CHAPTER 11

Contractors

Article 1

In general

**SECTION 40-11-5. Application of chapter; conflict of laws.**

 Unless otherwise provided for in this chapter, Article 1, Chapter 1, Title 40 applies to licensed contractors; however, if there is a conflict between this chapter and Article 1, Chapter 1, Title 40, the provisions of this chapter control.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-10. South Carolina Contractor's licensing Board created; membership; terms; filling vacancies.**

 (A) There is created the South Carolina Contractor's Licensing Board under the administration of the Department of Labor, Licensing and Regulation. The purpose of this board is to protect the health, safety, and welfare of the public through the regulation of businesses and individuals who identify, assess, and provide contracting work to individuals or other legal entities through the administration and enforcement of this chapter and any regulation promulgated under this chapter and Article 1, Chapter 1.

 (B) The board consists of nine members appointed by the Governor, seven of whom must be licensed contractors. Of the seven contractors, one must have as the larger part of his business the construction of highways, one must have as the larger part of his business the construction of public utilities, one must have as the larger part of his business the construction of commercial, industrial, and institutional buildings, one must have as the larger part of his business the performance of heating, plumbing, or air conditioning work, one must have as the larger part of his business the performance of electrical work, and one must have as the larger part of his business the installation, servicing, and responding to burglar or fire alarm systems, and one must have as the larger part of his business the performance of fire sprinklers systems work. Two members must be consumer members representing the public at large. Nominations for appointment to the board may be submitted to the Governor by the board or an individual, group, or association.

 (C) Members serve terms of five years and until their successors are appointed and qualify. A vacancy on the board must be filled in the manner of the original appointment for the remainder of the unexpired term.

HISTORY: 1998 Act No. 440, § 1; 2005 Act No. 177, § 2; 2023 Act No. 69 (H.4115), § 1, eff May 19, 2023.

**SECTION 40-11-20. Definitions.**

 For purposes of this chapter:

 (1) "Ancillary work" means work that is directly associated with the building or structure which the licensee has been engaged to construct.

 (2) "Board" means the South Carolina Contractors' Licensing Board.

 (3) "Bid" means an offer to furnish labor, equipment, or materials or other services regulated by this chapter.

 (4) "Certificate holder" means a qualifying party.

 (5) "Contractor" means a general or mechanical contractor regulated under this chapter.

 (6) "Construction manager" means an entity working for a fee whose duties are to supervise and coordinate the work of design professionals and multiple prime contractors, while allowing the design professionals and contractors to control individual operations and the manner of design and construction. Services provided by a construction manager may include:

 (a) coordination, management, or supervision of design or construction;

 (b) cost management, including estimates of construction costs and development of project budgets;

 (c) scheduling, which may include critical path techniques, for all phases of a project;

 (d) design review, including review of formal design submission and construction feasibility; and

 (e) bid packaging and contractor selection. An owner, who performs construction management himself is not considered a construction manager for purposes of this chapter.

 (7) "Department" means the Department of Labor, Licensing and Regulation.

 (8) "Entity" means a sole proprietorship, partnership, limited liability partnership, limited liability company, association, joint venture, cooperative, corporation, or other legal entity authorized by law and approved by the board.

 (9) "GAAP" stands for Generally Accepted Accounting Principles and means accounting principles generally accepted in the United States of America.

 (10) "General construction" means the installation, replacement, or repair of a building, structure, highway, sewer, grading, asphalt or concrete paving, or improvement of any kind to real property.

 (11) "General contractor" means an entity that performs or supervises or offers to perform or supervise general construction.

 (12) "License classification" or "subclassification" means the type of construction for which a contractor may be licensed to do business.

 (13) "License group" means the financial limitations for bidding and performing general or mechanical construction.

 (14) "Licensee" means an entity that has been issued either a general or mechanical contractor's license by the department.

 (15) "Licensed contractor" means an entity that is licensed by the South Carolina Contractor's Licensing Board to engage in general or mechanical contracting within the State.

 (16) "Mechanical contractor" means an entity that performs or supervises, or offers to perform or supervise, mechanical construction.

 (17) "Mechanical construction" means the installation, replacement, or repair of plumbing, heating, air conditioning, process piping, refrigeration, lightning protection equipment, or electrical components, fixtures, or devices of any kind, excluding burglar alarm work.

 (18) "Net worth" means the total wealth of a company taking account of all financial assets and liabilities.

 (19) "Individual" means a natural person.

 (20) "Prime contractor" means an entity that contracts directly with an owner to perform general or mechanical construction.

 (21) "Primary qualifying party" means a qualifying party who has been designated by a licensee as the principal individual responsible for directing or reviewing work performed by the licensee in a particular license classification or subclassification.

 (22) "Public owner" means the State and any of its political subdivisions, which includes all counties, municipalities, school districts, public service, or special purpose districts.

 (23) "Qualifying party" means an individual who has been issued a certificate to qualify an entity for a license by way of examination in a license classification or subclassification.

 (24) "Sole prime contractor" means the prime contractor for a project on which there is only one prime contractor.

 (25) "Subcontractor" means an entity who contracts to perform construction services for a prime contractor or another subcontractor.

 (26) "Total cost of construction" means the actual cost incurred by the owner, all contractors, subcontractors, and other parties for labor, material, equipment, profit, and incidental expenses for the entire project. This does not include the cost of design services unless those services are included in a construction contract.

 (27) "Unlicensed contractor" means an entity performing or overseeing general or mechanical construction without a license.

 (28) "Working capital" means the capital of a business calculated as the current assets minus the current liabilities.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 2, eff May 19, 2023.

**SECTION 40-11-30. Licensing requirement.**

 No entity or individual may practice as a contractor by performing or offering to perform contracting work for which the total cost of construction is greater than ten thousand dollars for general contracting or greater than ten thousand dollars for mechanical contracting without a license issued in accordance with this chapter.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 3, eff May 19, 2023.

**SECTION 40-11-40. Voluntary contributions with licensee applications; uses; reporting requirements.**

 (A)(1) An applicant for a new, reinstatement, or renewal contractor's license must be given an opportunity in writing to make a voluntary contribution to be distributed to an accredited public institution of higher learning offering degrees in construction science, building science, or civil engineering. The applicant may designate a specific accredited institution to receive the contribution. Undesignated contributions shall be distributed to accredited institutions in a pro rata manner based on the number of full-time equivalent students enrolled in each program at each institution. Any voluntary contribution must be added to the contractor's license fee and must be transferred to the State Treasurer and credited to the appropriate institution.

 (2) By June first of each year, the State Commission on Higher Education shall provide to the department a list of accredited public institutions of higher learning offering degrees in construction science, building science, or civil engineering, and include in the annual report the number of students enrolled in each of these programs for the prior academic year.

 (B)(1) Each institution receiving funds pursuant to this section shall utilize the funds to provide or enhance programs related to building science or civil engineering, which shall include, but is not limited to, scholarships, fellowships, research, faculty development, and continuing education programs.

 (2) Each institution receiving funds pursuant to this section shall provide an annual report to the department by January thirty-first disclosing the amount of funds received during the prior fiscal year and an accounting of how the funds were utilized.

 (C) The department shall retain five percent of the amount to be distributed for administrative expenses associated with the collection and distribution of funds.

HISTORY: 2022 Act No. 175 (S.888), § 1, eff July 15, 2022.

**SECTION 40-11-50. Repealed by 2014 Act No. 207, SECTION 1, eff July 1, 2014.**

**SECTION 40-11-60. Rules and regulations; owner-prepared financial statement form.**

 The board may adopt rules governing its proceedings and may promulgate regulations necessary to carry out the provisions of this chapter. Regulations must be promulgated to establish the form an owner must use to submit an owner-prepared financial statement as provided in Section 40-11-260(A)(3)(c), (A)(4)(c), (B)(3)(c), and (B)(4)(c). The department must furnish the form to the licensees.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-70. Powers of board.**

 In addition to powers and duties provided in Article 1, Chapter 1, the board may:

 (1) establish a time limit beyond which an initial complaint may not be considered;

 (2) establish a procedure for receiving complaints which protects the anonymity of the person filing the complaint;

 (3) order an entity or individual found in violation of this chapter or a regulation promulgated under this chapter to take remedial action;

 (4) establish guidelines for identifying substandard construction work.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-80. Investigation of complaints and violations.**

 The Department of Labor, Licensing and Regulation shall investigate complaints and violations of this chapter as provided for in Section 40-1-80.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-90. Results of investigations to be presented to board; hearing.**

 The results of an investigation must be presented to the board and any subsequent hearing must be conducted in accordance with Section 40-1-90.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-100. Violations; administrative citations; cease and desist orders; administrative penalties; appeals.**

 (A) The department may refer any reports of violations of this chapter and Article 1, Chapter 1 of this title or any reports of violations of regulations promulgated under this chapter directly to the board or may issue administrative citations and cease and desist orders in person or by certified mail and may assess administrative penalties against any entity or individual, including unlicensed contractors, for violations of this chapter as specified by the board.

 (B) Separate citations may be issued and separate administrative penalties may be assessed for each violation, however, no more than two thousand five hundred dollars in administrative penalties may be assessed against an entity or an individual per day.

 (C) Administrative penalties authorized under this section are separate from and in addition to all other remedies, either civil or criminal.

 (D) Administrative penalties assessed pursuant to this section may not exceed the following limits:

 (1) for a first violation of a particular provision of this chapter or Article 1, Chapter 1 of this title, or any board regulation, not more than a five-hundred dollar penalty;

 (2) for the second of two violations of the same or substantially similar provision in a five-year period, not more than a one-thousand dollar penalty; and

 (3) for the third or subsequent violation of the same or substantially similar provision in a five-year period, the citation may be referred to the board for action in accordance with Section 40-11-110 or issued a penalty as prescribed in Section 40-11-100(D)(2).

 (E) An entity or individual assessed administrative penalties may appeal those penalties to the board within fifteen days of receipt of the citation. If an appeal is filed, the department shall schedule a hearing before the board, which shall make a determination in the matter. If no appeal is filed, the citation is deemed a final order and the administrative penalties must be paid within thirty days of receipt of the citation.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 4, eff May 19, 2023.

**SECTION 40-11-110. Disciplinary action; conditions for imposing; civil penalties; reapplication after revocation or cancellation; completion of work in progress; revocation of individual license classification.**

 (A) The board may impose disciplinary action authorized by this chapter upon a licensee, certificate holder, or other entity or individual if the board finds any of these conditions:

 (1) subsequent discovery of facts which if known at the time of issuance or renewal of a license or certificate would have been grounds to deny the issuance or renewal of a license or certificate;

 (2) gross negligence, performing substandard work, incompetence, or misconduct;

 (3) abandonment of a contract or refusal to perform after submitting a bid on work without legal excuse for the abandonment or refusal;

 (4) fraud or deceit in obtaining a license or certification;

 (5) violation of a provision of this chapter, Article 1, Chapter 1 of this title or a regulation promulgated under these chapters;

 (6) misrepresentation of a material fact by an applicant in obtaining a license or certificate;

 (7) conviction or entering a guilty plea or plea of nolo contendere in a court of competent jurisdiction of this or any other state, district, or territory of the United States or of a foreign country of the offense of forgery, embezzlement, obtaining money under false pretenses, theft, extortion, or conspiracy to defraud or other like offense regardless of whether an appeal has been sought;

 (8) conviction or entering a guilty plea or plea of nolo contendere of a felony or a crime involving moral turpitude in connection with the performance of a contract for construction regardless of whether an appeal has been sought;

 (9) aiding or abetting an unlicensed entity to evade the provisions of this chapter, combining or conspiring with an unlicensed entity, allowing one's license to be used by an unlicensed entity, or acting as agent, partner, or associate, or an unlicensed entity;

 (10) knowingly entering into a contract with an unlicensed contractor for work to be performed for which a license is required;

 (11) false, misleading, or deceptive advertising whereby a member of the public may be misled and injured;

 (12) contracting or offering to contract or submitting a bid while a license is under suspension or probation;

 (13) failure to obtain a building permit as required by a local or state government before engaging in construction;

 (14) failure to take appropriate corrective action to comply with this chapter or a regulation promulgated under this chapter without valid justification within a reasonable period of time after receiving a written directive from the department;

 (15) failure to maintain the net worth, working capital, or surety bond requirements for licensure;

 (16) failure to comply with an order of the board;

 (17) failure to provide pertinent records and documents as requested by the department or board;

 (18) failure to maintain a business address accessible to the public;

 (19) failure to comply with a directive of the department;

 (20) failure to notify the department of changes in information required in an original or renewal application;

 (21) contracting or offering to contract for construction work exceeding the limitations of a group or outside the classification or subclassification of a license;

 (22) attempting to serve in the capacity of primary qualifying party while serving a house arrest, a jail sentence, or a prison sentence; or

 (23) departure from an applicable building code of the State of South Carolina or any of its political subdivisions as determined by a court of competent jurisdiction.

 (B) Disciplinary action may be taken against an entity or individual who the board determines to be responsible for violations of this chapter regardless of changes in corporate identity or federal employer identification subsequent to the violation. In determining responsibility, the board may consider, but is not limited to, an individual's:

 (1) participation in management or supervision related to the violation;

 (2) position as sole proprietor, partner, officer, or qualifying party.

 (C) The board may, in addition to all other disciplinary actions, require a licensee, certificate holder, or other entity or individual to pay a civil penalty of up to five thousand dollars for each violation of this chapter or of a regulation promulgated under this chapter and may order an unlicensed contractor to cease and desist from violating a provision of this chapter.

 (D) Upon presentation to the court of common pleas by the department of an affidavit for nonpayment of an administrative penalty under a citation which is a final order or a civil penalty assessed by the board pursuant to subsection (C), the court shall issue an order for judgment to be filed in the office of the Clerk of Court.

 (E) A license or certificate that is canceled by the department or revoked by the board must be returned to the department within fifteen days of notification by the department.

 (F) No sooner than one year after revocation of a license or certificate by the board, the entity or individual who held that license or certificate may apply for another. The applicant must meet all requirements for initial licensure or certification and must appear before the board to present evidence that his practice will not unreasonably endanger the public.

 (G) If a license is canceled by the department, the licensee must apply for initial licensure.

 (H) Work in progress may be completed by the licensee if the licensee's license is revoked, canceled, lapsed, or suspended; however;

 (1) no new work may be bid or started after revocation or suspension of a license upon proper notification by the department,

 (2) unless otherwise directed by the board, the revocation, suspension, or restriction of a license or certificate does not become effective until the tenth day following the delivery to the licensee or qualifying party of a written decision of the board. Service of a petition for a review of the decision does not stay the board's decision pending completion of the appellate process in accordance with the Administrative Procedures Act.

 (I) Where a licensee's business is dissolved for whatever reason, that license must be canceled by the department. However, if the business has been administratively dissolved by the Secretary of State, the licensee must be allowed ninety days from when the department notifies the licensee that it has obtained information that the licensee has been dissolved to provide proof of reinstatement by the Secretary of State, and if such proof is timely provided, any cancellation of the license by the department must be rescinded retroactively to the date of the cancellation.

 (J) The board may revoke, suspend, or restrict an individual license classification or subclassification without effect to other license classifications or subclassifications.

 (K) Sanctions, discipline, or administrative penalties authorized by this chapter or Section 40-1-120 may include a private reprimand. A final order of the board finding that an entity or individual is in violation of this chapter or Section 40-1-10, et seq., becomes public knowledge except for a final order dismissing the complaint, issuing a letter of caution, or imposing a private reprimand.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 5, eff May 19, 2023.

**SECTION 40-11-120. Other sanctions.**

 In addition to the sanctions the board may impose against a person pursuant to this chapter, the board may take disciplinary action against a person as provided for in Section 40-1-120.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-130. Denial of license or certificate.**

 (A) The department may refuse to issue a license or certificate to an applicant who:

 (1) has failed to meet the minimum qualifications required by this chapter or regulations promulgated under this chapter;

 (2) has had a license or certificate denied, suspended, revoked, or otherwise been disciplined;

 (3) has engaged in contracting without a valid license as required under this chapter;

 (4) has submitted a bid without a valid license when one is required by law;

 (5) has committed an act which would be grounds for disciplinary action under this chapter;

 (6) has submitted false or misleading information;

 (7) has engaged in conduct which demonstrates bad faith, dishonesty, untrustworthiness, or incompetence in business or the profession;

 (8) has aided or abetted an entity in the violation of a provision of this chapter or a regulation promulgated under this chapter;

 (9) has been convicted in a court of competent jurisdiction of this or any other state, district, or territory of the United States, or of a foreign country of the offense of forgery, embezzlement, obtaining money under false pretenses, theft, extortion, or conspiracy to defraud or other like offense, has been convicted of a felony or a crime involving moral turpitude, or pled nolo contendere to any such offense;

 (10) has an outstanding monetary judgment related to construction.

 (B) A license or certificate may be denied to an applicant:

 (1) for a minimum of one year after the date of revocation of a similar professional license or certificate issued by this State or any other state or jurisdiction;

 (2) who is presently under suspension by a professional licensing entity in this or any other state or jurisdiction;

 (3) who has unresolved complaints or charges pending against him before this or any other professional licensing board in this or any other state.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-140. Prior criminal record.**

 A license may be denied based on a person's prior criminal record only as provided in Section 40-1-150.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-150. Voluntary surrender of license.**

 A licensee under investigation for a violation of this chapter or a regulation promulgated under this chapter voluntarily may surrender the license in accordance with Section 40-1-150.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-160. Appeal.**

 A person aggrieved by a final action of the board may seek review of the decision in accordance with Section 40-1-160.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-170. Costs of investigation and prosecution.**

 A person found in violation of this chapter or regulations promulgated under this chapter may be required to pay costs associated with the investigation and prosecution of the case in accordance with Section 40-1-170.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-180. Collection and enforcement of costs, fees, and fines.**

 All costs, fees, and fines provided in this chapter, except examination fees, must be paid to and collected by the department in accordance with and are subject to the collection and enforcement provisions of Section 40-1-180.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-190. Investigations and proceedings confidential; communications privileged.**

 Investigations and proceedings conducted under this chapter are confidential and all communications are privileged as provided in Section 40-1-190.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-200. Unlawful practice; penalty.**

 (A) A person who practices or offers to practice in this State in violation of this chapter or who knowingly submits false information for the purpose of obtaining a license is guilty of a misdemeanor and, upon conviction, must be imprisoned not more than one year or fined not more than five thousand dollars.

 (B) It is a violation of this chapter for an awarding authority, owner, contractor, or an agent of an authority, owner, or contractor to consider a bid, sign a contract, or allow a contractor to begin work unless the bidder or contractor has first obtained the licenses required by this chapter. Bids or contracts submitted by contractors may not be reconsidered or resubmitted to an awarding authority, contractor, or owner if the contractor was not properly licensed at the time the initial bid or contract was submitted.

 (C) Charges under this section may be preferred by the board by delivering evidence of a violation to a solicitor or a magistrate having jurisdiction.

 (D) Upon conviction under this section, the fines and assessments imposed by a court must be administered pursuant to Sections 14-1-205, 14-1-206, 14-1-207, 14-1-208, and 14-1-209.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-210. Injunctive relief.**

 The department, on behalf of the board and in accordance with Section 40-1-120, may petition an administrative law judge, in the name of the State, for injunctive relief against a person violating this chapter.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-230. Certification as qualifying party.**

 (A) To qualify for certification as a qualifying party, an applicant must:

 (1) submit a completed application on a form approved by the board and pay all applicable examination fees to the examination provider;

 (2) submit proof of having attained a grade of seventy percent or better on a technical examination where required for each classification or subclassification of licensure applied for; and

 (3) attain a grade of seventy percent or better on an examination of South Carolina law regulating general and mechanical contracting.

 An individual may only take an examination in a license classification or subclassification two times in a twelve-month period and thereafter only once in six months.

 An individual may take an examination and be issued a certificate in any license classification or subclassification regardless of their current place of employment.

 Upon fulfillment of all requirements of this subsection, the department shall issue a qualifying party a certificate which shall include the individual's full name, certificate number, and classifications or subclassification for which the individual is certified.

 An applicant who has not been certified as a qualifying party for four or more consecutive years must take and pass the technical or Code of Laws examination, or both, as required by the board.

 An individual may only serve as qualifying party for one licensee with the exception as provided in subsection (C).

 (B) To become designated by an entity as a primary qualifying party, an individual must meet all of the following:

 (1) hold a valid certificate issued pursuant to this chapter;

 (2) submit an affidavit verifying employment from former or current employers for whom the applicant was employed full-time for at least two years within the previous five years in the license classification or subclassification for which application is made or submit additional proof of employment experience as approved by the board;

 (3) submit documentation as approved by the board that they serve in a management capacity for the applicant and are actively involved in management, supervision, and operations for the work undertaken by the applicant. The primary qualifying party must be an integral party of the applicant's business and the work undertaken by the applicant.

 A primary qualifying party may not take other employment that would conflict with the duties as primary qualifying party or diminish the ability to adequately supervise work performed by the licensee.

 An individual desiring to be certified and serve as a primary qualifying party for a license group one, two, or three general contractor licensed pursuant to Section 40-11-410(A) must pass either the limited building contractor examination or the unlimited general contractor examination. Structures built by licensees for which the primary qualifying party has taken and passed the limited building contractor examination are restricted to three stories in height.

 An individual desiring to be certified and serve as a primary qualifying party for a license group four or five general contractor licensed pursuant to Section 40-11-410(A) must pass the unlimited general contractor examination.

 When a primary qualifying party ceases to serve as a primary qualifying party for a licensee, the licensee or the primary qualifying party shall notify the department in writing within fifteen days of the disassociation. If the licensee or primary qualifying party notifies the department within the prescribed time, the license remains in good standing for ninety days from the date the department receives notice of the disassociation. Failure to notify the department within fifteen days of a primary qualifying party's disassociation may result in license and certificate cancellation.

 If, after properly notifying the department of disassociation, the licensee fails to designate a replacement primary qualifying party pursuant to the requirements of this chapter within ninety days, the department shall suspend the licensee's license until a primary qualifying party is designated pursuant to the requirements of this chapter.

 (C) If a qualifying party desires to serve as primary qualifying party for two entities, both entities must engage in business from the same physical location. The qualifying party must:

 (1) be involved in the operation of both entities on a daily basis;

 (2) derive a livelihood from the operation of both entities;

 (3) have ownership in both entities with at least fifty percent ownership in one of the entities.

 (D) Building officials or other individuals who have or are able to meet the requirements of a qualifying party and are employed by an unlicensed entity that is actively associated with the construction industry may retain qualifying party status.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 6, eff May 19, 2023.

**SECTION 40-11-240. Qualifications for licensure; required submissions.**

 (A) To qualify for licensure, an entity must:

 (1) be a:

 (a) sole proprietorship or general partnership; or

 (b) limited partnership, limited liability partnership, limited liability company, or a for profit or nonprofit corporation that is either organized and registered under South Carolina law or is such an entity created under the laws of another state or jurisdiction and is registered with the South Carolina Secretary of State to do business in this State;

 (2) have a certified qualifying party in a responsible management position; and

 (3) meet all requirements for licensure as provided in this chapter.

 (B) To qualify for a license, an entity must submit:

 (1) a completed application on a form approved by the board;

 (2) all required fees;

 (3) a detailed statement of current financial condition or surety bond as required by this chapter;

 (4) the name and certificate number of the primary qualifying party for each classification or subclassification for which a license is desired;

 (5) proof that the entity's primary qualifying party in each classification or subclassification is in a responsible management position; and

 (6) all documentation required by the department pursuant to the requirements of this chapter.

 (C) A licensee may list additional qualifying parties.

 (D) A change of an entity's name, organizational status, or federal employer identification number must be reported to the department within fifteen days. Failure to do so results in license cancellation fifteen days from the date of change and requires the new entity to submit an initial application and meet all requirements for licensure.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 7, eff May 19, 2023.

**SECTION 40-11-250. Renewal of license; lapsed license.**

 (A) All licenses may be renewed biennially. A licensee shall apply to the department for license renewal by the expiration date on a form approved by the board. Renewal applications not postmarked by the expiration date result in a lapsed license. An entity which fails to renew and which continues to engage in construction is practicing without a license and is subject to the penalties prescribed in this chapter.

 (B) A license which has lapsed may be renewed within ninety days from date of expiration by filing a renewal application and upon payment of renewal and late fees. If the application and all fees are submitted within the ninety-day period after the license expiration date and if the application is then approved, the renewal will be retroactive to the date of expiration, eliminating any period of licensure lapse. An entity whose license is lapsed for failure to renew must submit an application and meet all qualifications for initial licensure to engage in construction.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 8, eff May 19, 2023.

**SECTION 40-11-260. Financial statements; net worth requirements.**

 (A) An applicant for a general contractor's license or a general contractor's license renewal who performs or offers to perform contracting work for which the total cost of construction is greater than ten thousand dollars, and an applicant for license group revisions must provide an acceptable financial statement with a balance sheet date no more than twelve months before the date of the relevant application meeting the requirements for each license group as follows:

 (1) Group One

 (a) bids and jobs not to exceed one hundred thousand dollars per job;

 (b) required net worth of twenty thousand dollars or working capital of ten thousand dollars;

 (c) on initial application, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy;

 (d) on renewal, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy;

 (2) Group Two

 (a) bids and jobs not to exceed four hundred thousand dollars per job;

 (b) required net worth of sixty thousand dollars or working capital of forty thousand dollars;

 (c) on initial application, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy;

 (d) on renewal, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy;

 (3) Group Three

 (a) bids and jobs not to exceed one million dollars per job;

 (b) required net worth of one hundred fifty thousand dollars or working capital of one hundred thousand dollars;

 (c) on initial application, a financial statement compiled by a licensed certified public accountant in accordance with Generally Accepted Accounting Principles (GAAP), including all disclosures required by GAAP indicating a required net worth of one hundred fifty thousand dollars or working capital of one hundred thousand dollars;

 (d) on renewal, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy indicating a required net worth of one hundred fifty thousand dollars or working capital of one hundred thousand dollars, or a financial statement compiled by a licensed certified public accountant in accordance with GAAP, including all disclosures required by GAAP, and indicating a required net worth of one hundred fifty thousand dollars or working capital of one hundred thousand dollars;

 (4) Group Four

 (a) bids and jobs not to exceed three million dollars per job;

 (b) required net worth of two hundred fifty thousand dollars or working capital of one hundred seventy-five thousand dollars;

 (c) on initial application, a financial statement compiled by a licensed certified public accountant in accordance with GAAP, including all disclosures required by GAAP indicating a required net worth of two hundred fifty thousand dollars or working capital of one hundred seventy-five thousand dollars;

 (d) on renewal, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy indicating a required net worth of two hundred fifty thousand dollars or working capital of one hundred seventy-five thousand dollars, or a financial statement compiled by a licensed certified public accountant in accordance with GAAP, including all disclosures required by GAAP, and indicating a required net worth of two hundred fifty thousand dollars or working capital of one hundred seventy-five thousand dollars;

 (5) Group Five

 (a) bids and jobs unlimited;

 (b) required net worth of three hundred fifty thousand dollars or working capital of two hundred fifty thousand dollars;

 (c) on initial application, an audited balance sheet prepared by a licensed certified public accountant or a licensed public accountant in accordance with GAAP, including all disclosures required by GAAP, and indicating a required net worth of three hundred fifty thousand dollars or working capital of two hundred fifty thousand dollars;

 (d) on renewal, a financial statement reviewed by a licensed certified public accountant or a licensed public accountant in accordance with GAAP, including all disclosures required by GAAP.

 (B) An applicant for a mechanical contractor's license or a mechanical contractor's license renewal who performs or offers to perform contracting work for which the total cost of construction is greater than ten thousand dollars, and an applicant for license group revisions must provide an acceptable financial statement with a balance sheet date no more than twelve months before the date of the relevant application meeting the requirements for each license group as follows:

 (1) Group One

 (a) bids and jobs not to exceed thirty-five thousand dollars per job;

 (b) required net worth of seven thousand dollars or working capital of three thousand five hundred dollars;

 (c) on initial application, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy;

 (d) on renewal, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy;

 (2) Group Two

 (a) bids and jobs not to exceed one hundred thousand dollars per job;

 (b) required net worth of fifteen thousand dollars or working capital of ten thousand dollars;

 (c) on initial application, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy;

 (d) on renewal, an owner-prepared financial statement with an affidavit of accuracy;

 (3) Group Three

 (a) bids and jobs not to exceed two hundred thousand dollars per job;

 (b) required net worth of thirty thousand dollars or working capital of twenty thousand dollars;

 (c) on initial application, a financial statement compiled by a licensed certified public accountant in accordance with Generally Accepted Accounting Principles (GAAP), including all disclosures required by GAAP indicating a net worth of thirty thousand dollars or working capital of twenty thousand dollars;

 (d) on renewal, an owner-prepared financial statement on a form prescribed by the board with an affidavit of accuracy indicating a required net worth of thirty thousand dollars or working capital of twenty thousand dollars, or a financial statement compiled by a licensed certified public accountant or a licensed public accountant in accordance with GAAP, including all disclosures required by GAAP, and indicating a required net worth of thirty thousand dollars or working capital of twenty thousand dollars;

 (4) Group Four

 (a) bids and jobs not to exceed four hundred thousand dollars per job;

 (b) required net worth of sixty thousand dollars or working capital of forty thousand dollars;

 (c) on initial application, a financial statement compiled by a licensed certified public accountant in accordance with GAAP, including all disclosures required by GAAP indicating a net worth of sixty thousand dollars;

 (d) on renewal, an owner-prepared financial statement with an affidavit of accuracy indicating a required net worth of sixty thousand dollars, or a financial statement compiled by a licensed certified public accountant or a licensed public accountant in accordance with GAAP, including all disclosures required by GAAP, and indicating a required net worth of sixty thousand dollars or working capital of forty thousand dollars;

 (5) Group Five

 (a) bids and jobs unlimited;

 (b) required net worth of three hundred thousand dollars or working capital of two hundred thousand dollars;

 (c) on initial application, an audited balance sheet prepared by a licensed certified public accountant in accordance with GAAP, including all disclosures required by GAAP, and indicating a required net worth of three hundred thousand dollars or working capital of two hundred thousand dollars;

 (d) on renewal, a financial statement on a form prescribed by the board reviewed by a licensed certified public accountant or a licensed public accountant in accordance with GAAP, including all disclosures required by GAAP, and indicating a required net worth of three hundred thousand dollars or working capital of two hundred thousand dollars.

 (C) In reviewing an entity's balance sheet to determine the net worth or working capital of the applicant or licensee, the board may consider:

 (1) deviations from the standard accountant's report;

 (2) notes to the financial statement;

 (3) additional financial information submitted by the applicant or licensee for renewals;

 (4) personal financial statements of an entity's principals for an entity with less than two years' operating experience.

 (D) If a licensee desires to change to a higher license group as established in this section, the licensee must meet the financial statement and net worth or working capital requirements in the higher license group number as required in initial application.

 (E) If the board has reasonable cause to believe that an entity has not maintained the minimum net worth or working capital for its group, the board may order the entity to submit additional financial information, and, if appropriate, may modify the entity's license to reflect the appropriate limitation group.

 (F) Information contained in an applicant's financial statement is gathered for use by the department and board and may not be further disclosed.

HISTORY: 1998 Act No. 440, § 1; 2016 Act No. 200 (S.280), § 1, eff June 3, 2016; 2023 Act No. 69 (H.4115), § 9, eff May 19, 2023.

**SECTION 40-11-262. Surety bonds in lieu of providing financial statements.**

 (A) In lieu of providing a financial statement showing a minimum net worth or working capital for a license group as required by Section 40-11-260, an applicant may provide a surety bond from a surety authorized to transact surety business in this State in the same amount as the net worth for the applicant's license group with his initial or renewal application.

 (B) The surety bond provided in subsection (A) must:

 (1) be continuous in form and must be maintained in effect for as long as the applicant maintains the license issued by the department or until the applicant submits a financial statement showing that he meets the net worth requirements for his license group as provided in Section 40-11-260;

 (2) list the State of South Carolina as obligee for the bond;

 (3) be for the benefit of any person who is damaged by an act or omission of the applicant constituting a breach of construction contract or a contract for the furnishing of labor, materials, or professional services for construction undertaken by the applicant, or by any unlawful act or omission of the applicant in performing construction; and

 (4) be in addition to, and not in lieu of, any other surety bond required of the applicant by law or regulation, or by any party to a contract with the applicant.

 (C) The surety bond provided in subsection (A) only may be canceled by notification to the board by the surety and the applicant thirty days prior to cancellation. When the surety bond is canceled, the licensee shall provide proof of net worth or working capital for his license group as required by Section 40-11-260 within ten days of cancellation or his license is suspended until written proof of net worth or working capital is provided.

 (D) Claims may be filed against the bond on a form approved by the board in accordance with procedures established by the board in regulation.

 (E) The board, upon a finding of a violation by a licensee or that an applicant is unable to meet the financial responsibility guidelines, may further require the licensee to increase the amount of a surety bond or other approved security. An increase must be proportioned to the seriousness of the offense, the repeated nature of the licensee's violations, or related to the financial condition of an applicant. The board, after one year, may reduce an increased surety bond or other approved security when satisfied that violations have been cured by appropriate corrective action and that the licensee is otherwise in good standing.

HISTORY: 2018 Act No. 217 (H.4612), § 1, eff May 18, 2018; 2023 Act No. 69 (H.4115), § 10, eff May 19, 2023.

**SECTION 40-11-265. Contractors who leave the State with unpaid debts and subsequently return; notarized statement to board; board authority to deny or revoke license.**

 Notwithstanding any other provision of law, a person who is or has been licensed pursuant to the provisions of this chapter who leaves this State with unpaid debts and subsequently returns to the State and seeks to become licensed in this State again, or to do business again in this State under the authority of a still-valid license previously issued under this chapter, shall file with the board a signed, notarized statement listing (1) all outstanding debts the person, or any subsidiary of the person, owes with respect to having done business previously in this State and (2) all bankruptcies which the person, or any subsidiary of the person, has been involved in at any time and place. The board is authorized to refuse to issue a license to the person, and is also authorized to revoke the person's still-valid license, as the case may be, based upon the information contained in the signed, notarized statement required by this section.

HISTORY: 1998 Act No. 313, § 1.

**SECTION 40-11-270. Licensee confined to limitations of license group; display of license; licenses in more than one classification; use of unlicensed subcontractors.**

 (A) A licensee is confined to the limitations of the licensee's license group and license classifications or subclassifications as provided in this chapter.

 (B) Each person holding a license in the mechanical contractor subclassification of air conditioning, heating, or packaged equipment shall display the mechanical contractor license in a conspicuous manner at his principal place of business.

 (C) All commercial vehicles, used by mechanical contractors licensed in the subclassification of air conditioning, heating, or packaged equipment exclusively in the daily operation of their business, shall have prominently displayed on them the mechanical contractor license number issued by the Department of Labor, Licensing and Regulation. Each invoice and proposal form also shall contain the mechanical contractor license number.

 (D) An entity may apply for and be licensed in more than one classification or subclassification if all qualifications for licensure prescribed by this chapter have been met. An applicant may apply for a license in more than one classification or subclassification on the same application form.

 (E) Licensees may utilize the services of unlicensed subcontractors to perform work within the limitations of the licensee's license group and license classification or subclassification; provided, the licensee provides supervision. The licensee is fully responsible for any violations of this chapter resulting from the actions of unlicensed subcontractors performing work for the licensee.

HISTORY: 1998 Act No. 440, § 1; 2016 Act No. 193 (H.4138), § 1, eff May 26, 2016.

**SECTION 40-11-280. Change in license classification.**

 A licensee desiring a change in license classification or subclassification or license group shall apply for revision on a form approved by the board. Existing bidding limitations remain in effect until the revision has been approved by the department. The board may assess a penalty authorized by law against a licensee who undertakes or offers to undertake an improvement exceeding the limitations of the licensee's group.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-290. Licensure of applicant holding license in another state.**

 The board may grant a license or certificate to an applicant holding a license or certificate in good standing in another state whose requirements for licensure and certification are equal to or greater than those required by this chapter if the board has authorized an exam waiver agreement with the State. An applicant may exempt the technical examination required for certification if the applicant can verify passing an examination in another state which is essentially the same as the examination required by the department regardless of the absence of a reciprocal agreement with that state. An applicant for certification or licensure under this section may be required to pass the South Carolina Commercial Contractors Business, Law and Project Management examination, and must comply with all other licensing and certification requirements of this chapter.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 11, eff May 19, 2023.

**SECTION 40-11-300. Total cost of construction used to determine license group for project; work on project without required license.**

 (A) It is unlawful for an owner, a construction manager, a prime contractor, or another entity with contracting or hiring authority on a construction project to divide work into portions so as to avoid the financial or other requirements of this chapter as it relates to license classifications or subclassifications or license groups, or both. The total cost of construction must be used to determine the appropriate license group for a project.

 (B) An entity or individual engaging in general or mechanical construction on a project without the required license or certificate must immediately withdraw from the construction project and may not act as a subcontractor on that construction project.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-310. Employee of entity barred from project subject to regulation or ownership by that entity.**

 No entity or employee of an entity who has the responsibility to regulate, inspect, approve, or certify construction shall engage in the construction of a project that is subject to regulation or ownership by that entity. This section does not apply to a member of the board when performing construction subject to this chapter or to contractors who are also performing construction management services for an owner.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-320. Construction managers; licensing requirements; complaint hearings; authority to assume role.**

 (A) A construction manager shall hold a South Carolina license in one or more of the following professional classifications:

 (1) the general or mechanical contractor license classification and license group that would otherwise be applicable to a sole prime contractor working on the construction project;

 (2) a registered engineer pursuant to Chapter 21 of this title who meets the financial requirements set forth in Section 40-11-260 that would otherwise apply to a sole prime contractor working on the construction project. The proper financial statement must be submitted at any time when requested by the board. Failure to submit a proper financial statement is considered a violation of this chapter;

 (3) an architect pursuant to Chapter 3 who meets the financial requirements set forth in Section 40-11-260 that would otherwise apply to a sole prime contractor working on the construction project. The proper financial statement must be submitted at any time when requested by the board. Failure to submit a proper financial statement is considered a violation of this chapter.

 (B) An architect or engineer licensed in South Carolina who is monitoring the execution of design plans or who is performing as an on-site representative for construction quality control or quality assurance, or both, for a project owner is not a construction manager for the purposes of this section.

 (C) An entity seeking registration as a construction manager shall file an application with the department designating one license being used to qualify for the practice of construction management pursuant to the requirements of this chapter. Complaints filed against construction managers who have qualified themselves as architects or engineers must be referred by the department to the appropriate board having jurisdiction over them. Those boards may impose disciplinary action and civil penalties as set forth in this chapter, or as otherwise provided by law. All other complaints filed against construction managers with a general contractor's license designation must be heard by the board and disciplinary action must be brought pursuant to this chapter. An entity's authority to practice as a construction manager may be revoked or suspended without other effect to the license held by that entity.

 (D) The authority to assume the role of construction manager is granted to an entity holding a general or mechanical contractor's license or an architect's license or engineer's registration pursuant to the laws of this State. This authority does not permit architects and engineers to assume the role of general or mechanical contractors as defined in Section 40-11-20 unless properly licensed pursuant to this chapter. Construction managers may not perform design work themselves unless properly licensed as an architect or professional engineer. Entities performing construction themselves or holding construction contracts in their own name must be treated as general contractors or mechanical contractors, as appropriate, rather than construction managers for the purposes of this chapter, and must be licensed pursuant to the requirements of this chapter to perform that work. Construction managers may hire or terminate the various design professionals and prime contractors with the direction and approval of an owner.

HISTORY: 1998 Act No. 440, § 1; 2023 Act No. 69 (H.4115), § 12, eff May 19, 2023.

**SECTION 40-11-330. Joint Venture Bid.**

 Two or more licensed contractors may combine bids and submit a "Joint Venture Bid" if the contract does not exceed the highest license group limitations of the members in the joint venture. An unlicensed contractor may not be a party to a joint venture.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-340. Qualifications for acting as sole prime contractor.**

 An entity licensed under the classifications or subclassifications in Sections 40-11-410(1), (2), or (3) may act as a sole prime contractor on a project if forty percent or more of the work as measured by the total cost of construction falls under one or more of the licensee's license classifications or subclassifications. An entity licensed under the classifications or subclassifications in Section 40-11-410(4) and (5) may act as sole prime contractor if fifty-one percent or more of the work falls under one or more of the licensee's license classifications or subclassifications.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-350. Evidence of license as prerequisite to issuance of building permit; reporting violations.**

 A building official, or other authority charged with issuing building or other similar permits, of a county, municipality, or subdivision of a county or municipality shall refuse to issue a permit for an undertaking which would classify the applicant as a contractor under this chapter unless the applicant has furnished evidence that the applicant is either licensed as required by this chapter or exempt from the requirements of this chapter. A building official, or other authority charged with issuing building or other similar permits, shall report to the department the name and address of an entity believed to have violated this chapter by bidding or contracting for work which is regulated under this chapter.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-360. Exemptions from application of chapter.**

 This chapter does not apply to:

 (1) An entity that installs fire sprinkler systems if the entity is licensed under Chapter 45, Title 23, or burglar and fire alarm systems if the entity is licensed under Chapter 79, Title 40.

 (2) The installation of finished products, materials, or articles of merchandise that are not fabricated into and do not become a permanent fixed part of the structure. Work requiring licensure must be installed by a licensed contractor.

 (3) Construction, alteration, improvement, or repair carried on within the limits of a site, the title to which is in the name United States of America or with respect to which federal law supersedes this chapter.

 (4) Contractors performing construction work for the South Carolina Department of Transportation pursuant to that department's prequalification requirements with the exception of public/private partnerships performing work pursuant to Section 57-3-200.

 (5) An owner of residential property who improves the property or who builds or improves structures or appurtenances on the property if he does the work himself, with his own employees, or with licensed contractors; provided that the structure, group of structures, or appurtenances, including the improvements, are intended for the owner's sole occupancy or occupancy by the owner's family and are not intended for sale or rent, and provided further, that the general public does not have access to this structure. In an action brought under this chapter, proof of the sale or rent or the offering for sale or rent of the structure by the owner-builder within two years after completion or issuance of a certificate of occupancy is prima facie evidence that the project was undertaken for the purpose of sale or rent and is subject to the penalties provided in this chapter. As used in this item, "sale" or "rent" includes an arrangement by which an owner receives compensation in money, provisions, chattel, or labor from the occupancy, or the transfer of the property or the structures on the property.

 (6) An owner of nonowner-occupied property who improves the property or who builds or improves structures of less than five thousand square feet or other appurtenances on the property, either by himself or with the owner's employees, if all structural and mechanical work is performed by licensed contractors if the work to be performed meets the threshold amount in Section 40-11-30 and if the property is not sold for two years after completion of the improvements. For purposes of this item, "structural" means foundation, pier, load-bearing partition, perimeter wall, internal wall exceeding ten feet in height, roof, floor, and any other work deemed by the board to be structural. "Mechanical" means work described in Section 40-11-410(5).

 (7) An owner constructing a farm building or portable storage building with less than five thousand square feet of floor space and used only for livestock or storage.

 (8) Public owners performing all or a portion of any work on a project themselves as long as the work performed falls within the limitations of a License Group 3 General Contractor or a License Group 4 Mechanical Contractor.

 (9) Renovations and maintenance projects of the South Carolina Department of Corrections whereby all labor is supplied from that department's own labor forces.

 (10) The South Carolina Public Service Authority when performing maintenance and renovations to existing facilities and when performing work in accordance with Section 40-11-410(4)(n).

 (11) The installation, repair, or maintenance of signs of billboards; provided, however, an electrical license is required to perform a final connection to a branch circuit conductor. The installation or modification of a branch circuit conductor is not considered a part of the installation, repair, or maintenance of a sign or billboard.

HISTORY: 1998 Act No. 440, § 1; 1999 Act No. 91, §§ 5, 6; 2008 Act No. 185, § 1; 2008 Act No. 185, § 2; 2016 Act No. 200 (S.280), § 2, eff June 3, 2016; 2023 Act No. 69 (H.4115), § 13, eff May 19, 2023.

**SECTION 40-11-370. License required to use term "licensed contractor"; engaging in construction under assumed name; enforcement of contract.**

 (A) It is unlawful to use the term "licensed contractor" or to perform or offer to perform general or mechanical construction without first obtaining a license as required by this chapter.

 (B) It is unlawful to engage in construction under a name other than the exact name which appears on the license issued pursuant to this chapter. "Engaging in construction" includes marketing, advertising, using site signs, and submitting contracts. This requirement does not include advertising on vehicles, which may use an abbreviated version of the license name so long as the advertising is not misleading.

 (C) An entity which does not have a valid license as required by this chapter may not bring an action either at law or in equity to enforce the provisions of a contract. An entity that enters into a contract to engage in construction in a name other than the name that appears on its license may not bring an action either at law or in equity to enforce the provisions of the contract.

HISTORY: 1998 Act No. 440, § 1; 2001 Act No. 32, § 1.

**SECTION 40-11-380. Notification of bankruptcy of licensee.**

 A licensee who, voluntarily or involuntarily, is subjected to any provision of the laws of bankruptcy shall notify the board within fifteen days and provide any and all information pertinent to the bankruptcy that the board may require.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-390. Repealed.**

HISTORY: Former Section, titled Unlicensed entities engaging in general or mechanical construction prior to April 1, 1999, had the following history: 1998 Act No. 440, § 1. Repealed by 2023 Act No. 69, § 15, eff May 19, 2023.

**SECTION 40-11-400. Repealed.**

HISTORY: Former Section, titled Qualifying party certificates, had the following history: 1998 Act No. 440, § 1. Repealed by 2023 Act No. 69, § 16, eff May 19, 2023.

**SECTION 40-11-410. License classifications and subclassifications.**

 The following license classifications are in effect:

 (1) "General Contractors-Building" which includes commercial, industrial, institutional, modular, and all other types of building construction, including residential structures. This license classification includes all work under the subclassifications of Wood Frame Structures, Nonstructural Renovation, Masonry, Pre-engineered Metal Buildings, Roofing, Structural Framing, and Miscellaneous Metals.

 Licensees under this classification may perform ancillary work referenced in the Concrete, Concrete Paving, Asphalt Paving, Glass and Glazing, Grading, Public Electrical Utility, and Highway Incidental subclassifications, when the work is directly associated with the building or structure which the licensee has been engaged to construct. Ancillary work must be performed by the licensee, and it cannot exceed twenty percent of the total cost of construction or the work must be performed by a contractor licensed in the appropriate license subclassification. If a project includes work performed under a Mechanical Contractor subclassification or any of these license subclassifications, the licensee must have a license for this work or use a contractor licensed in the appropriate license classification or subclassification to perform the work: Swimming Pools, Bridges, Boring and Tunneling, Water and Sewer Lines, Pipe Lines, Railroad Lines, Marine, and Water and Sewer Plants.

 (2) "General Contractors-Highway" which includes work under these subclassifications:

 (a) "Bridges" which include bridge construction and repairs, railroad trestles and overpasses, and work under the subclassifications of Boring and Tunneling, Concrete, Marine, and Railroad Lines. Bridges are defined as structures over a depression or an obstruction such as water, highway, or railway, having a track or passageway designed for carrying vehicular traffic weighing over two thousand pounds.

 (b) "Concrete Paving" which includes the construction, rehabilitation and repair of concrete streets, roads, highways, driveways, parking lots, airport runways and aprons, and concrete work incidental thereto including, but not limited to, sidewalks, curbs, medians, and barrier walls. This subclassification also includes work under the subclassification of Grading.

 (c) "Asphalt Paving" which includes asphalt paving, repairs and rehabilitation of streets, roads, highways, driveways, parking lots, airport runways and aprons, concrete work including curbs, gutters, and concrete or asphalt paving of storm sewers, and includes paving with sealers, geotextile fabrics, slurry seals, and surface treatments incidental thereto. This subclassification also includes work under the subclassification of Grading.

 (d) "Grading" which includes the soil preparation and rehabilitation of streets, roads, highways, railroad beds, building sites, parking lots, and storm sewers. This subclassification also includes work under the subclassification of Highway Incidental.

 (e) "Highway Incidental" which includes highway work for grooving, milling, rehabilitating, and installing guardrails, gutters, highway signs, pavement marking, and painting.

 (3) "General Contractors-Public Utility" which includes work under these subclassifications:

 (a) "Pipe Lines" which includes the construction, installation, alteration, maintenance, and repair of systems for the transmission or distribution of petroleum fuels, petroleum distillates, natural gas, chemicals, and slurries through pipeline from one station to another including all excavating, trenching, backfilling and installation of booster stations and equipment and installation and replacement of tanks connected to the system. This subclassification does not include the piping and tanks for the dispensing of any petroleum product at retail.

 (b) "Water and Sewer Plants" which includes all classifications and subclassifications necessary for the construction of water treatment and wastewater treatment facilities. However, if a project includes work to be performed under any of these license subclassifications, the licensee must either have a license to perform this work or use a contractor licensed in the appropriate license classification or subclassification to perform the work: Bridges, Railroad Lines, Specialty Roofing, and Mechanical work.

 (c) "Water and Sewer Lines" which includes construction work on water mains, water service lines, water storage tanks, sewer mains, sewer lines, lift stations, pumping stations and appurtenances to water storage tanks, lift stations, pumping stations, pavement patching, backfill, and erosion control as a part of construction, and which includes connection at the building of all lines to the appropriate lines contained in commercial structures, installation and repair of a project involving manholes, the laying of pipe for storm drains and sewer mains, all necessary connections, and excavation and backfilling, and concrete work incidental thereto.

 Contractors in this license subclassification in license groups three, four, and five may install fire protection sprinkler system underground mains to a flanged outlet 1'-0" above the finished floor in compliance with National Fire Protection Association Standard 24. However, shop drawings must be submitted and approved by the State Fire Marshal with a copy of the approved drawings going to the licensed fire sprinkler contractor. Flushing and testing certificates must be delivered to the authority having jurisdiction and the performing licensed fire sprinkler contractor performing. General contractors in this license subclassification may not engage in water and sewer line work from the right-of-way to a residential structure unless the entity is a subcontractor to a licensee holding a plumbing subclassification.

 (4) "General Contractors-Specialty" which includes work under these subclassifications:

 (a) "Boring and Tunneling" which includes the construction of underground or underwater passageways with diameters in excess of ninety-six inches or lengths in excess of three hundred fifty feet by digging or boring through and under the earth's surface, including the bracing and compacting of passageways to make them safe for the purpose intended. This subclassification includes the preparation of ground surfaces at points of ingress and egress. Underground structures less than ninety-six inches in diameter or less than three hundred fifty feet in length are considered normal excavation.

 (b) "Concrete" which includes all work in connection with concrete forming and placing; assembling of forms, molds, slipforms and pans; centering, trenching, excavating, backfill, and grading in connection with concrete construction; construction of sidewalks, driveways, curbs, medians, and barrier walls; and installing of embedded items essential to or comprising an integral part of concrete or concrete construction including reinforcing elements and accessories including, but not limited to, concrete chimneys, floors, piers, and foundations when using concrete rebar and other materials common to the concrete industry. This subclassification does not include the General Contractor-Highway-Bridge license subclassification or the construction of streets, roads, parking lots, and highways.

 (c) "Nonstructural Renovation" which includes interior and exterior installing, remodeling, renovations, and finishes of acoustical ceiling systems and panels, load-bearing and nonload-bearing drywall partitions, lathing and plastering, flooring (excluding carpet) and finishing, interior recreational surfaces, window and door installation, and installation of fixtures, cabinets, and millwork; and which also includes fireproofing, insulation, lining, painting, partitions, sandblasting, interior and exterior wall covering, and waterproofing. This subclassification does not include alterations to load-bearing portions of a structure.

 (d) "Marine" which includes all water activities to construct seawalls, bulkheads, docks, piers, wharves, and other water structures including, but not limited to, pile driving, boat slips, and boardwalks. Licensees under this classification may perform ancillary work including fill grading, and foundations, including piling. This license subclassification does not include structures within the scope of the General Contractor-Building classification.

 (e) "Masonry" which includes the installation, alteration, and repair of poured-in-place concrete foundations (e.g. footings or reinforced slabs), brick, concrete block, and products common to the masonry industry, including mortarless types and synthetic masonry products common to the building industry.

 (f) "Pre-engineered Metal Buildings" which includes the construction of pre-engineered metal buildings consisting of no more than a concrete floor slab, metal frame, metal roof, metal sidewalls, foundations, and building insulation; but does not include mechanical work as described in Section 40-11-410(5).

 (g) "Railroad Lines" which includes the installation and repair of railroad lines, including setting ties, tie plates, rails, rail connectors, frogs, switch plates, switches, and signal markers. This subclassification does not include grading, trestles, or overpasses.

 (h) "Roofing" which includes the installation and repair of roofs and roof decking on commercial, industrial, residential, and institutional structures requiring materials that form a water-tight and weather-resistant surface. This license subclassification includes cedar, cement, asbestos, clay tile and composition shingles, all types of metal coverings, wood shakes, single ply and built-up roofing, protective and reflective roof and deck coatings, sheet metal valleys, flashings, gravel stops, gutters and downspouts, and bituminous waterproofing.

 (i) "Structural Framing" which includes the installation, repair, or alteration of metal or composite structural members for buildings or structures, including riveting, welding, and rigging. This subclassification also includes work under the subclassification of Miscellaneous Metals.

 (j) "Miscellaneous Metals" which includes the installation, repair, or alteration of metal or composite shapes, tubing, pipes and bars, including minor field fabrication as may be necessary. This license classification includes fabricating, assembling, installing, and replacing solar panels and related components common to the building industry. Roof mounting of solar panels only may be performed by a licensed General Contractor with the Roofing or Building subclassification. Wiring and connections only may be performed by a licensed Mechanical Contractor with the Electrical subclassification. If a roof requires structural upgrades for the mounting and installing of solar panels, any structural upgrading of the roof must be performed by a licensed General Contractor with either the Building or Structural Framing subclassifications. Fences not over seven feet high do not require licensure under this subclassification.

 (k) "Swimming Pools" which includes the construction, service, and repair of all residential, commercial, and institutional swimming pools and spas, including concrete, gunite, plastic, vinyl-lined, and fiberglass pools and spas; pool decks, walkways, tiling, and coping; and the installation of all equipment, including pumps, filters, and chemical feeders, water and gas service lines from the point of service to the pool equipment, wiring from the pool equipment to the first readily accessible disconnect, pool piping, fittings, backflow prevention devices, waste lines, and other integral parts of a swimming pool or spa.

 (l) "Wood Frame Structures" which include framing, roofing, siding, or flooring for wood-framed structures in excess of five thousand square feet used for housing livestock, storage, or processing, when such structures are not used for habitation or office facilities.

 (m) "Public Electrical Utility" which includes the installation, replacement, alteration, and repair of transmission lines on or off public rights-of-way, including erection of poles, guying systems, tower line erection, street lighting, and outside lighting of all voltages and all underground systems, including ducts for signal communication and similar installations, transformers, circuit breakers, capacitors, primary metering devices, and other related equipment not used in connection with this subclassification. A contract that contains electrical work above fifty volts must be performed by a licensed public utility-electrical or mechanical-electrical contractor. This subclassification does not cover athletic field lighting, stadium lighting, or lighting which is not on public easements or rights-of-way.

 (n) "Boiler installation" which includes those who are qualified to install, repair, and service boilers and boiler piping including the boiler auxiliary equipment, controls, and actuated machinery and dryer rolls. To qualify for this subclassification, a person must pass a technical examination administered by the board or must be the holder of the American Society of Mechanical Engineers (ASME) "S" stamp or hold the National Board of Boiler and Pressure Vessel Inspectors (NBBPVI) "R" stamp and meet the requirements for licensure according to this chapter.

 (o) "Glass and Glazing" which includes, but is not limited to, commercial, residential, industrial, institutional, modular, and all other types of glass and glazing construction. The construction is limited to selection, cutting, assembling, and installing all makes and kinds of glass for windows, sash and doors, metal frames, ornamental decorations, mirrors, tub and shower enclosures, guard and handrail systems, and other fixed openings. This license classification includes all work under the subclassifications of renovation, structural shapes, and architectural aluminum glazing systems which include aluminum entrance doors and frame systems, entrance and egress hardware, curtain wall systems, sliding doors/mall fronts, overhead glazing systems, and architectural window systems and accessories.

 (5) "Mechanical Contractors" which includes work under these subclassifications:

 (a) "Air Conditioning" which includes the installation, replacement, alteration, and repair of air conditioning equipment and systems which consist of a number of components necessary to produce conditioned air for environmental heating or cooling, or both, within buildings. Hot water or steam heating systems or components are not included under this classification. This subclassification also includes work under the subclassifications of Packaged Equipment and Refrigeration.

 (b) "Heating" which includes installation, replacement, alteration, and repair of heating equipment and systems in buildings which require the use of high or low pressure steam vapor or hot water including all piping, ducts, and mechanical equipment, including boilers, within, adjacent to, or connected with a building and the installation of necessary gas lines if any of this equipment is gas-fired.

 (c) "Packaged Equipment" (air conditioning-heating packaged equipment limited to twenty-five tons cooling and five hundred thousand BTU/HR heating per unit) which includes the installation, replacement, alteration, or repair of air conditioning equipment and systems which consist of a number of components necessary to produce conditioned air for environmental heating or cooling, or both, within buildings, including types of heating systems and any size package equipment; and the installation, alteration, and repair of ventilation systems, including duct work, air filtering devices, kitchen exhaust and other hood systems, water treatment devices, pneumatic or electrical controls, or control piping; thermal and acoustical insulation, vibration isolation materials and devices, liquid fuel piping and tanks, water and gas piping from service and heating circuits and air handling systems, including gas-fired furnaces and space heaters; and factory-assembled single package units and split type direct expansion equipment, including heat pumps. This subclassification does not include installing, replacing, altering, or repairing hot water or steam heating systems or components.

 (d) "Electrical" which includes the installation, alteration, or repair of wiring-related electrical material and equipment used in the generating, transmitting, or utilization of electrical energy less than six hundred volts, including all overhead electrical wiring on public rights-of-way for signs and street decorations and all underground electrical distribution systems of less than six hundred volts serving private properties. This subclassification also includes, but is not limited to, installing, altering, and repairing, panels, controls, conductors, conduits, cables, devices, plates, electric ceilings, control wiring; and electric heating, lighting fixtures, lamps, general outside lighting, underground and overhead feeder distribution systems for services, and related components or work necessary to provide a complete electrical system and installing window or through-the-wall air conditioning units not to exceed three HP or three tons where no piping is necessary. Under this subclassification, general outside lighting is limited solely to within property lines and not on public easements or rights-of-way. A contract that contains electrical work above fifty volts must be performed by a contractor licensed under this subclassification or a licensed public electrical utility contractor. This license subclassification includes installing, altering, and repairing all lighting on private property, athletic fields, stadiums, parking lots, and the design, installation, and servicing of fire alarm systems.

 (e) "Lightning Protection Systems" which includes installation, replacement, alteration, or repair of necessary lightning protection conduction, cables, rods, points, anchors, fastening devices, labels, ground clamps, braces, and all related component parts necessary for a complete lightning protection system.

 (f) "Plumbing" which includes the installation, replacement, alteration, and repair of all plumbing including solar water heating when performed solely within property lines and not on public easements or rights-of-way except to make connections to water meters or sewer taps as allowed by the utility owner; and the installation, alteration, and repair of all piping, fixtures, and appliances related to water supply, including pressure vessels and tanks, and excluding municipal or related water supply systems; venting and sanitary drainage systems for all fluid and semi-fluid and organic wastes; roof leaders; water-conditioning equipment; piping and equipment for swimming pools; and installation of a system of pipes, fittings, fixtures, drains, and all necessary component parts upon the premises or in a building to supply water to buildings and to convey sewage or other waste products from buildings. If this equipment is gas-fired, the necessary gas lines may be installed under this subclassification used in connection with this subclassification. Plumbing contractors in license groups three, four, and five are not required to be licensed under Chapter 45, Title 23 to install standpipe systems, including water hose connections, water hose cabinets, and related branch lines if the water hoses do not supply water to automatic fire protection sprinklers.

 (g) "Pressure and Process Piping" which includes the installation, maintenance, repair, alteration, or extension of a system of piping, tubing, vessels, containers, pumps, apparatus, and appurtenances in connection with pressure piping used for circulation, transporting, holding, or processing of gas, vapor, fluid, liquid, semi-liquid, or any combination of these. However, boilers, boiler piping, piping used to convey potable water, sanitary sewage, liquefied petroleum, manufactured or natural gas or refrigeration, air conditioning and comfort heating piping are not included in this subclassification.

 (h) "Refrigeration" which includes the installation, replacement, alteration, and repair of refrigeration equipment and systems used for processing, storage, and display of food products and other perishable commodities and commercial, industrial, and manufacturing processes requiring refrigeration, excluding comfort air conditioning. This subclassification also includes work on systems including related equipment for temperature, safety, and capacity controls, thermal insulation, vibration isolation materials and devices, water treatment devices, construction and installation of walk-in refrigeration boxes, liquid fuel piping and tanks, water and gas piping from equipment to service connection, and testing and balancing of refrigeration equipment and systems.

HISTORY: 1998 Act No. 440, § 1; 1999 Act No. 91, § 7; 2001 Act No. 32, §§ 2, 3A; 2005 Act No. 59, § 2; 2023 Act No. 69 (H.4115), § 14, eff May 19, 2023.

**SECTION 40-11-420. Requirements for obtaining building permit; list of licensed contractors performing work on project.**

 (A) Building permits, when required by law, must be obtained by the sole prime contractor in the name appearing on that entity's contractor's license.

 (B) When there is more than one prime contractor working with a construction manager, the building permit must be obtained by the construction manager in the name appearing on that entity's professional license, and the construction manager must list on the building permit application the names and license numbers of all known licensed contractors performing work on the project. The construction manager must also be identified as such on the permit application by name, license number, and type of license he holds.

 (C) If there is more than one prime contractor and no construction manager or if the owner is performing work pursuant to Section 40-11-360(A)(5),(6), or (7), the owner must obtain the building permit and must list on the building permit application the name and license number of all licensed contractors performing work on the project.

HISTORY: 1998 Act No. 440, § 1.

**SECTION 40-11-430. Severability.**

 If a provision of this chapter or the application of a provision to a person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of the chapter are severable.

HISTORY: 1998 Act No. 440, § 1.

Article 3

South Carolina Notice and Opportunity to Cure Nonresidential Construction Defects Act

**SECTION 40-11-500. Citation of article.**

 This article may be cited as the "South Carolina Notice and Opportunity to Cure Nonresidential Construction Defects Act".

HISTORY: 2006 Act No. 371, § 1.

**SECTION 40-11-510. Definitions.**

 As used in this article:

 (1) "Action" means a civil action in any forum, including an arbitration proceeding, for damages or indemnity asserting a claim for damages, injury, or loss arising out of an alleged defect, act, or omission relating to the design, construction, or condition of the alteration, modification, renovation, or repair of a nonresidential building or structure upon real estate including, but not limited to, utility systems, the boring, and equipping of wells, the preparation of plans, specification, and design drawings, and the work of making the real estate suitable as a site for the building or structure, surveying and staking, the grading, bulldozing, leveling, excavating, and filling of land including the furnishing of fill soil, the grading and paving of curbs and sidewalks and all asphalt paving, the construction of ditches and other drainage facilities, the laying of pipes and conduits for water, gas, electric, sewage, and drainage purposes, and the disposal of any construction and demolition debris, as defined in Section 44-96-40(6) including final disposal by a construction and demolition landfill of nonresidential property.

 (2) "Claimant" means a person or entity who asserts a claim against a contractor, subcontractor, supplier, or design professional concerning an alleged defect, act, or omission relating to the design, construction, or condition of the alteration, modification, renovation, or repair of a nonresidential building or structure upon real estate including, but not limited to, utility systems, the boring, and equipping of wells, the preparation of plans, specifications, and design drawings and the work of making real estate suitable as a site for building or structure, surveying and staking, the grading, bulldozing, leveling, excavation, and filling of land including the furnishing of fill soil, the grading and paving of curbs and sidewalks and all asphalt paving, the construction of ditches and other drainage facilities, the laying of pipes and conduits for water, gas, electric, sewage, and drainage purposes, and the disposal of any construction and demolition debris, as defined in Section 44-96-40(6), including final disposal by a construction and demolition landfill of nonresidential property.

 (3) "Construction defect" means a deficiency in or a deficiency arising out of the design, specifications, surveying, planning, supervision, or construction of nonresidential improvements that results from any of the following:

 (a) defective material, products, or components used in the construction of nonresidential improvements;

 (b) failure to substantially comply with applicable building codes in effect at the time of construction of nonresidential improvements;

 (c) failure of the design of nonresidential improvements to meet the applicable professional standards of care and applicable building codes at the time of governmental approval of the design of nonresidential improvements;

 (d) failure to construct nonresidential improvements in accordance with accepted trade standards for good and workmanlike construction at the time of construction; or

 (e) failure to comply with applicable building codes. Substantial compliance with the applicable building codes in effect at the time of construction conclusively establishes construction in accordance with accepted industry trade standards with respect to all matters specified in those codes.

 (4) "Contractor" means a person licensed or registered pursuant to the provisions of Chapter 11, Title 40, who is engaged in the business of designing, developing, or constructing nonresidential properties.

 (5) "Design professional" means a person licensed or registered pursuant to the provisions of Title 40 as an architect, landscape architect, engineer, or surveyor.

 (6) "Nonresidential property" means any property, building, structure, or improvement to real property that is not a dwelling as defined in Section 40-59-820.

 (7) "Serve" or "service" means personal service or delivery by certified mail to the last known address of the addressee.

 (8) "Subcontractor" means a contractor who performs work on behalf of another contractor in the construction of a nonresidential property who is licensed or registered pursuant to the provisions of Title 40.

 (9) "Supplier" means a person who provides materials, equipment, or other supplies for the construction of a nonresidential property.

HISTORY: 2006 Act No. 371, § 1.

**SECTION 40-11-520. Stay of action or arbitration.**

 If the claimant files a civil action or initiates an arbitration before first complying with the requirements of this article, on motion of a party to the action, the court or arbitrator shall stay the action until the claimant has complied with the requirements of this article.

HISTORY: 2006 Act No. 371, § 1.

**SECTION 40-11-530. Notice of claim; contents; request for clarification.**

 (A) The claimant must serve a written notice of claim on the contractor, subcontractor, supplier, or design professional. The notice of claim must contain the following:

 (1) a statement that the claimant asserts a construction defect;

 (2) a description of the claim or claims in reasonable detail sufficient to determine the general nature of the construction defect; and

 (3) a description of the results of the defect, if known.

 (B) The contractor, subcontractor, supplier, or design professional must advise the claimant, within fifteen days of receipt of the claim, if the description of the claim or claims is not sufficiently stated and shall request clarification.

HISTORY: 2006 Act No. 371, § 1.

**SECTION 40-11-540. Time for filing responses; inspection of defect and access to make repairs; time for reaching settlement.**

 (A) The contractor, subcontractor, supplier, or design professional has sixty days from service of the initial notice of claim to inspect, offer to remedy, offer to settle with the claimant, or deny, in whole or in part, the claim regarding the defects. Within sixty days from the service of the initial notice of claim, the contractor, subcontractor, supplier, or design professional shall serve written notice on the claimant of the contractor's, supplier's, or design professional's election pursuant to this section. The claimant shall allow inspection of the construction defect at an agreeable time, during normal business hours, to any party, if requested pursuant to this section. The claimant shall give the contractor, subcontractor, supplier, or design professional reasonable access to the property for inspection and if repairs have been agreed to by the parties, reasonable access to effect repairs. Failure to respond within sixty days is considered a denial of the claim.

 (B) The claimant shall serve a response to the contractor's, subcontractor's, supplier's, or design professional's offer within ten days of receipt of the offer.

 (C) If the parties cannot agree to settle the dispute pursuant to this article within ninety days after service of the initial notice of claim on the contractor, subcontractor, supplier, or design professional, the claim is considered denied and the claimant may proceed with a civil action or other remedy provided by contract or by law.

 (D) An offer of settlement, repair, or remedy pursuant to this section is not admissible as evidence in any proceeding.

HISTORY: 2006 Act No. 371, § 1.

**SECTION 40-11-550. Applicability to personal injury and death actions; indication of grant of stay on civil action cover sheet.**

 (A) This article does not apply to actions arising out of claims for personal injury, death, or both.

 (B) South Carolina Court Administration is directed to develop a designation on the civil action cover sheet which indicates whether a stay has been granted for a civil action filed pursuant to this article.

HISTORY: 2006 Act No. 371, § 1.

**SECTION 40-11-560. Mechanic's liens.**

 Notwithstanding the provisions of this article, a person may file and perfect a mechanic's lien in accordance with Chapter 5 of Title 29 of the South Carolina Code, and nothing in this article shall affect or impair a person's ability to preserve and protect his right to file, perfect, or foreclose on a mechanic's lien.

HISTORY: 2006 Act No. 371, § 1.

**SECTION 40-11-570. Statute of limitations.**

 The claimant's written notice made pursuant to Section 40-11-530 tolls the applicable statute of limitations and statute of repose pursuant to Title 15, Chapter 3, and an applicable warranty period for one hundred twenty days after the date the written notice is served upon the contractor, subcontractor, supplier, or design professional.

HISTORY: 2006 Act No. 371, § 1.