agent, ***IS -or- *WAS -or- IS NOT** _____, listed as the QA for another license (please list the license ID or license name if you have ever been listed on another license in Tennessee). I understand should the qualifying agent leave the company and no longer a full time employee, pursuant T.C.A. §62-6-115, the Board must be notified within 10 days. Another individual must be designated to pass the applicable trade examination(s) within three (3) months or the license classification is considered invalid (if there is only one classification, the license becomes invalid).

Owner/Officer – Signature

Qualifying Agent's Signature

Affirmed, witnessed and subscribed before me this _____ day of _____, 20_____.

My Commission Expires: _____

Notary Public

- (Notary Seal) -

***List License ID# _____ or company name(s) of other licenses. If "currently" listed, you must be a majority owner of one of the licenses to be listed as the QA for more than one entity. Attach explanation, as directed in the Contractor's Affidavit, relative to complaints, felony convictions, judgments, etc., from current and "prior" licenses, from any state.**

Note: If anyone other than an individual with a majority ownership interest of at least 20% acts a qualifying agent, then an owner or officer must also appear along with the qualifying agent in cases when an interview with the Board is required. Typically, the interview is waived and notice will be sent to license applicant. However, if there are prior complaints or felony convictions, an interview is required.

To be completed by applicants who have passed the trade exam with a reciprocal state and requesting a trade exam waiver.

State of Tennessee

Board for Licensing Contractors

500 James Robertson Pkwy., Nashville, TN 37243-1150
615-741-8307 / Fax (615) 532-2868



Website: <https://www.tn.gov/commerce/regboards/contractors.html> Email: Contractor.App@tn.gov

REQUEST FOR LICENSE VERIFICATION

Instructions to Applicant: Complete the "Applicant Information" section below and forward to the reciprocal State verifying the licensing information for a trade exam waiver. Return it to us by including it with your license application.

CONTRACTOR LICENSE APPLICANT INFORMATION					
License Name: _____					
Address: _____		City: _____		State: _____	Zip Code: _____
Telephone: () -			Fax#: () -		
Contract Person: _____			E-Mail Address: _____		
Signature: _____				Date: _____	
<p>If you are licensed with one of the following state agencies, Tennessee has entered into a trade exam waiver agreement and you may qualify to have the trade exam waived: Alabama – (General, Electrical, Residential, and HVAC); Arkansas; Georgia (Commercial/Electrical); Louisiana; Mississippi, North Carolina (Residential/Commercial); Ohio (Electrical; Plumbing; and HVAC); South Carolina (General), and West Virginia. The Board also accepts the NASCLA National trade exam scores. Reciprocity is with the TRADE exam, only. Some states may charge a fee to complete verification. More information is at: https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContBLCReciprocitywithTN.pdf</p>					
<p>Instructions for Verifying State: The above-named applicant has submitted an application for a contractor's license with this Board. Please complete the following and return this form to the applicant.</p>					
License Name: _____					
License ID#: _____		Date Issued: _____		Status: _____ <i>Active</i> _____ <i>Inactive</i> _____ <i>Expired</i>	
Expiration Date: _____		Disciplinary Action: _____ <i>No</i> _____ <i>Yes</i>		<i>*Does not qualify for exam waiver</i>	
License Classification(s): _____					
Qualifying Agent's Name	Trade Exam <i>Residential, Commercial, Electrical, etc.)</i>	Exam Type <i>(PSI, NAI, Exporior, Block, NASCLA, In- House, etc.)</i>	Exam Date	Score	Waiver <i>(Endorsement; Prior to Exam;; Not Required, etc.</i>

Signature: _____ Title: _____ Date: _____

State Agency: _____

- State Seal -

T.C.A. § 12-4-801 - **Bid Preference Law** - A like reciprocal preference is allowed to the lowest responsible bidder to a contractor who is either a resident of this state or is a resident of another state.



Workers' Compensation Insurance - Coverage Determination Questionnaire
*(Required by Contractors **NOT** submitting Proof of Insurance)*

The following questionnaire has been developed to assist our staff to determine whether proof of workers' compensation (WC) insurance coverage or exemption requirements have been fulfilled for the purpose of obtaining a contractor's license. You must check with the Department of Labor and Workforce Development to confirm you are in compliance and their contact information is at: <http://www.tn.gov/workforce/article/wc-who-must-carry-insurance> This is based upon changes in the law on March 1, 2011, Public Chapter 1149; and includes amendments for Public Chapter 422, effective October 1, 2011. **Please check with your insurance carrier to prevent being charged penalties for lack of coverage** to ensure you are properly covered or exempted. In addition, ensure your employees are not misclassified as independent contractors.

The law requires contractors to supply proof of coverage or exemption on themselves as owners/employers, in addition to their employee(s). A provision allows an **owner, officer, partner or member** to be exempt from coverage by registering each person with the Tennessee Secretary of State as a "**Construction Services Provider**". Therefore, license applicants without one (1) or more employees have the option to provide proof of insurance or proof registered for an exemption unless considered exempt from registration (*sole proprietors, partners or LLC without employees or subs, working directly for a residential owner, may obtain handyman exemption from registration.*). As always, check with your insurance agent to make sure you are properly protected or exempt on a project. To register online for exemption as a "**Construction Services Provider**" go to: <https://tnbear.tn.gov/WC/> or you may call at (615) 741-2286. The definition of employee vs independent contractor depends on Common Law and ABC test; see website at: <https://www.tn.gov/workforce/injuries-at-work/employers/employers/who-must-carry-insurance.html>

Contractor's License WC Questionnaire

1. If you check **ONE** item, you are **NOT EXEMPT** and must submit **proof of insurance** (questionnaire not required)

- One or More Employees (An owner/officer may still need to register for an exemption to exclude themselves)
- Having more than as allowed for an exemption (five (5) owners or officers; or a partner retaining less than 20% ownership)
- Does not meet the requirements in questions 2 – 3 below, and must provide proof of coverage.

2. If you check **ALL** of the following, considered **EXEMPT** from submitting **proof of insurance**, and will need to supply **proof of registration** as a "**Construction Services Provider**" - <http://tnbear.tn.gov/wc/> (Licenses expired cannot register as a licensee with the Board and would not qualify for a discount with Secretary of State exemption registry)

- No Employees on payroll (corporate officers are considered employees, but qualify to register for exemption)
- Less than five (5) owners and/or officers; or if a partnership, each partner owns a minimum of 20% of business entity.
- All owners/officers/members/partners are registered as a "Construction Services Provider"
- Does not meet the criteria in section "3" below; must attach registration for each individual on license (limited to five)

(Note: Partnerships, who have not registered with the Secretary of State's "Corporate" section, must do so to obtain a "Control #")

3. If you check **ALL** of the following, you are **EXEMPT** from supplying both the **proof of insurance and registration** to our Board as a "**Construction Services Provider**" and claiming "Handyman Exemption" only as a condition of licensure with the Board:

- No Employees on payroll and no Subcontractors hired to perform work
- Sole Proprietor; Partnership or LLC with less than (5) members *(Note: Corporations do not qualify to be exempt from both)*
- Works directly for the owner (*handyman exemption*)

4. Other: Considered **EXEMPT** from both the insurance and registration as a "Construction Services Provider" due to the following explanation (*may require authorization from the Department of Labor and Workforce Development*):

- Other: Exempt due to: _____
(Provide explanation allowed by law for us to verify with the Department of Labor)

(Note: Renewal may be held until we receive authorization)

5. Signature of Authorized individual completing questionnaire for licensing.

Completed by: _____ Signature: _____ Title: _____

IMPORTANT NOTICE: THIS QUESTIONNAIRE PERTAINS TO COVERAGE REQUIRED FOR THE PURPOSE OF LICENSING, ONLY! PLEASE CHECK WITH YOUR INSURANCE CARRIER OR THE DEPARTMENT OF LABOR TO ENSURE YOU ARE PROPERLY EXEMPTED, COVERED, OR WHEN OBTAINING MINIMUM COVERAGE, TO PREVENT PAYING PENALTIES AT THE TIME OF AN AUDIT OF YOUR PAYROLL.



**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
REGULATORY BOARDS DIVISION
500 JAMES ROBERTSON PARKWAY
DAVY CROCKETT TOWER
NASHVILLE, TENNESSEE 37243**

Eligibility Verification for Entitlements Act Attestation Instructions
(To be completed by Sole Proprietors)

INSTRUCTIONS: If you are a natural person applying for a license, registration, certification or other benefit you must:

1. Attest, under penalty of perjury, to your status as either a United States citizen, a qualified alien as defined in Tennessee's Eligibility Verification for Entitlements Act, or a foreign national not physically present in the United States, by selecting your status in Part A below signing on the line labeled "Applicant's Signature," printing your name on the line labeled "Printed Name" and putting the current date on the line labeled "Date."

AND

Do **one (1)** of the following:

1. **US Citizenship** - If you are claiming United States citizenship, present **one (1)** of the forms of acceptable identification provided in the list **Part B** (see page 10).
 - If you provided your **Social Security Number** as part of your application for licensure, no additional documentation is required; however, please be aware that efforts may be made to verify any such number.
2. **Qualified Alien Status** - If you are claiming qualified alien status, present **two (2)** forms of documentation of identity and immigration status, as determined acceptable by the United States Department of Homeland Security, for verification through the SAVE (Systematic Alien verification for Entitlements) program, as provided in the list **Part C** (see page 10)
 - If you are claiming qualified alien status but you are unable to present two (2) forms of documentation provided for in Part C of this form, then you shall present at least **one (1)** such document that shall then be **verified through the SAVE** program.

OR

3. **Foreign National Not Physically Present in US** - If you are claiming you are a foreign national not physically present in the United States, please contact the program issuing the license for which you are applying, to provide such documentation as may be required to verify such status.

Eligibility Verification for Entitlements Act Attestation
(Applicable to Sole Proprietors, Only)

Part A. Eligibility Verification for Entitlements Act Attestation

I hereby attest under penalty of perjury that I am (**select one**):

- _____ A United States citizen;
- _____ A qualified alien as defined in Tenn. Code Ann. § 4-58-102;1
- _____ A foreign national not physically present in the United States. Further, I understand that should I ever become physically present in the United States while I hold this license, registration, certification or other benefit I agree to immediately contact the issuing agency and provide documentation to confirm my status as a qualified alien.

Applicant's Signature

Printed Name

Date

Submitting false information or omitting pertinent or material information in connection with this application or any violation of the Eligibility Verification for Entitlements Act may result in the revocation of any license, registration, certification or other benefit issued to the applicant. A person who willfully makes a false, fictitious or fraudulent statement or representation of United States citizenship may be prosecuted under 18 U.S.C. § 911 and/or the False Claims Act, T.C.A. §§ 4-18-101, *et seq.*

1 Qualified alien means "A qualified alien as defined by 8 U.S.C. § 1641(b)" or "An alien or nonimmigrant eligible to receive state or local public benefits under 8 U.S.C. § 1621(a)." Pursuant to those statutes, this includes, but is not necessarily limited to:

- An alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act [8 U.S.C. § 1101 et seq.];
- An alien who is granted asylum under section 208 of the Immigration and Nationality Act [8 U.S.C. § 1158];
- A refugee who is admitted to the United States under section 207 of the Immigration and Nationality Act [8 U.S.C. § 1157];
- An alien who is paroled into the United States under section 212(d)(5) of the Immigration and Nationality Act [8 U.S.C. § 1182(d)(5)] for a period of at least 1 year;
- An alien whose deportation is being withheld under section 243(h) of the Immigration and Nationality Act [8 U.S.C. § 1253] (as in effect immediately before the effective date of section 307 of division C of Public Law 104-208) or section 241(b)(3) of the Immigration and Nationality Act [8 U.S.C. § 1231(b)(3)] (as amended by section 305(a) of division C of Public Law 104-208);
- An alien who is granted conditional entry pursuant to section 203(a)(7) of the Immigration and Nationality Act [8 U.S.C. § 1153(a)(7)] as in effect prior to April 1, 1980;
- An alien who is a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980);
- A nonimmigrant under the Immigration and Nationality Act [8 U.S.C. §§ 1101, *et seq.*];
- An alien who is paroled into the United States under section 212(d)(5) of the Immigration and Nationality Act [8 U.S.C. § 1182 (d)(5)] for less than one year.

Eligibility Verification for Entitlements Act Additional Required Documentation

Part B. If you are claiming United States citizenship, you must present one (1) of the following:

- A valid Tennessee driver license or photo identification license issued by the Department of Safety;
- A valid driver license or photo identification license from another state where the issuance requirements are at least as strict as those in Tennessee, as determined by the Department of Safety;
- An official birth certificate issued by a state, jurisdiction or territory of the United States, including Puerto Rico, United States Virgin Islands, Northern Mariana Islands, American Samoa, Swains Island, or Guam; provided that Puerto Rican birth certificates issued before July 1, 2010, shall **not** be recognized;
- A United States government-issued certified birth certificate;
- A valid, unexpired United States passport;
- A United States certificate of birth abroad (DS-1350 or FS-545);
- A report of birth abroad of a citizen of the United States (FS-240);
- A certificate of citizenship (N560 or N561);
- A certificate of naturalization (N550, N570 or N578);
- A United States citizen identification card (I-197, I-179);
- Any successor document of those listed at Tenn. Code Ann. §§ 4-58-103(c)(4)-(9); or
- A social security number that may be verified with the Social Security Administration in accordance with federal law (if you provided your social security number as part of your application for licensure, no additional documentation is required; however, please be aware that efforts may be made to verify any such number).

Part C. If you are claiming qualified alien status, you must present two (2) forms of documentation of identity and immigration status, as determined by the United States Department of Homeland Security to be acceptable for verification through the SAVE program. Such forms of identification may include:

- I-327 (Reentry Permit);
- I-551 (Permanent Resident Card);
- I-571 (Refugee Travel Document);
- I-766 (Employment Authorization Card);
- Certificate of Citizenship;
- Naturalization Certificate;
- Machine Readable Immigrant Visa (with Temporary I-551 Language);
- Temporary I-551 Stamp (on passport or I-94);
- Unexpired Foreign Passport;
- WT/WB Admission Stamp in Unexpired Foreign Passport
- I-20 (Certificate of Eligibility for Nonimmigrant (F-1) Student Status);
- DS-2019 (Certificate of Eligibility for Exchange Visitor (J-1) Status);
- Any other document determined by the U.S. Department of Homeland Security to be acceptable through the Systematic Alien Verification for Entitlements (SAVE) program created pursuant to the federal Immigration Reform and Control Act of 1986.

Part D. If you are claiming qualified alien status, but you are unable to present two (2) forms of documentation as described in Part C, then you shall present at least one (1) such document as described in Part C, which shall then be verified through the SAVE program.

Part E. If you are claiming that you are a foreign national not physically present in the United States, please contact the program issuing the license, registration, certification or other benefit for which you are applying to provide such documentation as may be required to verify such status.

WORKSHEET FOR DETERMINING MONETARY LIMIT
(Attach to Reviewed for Audited Financial Statement)

FINANCIAL STATEMENT OF: _____ DATE _____

___AUDITED ___REVIEWED ___CPA ___LICENSED PA

___INDIVIDUAL ___PARTNERSHIP ___LLC ___CORPORATION

CURRENT ASSETS _____ TOTAL ASSETS _____

CURRENT LIABILITIES _____ TOTAL LIABILITIES _____

WORKING CAPITAL _____ NET WORTH _____

*SUPPLEMENTAL FINANCIAL STATEMENT(S): ___ Guaranty Agreement: ___ Yes ___ No - *cannot be included*

1. Company/Personal Financial Statement of _____ Date _____

Current Assets _____	Total Assets _____
Current Liabilities _____	Total Liabilities _____
Working Capital _____	Net Worth _____
50% of W/C _____	50% of N/W _____

2. Company/Personal Financial Statement of _____ Date _____

Current Assets _____	Total Assets _____
Current Liabilities _____	Total Liabilities _____
Working Capital _____	Net Worth _____
50% of W/C _____	50% of N/W _____

3. Line of Credit in the amount of \$ _____ Bank: _____

TOTALS:
COMBINED WORKING CAPITAL \$ _____ COMBINED NET WORTH \$ _____

***MONETARY LIMIT REQUESTED: \$ _____** (General Liability Insurance must be sufficient)

*Should the contractor's financial statement and experience fail to qualify for the monetary limit requested, the Board may grant the license at a lower amount.

MONETARY LIMITS ARE BASED ON TEN (10) TIMES THE LESSER OF YOUR COMBINED WORKING CAPITAL, NET WORTH and EXPERIENCE!

- SUPPLEMENTAL FINANCIAL STATEMENTS MAY BE USED TO INCREASE NET WORTH AND WORKING CAPITAL at 50%
- LINE OF CREDIT MAY BE CONSIDERED TO SUPPLEMENT WORKING CAPITAL, ONLY. (If negative, at 50%)
- GUARANTY AGREEMENT MUST BE SIGNED, NOTARIZED AND ATTACHED WITH SUPPLEMENTAL FINANCIAL STATEMENT
- SEE THE WEBSITE FOR BOND IN LIEU OF GUARANTY AGREEMENT: <http://www.tn.gov/commerce/boards/contractors/documents/BLC-BondInstructionsRev.pdf>

4. Years of Total Experience : ___Less than 3 years ___5 to 10 years ___Over 10 years
 5. Average Amount of Projects: \$ _____; Largest Project on Experience: \$ _____

(See Rule 0680-1-13)

ONLINE APPLICATION ATTACHMENTS - CHECKLIST

The following attachments, where applicable, must be scanned and attached to your online application:

_____ ***Statement of Experience and Management (Page 2)**

- In lieu of this form, may enter experience online, or
- May attach list of experience or resumes in lieu of completing page 2 or entering online

_____ **Contractor's Affidavit – Notarized (Page 3)**

- Attach completed affidavit with notarized signatures by owners, officers, and qualifying agents (original is **not** required to be mailed and may attach to online application)
- Supply explanation for any disclosures if checked "HAS" or "HAVE"
- Felony Convictions must provide the following (see page 26):
 - 1) Copy of Court Judgment
 - 2) Court Release of Probation or Parole
 - 3) Criminal Background History Report
 - 4) Letter of Explanation
 - 5) Character References
 - 6) May also supply "Certificate of Employability" if granted by a Judge

_____ **Reference from Past Client or Employer (Page 4)**

_____ ***Power of Attorney for Qualifying Agent (Page 5) (if needed)**

- Required if the Qualifying Agent (QA) individual does not have majority ownership of 20% or more and is a full-time employee. Note: If an interview with the Board is required, the owner is required to appear with the QA - Rule 0680-1-02(f)]

_____ ***Citizenship Status - Eligibility Verification Form (Page 9)**

- *Required for Sole Proprietor applicants

_____ **Financial Statement Prepared by Properly Licensed CPA – Attach (see page 18)**

- Review required by CPA for a limit up to \$3,000,000.
- Audit required by CPA for limit more than \$3,000,001 to Unlimited.
- Supplemental Financial Documents - See instructions for when a guaranty is required for cash statements or if owned by a parent company.

_____ **Certificate of Insurance - Attach**

- Certificate of Insurance for **General Liability** and **Workers' Compensation**
 - o Must include policy number, effective date and expiration date
 - o Must list the **Board for Licensing Contractors** as the "**Certificate Holder**"; in lieu of mailing address, may list Contractor.Renewal@tn.gov
 - o Invoices, TBD and declarations are not acceptable
- General Liability (minimum coverage is \$100,000; licenses with limits from \$500,000 to \$1,500,000 must be \$500,000; and license limits more than \$1,500,001 to Unlimited must be \$1,000,000)
- Workers' Compensation Proof of Coverage; if not, must submit the following:
 - o Worker's Compensation Exemption Questionnaire (**attach page 7**)
 - o Construction Services Provider – Proof of Registration from: <http://tnbear.tn.gov/wc/>
 - o More information is at: https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContInsuranceInfo_001.pdf

_____ ***Corporations, LLC, and Partnerships (if applicable)**

- *Must attach proof of active registration with the Tennessee Secretary of State's Office <https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx>

_____ **Exam Score(s) for Business and Law and Applicable Trade; or Reciprocal Exam Waiver; or BC-A/r Certificate:**

- Restricted Limited Residential (BC-A/r) Applicants – Attach School Certificate
- Reciprocity - Attach license verification completed by the state agency where licensed (page 6)
- Environmental Specialties - Attach copies of the qualifying agent's training certificates
- Fire Sprinkler / Alarm Systems / TDEC - Attach copies of other licenses in this state relative to your classification

_____ ***Disclosure Documents (if applicable)**

- *Required for felony convictions, complaint history, judgments, etc. as indicated on "Contractor's Affidavit".

*All items on the checklist may not be applicable. For more instructions and exam information, please see the contractor's license application instructions starting on page 13.

THIS RESOURCE PACKET IS FOR USING THE "ONLINE" APPLICATION, ONLY! MAILING WILL DELAY REVIEW!
For a paper application, call 615-741-8307 or email Contractor.App@tn.gov

ONLINE LICENSE APPLICATION INSTRUCTIONS AND GUIDE

A contractor's license is required for projects \$25,000 and up and must be obtained prior to contracting (bidding; offering a price; negotiating). Contracting without a license is a violation of the law punishable by monetary penalties and license may be held for up to six (6) months. In addition, the law prohibits participating or re-bidding the same project if it was bid without having a proper license. (See T.C.A. 62-6-120). For additional assistance, feel free to contact our office at 615-741-8307 or see our FAQ's on our website at: <https://www.tn.gov/commerce/regboards/contractors.html> Note: There is not a reciprocal agreement to allow working without first obtaining a Tennessee license.

The following are steps to obtaining a license and may be performed in any order:

<u>STEP 1 – TESTING:</u> Contact testing center to schedule exam(s):

Examination and Registration Information – Currently, PSI Services, LLC, is the contracted test vendor for Tennessee contractor exams. All contractor license applicants pass the Tennessee “*Business and Law Management*” exam and provide a copy of their passing score, as well as a copy of their trade exam score if applying for a classification requiring trade exams. A “Classification Outline” with the exam requirements is available on our website at: <https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/posts/ClassificationOutlineWeb.pdf> The Board also looks at experience (*prefers three (3) years*); equipment; and financial information when granting a classification. The testing center cannot advise contractors which exams to take and you would need to contact our office. More exam information is available in the test center’s “[Candidate Information Bulletin](#)” or their website for online registration at: <https://candidate.psiexams.com/index.jsp>

Business & Law Exam – Exam is open book and based upon the reference manual published by NASCLA: “*Tennessee - Contractors Guide to Business, Law and Project Management*”. This may be purchased from NASCLA at: <http://www.nascla.org/> or PSI at: <http://www.psionlinestore.com/> The Business and Law exam is not required to be retaken when applying for reinstatement, additional licenses, replacing a Qualifying Agent (QA) or for a revision of a current license.

Trade Exams and Reciprocal Exam Waiver Agreements – Exams are open book and based upon codes and books listed in PSI’s “*Candidate Information Bulletin*” and this may be downloaded from <https://candidate.psiexams.com/> See reciprocity information for **trade exam waiver agreements**. More information on the website at: <https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContBLCReciprocationwithTN.pdf>

Qualifying Agent (QA) – The individual passing the exam on behalf of the licensed entity is considered the Qualifying Agent (QA). The license does not necessarily belong to the QA unless they are also the owner of the entity, as the license may be issued to a sole proprietor, corporation, partnership or LLC. The license belongs to the owner of the business entity providing the financial statement, insurance, etc., and the license is issued in the exact name as on the financial statement. Individual’s designated as the QA may be an owner (having majority ownership of 20%), or a full-time employee with “Power of Attorney”. A QA may only be listed on one (1) Tennessee contractor’s license, unless, they have majority ownership of one of the entities. There may be more than one QA designated on the license. Same person taking the “Business and Law” exam is not required to take the trade exam(s). Should the QA leave, the Board must be notified within 10 days and a new QA must pass the trade exam(s) within 90 days. Pre-approval to take exams is not required, except for the mechanical **plumbing** (CMC or CMC-A). The pre-approval form is available at:

<https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContPlumbingExpApprovalWeb.pdf>

Qualifying Agent (QA) - Who may be designated to take the exam?

- | | |
|--------------------------------------|---|
| • Individual/Sole Proprietor: | Owner (or family member employee) |
| • Partnership: | Any or all Partners or full-time employee |
| • Corporation: | Major stockholder or full-time employee |
| • Limited Liability Company: | Owner or full-time employee |

Power of Attorney (See page 5)

*Employees designated as **Qualifying Agents (QA)**, must provide a “Power of Attorney” (see page 5), unless, they have majority ownership. Pursuant T.C.A §62-6-115, they must have sufficient knowledge of the construction business to bind the business.

- A QA cannot be listed on more than one license, unless, they have majority ownership (20%).
- Social security number must be provided; however, any public records request will have this number redacted, and not released.
- If the QA leaves, notify the Board within 10 days, Rule 0680-1-02(3)(e). The contractor may continue to operate and has three (3) months to replace the QA. The license belongs to the owner of the entity, one providing financial statement, insurance, etc., and does not belong to the QA, unless they are also the owner.

Exam Locations, Registration and Study Materials – Exam cost is currently \$57.00; same day score provided; and exams are given daily in several locations throughout the state, as well as out-of-state. See “*Candidate Information Bulletin*” or check online for a list of exam locations, registration and study materials allowed, ID, and security information (writing in reference books, tabs, using calculators, etc.) Exam dates are scheduled by appointments at: <http://candidate.psiexams.com/> or by phone: (800) 733-9267. Please notify our office if you are unable to obtain an appointment to take the exam if there is more than a two (2) week waiting period. PSI requires SS# two register for an exam. If you do not have a SS #, you may contact our office and we will be happy to work with getting you registered. Exam locations are available in Nashville, Chattanooga, Jackson, Memphis, Knoxville and Johnson City. Tennessee exams may be taken in other states where PSI has an office by requesting special accommodations.

Prior Licenses / Exams Passed – If applying for an additional license, reinstatement of expired license, merger, change of ownership, etc., provide a copy of the trade exam score (if available) or include a letter requesting waiver (“Business and Law” is not required). Inactive applicant exam scores are typically accepted up to two (2) years, and longer if evidence is provided showing the QA has remained active in the construction industry (working as a subcontractor; working in another state; jobs less than \$25,000, etc.). Provide a written exam waiver request in lieu of the score as part of your application.

License Classifications – All new applicants must take the “Tennessee Business and Law” exam (except the BC-A/R Restricted Residential applicants). Trade exams are not required for every category and the following is a list of exams offered which cover Building, Electrical, Mechanical and Masonry categories, as follows:

Trade Exams and Combined Exams for Building Category Classifications

Residential (BC-A);	Commercial (BC-B);	Industrial (BC-C);
Res/Small Com (BC-A,b(sm));	Res/Com/Ind (BC);	Small Commercial BC-b(sm);
Com/Ind (BC-B,C);	Masonry (LMC)	MU or MU-B (BC or BC-B exam)

For more detailed information relative to the different types of contractor license classifications and the exam requirements, a list has been compiled from Rule 0680—1-.16 and is available from the website at:

<https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/posts/ClassificationOutlineWeb.pdf>

Examples of Building Trade Exams:

- *Build residential houses; take the BC-A (residential) trade exam.*
- *A construction manager is required to take the full BC trade exam.*
- *Build homes and commercial projects, (such as a doctor’s office, less than \$\$1,500,000), need the BC-A and BC- b(sm) exams OR the “combined” BC-A,b(sm); or the BC-B and BC are also acceptable.*
- *A BC-B or BC is needed to build a water/sewer plant or to obtain a full MU classification.*
- *Perform only landscaping (BC-29), or roofing (BC-21 and BC-12), or painting (BC-11) excavation (BC-28), etc., no trade exam (see Rule 0680-1-.16 for a complete list of 34 building subcategories or “Classification Outline”).*
- *Environmental Remediation (S-D); no trade exam. Must supply applicable training certificates and experience (Lead Based Paint Removal (S-C); Asbestos (S-A); Underground Storage Tanks (S-B); Hazardous Waste Removal (S-D),etc.) to obtain “Specialty” environmental license classifications.*
- *Communication/cell towers; no trade exam – specialty license (S-Cell Towers).*
- *Alarms/Security – Must obtain this license from the “Alarm Systems Board” or obtain a Contractor’s license by passing the CE or CMC-C and registering with the Alarm Systems Board at: <https://www.tn.gov/commerce/regboards/alarm.html>*
- *Masonry work in the amount of \$100,000 or more (as a sub or prime), the LMC trade exam is required. Masonry as a prime from \$25,000 - less than \$100,000, the BC-9 classification is acceptable. No trade exam for BC-9.*

Electrical and Mechanical Exam Categories

Electrical (CE) High Voltage (CE-A, H) Fire/Sprinkler (CMC-D)
Mechanical, Plumbing & HVAC *(CMC) Plumbing *(CMC-A) HVAC/Refrigeration (CMC-C)

*Effective May 24, 2007, must be [pre-approved to take the plumbing mechanical exam](#)

If you have taken a comparable proctored trade exam with a Tennessee municipality, such as: Nashville, Knoxville, Oak Ridge, Chattanooga, etc., you may request a waiver. Also, check out-of- state reciprocation exam waiver list.

Examples of Electrical and Mechanical Trade Exams:

- Electrical wiring, less than \$25,000, may need the Board's state **LLE** (Limited Licensed Electrician) license or local government. However, the **CE** electrical contractor's license is acceptable statewide for permits and inspections. See website at: <https://www.tn.gov/commerce/regboards/lle.html>. Check with municipality to see if LLE is accepted. Fire Marshal's office typically issues these permits for inspections in areas without a code official. LLE is not comparable to Master or Journeyman.
- HVAC and Electrical inspections by the Fire Marshal's office, go to: <https://www.tn.gov/commerce/fire/permits-licensing/fire-electrical-permits.html>
- Electrical over \$25,000; need the **CE** exam for electrical classification for contractor's license. CE is accepted statewide to obtain local permits for inspections.
- Electrical transmission lines/sub-stations, need **CE-A,H** (high voltage) or **CE** exam.
- Performs residential wiring, **CE** trade exam covers residential, commercial and industrial wiring.
- Plumbers performing projects less than \$25,000; may need the state's **LLP** (Limited Licensed Plumber) or check with local government for permit and inspection requirements. See website at: <https://www.tn.gov/commerce/regboards/llp.html>
- Plumbing and HVAC/gas refrigeration; need full CMC (must obtain local permits for inspections).
- Performs process piping (welding); no **CMC-B** exam.
- Alarm or security system licensees with Alarm Systems Board are exempt from the contractor's license. Or a contractor with a CE or CMC-C may register, in lieu of obtaining license with **Alarm Systems Contractors Board**: Check website or call (615) 741-9771.
- Installs telephone lines or computer cabling; no trade exam required. (CE-F or CE-G)
- Gas piping: A contractor with **CMC**, **CMC-A** or **CMC-C** may perform gas piping to water heaters, laundry equipment, kitchen equipment, and to appliances, gas grills, swimming pool heaters, gas logs, etc.
- Fire Protection/Sprinkler contractors must pass the **CMC-D** exam; must also obtain NICET certification and obtain **Firm** and **RME** license with the Department of Fire Prevention (615) 741-7190 <https://www.tn.gov/commerce/fire/permits-licensing/fire-licensing.html>
- Geothermal System requires a **CMC-C** exam; the well driller needs to be licensed with Department of Environment and Conservation (800-523-4873).
- Solar Panel Installation; specialty (no trade exam if hiring a licensed electrician to perform connections. Local government permits may require electrical license or required to hire a licensed **CE contractor**)
- Electric Meter Installation - CE-L; or S-Meter Installation (CE exam required)

The following building subcategories and trade classifications do not require an exam; based on equipment and experience: (

Note: Contractors with non-tested trades or specialty license classifications, cannot perform any electrical, mechanical or plumbing more than \$25,000, and would be required to subcontract to properly licensed contractors. Example: A contractor with classification "S-Food Service Equipment" would be required to hire a licensed mechanical contractor to perform refrigeration portions more than \$25,000. Always check with local government for their requirements) The law requires a contractor's classification to cover 60% of the project; or have a commercial (BC or BC-B) classification. However, any portions over \$25,000 would need to be subcontracted to properly licensed contractors (T.C.A. § 62-6-111).

Building Subcategories such as: "Acoustical Treatments" (BC-1) through "Irrigation" (BC-33); no exam for up to five (5) subcategories. BC exam would cover all. (Refer to Rule 0680-1-.16 or see the "Outline of Classifications.") Others include: Landscaping (BC-29); Demolition (BC-31); Roofing (BC-21); Scaffolding (BC-34); etc. (LMC exam is required for BC-9 Masonry over \$100,000).

Low Voltage (less than 70 volts): Sound, Intercom, Fire Detection or *Alarm Systems (CE-D); Telephone Lines (CE-F); and Cabling (CE-G). *Check with the Alarm Systems Contractors Licensing Board at (615) 741-9771 for their exam. (See also "Specialties" listed below.) Local government may require license and inspections.

Heavy Construction (HC) such as: Marine (Docks, Harbor Improvements) HC-A; Dams, Dikes, Levees and Canals (HC-D); Structural Steel Erection (HC-1); Clearing, Grubbing, Snagging and Rip Rap (HC-5); Storm Damage Cleanup (HC-H); or Landfill Construction (HC-I).

Highway, Railroad and Airport (HRA) such as: Grading and Drainage (HRA-A); Base and Paving (HRA-B); Bridges and Culverts (HRA-C); Well Drilling (HRA-E.4) (well drillers must be certified with the Department of Environment and Conservation (TDEC). See website at <https://www.tn.gov/environment/permit-permits/water-permits1/well-driller-or-installer-license.html> Department of Transportation (TDOT) requires a license in order to be awarded a highway project; check their website for more information at: <https://www.tn.gov/tdot/business-how-do-i---/business.html>

Municipal Utility (MU) such as: Underground Piping (MU-A); Grading and Drainage (MU-C); Gas Distribution and Transmission Lines (MU-A,1). Sewer and septic tank contractors need to check with local health department. (MU and MU-B requires BC-B or BC trade exam!)

Environmental Specialties: Asbestos Handling (S-A); Underground Storage Tanks (S-B); Lead Based Paint Abatement (S-C); Hazardous Waste Removal (S-D); Air, Water or Soil Remediation (S-E); or Mold Remediation (S-F); (*must attach designated qualifying agent's (QA) training certifications and resume in these areas*). These contractors may need to check with the Department of Environment at: <https://tdec.tn.gov/>

Specialties: Specialty license classifications are for unique types of contracting where the Board specifies the exact type of work you perform, such as: S-Communication/Cell Towers; S-Equipment Installation; S-Above-Ground Storage Tanks; etc.; S-Installation of Paint Finishing Equipment; S-Audio Video; S-Sprayed Fire Proofing; S-Cooling Tower; S- Furniture and Equipment, S-Solar Panels, etc.

Medical Gas certification is required by the American Medical Gas Institute (AMGI) or the Piping Industry Progress and Education Trust Fund (PIPE), with a minimum of 32 hours of training, with eight (8) of these hours in brazing. You may also check with the National Inspection Testing Certification (NITC) for local certification locations at 877-457-6482.

Study Guides

Refer to the test vendor, PSI's "Candidate Information Bulletin" for an outline of exam and materials or review from the Board's website or at PSI:

https://candidate.psiexams.com/bulletin/display_bulletin.jsp?ro=yes&actionname=83&bulletinid=200&bulletinurl=.pdf

Restricted/Limited Residential License (BC-A/r)

In lieu of taking the exams ("BC-A" residential trade exam and "Business & Law" exam), residential contractors wanting to construct homes for **less than \$125,000**, may take a "Limited License" course with their local community college or vocational school. The contractor MUST comply with all other application requirements as only the the examinations are waived. A contract or permit valuation cannot exceed the monetary limit which includes contractor's cost of land and profit; not allowed to joint venture or perform home inspections; and in order to increase, must take the exams and provide a reviewed financial statement prepared by a licensed CPA. The classification for this license is "BC-A/r". For a list of these schools, please refer to our website section "BC-A/r Providers" at: <https://www.tn.gov/commerce/regboards/contractor.html>

Reciprocity with other States (Trade Exam Waiver) (See page 6 for "License Verification" form)

A **trade exam waiver** agreement exists with several state licensing agencies. More information at: <https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContBLCReciprocationwithTN.pdf> and includes some agencies in Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Ohio, South Carolina, and West Virginia. (Note: Not all agencies in these states will reciprocate). The Board will also accept the "NASCLA National Commercial" trade exam for the BC-B (commercial) classification. Check the Board's website for updates.

The reciprocating state must be the applicant's home state; if not, their exam must be comparable to PSI's exam. Attach a copy of license and exam score with verification form (*page 6*) Must also pass the Tennessee "Business and Law" exam and complete entire license application process.

Special Accommodations

- **PSI – Exam Vendor:** PSI has provisions to make special arrangements. In addition, ADA access information is provided in their “Candidate Information Bulletin” of exam information. You may contact them at (800) 733-9267.
- **Board Office** - The Tennessee Department of Commerce and Insurance is committed to principles of equal access. If you need assistance, please contact our office and ask for the Human Resources ADA coordinator at (615) 741-8307.

STEP 2 – FINANCIAL STATEMENT: Hire a Certified Licensed Accountant (CPA)

Reviewed or Audited Financial Statement – Contact a properly licensed Certified Public Accountant (CPA) to prepare your Reviewed or Audited financial statement in the name as you plan to operate. The financial statements must be prepared by a CPA or PA with an active **CPA license and firm permit** who is currently enrolled in a Board-approved peer review program at the time the report is issued. The CPA or PA may be from the state where your business resides or operates. In Tennessee, you may check at <http://verify.tn.gov/> to verify a CPA is properly licensed as both a Firm and as CPA. For information regarding out-of-state <https://cpaverify.org/> or for International requirements, you may review the website at: <https://nasba.org/international/>

Note: There is **NO** exception to this law. All contractor license applicants must provide a “Reviewed” or “Audited” financial statement prepared by a properly licensed CPA.

Name and Mode of Operation of Business - Your CPA will need to know the mode of operation and the business name in which you plan to perform business. The law prohibits using a **similar name** to another licensed contractor and you may check names at the license search at: <http://verify.tn.gov/> to prevent having to change the name of your business if discovered after obtaining a license. Also confirm with the Secretary of State’s office that there is not a corporate entity in the same name.

The CPA must prepare a financial statement as follows:

A “Reviewed” or “Audited” financial statement must be provided on the business entity or individual obtaining a license and it must be prepared by a CPA or PA with an active CPA license and firm permit who is currently enrolled in a Board-approved peer review program at the time the report is issued, pursuant T.C.A. § 62-6-111.

- **Reviewed** opinion (required for a monetary limit of **\$3,000,000 or less**)
- **Audited** opinion (required for a monetary limit **exceeding \$300,001 to Unlimited**)
- All required note disclosures required under **Generally Accepted Accounting Principles (GAPP)** must be included with the financial statements. Financial statements submitted without note disclosures will be rejected by the Board.
- Compiled is **NOT** acceptable
- Income tax basis is **NOT** acceptable
- **Name on License** - Contractor licenses are issued according to the exact **NAME** appearing on the **financial statement** and the name should match on ALL related information, such as the “Charter”, “Articles of Organization”, “Line of Credit”, “Contractor’s Affidavit”, “Guaranty” or “Bond”, “Certificate of Insurance”, etc.

Monetary Limit Determination (see *Worksheet on page 11*)

The monetary limit is the total dollar amount per each individual contract or project, with a 10% tolerance (*except for BC-A/r*). A project cannot be split into multiple contracts or phases to circumvent the license law. It is a violation of the law to exceed the monetary limit designated on a license. Contractors or their subcontractors exceeding the monetary limit is a cause to reject the bid and prohibits rebidding or participating on the project.

Example: Monetary limits are based on the maximum of “10 times the lesser” of both working capital and net worth, plus experience listed as working on these size projects (*may be while working for other contractors or subcontracts, etc.*). A license limit of \$150,000 must show working capital and net worth of at least \$15,000. Since the limit is based on the lesser of the two, a contractor with a working capital of \$10,000 and net worth of \$200,000 would qualify for \$100,000, if experienced on these size jobs. The contractor in this example may supplement a “Line of Credit” in the amount of \$5,000 to increase working capital or submit a supplemental personal or parent financial statement with Guaranty indemnity; or accept the lower limit of \$100,000.

Unlimited License Limit

To obtain an unlimited license, the contractor must show a minimum of \$300,000 in both working capital and net worth; experience, and an “Audited” financial statement. An audit is not required at renewal to retain this limit (review would be required to renew)

Working Capital and Net Worth – Worksheet (page 11)

Please ask your CPA to determine the amount of your working capital and net worth (see “*Worksheet*” on page 11). Working capital is “current assets minus current liabilities”. Net worth is “total assets minus total liabilities”. Monetary limit is based on the lesser of both net worth and working capital, times 10; and experience.

Reviewed or Audited Financial Statement - A balance sheet listing all the assets and liabilities of the entity holding the license:

- The balance sheet should not contain personal assets or liabilities
- A classified balance sheet is preferred over an unclassified balance sheet (*classified separates assets and liabilities into current and non-current, long-term*)
- The financial statement must be in **exactly the same name as licensed**
- The balance sheet should contain a full date, including the month, day, and year
- Those dated in excess of 12 months are not considered current (may provide explanation if it is a corporation with a year-end statement in process)

Guide to Classifying Assets and Liabilities:

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed within one year or within a business’s normal operating cycle if it is longer.

Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress

- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50% (personal IRA's are not allowed on a Company Financial Statement)
- Cash surrender value of life insurance policies (supply documentation on personal statements for it to be considered)
- Trade accounts receivable and notes and other receivables that are expected to be collected within one year. *(Note: If accounts receivable provides the majority of working capital, the Board may require an update as to the collection of these accounts before allowing full value.)*
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

NONCURRENT ASSETS are not current assets since they generally are not expected to be converted into cash within one year:

- Related party or owners' receivables (not allowed as a current asset)
- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments/deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders (*Board does **not** consider these as current assets*)

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Line of Credit balances and credit card balances
- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- Other obligations, including portions of long-term obligations, that are expected to be liquidated within one year*

LONG TERM LIABILITIES do not include long term notes, bonds, and obligations that will not be paid out of current assets.

*If listing a long-term liability, you should classify the portion of the liability due within one year as a currently liability. If no current portion of the liability is listed, then a percentage of the liability will be classified as current for the purpose of determining working capital.

Indemnities - Guaranty Agreement and Bonds

An indemnity such as a ["Guaranty Agreement" or in some cases, a "Contractors License Bond"](#) in the Board's format, with a supplemental personal or parent company financial statement may be needed for the following:

- Contractors submitting "cash" only financial statements without fixed assets are considered *deficient. May be required to submit an indemnity, such as a Guaranty Agreement with their supplemental personal/parent financial statement or Bond in the Board's format, in addition to the CPA's review or audit.
- Contractors needing to supplement their working capital and/or net worth for their monetary limit, may use with their personal/parent financial statement at 50% value with Guaranty.

- Contractors, whenever their company (subsidiary) is owned by another entity (parent), must supply an indemnity such as a Guaranty Agreement or Bond (indemnities require a supplemental financial statement).
- Subsidiary contractors, which are without a reviewed or audited financial statement, may submit a request for the board to accept an in-house financial statement in the name to be licensed, with their parent company's **Audited or Reviewed** statement, and a signed "Guaranty Agreement" or "Contractor's License Bond".
- If the parent cannot provide a "Guaranty Agreement" they may request the board to consider a \$500,000 or \$1,000,000 bond in the Board's format, by a bonding/insurance provider. This bond would not be accepted in lieu of providing a financial statement. Contact the Board office for bond format. More information on the website at: <https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContBLC-GuarantyAgreementPolicy.pdf>

*Note: Indemnities are required by the Board whenever the financial statement is deficient (*no fixed assets, such as "Cash" statements* Rule 0680-1-.13 and T.C.A. 62-6-111(4)(b)]. Financial guidelines adopted by the Board on 5/19/2003 and 9/24/2012. Indemnities are considered part of the financial statement and considered confidential, not a matter of public record. A subpoena with protective order would be required in order to release.

- It is important to list more than just primarily "cash" on a financial statement and to include equipment, land, buildings, vehicles, etc., items used to do business. Any contractor failing to supply a business financial statement and provides a financial statement listing primarily "cash", this is considered "deficient" of Property, Plant and Equipment (fixed assets) and not acceptable. An option for the Board to utilize such a statement would require providing an indemnity or guarantee (*see Rule 0680- 01-. 13*), in addition to the "Reviewed" or "Audited" financial statement for the licensed entity.
- Indemnities such as a "Guaranty Agreement" require supplying a "supplemental" personal financial statement, in addition to the Reviewed or Audit (supplemental financial statements, **submitted in addition to the Review or Audit**, are not required to be prepared by a CPA and may be self-prepared). Compiled statements prepared by a CPA are acceptable, too. A contractor supplying an indemnity (guaranty) is making themselves personally liable, as well as anyone else listed on the personal financial statement (spouse) for their business obligations. For this reason, it is discouraged by the Board for a contractor to supply a cash only financial statement to obtain their desired monetary limit. For those needing a large amount indemnified; or if a parent company cannot supply a Guaranty Agreement, then another option would be for them to supply a "Contractor's License Bond" in the Board's format (provided in lieu of the Guaranty Agreement). See formats and more information on website at: <https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContBLC-GuarantyAgreementPolicy.pdf>

Line of Credit

A Line of Credit (LOC) in the Board's exact format, in the exact name as financial statement, may be considered to supplement working capital, only. The form is available at: <https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContLineofCredit.pdf> The LOC must come from a FDIC approved bank, savings and loan institution. The sample format is in the contractor's application. If working capital is negative, the Board may consider no more than 50% percent of LOC. The Board will not issue a license based on the sole value of a LOC and must accompany their entity's CPA prepared financial statement. In lieu of a LOC, and indemnity may be supplied.

INFORMATION FOR FINANCIAL STATEMENTS
(Provide to your CPA this information)

May use worksheet on page 11 to estimate working capital and net worth for monetary limit.

ALL applicants **MUST** have either a **REVIEWED** or **AUDITED** financial statement prepared by a prepared by a CPA or PA with an active **CPA** license **and firm permit** who is currently enrolled in a Board-approved peer review program at the time the report is issued.

COMPILED STATEMENTS AND STATEMENTS PREPARED ON INCOME TAX BASIS WILL NOT BE ACCEPTED!!

- Licenses will be issued in the **EXACT** name that appears on the financial statement. Be sure that the name on the financial statement and the name throughout your application are the **EXACT** same. (If a spouse's name is on the statement, such as "John and Mary Jones", the license will be issued as "John and Mary Jones"). If a corporation, must match as registered.
- Request for monetary limits **GREATER than \$3,000,001.00** requires an **AUDITED** financial statement.
- Request for monetary limits **EQUAL TO or LESS THAN \$3,000,000.00** require a **REVIEWED** or **AUDITED** financial statement.
- The financial statements must be prepared by a CPA or PA with an active **CPA** license **and firm permit** who is currently enrolled in a Board-approved peer review program at the time the report is issued.
- **ALL** financial statements **MUST** include the following:
 - 1) CPA signed opinion letter. This will provide the opinion on the licensee or applicant exactly as the license will be issued.
 - 2) The balance sheet must list the assets (separated into current and long term); and the liabilities (separated into current and long term) based on the Generally Accepted Accounting Principles (GAAP).
 - 3) All required note disclosures required under GAAP must be included with the financial statements. Financial statements submitted without note disclosures will be rejected by the Board.
 - 4) Notes to the financial statement. This is requested to explain to the Board how the figures were determined.
 - 5) Audited statements must include the profit and loss statement and cash flow statement.

Note: The Board considers retirement plans, profit sharing plans, IRA's, 401-K's, etc., at **50%** of their value. This is to allow for tax liability. If the majority of working capital is from receivables, the Board may require more information.

FINANCIAL STATEMENTS MUST BE PREPARED ON YOUR CPA'S OWN FORM.

Financial statements **MUST** be current (within the last twelve (12) months). If later, must provide a written explanation with time in which a new year in statement will be available with a request to use until that time. In addition to a reviewed or audited financial statement, the Board may require an indemnity or personal financial statement with a Guaranty Agreement if an operating statement was not submitted with fixed assets or cash only. The personal financial statement does not have to be prepared by a CPA.

INFORMATION FOR MONETARY LIMITS

NOTE: CPA - Please advise your client of their working capital and net worth

Monetary limit is based 10 times the LESSER of WORKING CAPITAL, NET WORTH and EXPERIENCE! Example: A monetary limit for \$100,000 would require \$10,000 in working capital and net worth (plus experience). (Note: For bidding purposes, there is a 10% bid tolerance to the monetary limit assigned.)

Working Capital = your **current** assets *MINUS* your **current** liabilities.

Net Worth = your **total** assets *MINUS* your **total** liabilities.

Example #1:

Current Assets:		<u>\$ 20,000.00</u>	Total Assets:		<u>\$ 20,000.00</u>
Current Liabilities:	-	<u>\$ 10,000.00</u>	Total Liabilities:	-	<u>\$ 10,000.00</u>
Working Capital:	=	<u>\$ 10,000.00</u>	Net Worth:	=	<u>\$ 10,000.00</u>

Monetary Limit Qualify: \$100,000.00 (must show experience, too!)

Example #2:

Company Working Capital:	<u>\$ 20,000.00</u>	Company Net Worth:	<u>\$ 20,000.00</u>
Personal Working Capital:	<u>\$ 2,000.00</u>	Personal Net Worth:	<u>\$100,000.00</u>
50% of Personal Working Capital:	<u>\$ 1,000.00</u>	50% Personal Net Worth:	<u>\$ 50,000.00</u>
Line of Credit:	<u>\$ 10,000.00</u>		
Total Working Capital:	<u>\$ 31,000.00</u>	Total Net Worth:	<u>\$ 70,000.00</u>

Monetary Limit Qualify: \$300,000.00 (must show experience, too!)

STEP 3 - LETTER OF REFERENCE

Reference Letter (See page 4)

The "Letter of Reference" is required by all applicants (*including reinstatement and second licenses*). It must be completed by a past client or employer, who can comment about your construction work/experience, OR a code official who has inspected your work (not from a relative or employee). Only one reference letter is necessary. Please include and attach the completed reference with your application. (*The reference does not have to be from a Tennessee resident/firm.*)

STEP 4 – PROOF OF INSURANCE

Insurance

A "Certificate of Insurance (COI)" is required to apply for a contractor's license. The COI must include policy numbers, expiration date, and the "**Board for Licensing Contractors**" with address or email address listed as the "**Certificate Holder**". Please attach to the application; do not have the insurance company send separately; must be part of the attachments with online application. More information on the format is at:

https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/ContInsuranceInfo_001.pdf

- **General Liability** - The Board has established minimum amounts for General Liability at three (3) levels based on the monetary license limit requested:
 - Monetary Limit - Up to \$500,000 = \$100,000 of minimum coverage;
 - Monetary Limit of \$501,001 to \$1,500,000 = \$500,000; and
 - Monetary Limit exceeding \$1,500,001 to Unlimited = \$1,000,000.

Note: The Certificate of Insurance (COI) must list the “Board for Licensing Contractors” as the **certificate holder!** Do not supply a **bill** or the invoice from the insurance company

- **Workers’ Compensation** - Required for all contractors applying for a license, unless: 1) The contractor does not have any employees; and 2) the contractor is met the criteria to be exempt by claiming “Handyman Exemption”, (see page 7); or the contractor owners provided proof of registration as a “Construction Services Provider” with the Secretary of State at: <https://tnbear.tn.gov/wc/>

Note: Both General Liability and Workers’ Comp may be on the same “Certificate of Insurance (COI)”.

- **Employee or Independent Contractor**

See the Department of Labor and Workforce Development website to ensure you are aware of the definition of employee and independent contractor at:

<https://www.tn.gov/workforce/injuries-at-work/available-resources/redirecr-available-resources/a-beginner-s-guide-to-tn-workers--comp.html>

STEP 5 – CORPORATIONS AND LIMITED LIABILITY COMPANIES

Tennessee Secretary of State

The Secretary of State’s office is responsible for business filings and may be contacted at (615) 741-2286 or visit their web site at: <https://sos.tn.gov/business-services/business-entity-filings>

- Tennessee corporations, out-of-state (foreign) corporations, limited liability company or a limited/general partnership must register with the Tennessee Secretary of State’s office and submit proof with their license application, such as a copy of their “Certificate of Authority” or “Articles of Organization” (must be in the same name as on their financial statement).
- Obtain business licenses for local government at: <https://apps.tn.gov/bizreg/>
- Local government permits and inspections contacts are at: <http://www.mtas.utk.edu/gml-mtas.nsf>

Contractors may change their mode of operation after licensed, through the “Revision” process. Note: Must operate in name and mode of operation in the legal entity, as licensed!

STEP 6 – COMPLETE ONLINE APPLICATION

Before completing the “Online License Application”, please have the documents listed on page 1 completed and scanned in order to attach.

Social Security Numbers - Social security numbers (SS#) are required when applying for a license (*Authority: 42 U.S. Code §666*) and considered confidential; not a matter of public record. When registering for an exam with PSI, it is requested, however, if an individual does not have a SS#, contact our office for special arrangements to be made with PSI.

Eligibility Verification for Entitlements Act (EVEA) - Sole Proprietors must complete pages 8-10 of to verify their U.S. **citizenship status** or lawful presence. Please review the instructions, attach any applicable identification.

Contractor’s Affidavit / Disclosures (See page 3)

Affidavit must be signed and notarized by all applicable individuals (qualifying agent, owner(s), partners, members, main officers and major stockholders). For large corporations, with several officers, please list at least three (3) who have the authority to act on the company’s behalf. Attach an explanation on items where it is applicable.

- Applicant must inform the Board of the following: Felony conviction(s); Judgments, Discipline, and Complaint history (open and closed cases); Court actions, including those pending litigation or legal arbitration proceedings, bankruptcy, or violation of license law, etc., including those in other states. (See T.C.A. § 62-6-118). Be sure to include a detailed explanation (see outline below). Convictions must include court documents and proof of probation release, a certified background check and reference letter from parole officer.) To confirm with the Board whether the conviction could prevent obtaining a license, you may supply a written request with the information prior to testing and obtaining a financial statement, pursuant to the Fresh Start Act.
- An **interview** with the Board is typically required when there are such **disclosures or a complaint history**. The license may be denied depending on each individual matter **or** for failing to disclose this information. However, the full Board will judge on merits with respect to time, circumstances, and seriousness. Failure to submit this documentation may delay the review process. A license may be held for up to six (6) months for license law violations. *(May copy affidavit form for each signature or include all on one).*

I. Felony Conviction(s) – Disclosure on Affidavit

If you have been convicted of a felony in any jurisdiction (Tennessee or any state), this requires disclosure and providing information regarding the felony(s) for the Board to review. The applicant must provide the following:

- 1. Written statement from you explaining conviction with the following information:**
 - a. Age at time of conviction
 - b. Description of crime
 - c. Activities that lead to conviction
 - d. Improvements, changes or clean criminal history since conviction
- 2. A copy of the official charging document (court order)**
 - a. Proof of sentence, amount of time served, probation time; and disposition (final outcome).
- 3. Probation or Parole Status**
 - a. Provide proof of release or an explanation if you have not been released.
- 4. Character Reference**
 - a. May be from parole officer, pastor, family members, friends, employers, etc.

5. **Background Report of [Tennessee Criminal History](#) from Tennessee Bureau of Investigation (TBI) and State in which convicted**

- a. If you have resided in this state for less than 5 years, also include a report from prior state of residence, and the state in which you were convicted.

II. Judgments/Discipline/Complaints – Disclosure on Affidavit

If you have a complaint history (open, closed or dismissed) with the Board or any agency; or construction related liens/judgments (paid; unpaid; pending) from any court; or disciplinary action taken by another licensing or permit agency (in-state, out-of-state, or local government); or court action involving consumer protection violations, please provide an explanation, as well as the findings or status.

- a. Supply attachment with description of findings, action and status.
- b. An interview with the Board may be required
- c. Licenses are not typically approved until complaints are closed.

STEP 7 – ONLINE APPLICATION PROCESS - \$250.00 LICENSING FEE

Application Fee - Before submitting the online application, pay **\$250.00** (nonrefundable) two (2) year fee by credit, debit card or e-check. If you qualify for a low-income fee waiver, you may select this option and supply the required documentation.

Application Deadline

The application is **due 20th of the month** before the Board meets. The application must be submitted online to ensure it is prepped by the staff for Board review. The Board meets six (6) times annually during the following months: January (Nashville); March (Nashville); May (West TN); July (Nashville); September (East TN); and November (Nashville). In some cases, the Board may meet remotely. See “*Public Meetings Calendar*” on the website. For example, to be reviewed at the January meeting, application would be due December 20th. If 20th is on a holiday/weekend, next business day is considered the deadline. Do NOT mail these forms; for use with filing online.

Hardship/Emergency Early Review Requests - Early review of the application may be made prior to Board meeting, however, must follow the special guidelines as provided on the website by emailing the Hardship request form after completing the online temporary license application.

Hardship Request is at: <https://www.tn.gov/content/dam/tn/commerce/documents/regboards/contractors/forms/HardshipRequestForm.pdf>

Armed Forces and Spouses – To obtain an expedited license due to being transferred to Tennessee, select this application from our online licensing application in lieu of the “Initial” application. .

Processing - Please allow at least three (3) weeks for processing your application before making telephone or email inquiries. Contractors will be notified by email and mail to confirm Board review date and location, and whether the interview has been **waived**. If information is lacking, you will be contacted to provide the information or scheduled for an **interview**. You may check the website to confirm receipt of "application in process" at: <http://verify.tn.gov/> - Do not contract until you receive license certificate in the mail with current expiration date.

STEP 8 – BOARD REVIEW / INTERVIEWS

Interview - An **interview** (personal, remote or by telephone) with a board member **may** be required for the following: Qualifying Agent (QA) is not a majority owner and employed less than six (6) months; Experience – Insufficient amount listed for the monetary limit requested; and/or if there are issues such as: Complaint history; judgments; felony convictions; bankruptcy; etc., or failure to disclose such issues.

Whenever an interview is required, the QA is required to interview. If the QA is not a majority owner, then both the QA and an owner; or QA and an officer, must **both** attend the board meeting. An admission letter of the time, date and location of the meeting will be sent to those required to interview. For remote meetings, the electronic connection information will be posted on the Board's website.

- Those required to **interview**, this is informal and takes no longer than 30 minutes. However, due to several contractors scheduled, there may be a **timely wait**. Board members in your field of expertise usually perform the interview. For example, an electrical Board member will interview those applying for an electrical license, and the mechanical contractor interviews the plumbing and HVAC contractors, etc. At the interview, the application is reviewed, and general questions will be asked about contracting experience and to ensure the license classification covers your type of projects. You may use this time to ask the Board member advice or the staff questions concerning the licensing law. There is no dress code requirement.

Interview Waived – Files are reviewed prior to the Board meeting and those granted waiver of the interview will be sent a notification letter. However, the license does not get granted earlier and must be approved at the Board meeting.

Board Review - See the “Public Meetings Calendar” for the Board meeting schedule. The law requires the full Board to vote to approve all licenses in order to be issued. Contractors granted a hardship for early review are ratified at this meeting for issuance.

FINAL STEP – LICENSE ISSUED / RENEWAL 2 YEARS

License Certificate Issued

Upon approval by the full Board, the license will be issued for two (2) years. After the Board meeting, these may be confirmed online at “Verify a License” on the website at: <http://verify.tn.gov/> within 3 to 7 business days. The license will have your **license name, ID number, classification, expiration date and monetary limit** (*contains same information required to be on the outside of a bid envelope for primes and subs*). License certificates are processed and sent by mail after the Board meeting. License certificates may also be printed from your online license account.

Renewal

Renewal notices are mailed 90 days prior to expiration date and will include your Indv/Org# to renew online. Renewal should be submitted to the Board 30 days prior to the expiration date to avoid contracting on an expired license, which would be considered unlicensed activity. **There is not a grace period to operate while expired!** For example, if your license expires on 7/31/2023, on August 1, 2023, a permit would be denied. Contractors are required to supply a *financial statement, proof of insurance, response to renewal questions and disclosures, and the fee is \$200. Corporations and LLCs must ensure their corporate status with the Tennessee Secretary of State’s office is active.

Continuing Education - Beginning January, 2022, a residential licensed contractor is required to obtain 8 hours of continuing education. See our website for more information.

Expired - Contractors have renewal rights for up to ****12 months** (*must reinstate through new application process after 12 months*). Late fee per month is \$20. Contractors may retain renewal rights by placing the license in "Retirement" for \$50 for 2 years or may retire up to 7 years (\$25/year).

- ***Renewal Financial Statements**

- Contractors with a monetary limit of \$3,000,000 or less, a self-prepared financial statement may be provided.
 - A **COMPILED** financial statement is also acceptable and must be prepared by a CPA/PA with an active license and firm permit that is currently enrolled in a peer review program. The contractor or an unlicensed accountant cannot issue compiled financial statements.
- Contractors with a limit exceeding \$3,000,001 to Unlimited may provide a "Reviewed" financial statement from their CPA ("Audit" is not required to renew).

- ****Reinstatement of Expired License**

- A license expired more than 12 months cannot be renewed; a new license must be obtained by the "Reinstatement" process (listed below)

Reinstatement of Expired License

The contractor may complete the Reinstatement Online License Application process to reinstate a license expired more than 12 months. This requires completing all the new license application process, with the only exception, **waiver of retaking trade exams** (*Business and Law is not required to be retaken*). If a license has been expired more than two (2) years, the contractor/Qualifying Agent (QA) may provide a letter to the Board requesting waiver of retaking the trade exams. The staff cannot waive the trade exam and requires Board approval. Typically, if experience is provided with the letter showing the contractor/QA has remained active working in the industry, then the Board may consider waiving the trade exam. This may include working for another contractor; performing work in which a license is not required (*less than \$25,000 or as a subcontractor*); or working in another state. If you do not have a copy of the trade exam scores, our staff can pull these from the license file. If original license was obtained prior to exams (1987), the Board may require taking the trade exam. Reinstatements may keep their prior license ID number.

Retirement of License

A license may be placed in retirement in lieu of renewing by completing retirement application with \$50 for a 2-year retirement. You may also retire the license up to 7 years by paying \$25 for each year. Retirement does not require a financial statement or proof of insurance. May reactivate by completing license renewal.

Merger/Change in Ownership/Reorganization

Whenever there is a merger; change of ownership with majority change coming from new owners/stockholders, or in the case where a partnership dissolves; or reorganization; the law requires applying for a new license. The Board will allow a contractor to continue to operate **up to 90 days** on existing projects if the license is active, however, cannot operate in the new name. All steps are required except, exams do not have to be retaken if the qualifying agent (QA) remains with the company.

Second or Additional Licenses / Multiple Businesses

Contractors, who own more than one business, may only bid or contract in the exact name as licensed. Even though they own both entities, they cannot bid or contract under the separate business or subsidiary's name and would be required to apply for an additional license to operate under another entity. This includes **franchises**. To obtain an additional license, this requires completing the new license application process and selecting the applicable online application. If the Qualifying Agent remains, exams are not required to be retaken.

Revisions/Changes – Mode, Name Change, Add Classification or Increase Limit

Contractors may request revisions such as, an increase of monetary limit, add a classification, or name change, by requesting a **revision** application. Changes in the “Mode of Operation” such as changing from a sole proprietor to a corporation or LLC must complete a change in mode of operation (transfer). (Law requires new application for dissolving a partnership).

A license cannot be transferred to another business entity and requires completing a new license application. The Board reviews all revision requests at Board meetings and meet six (6) times yearly. For early emergency reviews, there is a **hardship** process. More information is at the Applicant Resources “Forms and Downloads” section of our website. You may also apply online for most revisions.

Address Changes / Email

Make sure to notify the Board of any address change, as State mail is not forwarded. Whenever providing a Post Office box or utilizing a Private Mailbox Provider (PMB), a physical address must also be provided. Also, please include an email address to ensure we can notify you quickly. The statute requires reporting mail address changes within 30 days. Address changes may be made online.

Bidding Requirements /Contracting

Contractors must be licensed in Tennessee **prior** to contracting, bidding, negotiating, or making an offer (*unless with TDOT – Tennessee Department of Transportation*). Must contract in the name as licensed or it may be considered unlicensed activity which prohibits bids to be awarded or allowed to rebid.

Bid in Name as Licensed - Contractors licensed as an individual, such as “John Jones” and bids as “John Jones, Inc.” could be considered an unlicensed entity. You should change the mode of operation/transfer through the license revision process (*LLC, corporation or partnership*) or obtain second license, prior to bidding in new name. (See [“Bidding”](#) summary on the website.)

- **List Information on Bid Envelope** – Name, license ID number, classification, and expiration date, is required to be on the **outside of a bid envelope** for the prime contractor and also the subcontractors for: Electrical (CE); Plumbing (CMC-A or CMC); *HVAC (CMC-C or CMC) when their portion of the bid is \$25,000 or more; Masonry (LMC) if \$100,000 or more (includes materials and labor) must also appear on the outside of the bid envelope (*see TCA 62-6-119*). Roofing subcontractors are also required to be licensed as a subcontractor (BC-21 or BC-12 or BC or BC-B), and in some cases, the awarding authority may instruct to list this information on the outside of the bid envelope.

- o **Geothermal Well Driller** - For each vertical closed loop **geothermal** heating and cooling project, the company name, Tennessee Department of Environment and Conservation ([TDEC](#)) license number, classification (G, L or G,L) and the expiration date must also be listed.

- **Subcontractors – License Required**

The only subcontractors, those bidding directly to a contractor, required to be licensed as a contractor are those bidding **\$25,000 or more** for the following: **Electrical, Plumbing, Mechanical** (*mechanical includes fire protection and sprinklers, process piping, boilers, etc.*); **HVAC, Roofing, and *Masonry (LMC)**. See bid envelope information above for requirements to list subs on bid envelope.

**Masonry (LMC) – Contractor’s license required for projects of \$100,000 or more as a “subcontractor”. As a prime contractor, masonry contractors must be licensed when the project is \$25,000 or more.*

- **Subcontractors – License Not Required**

Subcontractors other than those listed above are not required to be licensed when contracting with the contractor. Examples include the following types of work: Painting, Framing, Landscaping, Excavation, Flooring, S-Specialties such as S-Equipment Installation; S-A etc.,

Bid Preference Law – Out of State

For those contracting in other states bordering Tennessee, 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 if a nonresident’s home state gives a preference to their residents, we apply the same criteria.

Joint Ventures

Both contractors must be licensed in the classification to cover the job to bid together to combine their monetary limit.

Complaints

Contractors must disclose whether they have a history of construction related complaints (closed or open); and past or pending judgments. Should you have a complaint reported against your business, you must respond in writing within 30 days.

Law and Rules – The laws and rules may be reviewed from the Board’s website at:
<https://www.tn.gov/commerce/regboards/contractors/rules-and-laws.html>

Get Notified

You are encouraged to register with the Department’s email list to be notified of important law or rule changes, or to receive newsletters at: https://apps.tn.gov/notify-app/sign_up.html